



AGENDA

SEPTEMBER 2, 2014

REGULAR MEETING
CITY COUNCIL
CITY OF YUBA CITY

5:00 P.M. – CLOSED SESSION: BUTTE ROOM
6:00 P.M. – REGULAR MEETING: COUNCIL CHAMBERS

MAYOR	• Kash Gill
VICE MAYOR	• John Dukes
COUNCILMEMBER	• John Buckland
COUNCILMEMBER	• Tej Maan
COUNCILMEMBER	• Craig Starkey
CITY MANAGER	• Steven Kroeger
CITY ATTORNEY	• Timothy Hayes

1201 Civic Center Blvd
Yuba City CA 95993

Wheelchair Accessible



*If you need assistance in order to attend the City Council meeting, or if you require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the City Council, the City is happy to assist you. Please contact City offices at 530/822-4817 at least 72 hours in advance so such aids or services can be arranged. **City Hall TTY: 530-822-4732***

**AGENDA
REGULAR MEETING OF THE
CITY COUNCIL
CITY OF YUBA CITY
COUNCIL CHAMBERS
SEPTEMBER 2, 2014
5:00 P.M. – CLOSED SESSION
6:00 P.M. – REGULAR MEETING**

Materials related to an item on this Agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's office at 1201 Civic Center Blvd., Yuba City, during normal business hours. Such documents are also available on the City of Yuba City's website at www.yubacity.net subject to staff's availability to post the documents before the meeting.

Closed Session—Butte Room

Public Comment: Any member of the public wishing to address the City Council on any item listed on the closed session agenda will have an opportunity to present testimony to the City Council prior to the City Council convening into closed session. Comments from the public will be limited to three minutes. No member of the public will be allowed to be present once the City Council convenes into closed session. Contact the City Clerk in advance of the closed session either in person at City Hall, by phone 822-4817, or email tlocke@yubacity.net to allow for time for testimony.

- A. Confer with labor negotiator Steve Kroeger regarding negotiations with the following associations: Yuba City Police Officers, Police Sergeants, Yuba City Firefighters Local 3793, Yuba City Fire Management, Confidential Employees, City Manager, Executive Services Employees, First Level Managers, Mid Managers, and Public Employees Local No. 1, pursuant to Section 54957.6 of the Government Code.

Regular Meeting—Council Chambers

Call to Order

Roll Call: ___ Mayor Gill
 ___ Vice Mayor Dukes
 ___ Councilmember Buckland
 ___ Councilmember Maan
 ___ Councilmember Starkey

Invocation

Pledge of Allegiance to the Flag

Presentations and Proclamations

- 1. **Proclamation to Brian Berg for the iCan Bike Program**

2. **Walk your Wheels Presentation by Public Works Director, Diana Langley**
3. **Proclamation for River Valley Girls Track & Field – Sac-Joaquin Track and Field Section Championships**

Ordinances

4. **Adopt an Ordinance Prohibiting Aggressive and Unsafe Panhandling, within the Corporate City Limits of Yuba City**

Recommendation: Adopt an Ordinance prohibiting aggressive and unsafe panhandling within the corporate city limits of Yuba City, waiving the second reading

Public Hearings

5. **Recology Yuba-Sutter Rate Adjustment for Rate Year 2015 and Related Amendment to the 2011 Collection Service Agreement**

Recommendation: Conduct a Public Hearing and adopt a Resolution:

- a. Amending the 2011 Collection Service Agreement with Recology Yuba-Sutter
- b. Approving a rate adjustment resulting in a 5.92% decrease in Commercial Rates and no change in Residential Rates

Public Communication

You are welcome and encouraged to participate in this meeting. Public comment is taken on items listed on the agenda when they are called. Public comment on items not listed on the agenda will be heard at this time. Comments on controversial items may be limited and large groups are encouraged to select representatives to express the opinions of the group.

6. Written Requests

Members of the public submitting written requests, at least 24 hours prior to the meeting, will be normally allotted five minutes to speak.

7. Appearance of Interested Citizens

Members of the public may address the City Council on items of interest that are within the City's jurisdiction. Individuals addressing general comments are encouraged to limit their statements to three minutes.

Consent Calendar

All matters listed under Consent Calendar are considered to be routine and can be enacted in one motion. There will be no separate discussion of these items prior to the time that Council votes on the motion unless members of the City Council, staff or public request specific items to be discussed or removed from the Consent Calendar for individual action.

8. Minutes of August 19, 2014

Recommendation: Approve the City Council Meeting Minutes of August 19, 2014

9. Biennial Review of the City of Yuba City Conflict of Interest Code

Recommendation: Adopt a Resolution Amending the City of Yuba City Conflict of Interest Code and list of Designated Positions

10. Domain Estates Phase 2 (Amended Subdivision Agreement)

Recommendation: Adopt a Resolution approving the execution of an amended Subdivision Agreement with Interwest Homes Corp for public improvements associated with the Domain Estates Phase 2 Subdivision Map. [Subdivision is located on the west side of Blevin Rd. north, of Butte House Rd.]

General Items

11. Sale of City-owned property-between Live Oak Boulevard and Clark Avenue

Recommendation: Authorize the City Manager to enter into a Purchase and Sale Agreement with Erik Karlshoej Education Foundation for the sale price of \$600,000 for 10 acres of City-owned property located between Live Oak Boulevard and Clark Avenue, north of the City's Water Treatment Plant ("Property")

12. Office of Traffic Safety Ride Safe, Drive Safe Program Grant - \$143,700

Recommendation: a. Adopt a Resolution authorizing the Chief of Police to accept the 2014/2015 California Office of Traffic Safety Grant titled Ride Safe, Drive Safe Program
b. Authorize the Chief of Police to enter into a Professional Services Agreement with The Health and Social Policy Institute (HASPI) finding it is in the best interest in the City to do so, and approve expenditure recommendations. Further, authorize the Finance Director to make budget adjustments as necessary

13. Office of Traffic Safety Grant, Selective Traffic Enforcement Program - \$82,000

Recommendation: Adopt a Resolution authorizing the Chief of Police to accept the 2014/2015 Office of Traffic Safety Grant titled Selective Traffic Enforcement Program in the amount of \$82,000 and approve expenditure recommendations. Further, authorize the Finance Director to make budget adjustments as necessary

14. Emergency Water Restrictions and Water Conservation Update

Recommendation: Adopt a Resolution declaring that water supply conditions are such that they dictate and justify the need for the implementation

of emergency water restrictions and authorize staff to issue violations per the Municipal Code

15. Presentation of Investment Report – Quarter Ended June 30, 2014

Recommendation: Note & File Quarterly Investment Report

Business from the City Council

16. City Council Reports

- Councilmember Buckland
- Councilmember Maan
- Councilmember Starkey
- Vice Mayor Dukes
- Mayor Gill

Adjournment



Proclamation

of the City Council

Brian Berg

WHEREAS, Brian Berg's son Tommy is an active kid who enjoys playing basketball, baseball, and swimming like every other kid. Tommy found it difficult and frustrating learning to ride a bike as he has Down Syndrome; and

WHEREAS, Brian learned of the iCan Bike Day Camp Program that teaches individuals with disabilities to ride bikes in a safe and supportive environment using well refined techniques and specialized equipment; and

WHEREAS, The closest iCan Bike Camp was in Santa Rosa which made it difficult to participate in; and

WHEREAS, Brian reached out to the iCan Bike organization regarding how he could establish an iCan Bike Camp in Yuba City; and

WHEREAS, In 2011, Yuba City held its first iCan Bike Camp with 30 participants. The iCan Bike Camp quickly grew and the event easily reached its maximum of 40 participants from all over the state. 2014, there was a family from Sweden that planned a California vacation revolving around participation in iCan Bike Camp in Yuba City; and

WHEREAS, On average, about 80% of the iCan Bike Campers can ride a bike unassisted by the end of the 5 day program. In 2014, 90% of the campers succeeded in independently riding a bike for the first time; and

WHEREAS, iCan Bike relies heavily upon the dedicated and hardworking volunteers. The iCan Bike Camp needs a minimum of 80 volunteers and in 2014 the camp had 100 volunteers; and

WHEREAS, The iCan Bike Campers gain confidence from mastering a very demanding skill which builds upon success and often opens up doors in other aspects of their lives.

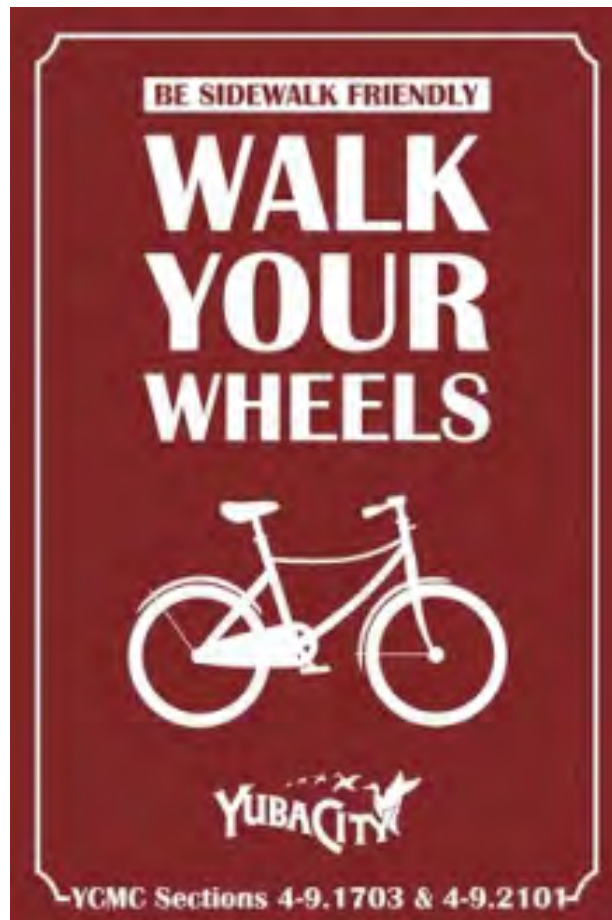
NOW, THEREFORE, BE IT RESOLVED, that I, Kash Gill, Mayor of the City of Yuba City, on behalf of the entire City Council and citizens we serve, do hereby congratulate Brian Berg for establishing the first iCan Bike camp in Yuba City.

Done on this 2nd day of September, 2014 in the City of Yuba City, County of Sutter, State of California.


Kash Gill, Mayor



Presentation by Diana Langley, Director of Public Works





Proclamation

of the City Council

River Valley High School Girls Track & Field Sac-Joaquin Track and Field Section Champions May 23, 2014

WHEREAS, on May 23, 2014 the River Valley High School Girls Track & Field Team entered the Sac-Joaquin Section Track & Field Championships as the Tri-County Conference Champions; and

WHEREAS, the River Valley High School Girls Track & Field Team won the Tri-County Conference with a record of 10 wins and 0 losses; and

WHEREAS, the River Valley High School Girls Track & Field Team won scoring 48.5 points, beating 31 other teams to win the Sac-Joaquin Section Track & Field Championship; and

WHEREAS, the River Valley High School Girls Track & Field Team was led to victory by Coach Marie Kroeger; and

WHEREAS, Leanne Jarvis was named MVP-Track and Mackenzie Arnold was named MVP-Field in the Tri-County Conference; and

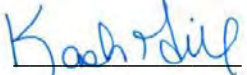
WHEREAS, Imani Bierly, Alyssa Emerson, Lauren Kroeger, Courtney Massengale and Ashley Sidhu were named All League; and

WHEREAS, this is the first Section title for the River Valley High School Girls Track & Field Team and the first time in the school's history where a girls team has won a Section Championship in the Sac-Joaquin Section; and

WHEREAS, the City Council of the City of Yuba City believes it is important to acknowledge and applaud the accomplishments of the youth of this community.

NOW, THEREFORE, BE IT RESOLVED that I, Kash Gill, Mayor of the City of Yuba City, and on behalf of the entire City Council, do hereby congratulate the River Valley High School Girls Track & Field Team on winning the Sac-Joaquin Section Track & Field Championship. I hereby urge all residents of Yuba City to join me in recognizing Coach Kroeger and the River Valley High School Girls Track & Field Team for this outstanding athletic achievement.

Done this 2nd day of September, 2014 in the City of Yuba City, County of Sutter, State of California.


Kash Gill, Mayor

CITY OF YUBA CITY
STAFF REPORT

Date: September 2, 2014

To: Honorable Mayor & Members of the City Council

From: Police Department

Presentation By: Robert D. Landon, Police Chief

Summary

Subject: Adopt an Ordinance prohibiting aggressive and unsafe panhandling, within the corporate city limits of Yuba City.

Recommendation: Adopt an Ordinance prohibiting aggressive and unsafe panhandling within the corporate city limits of Yuba City, waiving the second reading.

Fiscal Impact: Implementation of the proposed ordinance is not expected to impact the Yuba City Police Department's resources to investigate and monitor other crimes within the City.

Purpose:

To protect the safety and welfare of the general public and improve the quality of life and economic vitality of the City of Yuba City by imposing reasonable time, place and manner restrictions on aggressive, intrusive or unsafe panhandling while respecting the constitutional rights of free speech for all citizens.

Background:

There have been numerous complaints by citizens and business owners of incidents involving aggressive panhandlers, and panhandlers creating public safety hazards at intersections and near retail businesses, shopping centers, business establishments and locations with automated teller machines (atm's). The Yuba City Police Department, City Staff, and legal advisors have explored numerous options to help protect the safety and welfare of the general public and improve the quality of life and economic vitality of the city by imposing reasonable time, place and manner restrictions on aggressive and intrusive solicitation while respecting the constitutional rights of free speech. The current ordinances and laws are insufficient to address the problems associated with aggressive and intrusive solicitation.

Analysis:

Historically, the right to solicit donations, whether for oneself or for others, is constitutionally protected under the First Amendment of the Constitution of the United States. The City of Yuba City has experienced a marked increase in the amount of persons

soliciting donations throughout the city. This increase has brought numerous complaints from businesses and private citizens about unsafe practices of the persons soliciting, to include numerous complaints of aggressive and intrusive solicitation.

Staff researched several ordinances that have been enacted in the Northern California area which had experienced similar problems with aggressive and unsafe panhandling. The City Attorney also researched recent case law decisions that are similar in content during the course of preparing the proposed ordinance. Courts have upheld ordinances that put limitations on certain acts of solicitation or panhandling where the regulations are narrowly tailored to address problems so long as the ordinance does not ban all opportunities for solicitation. The courts have also struck down a number of panhandling ordinances that went too far and attempted to regulate what the court determined was protected speech.

The current proposed ordinance is timely and appropriate because current laws and City regulations are insufficient to address the aforementioned problems. The restrictions contained in the proposed ordinance are neither overbroad nor vague and they are narrowly tailored to serve a substantial government interest. The goal of this law is to protect citizens from the fear and intimidation accompanying certain kinds of panhandling that have become an unwelcome presence in the City, and to protect the safety of the general public.

The proposed ordinance covers the following items and areas:

Aggressive and intrusive panhandling typically includes approaching or following pedestrians, the use of abusive language, unwanted physical contact, or the intentional blocking of pedestrian and vehicular traffic.

Panhandling from people in places where they are a captive audience in which it is impossible or difficult for them to exercise their own right to decline to listen to or avoid panhandling from others, is problematic and presents a risk to the health, safety and welfare of the public. Such places include public transportation vehicles and their designated locations for stops, as well as gasoline stations. The presence of individuals who panhandle money from persons at or near banks or automated teller machines is especially threatening and dangerous. Such activity often carries with it an implicit threat to both person and property. Restricting panhandling in such places will provide a balance between the rights of the panhandlers and the rights of the persons who wish to decline or avoid such panhandlings and will help avoid or diminish the threat of violence in such unwarranted and unavoidable confrontations.

Panhandling on roadway medians, at traffic intersections, and in the public roadway is unsafe and hazardous for panhandlers, drivers, pedestrians, and the general public. Panhandling on roadway median strips, at traffic intersections, and in the public roadway increases the risk of drivers becoming distracted from their primary duty to watch traffic, which may result in automobile accidents, congestion and blockage of streets, and delay and obstruction of the free flow of travel, all of which constitute substantial traffic safety problems.

The practice of panhandling near driveways accessing shopping centers, retail, and business establishments is unsafe and hazardous for panhandlers, drivers, pedestrians and the general public. The location of the panhandler near the driveway compromises the panhandler's safety, impedes visibility, and impairs a driver's ability to safely enter and exit. Drivers also become distracted from their duty to watch traffic which may result in automobile accidents, congestion and blockage of streets, and delay and obstruction of the free flow of travel, all of which constitute substantial traffic safety problems.

The penalty for a first violation of this ordinance is an infraction, the second or subsequent offense within a six month period shall be guilty of a misdemeanor. Nothing in this ordinance shall limit or preclude the enforcement of any other applicable laws or remedies available for violations of this ordinance.

Fiscal Impact:

Implementation of the proposed ordinance is not expected to impact the Yuba City Police Department's resources to investigate and monitor other crimes within the City.

Alternatives:

Do not approve ordinance or direct staff to modify ordinance.

Recommendation:

Adopt an Ordinance prohibiting aggressive and unsafe panhandling within the corporate city limits of Yuba City, waiving the second reading.

Prepared By:

/s/ Robert D. Landon
ROBERT D. LANDON
Chief of Police

Submitted By:

/s/ Steven C. Kroeger
STEVEN C. KROEGER
City Manager

Reviewed By:

Department Head

RL

Finance

RB

City Attorney

TH

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
ADDING CHAPTER 22 TO TITLE 4 OF THE YUBA CITY MUNICIPAL CODE RELATING
TO THE PROHIBITION OF AGGRESSIVE AND UNSAFE PANHANDLING

THE CITY COUNCIL OF THE CITY OF YUBA CITY DOES HEREBY ORDAIN AS
FOLLOWS:

Section 1. Chapter 22 of Title 4 is hereby added to the Yuba City Municipal Code to read as follows:

CHAPTER 22

AGGRESSIVE AND UNSAFE PANHANDLING

Sections:

4-22.010	Purpose and Findings
4-22.020	Definitions
4-22.030	Prohibited Panhandling
4-22.040	Penalty
4-22.050	Severability

Section 4-22.010 Purpose and Findings.

A. The purpose and intent of this chapter is to protect the safety and welfare of the general public and improve the quality of life and economic vitality of the City of Yuba City by imposing reasonable time, place, and manner restrictions on aggressive, intrusive or unsafe panhandling while respecting the constitutional rights of free speech for all citizens.

B. Aggressive and intrusive panhandling typically includes approaching or following pedestrians, the use of abusive language, unwanted physical contact, or the intentional blocking of pedestrian and vehicular traffic. The City Council finds that an increase in aggressive panhandling throughout the City has become disturbing and disruptive to residents and businesses and has contributed not only to the loss of access to and enjoyment of places open to the public, but has also created an enhanced sense of fear, intimidation and disorder.

C. The City Council finds that panhandling from people in places where they are a "captive audience" in which it is impossible or difficult for them to exercise their own right to decline to listen to or to avoid panhandling from others, is problematic and presents a risk to the health, safety and welfare of the public. Such places include public transportation vehicles and their designated locations for stops, as well as gasoline

stations. The City Council further finds that the presence of individuals who panhandle money from persons at or near banks or automated teller machines is especially threatening and dangerous. Such activity often carries with it an implicit threat to both person and property. Restricting panhandling in such places will provide a balance between the rights of panhandlers and the rights of persons who wish to decline or avoid such panhandlings, and will help avoid or diminish the threat of violence in such unwarranted and unavoidable confrontations.

D. The City Council finds that panhandling on roadway median strips, at traffic intersections, and in the public roadway is unsafe and hazardous for panhandlers, drivers, pedestrians, and the general public. Panhandling on roadway median strips, at traffic intersections, and in the public roadway increases the risk of drivers becoming distracted from their primary duty to watch traffic which may result in automobile accidents, congestion and blockage of streets, and delay and obstruction of the free flow of travel, all of which constitute substantial traffic safety problems.

E. The City Council further finds that the practice of panhandling near driveways accessing shopping centers, retail, and business establishments is unsafe and hazardous for panhandlers, drivers, pedestrians and the general public. The location of the panhandler near the driveway compromises the panhandler's safety, impedes visibility, and impairs a driver's ability to safely enter and exit. Drivers also become distracted from their duty to watch traffic which may result in automobile accidents, congestion and blockage of streets, and delay and obstruction of the free flow of travel, all of which constitute substantial traffic safety problems.

F. This law is timely and appropriate because current laws and City regulations are insufficient to address the aforementioned problems. The restrictions contained herein are neither overbroad nor vague and they are narrowly tailored to serve a substantial governmental interest. The goal of this law is to protect citizens from the fear and intimidation accompanying certain kinds of panhandling that have become an unwelcome presence in the City, and to protect the safety of the general public.

Section 4-22.020 Definitions.

For purposes of this chapter, the following words, terms and phrases shall have these definitions:

A. "After dark" means any time from one-half hour after sunset to one-half hour before sunrise.

B. "Aggressive" shall mean any of the following:

1. Conduct intended or likely to cause a reasonable person to fear bodily harm to oneself or to another, to fear damage to or loss of property, or otherwise to be intimidated into giving money or other thing of value;

2. Intentionally touching or causing physical contact with another person or an occupied vehicle without that person's consent;

3. Persisting in closely following or approaching a person, after the person has informed a panhandler that such person does not want to be panhandled or does not want to give money or any other thing of value to the panhandler;

4. Using violent or threatening gestures toward a person; or

5. Using profane, offensive or abusive language that is inherently likely to provoke an immediate reaction either before, during or after panhandling.

C. "Automated teller machine" (ATM) shall mean any electronic information processing device which accepts or dispenses cash in connection with a credit, deposit, or convenience account.

D. "Automated teller machine facility" shall mean the area comprised of one or more automated teller machines, and any adjacent space which is made available to banking customers after regular banking hours.

E. "Bank" shall mean any member bank of the Federal Reserve System, and any bank, banking association, trust company, savings bank, or other banking institution organized or operated under the laws of the United States, and any bank the deposits of which are insured by the Federal Deposit Insurance Corporation.

F. "Check cashing business" shall mean any person duly licensed as a check seller, bill payer, or prorater pursuant to Division 3 of the California Financial Code, commencing with section 12000.

G. "Credit union" shall mean any federal credit union and any state-chartered credit union the accounts of which are insured by the Administrator of the National Credit Union Administration.

H. "Donation" shall mean a gift of money or other item of value.

I. "Financial institutions" for purposes of this chapter shall mean any of the following as defined herein: bank, savings and loan association, credit union, and/or check cashing business.

J. "Intrusive" shall mean to thrust or force oneself in without invitation, permission, or welcome and cause physical contact, block the path of travel, or behave in a threatening manner.

K. "Median strip" shall mean a paved or planted area of public right-of-way that divides a street or highway according to the direction of travel.

L. "Panhandling" shall mean to ask, beg, request using the spoken, written, or printed word, or bodily gestures, signs or other means with the purpose of obtaining an immediate donation of money or other thing of value or panhandling the direct and immediate sale of goods or services.

M. "Public place" shall mean a place to which the public or a substantial group of persons has access, and includes, but is not limited to, any street, highway, sidewalk,

parking lot, plaza, transportation facility, school, place of amusement, park, playground, and any doorway, entrance, hallway, lobby and other portion of any business establishment, an apartment house or hotel not constituting a room or apartment designed for actual residence.

N. "Public transportation vehicle" shall mean any vehicle, including a trailer bus, or train, designed, used or maintained for carrying 10 or more persons, including the driver; or a passenger vehicle designed for carrying fewer than 10 persons, including the driver, and used to carry passengers for hire.

O. "Savings and loan association" shall mean any federal savings and loan association and any "insured institution" as defined in Section 401 of the National Housing Act, as amended, and any federal credit union as defined in Section 1752 of the Federal Credit Union Act.

Section 4-22.030 Prohibited Panhandling.

A. No person shall panhandle in an aggressive or intrusive manner in any public place.

B. All panhandling is prohibited at the following specified locations:

1. Financial Institutions and Automated Teller Machines (ATMs). No person shall panhandle within an automated teller machine facility where a reasonable person would or should know that he or she does not have the permission to do so from the owner or other person lawfully in possession of such facility. No person shall panhandle within thirty-five (35) feet of any entrance or exit of any financial institution during its business hours or within thirty-five (35) feet of any automated teller machine during the time it is available for customers' use. When an automated teller machine is located within an automated teller machine facility, such distance shall be measured from the entrance or exit of the automated teller machine facility.

These provisions shall not apply to any unenclosed automated teller machine located within any building, structure or space whose primary purpose or function is unrelated to banking activities, including but not limited to supermarkets, airports and school buildings, provided that such automated teller machine shall be available for use only during the regular hours of operation of the building, structure or space in which such machine is located.

2. Motor Vehicles. No person shall panhandle from an operator or occupant traveling in a motor vehicle while such vehicle is located within one hundred (100) feet of any intersection in which at least one corner is controlled by an official traffic signal of the type set forth in California Vehicle Code Section 21450 or by any sign regulating the flow of traffic, such as a stop sign or yield sign.

3. Median Strips. No person shall panhandle on a median strip or in any manner or location that is inconsistent with the provisions of the California Vehicle Code.

4. Driveways Accessing Shopping Centers, Retail, and Business Establishments. No person shall panhandle from an operator or occupant traveling in a motor vehicle while such vehicle is located within thirty-five (35) feet of a driveway providing vehicular access to a shopping center, retail, or business establishment.

5. Public Transportation Vehicles and Stops. No person shall panhandle in any public transportation vehicle or within fifty (50) feet of any designated or posted public transportation vehicle stop.

6. Gasoline Stations and fuel pumps. No person shall panhandle from an operator or occupant of a motor vehicle while such vehicle is stopped in a gasoline station or at a gasoline pump. This subsection (B) (6) shall not apply to panhandlings related to business authorized by and/or conducted by the property owner, business owner, or employees thereof on the premises.

C. No person shall panhandle in any place after dark. This section is not violated if a person who is panhandling is doing so: (1) on private property that is open to the public; and (2) with the express authorization of the owner, manager, or supervisor at the business operating at the property.

Section 4-22.040 Penalty.

A. Infraction: Any person who violates section 4-22.030 of this chapter shall be guilty of an infraction.

B. Misdemeanor: Any person who violates section 4-22.030 of this chapter more than two times within a six month period shall be guilty of a misdemeanor.

C. Nothing in this chapter shall limit or preclude the enforcement of any other applicable laws or remedies available for violations of this chapter.

Section 4-22.050 Severability.

The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, phrase, sentence, paragraph, subdivision, section or portion of this ordinance, or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances.

Section 2. This ordinance shall become effective thirty (30) days after its adoption. A summary of this ordinance shall be published once at least five (5) days prior to the adoption of this ordinance and once within fifteen (15) days after its adoption, in the Appeal Democrat, a newspaper of general circulation in the City of Yuba City.

Introduced and read at a regular meeting of the City Council of the City of Yuba City the 19th day of August, 2014, and adopted at a regular meeting thereof held on the ____ day of _____, 2014.

AYES:

NOES:

ABSENT:

ABSTAIN:

Kash Gill, Mayor

ATTEST:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: September 2, 2014
To: Honorable Mayor & Members of the City Council
From: Administration
Presentation By: Steven C. Kroeger, City Manager

Summary

Subject: Recology Yuba-Sutter Rate Adjustment for Rate Year 2015 and Related Amendment to the 2011 Collection Service Agreement

Recommendation: Conduct a Public Hearing and adopt a Resolution:

- a. Amending the 2011 Collection Service Agreement with Recology Yuba-Sutter
- b. Approving a rate adjustment resulting in a 5.92% decrease in Commercial Rates and no change in Residential Rates

Fiscal Impact: 1% increase in Franchise Fees, which will generate \$100,000 annually, to be dedicated to the repair and maintenance of residential roads and/or solid waste activities. Commercial refuse service rates would decrease by approximately 5.92% effective October 1, 2014. Standard residential rates would remain the same.

Purpose:

To approve an annual adjustment to solid waste service rates.

Background:

On December 20, 2011, the City Council approved an eight-year solid waste collection service agreement with Recology Yuba-Sutter. The Collection Service Agreement established a process for the submittal and review of Refuse Rate Indexed Applications and Detailed Rate Applications for each four year rate cycle. The collection rates for services are to be adjusted using the Refuse Rate Index for the first, second and third Rates years and the Detailed Rate Methodology will be used for year 4. The Refuse Rate Index was used for Rate Years 2013 and 2014. Rate Year 2015 is considered a Detailed Rate Year.

On March 31, 2014, Recology Yuba-Sutter submitted a rate application to the Regional Waste Management Authority (RWMA) and member jurisdictions for an adjustment of the service rates that would be effective for Rate Year 2015 (October 1, 2014 to September 30, 2015).

Analysis:

The RWMA retained the services of Crowe Horwath, LLP, to perform a review and evaluation of Recology's Rate Year 2015 Detailed Rate Application. As a result of the review and evaluation of the application and discussions with Recology and the RWMA Administrators, some of the expenses and revenue projections for RY 2015 were adjusted. As a result, the revenue surplus

for RY 2015 increased to \$1,058,995 (for all jurisdictions) which is equal to a decrease in the total revenue requirement of 4.04 percent. These changes are summarized in Table 3 of the consultant's report which presents the recommended changes compared to the application that was submitted by Recology Yuba-Sutter.

Based on the foregoing, the following is being recommended:

- 1) Reduce commercial rates by 5.92 percent in Yuba City leaving residential and debris box rates unchanged for Rate Year 2015.
- 2) Increase the franchise fee percentage for each jurisdiction from the current 5% to 6% for Rate Year 2015. Yuba City's Collection Service Agreement with Recology includes an incremental increase of the existing 5% franchise fee by 1% per year beginning in year 4, reaching 10% in year 8. As set forth in the 12/20/11 Staff Report, Staff is recommending that the increased franchise fee revenue funds be dedicated to the repair and maintenance of residential roads and/or solid waste activities.
- 3) Direct another amount approximately equivalent to a second 1% franchise fee increase to the Rate Stabilization and Capitalization Fund for Rate Year 2105. Recology Yuba-Sutter has calculated this amount to be \$256,802. It is anticipated that this specific remittance to the Rate Funds will be discontinued next year as the franchise fee percentage increases from 6% to 7% for Rate Year 2016.

Commercial rates in the Yuba-Sutter area are significantly higher rate than comparable commercial rates in other jurisdictions in the region (Attachment D). Therefore, RWMA Administrators are recommending the targeted reduction in commercial rates as part of the RY 2015 Detailed Rate Application process.

Historical Rate Adjustments

The RWMA and Local jurisdictions agreed to create a Rate Stabilization and Capitalization Fund (RSCF) in 2008. Prior to 2008, capital improvement projects and normal cost of service adjustments were incorporated into annual rate adjustments resulting in significant variations in annual rate adjustments. The RSCF reduces the volatility in year to year rate adjustments and funds one time capital improvement costs. The RCSF has funded Capital improvement projects including the reconstruction of Levee Road, Levee Road and Highway 20 intersection improvements, and the Marysville Landfill Gas Control Project.

The table to the right summarizes the last 8 years of rate adjustments since the RSCF was established. Rate increases have averaged about 2%.

The balance of the RSCF as of 9/30/14 is projected to be \$2.8 million. Recology has several capital improvement related projects that are currently being considered by the RWMA jurisdictions for RSCF funding. These projects total over \$1.3 million and would reduce available funds accordingly.

8-year Summary	
Rate Year	% Increase
2008	0.00%
2009	6.75%
2010	0.00%
2011	1.00%
2012	0.00%
2013	3.75%
2014	4.52%
2015	0.00%
Average	2.00%

<i>Rate Stabilization and Capital Fund</i>	
6 Jurisdiction	\$ 1,334,998
5 Jurisdiction	\$ 871,834
Yuba City	\$ 631,000
Projected Balance 9/30/14	\$ 2,837,832

Fiscal Impact:

\$100,000 increase in Franchise Fees to be dedicated to the repair and maintenance of residential roads and/or solid waste activities. Commercial refuse service rates would decrease by approximately 5.92% effective October 1, 2014. Standard residential rates would remain the same (Attachment C).

Alternatives:

Use the Rate Stabilization and Capitalization Fund to reduce service rates.

Recommendation:

Conduct a Public Hearing and adopt a Resolution:

- a. Amending the 2011 Collection Service Agreement with Recology Yuba-Sutter
- b. Approving rate adjustment recommendations resulting in a 5.92% decrease in Commercial Rates and no change in Residential Rates

Attachments:

- A. Resolution Approving the Collection Service Agreement Amendment*
- B. RY 2015 Amendment to the 2011 Collection Service Agreement*
- C. Proposed Rates Effective 10/1/2014*
- D. Commercial Rate Survey July 2014*
- E. RWMA Collection Service Rate Adjustment Application Evaluation Report*
- F. Crow Horwath Consultant Review and Evaluation Report*

Prepared By:

Submitted By:

/s/ Terrel Locke
Terrel Locke
Assistant to the City Manager

/s/ Steven C. Kroeger
Steven C. Kroeger
City Manager

Reviewed By:

Finance

RB

City Attorney

TH

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
APPROVING THE RATE YEAR 2015 AMENDMENT TO THE 2011
COLLECTION SERVICE AGREEMENT WITH RECOLOGY YUBA-SUTTER**

WHEREAS, on December 20, 2011, the City Council approved a Collection Service Agreement with Recology Yuba-Sutter; and,

WHEREAS, the Collection Service Agreement includes formal Rate Adjustment Guidelines which provide a standard framework for annual adjustments to the collection service rates; and

WHEREAS, the Regional Waste Management Authority (RWMA), of which the City of Yuba City is a member, retained the services of qualified consultant to review the rate application that was submitted to the City by Recology on March 31, 2014, in accordance with the Rate Adjustment Guidelines; and

WHEREAS, the consultant's review indicated that base service rates for residential customers will remain the same and a decrease in the commercial customer base service rates of 5.92 percent is appropriate and justified; and

WHEREAS, The Franchise Fee percentage for each jurisdiction will be increased from five (5) percent to six (6) percent for Rate Year 2015; and

WHEREAS, the RWMA Board of Directors accepted the consultant's report and associated rate adjustment recommendations to the member jurisdictions as proposed; and

WHEREAS, a public hearing for said adjustments in rates was duly noticed and considered by the City Council on September 2, 2014; and

WHEREAS, based on the foregoing, good cause has been shown to justify the new rate structure.

NOW, THEREFORE, the City Council of the City of Yuba City does hereby resolve as follows:

That the Rate Year 2015 Amendment to the 2011 Collection Service Agreement with Recology Yuba-Sutter, attached hereto, is hereby approved by the City of Yuba City effective October 1, 2014.

The foregoing Resolution of the City Council of the City of Yuba City was duly introduced, PASSED AND ADOPTED at a regular meeting thereof held on the 2nd day of September 2014 by the following vote:

Ayes:

Noes:

Recuse:

Kash Gill, Mayor

ATTEST:

Terrel Locke, City Clerk

Attachment B

AMENDMENT TO COLLECTION SERVICE AGREEMENT

July 30, 2014

This Amendment to the Collection Service Agreement for solid waste collection, disposal, and recycling services is made this 2nd day of September 2014, by and between the City of Yuba City, California (CITY) and Recology Yuba-Sutter.

RECITALS

A. On December 20, 2011, CITY entered into a Collection Service Agreement (Agreement) with Recology Yuba-Sutter for solid waste collection, disposal, and recycling services within the corporate limits of CITY. The Agreement expires on September 30, 2019.

B. CITY and Recology Yuba-Sutter mutually desire to amend the Agreement by executing this amendment (Amendment) to adjust Maximum Service Rates for residential, commercial and debris box collection rates effective October 1, 2014 to reflect the Detailed Rate Review adjustment per the Maximum Service Rate Adjustment Guidelines for the Collection Service Agreement, including a credit for a portion of the retrofit costs of the three (3) solid waste collection vehicles retrofitted to comply with California Air Resources Board (CARB) regulations and subsequently transferred from the Recology Yuba-Sutter fleet; modify franchise fees; include provisions for the waiver of the performance bond requirements of the Agreement; clarification of certain provisions of the Agreement; modification of certain provisions of the Agreement; and, address funding of certain expenses through the Rate Stabilization and Capitalization Funds.

C. CITY stipulates that this Amendment to the Collection Service Agreement is conditioned upon the mutual commitment of all of the member agencies of the Regional Waste Management Authority to adopt the same base service rate adjustments and the same terms regarding franchise fee percentages and additional remittances to the Rate Stabilization and Capitalization Funds and use thereof.

NOW, THEREFORE THE PARTIES TO THE COLLECTION SERVICE AGREEMENT AND THIS AMENDMENT AGREE AS FOLLOWS

1. MAXIMUM SERVICE RATES

The Maximum Service Rates that may be charged by Recology Yuba-Sutter for the services provided in Rate Year 2015 pursuant to the Agreement are specified in Exhibit 1 to this Amendment. The CITY hereby adjusts the franchise fee percentage to be six (6) percent. Recology Yuba-Sutter and the CITY agree that the Maximum Service Rates include ongoing remittances to the RWMA of \$19,733.25 per month in Rate Year 2015 for the Rate Stabilization and Capitalization Fund (five jurisdiction). Recology Yuba-Sutter and the CITY further agree that the Maximum Service Rates include an additional remittance to the RWMA of \$8,992.35 per month in Rate Year 2015 for the Rate Stabilization and Capitalization Fund (five jurisdiction)

with the intent to convert this remittance to an additional franchise fee increase of one (1) percentage point beginning in Rate Year 2016.

2. PERFORMANCE BOND

Pursuant to Article 21. Performance Bond of the Collection Service Agreement the CITY hereby waives the performance bond requirement. The CITY reserves the right to rescind this waiver upon notice to Recology Yuba-Sutter.

3. ANNUAL ADJUSTMENT OF REMITTANCES TO THE RATE STABILIZATION AND CAPITALIZATION FUND

The amount of the monthly remittance to the Rate Stabilization and Capitalization Fund shall be adjusted by the Refuse Rate Index rate adjustments for Rate Years 2016 through 2018, and in succeeding Refuse Rate Index years if the Agreement is extended for an additional term(s).

4. RECOLOGY YUBA-SUTTER LANDFILL (MARYSVILLE) POST CLOSURE EXPENSE

Exhibit 2 to the Collection Service Agreement entitled, "MAXIMUM SERVICE RATE ADJUSTMENT GUIDELINES FOR COLLECTION SERVICE AGREEMENT," specifies under "Allowed Cost of Operations," that Post Closure Expense, which represents the unfunded portion of post closure expenses for the CONTRACTOR'S landfill in Marysville, shall be supported by a written agreement between the CONTRACTOR and the Member Agencies describing the method for their calculation. CITY and Recology Yuba-Sutter agree that no such written agreement has been made, other than what was included in prior rate adjustments and Agreement Amendments. CITY and Recology Yuba-Sutter further agree that:

On July 17, 2014, the Regional Waste Management Authority Board of Directors authorized the release from the Regional Waste Management Authority Six Jurisdiction Rate Stabilization and Capitalization Fund of the now estimated \$372,895 required to bring the post-closure maintenance trust fund balance to the full amount required by State law for the remaining 15 years of the 30-year post closure maintenance period with the funded amount to be based on review of the final amount approved/required by the State as reviewed by Regional Waste Management Authority staff.

The estimated additional annual post-closure maintenance expenses to be incurred during Rate Years 2014 through 2018 resulting in a \$33,676 expense adjustment (\$874,513 / 4 rate years minus the \$184,952 already in the Rate Year 2015 Detailed Rate Application) are included in the Maximum Service Rates in Exhibit 1 to this Amendment with the funded amount to be based on review of the final amount approved/required by the State as reviewed by Regional Waste Management Authority staff. As previously agreed, the post-closure maintenance funding contributions and expenses shall be trued-up annually through September 30, 2019 based on the funding contributions, interest received and actual expenses as documented by invoice copies and other documents, following the annual close and compilation of the documents.

Notwithstanding the definition of Pass-Through Expenses in Exhibit 2 of the Agreement and section II. CALCULATION OF DETAILED RATE REVIEW—CONTRACTOR'S REVENUE REQUIREMENT AND MAXIMUM SERVICE RATE ADJUSTMENT, CITY and Recology Yuba-Sutter agree that any post-closure expenses and post-closure trust fund contributions provided within or prior to the Rate Year in which they are required, shall be pass-through expenses.

5. CLARIFICATION OF CERTAIN PROVISIONS OF THE AGREEMENT

CITY and Recology Yuba-Sutter agree that the following provisions of Exhibit 2 to the Collection Service Agreement entitled, "MAXIMUM SERVICE RATE ADJUSTMENT GUIDELINES FOR COLLECTION SERVICE AGREEMENT," shall be amended as noted to clarify these provisions.

Depreciation, Leases and Other Fixed Costs

Depreciation expense for existing assets will be based on CONTRACTOR'S audited financial statements and the related depreciation schedule. Depreciation expense for new assets will be calculated by dividing the actual asset expense by the number of years of its economic life.

Inter-company rental or lease costs will be determined by amortizing the actual acquisition cost, using the Wall Street Journal Prime Rate in effect at the time of acquisition, over ninety-six (96) monthly periods. The Wall Street Journal Prime Rate in effect on March 1st of the Current Year will be used to project leases for anticipated acquisitions in the Current Year and in the Rate Year. A "Projected Lease Expense Schedule" will be provided which lists the actual acquisition cost, the actual or anticipated lease start date, the applicable Wall Street Journal Prime Rate, the monthly lease cost and the anticipated total lease cost for the Rate Year for each leased item and anticipated Current Year and Rate Year acquisitions. Total lease costs for the Rate Year, as determined above, will be adjusted for the reconciliation of actual and projected lease expenses from the prior Detailed Application against actual and projected lease expenses to the last day of the Current Year using the following procedure:

- i. For leased items acquired since the prior Detailed Application, add total lease payment amounts from the actual lease start date(s) through the last month of the Current Year;
- ii. For leased items removed from the lease schedule since the prior Detailed Application, subtract the sum of the monthly lease payment amounts for each item multiplied by the number of months since the actual lease end date for each item and the last month of the Current Year;
- iii. For anticipated acquisitions on the prior Detailed Application "Projected Lease Expense Schedule" that were not actually acquired, subtract the lease amount included in the prior Detailed Application for the prior Detailed Rate Year and for each of the three indexed Rate Years through the Current Year;
- iv. For anticipated acquisitions on the prior Detailed Application "Projected Lease Expense Schedule" that were actually acquired, add or subtract as appropriate the difference between lease amount included in the prior Detailed Application for the prior Detailed Rate Year and for each of the three indexed Rate Years through the Current Year and total lease payment amounts from the actual lease start date(s) through the last month of the Current Year;

- v. Total net value of the RRI adjustments for vehicle and equipment replacements in the three indexed Rate Years should be credited to CONTRACTOR or to the Base Service Rate Element, as appropriate;
- vi. Adjust the net of the above five factors to account for the four (4)-year Rate Adjustment Cycle; and,
- vii. Acquisitions added to the lease schedule costing \$25,000 or more per individual item require advance written authorization from the Contract Administrator (i.e. computer, printer, cart would not require advanced authorization).

Fuel Expense

Fuel expense shall be projected by multiplying the volume of RWMA Diesel fuel, agreed to between the RWMA and the CONTRACTOR by the annual average of the RRI fuel index (Energy Information Administration (U.S. Department of Energy) California #2 Diesel Fuel, Retail sales by all sellers) for the twelve (12) month period beginning on April 1st of the Prior Year and ending on March 31st of the Current Year. It is understood and agreed that since Detailed Applications are due on April 1st of the Current Year and the fuel data for March 31st of the Current Year will not yet be available, the fuel component of the adjustment will be updated and resubmitted by May 7th of each Current Year. The projected fuel expenses shall then be adjusted for the projected fuel tax rebate associated with off-road vehicles.

6. MODIFICATION OF CERTAIN PROVISIONS OF THE AGREEMENT

CITY and Recology Yuba-Sutter agree that the following provisions of Exhibit 2 to the Collection Service Agreement entitled, "MAXIMUM SERVICE RATE ADJUSTMENT GUIDELINES FOR COLLECTION SERVICE AGREEMENT," shall be amended as noted to modify these provisions.

Labor Expense

Labor Expense for the Rate Year shall be projected as set forth above, subject to the following limitations:

Workers Compensation Insurance expense for the Rate Year shall not exceed the average of actual Workers Compensation Insurance expense as documented in the audited financial statements in the three (3) Fiscal Years prior to the Current Year.

For all Labor Expense other than Workers Compensation Insurance expense, such Labor Expense for the Rate Year shall not exceed the total Labor Expense (other than Workers Compensation Insurance expense) for the Prior Year, multiplied by one (1) plus the change in the Annual Average of the Labor Index between the 12-month period ending on March 31 of the Prior Year, and the preceding 12-month period change in the Annual Average of the Labor Index, and then multiplied by one (1) plus the change in the annual Average of the Labor Index between the 12-month period ending on March 31 of the Current Year, and the preceding 12-month period, as contained in the most recent release of the source documents listed in Table 1, and adjusted for any changes in the composition of CONTRACTOR'S labor force (i.e., the number and type of employees). It is understood and agreed that since Detailed Applications are due on April 1st of the Current Year and the Labor Index for March 31st of the Current Year

will not yet be available, the Labor Expense of the adjustment will be updated and resubmitted by May 7th of the Current Year. The ESOP portion of all labor expense shall be limited to 5% of wages and salaries as set forth in Step 2 A above.

7. CONDITIONS FOR EFFECTIVENESS OF THIS AGREEMENT AMENDMENT

The effectiveness of this Agreement Amendment is expressly conditioned on the mutual written commitment of all the member agencies of the Regional Waste Management Authority to adopt the same base service rate adjustments and the same terms regarding franchise fee percentages and additional remittances to the Rate Stabilization and Capitalization Funds and use thereof.

CITY OF YUBA CITY

Kash Gill, Mayor

Attest:

Terrel Locke, City Clerk

RECOLOGY YUBA-SUTTER DISPOSAL, INC.

By: _____

Attachment C

Exhibit 1

Recology Yuba - Sutter
 City of Yuba City
 Proposed Rates Effective 10/1/14

Residential Rates

Service Description	Rates Effective 10/1/2013						Rates Effective 10/1/2014					
	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services
Standard 32 - Gallon Refuse Cart*	\$24.49	\$1.29	\$25.78	\$0.27	\$0.75	\$26.80	\$24.23	\$1.55	\$25.78	\$0.27	\$0.75	\$26.80
Low-Income Senior Citizen 32-Gallon Refuse Cart*	\$18.37	\$0.97	\$19.34	\$0.09	\$0.75	\$20.18	\$18.18	\$1.16	\$19.34	\$0.09	\$0.75	\$20.18
64 - Gallon Refuse Cart*	\$36.73	\$1.93	\$38.66	\$0.36	\$0.75	\$39.77	\$36.34	\$2.32	\$38.66	\$0.36	\$0.75	\$39.77
96 - Gallon Refuse Cart*	\$48.96	\$2.58	\$51.54	\$0.46	\$0.75	\$52.75	\$48.44	\$3.10	\$51.54	\$0.46	\$0.75	\$52.75
Extra 32 - Gallon Refuse Cart	\$12.24	\$0.64	\$12.88	\$0.09		\$12.97	\$12.11	\$0.77	\$12.88	\$0.09		\$12.97
Extra 64 - Gallon Refuse Cart	\$24.49	\$1.29	\$25.78	\$0.18		\$25.96	\$24.23	\$1.55	\$25.78	\$0.18		\$25.96
Extra 96 - Gallon Refuse Cart	\$36.73	\$1.93	\$38.66	\$0.28		\$38.94	\$36.34	\$2.32	\$38.66	\$0.28		\$38.94
Extra Bag of Refuse (Per Pickup Rate)	\$4.07	\$0.21	\$4.28			\$4.28	\$4.03	\$0.25	\$4.28			\$4.28

* Customers will be supplied 1 blue 64 - gallon cart for recycling and 1 green 96 - gallon cart for green yard waste.
 The cost of these services is included in the price for refuse service.

Exhibit 1

Recology Yuba - Sutter
 City of Yuba City
 Proposed Rates Effective 10/1/14

Commercial Container Rates

Service Description	Rates Effective 10/1/2013						Rates Effective 10/1/2014					
	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services
1 Yard												
1 Time per Week	\$113.34	\$5.97	\$119.31	\$0.58	\$3.15	\$123.04	\$105.29	\$6.72	\$112.01	\$0.58	\$3.15	\$115.74
2 Times per Week	\$191.55	\$10.08	\$201.63	\$1.16	\$5.40	\$208.19	\$177.95	\$11.36	\$189.31	\$1.16	\$5.40	\$195.87
3 Times per Week	\$282.57	\$14.87	\$297.44	\$1.74	\$7.95	\$307.13	\$262.51	\$16.76	\$279.27	\$1.74	\$7.95	\$288.96
4 Times per Week	\$348.00	\$18.32	\$366.32	\$2.31	\$9.75	\$378.38	\$323.29	\$20.64	\$343.93	\$2.31	\$9.75	\$355.99
5 Times per Week	\$430.98	\$22.68	\$453.66	\$2.89	\$12.15	\$468.70	\$400.38	\$25.56	\$425.94	\$2.89	\$12.15	\$440.98
6 Times per Week	\$552.27	\$29.07	\$581.34	\$3.47	\$15.60	\$600.41	\$513.06	\$32.75	\$545.81	\$3.47	\$15.60	\$564.88
1.5 Yard												
1 Time per Week	\$151.65	\$7.98	\$159.63	\$0.87	\$4.35	\$164.85	\$140.88	\$8.99	\$149.87	\$0.87	\$4.35	\$155.09
2 Times per Week	\$261.83	\$13.78	\$275.61	\$1.74	\$7.35	\$284.70	\$243.24	\$15.53	\$258.77	\$1.74	\$7.35	\$267.86
3 Times per Week	\$359.22	\$18.91	\$378.13	\$2.60	\$10.20	\$390.93	\$333.72	\$21.30	\$355.02	\$2.60	\$10.20	\$367.82
4 Times per Week	\$465.99	\$24.53	\$490.52	\$3.47	\$13.20	\$507.19	\$432.90	\$27.63	\$460.53	\$3.47	\$13.20	\$477.20
5 Times per Week	\$573.03	\$30.16	\$603.19	\$4.34	\$16.20	\$623.73	\$532.34	\$33.98	\$566.32	\$4.34	\$16.20	\$586.86
6 Times per Week	\$735.91	\$38.73	\$774.64	\$5.21	\$20.70	\$800.55	\$683.66	\$43.64	\$727.30	\$5.21	\$20.70	\$753.21
2 Yard												
1 Time per Week	\$182.07	\$9.58	\$191.65	\$1.16	\$5.10	\$197.91	\$169.14	\$10.80	\$179.94	\$1.16	\$5.10	\$186.20
2 Times per Week	\$290.41	\$15.28	\$305.69	\$2.31	\$8.25	\$316.25	\$269.79	\$17.22	\$287.01	\$2.31	\$8.25	\$297.57
3 Times per Week	\$399.03	\$21.00	\$420.03	\$3.47	\$11.25	\$434.75	\$370.70	\$23.66	\$394.36	\$3.47	\$11.25	\$409.08
4 Times per Week	\$510.77	\$26.88	\$537.65	\$4.63	\$14.40	\$556.68	\$474.51	\$30.29	\$504.80	\$4.63	\$14.40	\$523.83
5 Times per Week	\$624.11	\$32.85	\$656.96	\$5.79	\$17.55	\$680.30	\$579.80	\$37.01	\$616.81	\$5.79	\$17.55	\$640.15
6 Times per Week	\$793.37	\$41.76	\$835.13	\$6.94	\$22.35	\$864.42	\$737.04	\$47.05	\$784.09	\$6.94	\$22.35	\$813.38
3 Yard												
1 Time per Week	\$220.37	\$11.60	\$231.97	\$1.74	\$6.15	\$239.86	\$204.72	\$13.07	\$217.79	\$1.74	\$6.15	\$225.68
2 Times per Week	\$365.66	\$19.25	\$384.91	\$3.47	\$10.35	\$398.73	\$339.70	\$21.68	\$361.38	\$3.47	\$10.35	\$375.20
3 Times per Week	\$533.13	\$28.06	\$561.19	\$5.21	\$15.00	\$581.40	\$495.28	\$31.61	\$526.89	\$5.21	\$15.00	\$547.10
4 Times per Week	\$660.84	\$34.78	\$695.62	\$6.94	\$18.60	\$721.16	\$613.92	\$39.19	\$653.11	\$6.94	\$18.60	\$678.65
5 Times per Week	\$810.93	\$42.68	\$853.61	\$8.68	\$22.80	\$885.09	\$753.35	\$48.09	\$801.44	\$8.68	\$22.80	\$832.92
6 Times per Week	\$1,037.52	\$54.61	\$1,092.13	\$10.42	\$29.25	\$1,131.80	\$963.86	\$61.52	\$1,025.38	\$10.42	\$29.25	\$1,065.05
4 Yard												
1 Time per Week	\$264.94	\$13.94	\$278.88	\$2.31	\$7.50	\$288.69	\$246.13	\$15.71	\$261.84	\$2.31	\$7.50	\$271.65
2 Times per Week	\$445.29	\$23.44	\$468.73	\$4.63	\$12.60	\$485.96	\$413.67	\$26.40	\$440.07	\$4.63	\$12.60	\$457.30
3 Times per Week	\$628.90	\$33.10	\$662.00	\$6.94	\$17.70	\$686.64	\$584.25	\$37.29	\$621.54	\$6.94	\$17.70	\$646.18
4 Times per Week	\$814.01	\$42.84	\$856.85	\$9.26	\$22.95	\$889.06	\$756.22	\$48.27	\$804.49	\$9.26	\$22.95	\$836.70
5 Times per Week	\$1,002.49	\$52.76	\$1,055.25	\$11.57	\$28.20	\$1,095.02	\$931.31	\$59.45	\$990.76	\$11.57	\$28.20	\$1,030.53
6 Times per Week	\$1,289.77	\$67.88	\$1,357.65	\$13.89	\$36.30	\$1,407.84	\$1,198.20	\$76.48	\$1,274.68	\$13.89	\$36.30	\$1,324.87

Exhibit 1

Recology Yuba - Sutter
 City of Yuba City
 Proposed Rates Effective 10/1/14

Commercial Container Rates

Service Description	Rates Effective 10/1/2013						Rates Effective 10/1/2014					
	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services
5 Yard												
1 Time per Week	\$274.44	\$14.44	\$288.88	\$2.89	\$7.80	\$299.57	\$254.95	\$16.27	\$271.22	\$2.89	\$7.80	\$281.91
2 Times per Week	\$486.75	\$25.62	\$512.37	\$5.79	\$13.80	\$531.96	\$452.19	\$28.86	\$481.05	\$5.79	\$13.80	\$500.64
3 Times per Week	\$702.35	\$36.97	\$739.32	\$8.68	\$19.80	\$767.80	\$652.48	\$41.65	\$694.13	\$8.68	\$19.80	\$722.61
4 Times per Week	\$922.69	\$48.56	\$971.25	\$11.57	\$25.95	\$1,008.77	\$857.18	\$54.71	\$911.89	\$11.57	\$25.95	\$949.41
5 Times per Week	\$1,141.39	\$60.07	\$1,201.46	\$14.47	\$32.25	\$1,248.18	\$1,060.35	\$67.68	\$1,128.03	\$14.47	\$32.25	\$1,174.75
6 Times per Week	\$1,478.04	\$77.79	\$1,555.83	\$17.36	\$41.70	\$1,614.89	\$1,373.10	\$87.64	\$1,460.74	\$17.36	\$41.70	\$1,519.80
6 Yard												
1 Time per Week	\$282.57	\$14.87	\$297.44	\$3.47	\$7.95	\$308.86	\$262.51	\$16.76	\$279.27	\$3.47	\$7.95	\$290.69
2 Times per Week	\$526.76	\$27.72	\$554.48	\$6.94	\$14.85	\$576.27	\$489.36	\$31.24	\$520.60	\$6.94	\$14.85	\$542.39
3 Times per Week	\$775.68	\$40.83	\$816.51	\$10.42	\$21.90	\$848.83	\$720.61	\$46.00	\$766.61	\$10.42	\$21.90	\$798.93
4 Times per Week	\$1,028.02	\$54.11	\$1,082.13	\$13.89	\$28.95	\$1,124.97	\$955.03	\$60.96	\$1,015.99	\$13.89	\$28.95	\$1,058.83
5 Times per Week	\$1,283.42	\$67.55	\$1,350.97	\$17.36	\$36.15	\$1,404.48	\$1,192.30	\$76.10	\$1,268.40	\$17.36	\$36.15	\$1,321.91
6 Times per Week	\$1,663.16	\$87.53	\$1,750.69	\$20.83	\$46.95	\$1,818.47	\$1,545.08	\$98.62	\$1,643.70	\$20.83	\$46.95	\$1,711.48
7 Yard												
1 Time per Week	\$316.12	\$16.64	\$332.76	\$4.05	\$8.85	\$345.66	\$293.68	\$18.75	\$312.43	\$4.05	\$8.85	\$325.33
2 Times per Week	\$587.38	\$30.91	\$618.29	\$8.10	\$16.50	\$642.89	\$545.68	\$34.83	\$580.51	\$8.10	\$16.50	\$605.11
3 Times per Week	\$861.95	\$45.37	\$907.32	\$12.15	\$24.30	\$943.77	\$800.75	\$51.11	\$851.86	\$12.15	\$24.30	\$888.31
4 Times per Week	\$1,141.39	\$60.07	\$1,201.46	\$16.20	\$32.25	\$1,249.91	\$1,060.35	\$67.68	\$1,128.03	\$16.20	\$32.25	\$1,176.48
5 Times per Week	\$1,420.59	\$74.77	\$1,495.36	\$20.25	\$40.05	\$1,555.66	\$1,319.73	\$84.24	\$1,403.97	\$20.25	\$40.05	\$1,464.27
6 Times per Week	\$1,845.23	\$97.12	\$1,942.35	\$24.30	\$52.05	\$2,018.70	\$1,714.22	\$109.42	\$1,823.64	\$24.30	\$52.05	\$1,899.99
8 Yard												
1 Time per Week	\$360.68	\$18.98	\$379.66	\$4.63	\$10.20	\$394.49	\$335.07	\$21.39	\$356.46	\$4.63	\$10.20	\$371.29
2 Times per Week	\$644.89	\$33.94	\$678.83	\$9.26	\$18.15	\$706.24	\$599.10	\$38.24	\$637.34	\$9.26	\$18.15	\$664.75
3 Times per Week	\$960.80	\$50.57	\$1,011.37	\$13.89	\$27.15	\$1,052.41	\$892.58	\$56.97	\$949.55	\$13.89	\$27.15	\$990.59
4 Times per Week	\$1,276.92	\$67.21	\$1,344.13	\$18.52	\$36.00	\$1,398.65	\$1,186.26	\$75.72	\$1,261.98	\$18.52	\$36.00	\$1,316.50
5 Times per Week	\$1,585.06	\$83.42	\$1,668.48	\$23.15	\$44.70	\$1,736.33	\$1,472.52	\$93.99	\$1,566.51	\$23.15	\$44.70	\$1,634.36
6 Times per Week	\$1,945.79	\$102.41	\$2,048.20	\$27.78	\$54.90	\$2,130.88	\$1,807.64	\$115.38	\$1,923.02	\$27.78	\$54.90	\$2,005.70

Exhibit 1

Recology Yuba - Sutter
 City of Yuba City
 Proposed Rates Effective 10/1/14

Commercial Container Rates

Service Description	Rates Effective 10/1/2013						Rates Effective 10/1/2014					
	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services
1 Yard Bin - Extra Service Only	\$30.80	\$1.62	\$32.42			\$32.42	\$28.61	\$1.83	\$30.44			\$30.44
1.5 Yard Bin - Extra Service Only	\$34.14	\$1.80	\$35.94			\$35.94	\$31.72	\$2.02	\$33.74			\$33.74
2 Yard Bin - Extra Service Only	\$41.08	\$2.16	\$43.24			\$43.24	\$38.16	\$2.44	\$40.60			\$40.60
3 Yard Bin - Extra Service Only	\$47.88	\$2.52	\$50.40			\$50.40	\$44.48	\$2.84	\$47.32			\$47.32
4 Yard Bin - Extra Service Only	\$54.67	\$2.88	\$57.55			\$57.55	\$50.79	\$3.24	\$54.03			\$54.03
5 Yard Bin - Extra Service Only	\$58.13	\$3.06	\$61.19			\$61.19	\$54.00	\$3.45	\$57.45			\$57.45
6 Yard Bin - Extra Service Only	\$61.61	\$3.24	\$64.85			\$64.85	\$57.24	\$3.65	\$60.89			\$60.89
7 Yard Bin - Extra Service Only	\$68.42	\$3.60	\$72.02			\$72.02	\$63.56	\$4.06	\$67.62			\$67.62
8 Yard Bin - Extra Service Only	\$75.20	\$3.96	\$79.16		\$0.00	\$79.16	\$69.86	\$4.46	\$74.32		\$0.00	\$74.32
Temporary 7 Yard Bin (available to residences)	\$147.73	\$7.78	\$155.51		\$3.00	\$158.51	\$137.24	\$8.76	\$146.00		\$3.00	\$149.00

Exhibit 1

Recology Yuba - Sutter
City of Yuba City
Proposed Rates Effective 10/1/14

Front Load Compactor Rates

Service Description	Rates Effective 10/1/2013						Rates Effective 10/1/2014					
	Base Rate *	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge **	Total Rate for Services	Base Rate *	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge **	Total Rate for Services
1.3 Yd Compactor												
1 time per week	\$240.57	\$12.66	\$253.23	\$0.75	\$4.35	\$258.33	\$223.49	\$14.27	\$237.76	\$0.75	\$4.35	\$242.86
2 times per week	\$481.15	\$25.32	\$506.47	\$1.50	\$7.35	\$515.32	\$446.99	\$28.53	\$475.52	\$1.50	\$7.35	\$484.37
3 times per week	\$721.71	\$37.98	\$759.69	\$2.25	\$10.20	\$772.14	\$670.47	\$42.80	\$713.27	\$2.25	\$10.20	\$725.72
4 times per week	\$962.28	\$50.65	\$1,012.93	\$3.00	\$13.20	\$1,029.13	\$893.96	\$57.06	\$951.02	\$3.00	\$13.20	\$967.22
5 times per week	\$1,202.84	\$63.31	\$1,266.15	\$3.75	\$16.20	\$1,286.10	\$1,117.44	\$71.33	\$1,188.77	\$3.75	\$16.20	\$1,208.72
6 times per week	\$1,443.43	\$75.97	\$1,519.40	\$4.50	\$20.70	\$1,544.60	\$1,340.95	\$85.59	\$1,426.54	\$4.50	\$20.70	\$1,451.74
2 Yd Compactor												
1 time per week	\$370.12	\$19.48	\$389.60	\$1.16	\$5.10	\$395.86	\$343.84	\$21.95	\$365.79	\$1.16	\$5.10	\$372.05
2 times per week	\$740.19	\$38.96	\$779.15	\$2.31	\$8.25	\$789.71	\$687.64	\$43.89	\$731.53	\$2.31	\$8.25	\$742.09
3 times per week	\$1,110.32	\$58.44	\$1,168.76	\$3.47	\$11.25	\$1,183.48	\$1,031.49	\$65.84	\$1,097.33	\$3.47	\$11.25	\$1,112.05
4 times per week	\$1,480.43	\$77.92	\$1,558.35	\$4.63	\$14.40	\$1,577.38	\$1,375.32	\$87.79	\$1,463.11	\$4.63	\$14.40	\$1,482.14
5 times per week	\$1,850.52	\$97.40	\$1,947.92	\$5.79	\$17.55	\$1,971.26	\$1,719.13	\$109.73	\$1,828.86	\$5.79	\$17.55	\$1,852.20
6 times per week	\$2,220.61	\$116.87	\$2,337.48	\$6.94	\$22.35	\$2,366.77	\$2,062.95	\$131.68	\$2,194.63	\$6.94	\$22.35	\$2,223.92
3 Yd Compactor												
1 time per week	\$555.17	\$29.22	\$584.39	\$1.74	\$6.15	\$592.28	\$515.75	\$32.92	\$548.67	\$1.74	\$6.15	\$556.56
2 times per week	\$1,110.33	\$58.44	\$1,168.77	\$3.47	\$10.35	\$1,182.59	\$1,031.50	\$65.84	\$1,097.34	\$3.47	\$10.35	\$1,111.16
3 times per week	\$1,665.49	\$87.66	\$1,753.15	\$5.21	\$15.00	\$1,773.36	\$1,547.24	\$98.76	\$1,646.00	\$5.21	\$15.00	\$1,666.21
4 times per week	\$2,220.62	\$116.87	\$2,337.49	\$6.94	\$18.60	\$2,363.03	\$2,062.96	\$131.68	\$2,194.64	\$6.94	\$18.60	\$2,220.18
5 times per week	\$2,775.80	\$146.09	\$2,921.89	\$8.68	\$22.80	\$2,953.37	\$2,578.72	\$164.60	\$2,743.32	\$8.68	\$22.80	\$2,774.80
6 times per week	\$3,330.96	\$175.31	\$3,506.27	\$10.42	\$29.25	\$3,545.94	\$3,094.46	\$197.52	\$3,291.98	\$10.42	\$29.25	\$3,331.65
4 Yd Compactor												
1 time per week	\$740.20	\$38.96	\$779.16	\$2.31	\$7.50	\$788.97	\$687.65	\$43.89	\$731.54	\$2.31	\$7.50	\$741.35
2 times per week	\$1,480.44	\$77.92	\$1,558.36	\$4.63	\$12.60	\$1,575.59	\$1,375.33	\$87.79	\$1,463.12	\$4.63	\$12.60	\$1,480.35
3 times per week	\$2,220.62	\$116.87	\$2,337.49	\$6.94	\$17.70	\$2,362.13	\$2,062.96	\$131.68	\$2,194.64	\$6.94	\$17.70	\$2,219.28
4 times per week	\$2,960.84	\$155.83	\$3,116.67	\$9.26	\$22.95	\$3,148.88	\$2,750.62	\$175.57	\$2,926.19	\$9.26	\$22.95	\$2,958.40
5 times per week	\$3,701.05	\$194.79	\$3,895.84	\$11.57	\$28.20	\$3,935.61	\$3,438.28	\$219.46	\$3,657.74	\$11.57	\$28.20	\$3,697.51
6 times per week	\$4,441.28	\$233.75	\$4,675.03	\$13.89	\$36.30	\$4,725.22	\$4,125.95	\$263.36	\$4,389.31	\$13.89	\$36.30	\$4,439.50
5 Yd Compactor												
1 time per week	\$925.25	\$48.70	\$973.95	\$2.89	\$7.80	\$984.64	\$859.56	\$54.87	\$914.43	\$2.89	\$7.80	\$925.12
2 times per week	\$1,850.54	\$97.40	\$1,947.94	\$5.79	\$13.80	\$1,967.53	\$1,719.15	\$109.73	\$1,828.88	\$5.79	\$13.80	\$1,848.47
3 times per week	\$2,775.80	\$146.09	\$2,921.89	\$8.68	\$19.80	\$2,950.37	\$2,578.72	\$164.60	\$2,743.32	\$8.68	\$19.80	\$2,771.80
4 times per week	\$3,701.05	\$194.79	\$3,895.84	\$11.57	\$25.95	\$3,933.36	\$3,438.28	\$219.46	\$3,657.74	\$11.57	\$25.95	\$3,695.26
5 times per week	\$4,626.34	\$243.49	\$4,869.83	\$14.47	\$32.25	\$4,916.55	\$4,297.87	\$274.33	\$4,572.20	\$14.47	\$32.25	\$4,618.92
6 times per week	\$5,551.59	\$292.19	\$5,843.78	\$17.36	\$41.70	\$5,902.84	\$5,157.43	\$329.20	\$5,486.63	\$17.36	\$41.70	\$5,545.69
6 Yd Compactor												
1 time per week	\$1,110.33	\$58.44	\$1,168.77	\$3.47	\$7.95	\$1,180.19	\$1,031.50	\$65.84	\$1,097.34	\$3.47	\$7.95	\$1,108.76
2 times per week	\$2,220.62	\$116.87	\$2,337.49	\$6.94	\$14.85	\$2,359.28	\$2,062.96	\$131.68	\$2,194.64	\$6.94	\$14.85	\$2,216.43
3 times per week	\$3,330.96	\$175.31	\$3,506.27	\$10.42	\$21.90	\$3,538.59	\$3,094.46	\$197.52	\$3,291.98	\$10.42	\$21.90	\$3,324.30
4 times per week	\$4,441.28	\$233.75	\$4,675.03	\$13.89	\$28.95	\$4,717.87	\$4,125.95	\$263.36	\$4,389.31	\$13.89	\$28.95	\$4,432.15
5 times per week	\$5,551.59	\$292.19	\$5,843.78	\$17.36	\$36.15	\$5,897.29	\$5,157.43	\$329.20	\$5,486.63	\$17.36	\$36.15	\$5,540.14
6 times per week	\$6,661.91	\$350.63	\$7,012.54	\$20.83	\$46.95	\$7,080.32	\$6,188.91	\$395.04	\$6,583.95	\$20.83	\$46.95	\$6,651.73

* Base Rate is based on 4.3333 pick-ups per month at \$39.67/cu.yd. or \$171.92 per month times the compactor size and frequency of pick-ups per week.

** Household Hazardous Waste / RWMA Surcharge Rates are based on rates for the same size of commercial containers and service frequency. Rates for the 1.3 Yard Compactor are based on the rates for the 1.5 Yard Commercial Container.

Exhibit 1

Recology Yuba - Sutter
 City of Yuba City
 Proposed Rates Effective 10/1/14

Commercial Can and Cart Rates

Service Description	Rates Effective 10/1/2013						Rates Effective 10/1/2014					
	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services
Commercial Can	\$25.50	\$1.34	\$26.84	\$0.09	\$0.75	\$27.68	\$23.69	\$1.51	\$25.20	\$0.09	\$0.75	\$26.04
Additional Commercial Can	\$23.61	\$1.24	\$24.85	\$0.09	\$0.75	\$25.69	\$21.93	\$1.40	\$23.33	\$0.09	\$0.75	\$24.17
Commercial Cart	\$51.15	\$2.69	\$53.84	\$0.28	\$1.50	\$55.62	\$47.52	\$3.03	\$50.55	\$0.28	\$1.50	\$52.33
Additional Commercial Cart	\$51.15	\$2.69	\$53.84	\$0.28	\$1.50	\$55.62	\$47.52	\$3.03	\$50.55	\$0.28	\$1.50	\$52.33

To determine the rate for additional service days per week, multiply the rate above by the number of pickups per week.

Exhibit 1

Recology Yuba - Sutter
 City of Yuba City
 Proposed Rates Effective 10/1/14

Debris Box Rates

Service Description	Rates Effective 10/1/2013						Rates Effective 10/1/2014					
	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services	Base Rate	Franchise Fees	Base Rate Including Franchise Fees	NPDES Fees	Household Hazardous Waste / RWMA Surcharge	Total Rate for Services
09Yd Dirt/Concrete Debris	\$393.00	\$20.68	\$413.68		7.50	\$421.18	\$388.86	\$24.82	\$413.68		\$7.50	\$421.18
15 Yd Debris Box	\$316.54	\$16.66	\$333.20		6.30	\$339.50	\$313.21	\$19.99	\$333.20		\$6.30	\$339.50
20 Yd Debris Box	\$365.22	\$19.22	\$384.44		7.50	\$391.94	\$361.38	\$23.06	\$384.44		\$7.50	\$391.94
25 Yd Debris Box	\$393.08	\$20.69	\$413.77		8.10	\$421.87	\$388.94	\$24.83	\$413.77		\$8.10	\$421.87
30 Yd Debris Box	\$431.40	\$22.71	\$454.11		9.00	\$463.11	\$426.86	\$27.25	\$454.11		\$9.00	\$463.11
40 Yd Debris Box	\$507.91	\$26.73	\$534.64		10.80	\$545.44	\$502.56	\$32.08	\$534.64		\$10.80	\$545.44
Compactor Rate Per Cubic Yard * NPDES fee is \$0.13355107/Cubic Yard	\$44.48	\$2.34	\$46.82	\$0.13*	\$0.90	\$47.85	\$44.01	\$2.81	\$46.82	\$0.13*	\$0.90	\$47.85
Wood Debris Box	\$172.18	\$9.06	\$181.24		\$0.00	\$181.24	\$170.37	\$10.87	\$181.24		\$0.00	\$181.24
15 Yard Tires	\$580.45	\$30.55	\$611.00		\$10.20	\$621.20	\$574.34	\$36.66	\$611.00		\$10.20	\$621.20
20 Yard Tires	\$735.27	\$38.70	\$773.97		\$12.90	\$786.87	\$727.53	\$46.44	\$773.97		\$12.90	\$786.87
25 Yard Tires	\$879.73	\$46.30	\$926.03		\$15.45	\$941.48	\$870.47	\$55.56	\$926.03		\$15.45	\$941.48
30 Yard Tires	\$1,024.26	\$53.91	\$1,078.17		\$18.00	\$1,096.17	\$1,013.48	\$64.69	\$1,078.17		\$18.00	\$1,096.17
40 Yard Tires	\$1,228.13	\$64.64	\$1,292.77		\$21.45	\$1,314.22	\$1,215.20	\$77.57	\$1,292.77		\$21.45	\$1,314.22
Trip Charge / Same Day Service	\$71.88	\$3.78	\$75.66		-	\$75.66	\$71.12	\$4.54	\$75.66		-	\$75.66
Demurrage Charge	\$17.70	\$0.93	\$18.63		-	\$18.63	\$17.51	\$1.12	\$18.63		-	\$18.63

Attachment D

Commercial Rate Survey July 2014

Community	Commercial Service Rates 1 x week service			
	<u>Cart</u>	<u>1 yd.</u>	<u>2 yd.</u>	<u>3 yd.</u>
Davis	60.31	94.44	\$157.09	\$234.00
Grass Valley	58.96		\$267.96	\$341.18
Oroville	24.09	105.7	\$153.47	\$204.19
Rocklin	34.6	90.66	\$158.61	\$226.84
West Sacramento		38.77	\$77.54	\$116.31
Woodland	32.63	67.37	\$102.23	\$131.16
Yuba-Sutter	55.34	122.46	\$196.75	\$238.12
average rate w/ YS	44.32	86.57	\$159.09	\$213.11
average rate w/o YS	42.12	79.39	\$152.82	\$208.95
	31%	54%	29%	14%

Attachment E

REGIONAL WASTE MANAGEMENT AUTHORITY
BOARD OF DIRECTORS MEETING
JULY 17, 2014

AGENDA ITEM IV – B
STAFF REPORT

**COLLECTION SERVICE RATE ADJUSTMENT APPLICATION
EVALUATION REPORT**

BACKGROUND

Included as a separate document with the agenda packet is the Final Draft Report prepared by Crowe Horwath LLP on the review and evaluation of the rate adjustment application that was submitted by Recology Yuba-Sutter for the rate year beginning October 1, 2014 (Rate Year 2015). This is the third rate adjustment application submitted by Recology Yuba-Sutter pursuant to the Maximum Service Rate Adjustment Guidelines for the Collection Service Agreement, Exhibit 2 in the Collection Service Agreements that were adopted by the RWMA member jurisdictions in December 2011. Twelve annual applications had previously been submitted by Recology Yuba-Sutter [formerly Yuba-Sutter Disposal, Inc. (YSDI)] pursuant to the prior Rate Adjustment Guidelines that were adopted by the RWMA member jurisdictions in July 2000.

The Final Draft Report and associated adjustment recommendations to the member jurisdictions are now being presented to the RWMA Board for review and acceptance. The Maximum Service Rate Adjustment Guidelines for the Collection Service Agreements allow for the RWMA to conduct the review of rate applications, but do not specifically require that this function be performed by the RWMA. The RWMA has provided this service for the member jurisdictions beginning with Rate Year 2001. The RWMA does not have any rate setting authority and conducts the application review only as a service to the member jurisdictions.

The new Collection Service Agreements established a process for the submittal and review of Detailed Rate Applications and Refuse Rate Indexed Applications. Under the new Collection Service Agreements, rates for Recology Yuba-Sutter's collection services are to be adjusted using a Refuse Rate Index (RRI) for the first, second and third Rate Years of each four year rate cycle of the Collection Service Agreement. In the fourth year of each four year rate cycle, rates are to be adjusted by the detailed rate adjustment methodology in Exhibit 2 of the Collection Service Agreements. Although for the first four year rate cycle, the Collection Service Agreements specified that there would only be RRI based adjustments in the first and second rate years with Rate Year 2015 being the next detailed rate adjustment year. As such, Rate Year 2015 (October 1, 2014 – September 30, 2015) is the first rate year for which a Detailed Rate Adjustment Application was submitted under the new Collection Service Agreements.

RATE APPLICATION REVIEW

The Rate Year 2015 (RY 2015) Detailed Rate Application that was submitted by Recology Yuba-Sutter calculated a projected revenue surplus for RY 2015 of \$599,558 which is equal to a decrease in the total revenue requirement of 2.30 percent. A summary of the adjustment factors for the RY 2015 Rate Application is included on Table 2 in the attached Final Draft Report. The adjustment factors listed in Table 2 are expressed in terms of the variance in the RY 2015 projected figures submitted in the detailed rate application to the actual figures for RY 2013.

As a result of the Crowe Horwath LLP review and evaluation of the application and several discussions with Recology Yuba-Sutter personnel and the RWMA Administrators, some of the expenses and revenue projections for RY 2015 were adjusted. As a result, the revenue surplus for RY 2015 increased to \$1,058,995 which is equal to a decrease in the total revenue requirement of 4.04 percent. These changes are summarized in Table 3 of the Final Draft Report which presents the recommended changes compared to the application that was submitted by Recology Yuba-Sutter. These recommended changes, which are discussed in detail in the Final Draft Report, have been discussed with the RWMA Administrators and Recology Yuba-Sutter. Any final comments from the RWMA Administrators and Recology Yuba-Sutter will be presented at the meeting.

Due to the presence of member agency specific programs in Marysville and Yuba County, the revenue surplus for these jurisdictions is slightly different with the Marysville street sweeping service projected to experience a revenue surplus in RY 2015 resulting in a decrease in the total revenue requirement of 5.49 percent. The Ponderosa Transfer Station which is a member agency specific program of Yuba County is projected to experience a revenue surplus for this program in Rate Year 2015 resulting in a decrease in the total revenue requirement of 4.37 percent for Yuba County.

Among the adjustments referenced in the Final Draft Report, significant components of the overall 4.04 percent decrease in the revenue requirement include:

- A FY 2014 collection revenue adjustment to reflect the full amount of the RY 2014 rate adjustment of 4.52 percent, including the revenue from the landfill post closure maintenance expense true-up that was included in the rates and revenue adjustments presented by Recology Yuba-Sutter after the application was submitted.
- Pursuant to the direction of the RWMA Administrators, a modification to the limitation provided in the rate adjustment guidelines is included in the draft model Collection Service Agreement in the next agenda item. This modification provides for setting the labor expense limit based on the Prior Year (FY 2013 in this case) as adjusted by the change in this case between the labor index for the two year period from April 2011 to March 2012 and April 2012 to March 2013 and from April 2012 to March 2013 and April 2013 to March 2014. This modification is addressed in Section 6 of the draft model Collection Service Agreement Amendment presented in the next agenda item. Labor expense adjustments in the Final Draft Report reflect the

application of this limit plus an adjustment for changes in the composition of the labor force.

- The Truck and Container Expense includes a significant adjustment related to the application of the provisions of the rate adjustment guidelines to fuel costs. The rate application projected the diesel fuel price using a different fuel price index than prescribed by the rate adjustment guidelines and the result was an increase in projected RY 2015 fuel expenses. Projected RY 2015 fuel expenses were also increased to reflect the use of diesel fuel rather than a combination of diesel and compressed natural gas (CNG) fuel.
- Equipment Lease expenses were modified for a variety of reasons with the most significant adjustments being related to reducing expenses for the cost differential between CNG-fueled trucks and diesel-fueled trucks. The Collection Service Agreements require that acquisitions added to the lease schedule costing \$25,000 or more per individual item require advance written authorization from the Contract Administrator. Advance written authorization was not requested from the Contract Administrators. This issue was discussed with Recology Yuba-Sutter representatives at a meeting with the RWMA Administrators on May 7th. This was followed by a letter to Recology Yuba-Sutter requesting justification regarding the acquisition of the three CNG trucks in FY 2013; Recology Yuba-Sutter's intentions and plans relative to acquiring additional CNG vehicles and fueling facilities; and, the overall lifecycle costs of the plan compared to diesel-fueled vehicles. The two paragraph Recology Yuba-Sutter response dated June 3, 2013 was deemed insufficient and Recology Yuba-Sutter was informed on June 26th that a long term, comprehensive plan evaluating CNG vehicle life cycle costs compared to diesel-fueled vehicles including the cost of vehicle maintenance, maintenance facility safety improvements and specific fueling plans (including additional labor costs incurred for fueling off-site) would still be required. Recology Yuba-Sutter submitted a plan on July 3rd, but the late submittal did not allow sufficient time for a review of the plan and Recology Yuba-Sutter has been advised that the plan review will follow.
- Depreciation expenses were significantly reduced for two reasons: 1) to remove the cost of a compost pad that will be considered for funding through the Five Jurisdiction and Yuba City Rate Stabilization and Capitalization Funds and, 2) to remove the MRF improvements that Recology Yuba-Sutter previously agreed to fund per the attached letter dated December 20, 2011 regarding these improvements and a general understanding at the time that Recology Yuba-Sutter would be installing these improvements forgoing any specific request for recovery through the rate application process, as long as there is not a significant change in the industry, market or regulation. No significant change in the industry, market or regulation has been presented.
- Significant adjustments were made to the Regulatory (Non Pass-through) and Regulatory (Pass-through) expenses primarily to reflect the reallocation of landfill post-closure maintenance expenses from the non pass-through to the pass-through

category in compliance with the Agreement Amendments adopted in mid-2013. Recology Yuba-Sutter's projections of landfill post-closure maintenance expenses were also reduced following the submittal of the application.

NEXT STEPS

Assuming RWMA Board acceptance, the Final Evaluation Report will immediately be distributed to the RWMA jurisdictions along with the model Collection Service Agreement amendment language for use in the consideration of rate structure adjustments. The RWMA Administrators are reviewing options relative to the application of the rate surplus, including adjustments to franchise fees and specific base service rates, and will be providing a final recommendation. Meetings to consider the adoption of the adjusted rate structures and Collection Service Agreement amendments by city councils and boards of supervisors will be scheduled for August and the effective date of the new rate structures is expected to be October 1st per the rate adjustment guidelines.

Because the RWMA Board does not have rate setting authority, specific rate adjustments and fee schedules for individual member jurisdictions are not included in this report and this recommendation is for a region-wide rate adjustment percentage based on the detailed application and review and contributions to the Rate Stabilization and Capitalization Funds.

RWMA staff will be available at the Board meeting along with representatives of Crowe Horwath LLP and Recology Yuba-Sutter to review the evaluation report and the rate adjustment process in detail.

RECOMMENDATION: Accept the report and associated rate adjustment recommendations to the member jurisdictions as proposed.

Attachment F

July 10, 2014

Mr. Keith Martin
Administrator
Regional Waste Management Authority
2100 B Street
Marysville, California 95901

Subject: **Final Report - Review and Evaluation of Recology Yuba-Sutter's Rate Year 2015 Detailed Rate Application**

This letter report represents results of Crowe Horwath's (Crowe) review of Recology Yuba-Sutter's Rate Year 2015 Detailed Rate Application (Application) submitted by Recology Yuba-Sutter (RYS) for Regional Waste Management Authority (RWMA) jurisdictions. This letter report is organized into three (3) sections as follows:

- A. *Background of Rate Review*
- B. *Rate Review Findings*
- C. *Recommended Rate Adjustments.*

There also are two (2) attachments to this letter report.

A. Background of Rate Review

Crowe was selected by the RWMA to review and evaluate the Rate Year 2015 RYS Detailed Rate Application. The RWMA is a six member joint powers authority comprised of the Counties of Sutter and Yuba; and the Cities of Live Oak, Marysville, Wheatland, and Yuba City (Member Agencies). The RWMA is responsible for coordinating solid waste program planning and reporting for these Member Agencies. RWMA staff also administers the rate adjustment process that Member Agencies adopted to regulate refuse collection rates.

RYS provides exclusive refuse collection, recycling, and transfer station operations to Member Agencies in accordance with franchise agreements with each party. RYS is a wholly-owned subsidiary of Recology, Inc. RYS also provides street sweeping services in the Cities of Marysville and Live Oak, and refuse collection services for Beale Air Force Base (Beale AFB). Each Member Agency has executed a separate franchise agreement with RYS. All of these agreements began on the same date (January 1, 2012). We used the Maximum Service Rate Adjustment Guidelines for this rate review (provided as Exhibit 2 to the franchise agreement).

This report documents results of our rate review. In this background section, we describe the Application, project scope, methodology, and provide variance analyses between projected and actual results for Rate Year 2012, and between projections for Rate Year 2015 and actual results for Rate Year 2013. The remainder of this background section is organized as follows:

- 1. *Rate Application*
- 2. *Scope and Methodology*
- 3. *Variance Analyses.*

1. Rate Application

On March 31, 2014, RYS submitted its Rate Adjustment Application to the RWMA and Member Agencies, for Rate Year 2015 (October 1, 2014 to September 30, 2015). This Rate Adjustment Application is subject to the Maximum Service Rate Adjustment Guidelines (Guidelines).

RYS can submit a Detailed Rate Adjustment Application every four (4) years, and RYS is allowed a Refuse Rate Index (RRI) adjustment in each of the three interim years in between, in accordance with the Guidelines. Rate Year 2015 is referred to as a Detailed Rate Year.

In its Application, RYS projected a Rate Year 2015 net revenue surplus of \$599,556. The company projected that a rate reduction of 2.30 percent, effective October 1, 2014, would be required to eliminate this surplus. A summary of the rate change requested for each Member Agency is shown in the following table:

	Live Oak	Marysville	Sutter County	Yuba City	Yuba County	Wheatland
Requested Rate Change in RYS Application	-2.30%	-3.90%	-2.30%	-1.26%	-2.65%	-2.30%

The requested rate adjustment for the City of Marysville, accounting for revenues and expenses associated with the street sweeping program, is a rate decrease of 3.90 percent (a \$47,110 projected total revenue surplus). The requested rate adjustment for Yuba County, accounting for the revenues and expenses associated with the Ponderosa Transfer Station, is a rate reduction of 2.65 percent (a \$29,517 projected total revenue surplus). Accounting for a planned increase in franchise fees from 5 to 6 percent of gross revenues, in the Application RYS projected a 1.26 rate decrease for the City of Yuba City.

We relied on RYS audited financial statements, and internally prepared financial information and operational data for our review. RYS provided audited financial statements for Rate Years 2012 and 2013. KPMG audited the 2012 and 2013 financial statements. RYS also provided internally prepared financial information and operational data for Rate Years 2014 (estimated) and 2015 (projected).

2. Scope and Methodology

Crowe verified the completeness of the Application, and requested that RYS provide further information and documentation to support the Application. Our review of the Application confirmed that RYS complied with the Guidelines requirements and was substantially complete at the time of submission. We provided RYS with a letter of completeness on April 15, 2014.

Crowe submitted formal written data requests to RYS on April 21, 2014 and May 9, 2014, and subsequent more informal follow-up data requests by email. Crowe received responses to these data requests between May 2, 2014 and June 2, 2014. Crowe personnel visited RYS offices on April 15, 2014 and May 22, 2014 to (1) review RYS' Application with RYS management, (2) discuss the data needs with RYS management, and (3) conduct a comprehensive site tour of the RYS transfer station and materials recovery facility (MRF), maintenance shop, and yard. Crowe personnel also met with RYS management and accounting staff on May 9, 2014 and June 2, 2014. We presented preliminary observations, from our rate review, to the RWMA Administrators at their May 7, 2014 and June 26, 2014 meetings.

For purposes of this review, we followed the adopted Guidelines. To complete our review, we principally followed Sections IV and V of the Guidelines. The Guidelines provide a framework for RYS rate adjustments based on actual financial results of current operations and anticipated results of future operations.

For this rate review and evaluation, we performed the following tasks:

- Assessed if the Application was mathematically accurate and logically consistent

- Verified that the Application complied with the terms and conditions of the Guidelines
- Reconciled the Application to RYS's Rate Year 2013 audited financial statements
- Reviewed RYS financial information, operational data, and projections for reasonableness
- Assessed attachments and supplemental supporting schedules, worksheets, and documentation
- Reviewed historical actual, estimated, and projected revenues and expenses
- Reviewed cost allocation methods for reasonableness
- Reviewed the assignment of revenues and expenses to franchised Member Agency specific programs, and non-franchised and non-RWMA operations
- Reviewed variances in actual versus projected revenues and expenses for Rate Year 2012 and reviewed RYS's explanations for significant variances
- Obtained and reviewed support for the assumptions used to project Rate Years 2014 and 2015 revenues and expenses
- Confirmed the use of the allowed operating margin
- Confirmed the franchise fee calculation
- Confirmed the accuracy of RYS's calculated revenue requirement and associated rate adjustment
- Confirmed the "most favored nation" refuse disposal and green waste tipping fees.

The scope of work for this review included the following eight (8) tasks:

1. Verify the completeness of RYS's Rate Adjustment Application
2. Review the Rate Adjustment Application and prepare responses
3. Develop detailed rate adjustments by line item and rate adjustment tables
4. Review proposed adjustments with RWMA and RYS representatives, and clarify outstanding issues
5. Recommend the revenue requirement and the associated rate adjustment
6. Prepare a draft report
7. Prepare a final report
8. Participate in RWMA meetings.

3. Variance Analyses

a. Rate Year 2012 Actual Results versus Rate Year 2012 Projections

The previous detailed rate review was for Rate Year 2012, and resulted in a calculated reduction in base service rates of 2.35 percent. **Table 1**, on the following page, provides a comparison of RYS's actual Rate Year 2012 results with Rate Year 2012 projections from the previous rate review. As shown, RYS realized a net revenue surplus of approximately \$563,720 in Rate Year 2012. While revenues were approximately \$234,000 more than projected, this was offset by a revenue requirement that was approximately \$330,000 less than projected.

Table 1
Rate Year 2012 Actual Results Compared to Projections

	FY 2012	FY 2012	Variance	
	Prior Year	Rate Year	Actual vs. Projected	
	Actuals	Adjusted	\$	%
		Projection		
Revenues				
Collection Revenue	\$ 23,519,331	\$ 23,433,381	\$ 85,950	0.4%
Member Agency Specific Programs	-	-	-	
Sale of Diverted Material & DOC Payments	2,519,634	2,266,738	252,896	11.2%
Transfer Station Operations	1,149,898	1,254,615	(104,717)	-8.3%
Other Income	-	-	-	
Total Revenue	\$ 27,188,863	\$ 26,954,734	\$ 234,129	0.9%
Operating Expenses				
Labor and Related Expense	\$ 9,998,662	\$ 10,138,124	\$ (139,462)	-1.4%
Truck and Container Expense	3,394,559	3,238,333	156,226	4.8%
2010 Fuel True-up Adjustment	22,794	22,794	-	0.0%
2011 Fuel True-up Adjustment	256,836	256,836	-	0.0%
Truck and Container Dept Allocation	(215,871)	(215,633)	(238)	0.1%
Insurance Expense	622,794	611,976	10,818	1.8%
Equipment Lease	1,999,657	2,042,966	(43,309)	-2.1%
Lease Credits Back to Rate Payers	(3,699)	(3,699)	-	0.0%
Depreciation	377,198	352,492	24,706	7.0%
Amortization	-	-	-	
Recycling Material Purchases	389,400	384,668	4,732	1.2%
Transfer Station / MRF Operation	137,995	208,851	(70,856)	-33.9%
Transfer Station / MRF Dept Allocation	(908,003)	(700,753)	(207,250)	29.6%
Hazardous Waste Operations	-	-	-	
Other Operating Expense	326,064	314,850	11,214	3.6%
General & Administrative	1,347,412	1,355,743	(8,331)	-0.6%
General & Administrative Dept Allocation	(177,761)	(187,245)	9,484	-5.1%
Regional & Corporate Overhead / Charges	1,231,771	1,337,330	(105,559)	-7.9%
Regulatory (non pass-through)	82,336	556,587	(474,251)	-85.2%
Total Operating Expense	\$ 18,882,144	\$ 19,714,221	\$ (832,077)	-4.2%
Operating Margin @ 90%	\$ 2,098,016	\$ 2,190,469	\$ (92,453)	-4.2%
Pass-Through Expenses				
Disposal - Ostrom Road LF	\$ 3,261,485	\$ 3,233,106	\$ 28,379	0.9%
Green Waste Processing - Ostrom Road LF	125,495	121,782	3,713	3.0%
Regulatory Fees (pass-through)	996,402	523,487	472,915	90.3%
Member Agency Fees (pass-through)	-	-	-	
Franchise Fees	1,261,601	1,171,669	89,932	7.7%
Total Pass-through Expenses	\$ 5,644,983	\$ 5,050,044	\$ 594,939	11.8%
Total Revenue Requirement	\$ 26,625,143	\$ 26,954,734	\$ (329,591)	-1.2%
Current Year Shortfall / (Surplus)	\$ (563,720)	\$ -		
Required Revenue Adjustment %	-2.40%	0.00%		

Rate Year 2012 Revenue Variance

Overall revenues exceeded projections by approximately \$234,000 (a 0.9 percent variance). Collection revenues exceeded projections by approximately \$86,000 (0.4 percent). Recyclable material sales revenues were more than projections by approximately \$253,000 (11.2 percent) with revenues from transfer station operations falling short of projections by approximately \$105,000 (8.3 percent).

Rate Year 2012 Expense Variance

The Rate Year 2012 revenue requirement (equal to operating expenses plus operating margin plus pass through expenses) was approximately \$330,000 less than projected (a 1.2 percent variance). Operating expenses were approximately \$832,000 less than projected (4.2 percent). Labor and Related Expense, Transfer Station/MRF Department Allocation, and Regional and Corporate Overhead Charges experienced the most significant variances with actual expenses lower than projected by approximately \$140,000 (1.4 percent), \$207,000 (29.6 percent), and \$106,000 (7.9 percent), respectively. Truck and Container Expense also experienced a material variance, with the actual expense more than projected by approximately \$156,000 (4.8 percent).

The reduction in Regional and Corporate Overhead Charges resulted from a decline in allocations of: (1) Corporate Administration and Accounting, (2) Information Technology, and (3) Human Resources. The Transfer Station/MRF Department Allocation decreased as a result of shifts in the amount of solid waste tonnage received from non-RWMA and member agency specific programs.

Pass-through Expenses were approximately \$595,000 (11.8 percent) more than projected due to an accounting reclassification of Marysville business license (host) fees from a non pass-through expense to a pass-through expense. Disposal expense was \$28,000 (0.9 percent) more than projected, Green Waste Processing expense \$3,700 (3.0 percent) more than projected, and Franchise Fees approximately \$90,000 (7.7 percent) more than projected. This \$1,261,601 franchise fee figure, shown in Table 1, also included the Road Maintenance Fees that began with the new contract beginning January 1, 2012.¹

Attachment 5 of the Application provides additional information on the variances between Rate Year 2012 actual and projected results.

b. Rate Year 2015 Projections versus Rate Year 2013 Actual Results

Table 2, on the following page, provides a comparison of RYS' Rate Year 2015 projections with Rate Year 2013 actual results. As shown in column 3 of Table 2, the company projects a Rate Year 2015 net surplus of \$599,558, equal to a 2.30 percent rate decrease.

Comparison of Rate Year 2015 and 2013 Revenues

RYS projected Collection Revenues to increase by approximately \$1,678,000 (6.9 percent) between 2013 and 2015. This projection accounts for the 3.8 percent rate increases approved by the RWMA on October 1, 2013, and the impact of growth and new business of 1.7 percent, 0.8 percent, and 5.6 percent, respectively, for residential, commercial, and debris box services in 2014, and 1.5 percent, 1.0 percent, and 0.0 percent for residential, commercial, and debris box services in 2015. RYS projected revenues from the Sale of Recyclable Materials to increase by approximately \$26,000 (1.2 percent). RYS projected revenues from transfer station operations to increase by approximately \$26,000 (2.1 percent) due to increased volume from regular business. Overall, in the Application, RYS projected a net increase in revenues of \$1,730,000 (6.2 percent) between Rate Year 2013 and Rate Year 2015.

¹ Per the Guidelines, the Road Maintenance Fees are non-allowable expenses. For the Rate Year 2015 Application, RYS appropriately did not include the Road Maintenance Fees in the Application.

Table 2
Rate Year 2015 Projections Compared to Rate Year 2013 Actual Results

	FY 2013	FY 2015	Impact on Rates	
	Prior Year	Rate Year	Amount of Rate	
Revenues	Actuals	Projection	Increase / (Decrease)	
Collection Revenue	\$ 24,442,215	\$ 26,120,193	\$ 1,677,978	6.9%
Member Agency Specific Programs	-	-	-	
Sale of Diverted Material & DOC Payments	2,232,684	2,258,511	25,827	1.2%
Transfer Station Operations	1,245,650	1,271,420	25,770	2.1%
Other Income	-	-	-	
Total Revenue	\$ 27,920,549	\$ 29,650,124	\$ 1,729,575	6.2%
Operating Expenses				
Labor and Related Expense	\$ 10,509,535	\$ 11,085,849	\$ 576,314	5.5%
Truck and Container Expense	3,337,801	3,527,760	189,959	5.7%
Truck and Container Dept Allocation	(208,498)	(220,931)	(12,433)	6.0%
Insurance Expense	745,481	808,044	62,563	8.4%
Equipment Lease	1,861,695	1,530,004	(331,691)	-17.8%
Lease True-up Adjustment	-	(218,258)	(218,258)	N/A
Depreciation	430,041	204,194	(225,847)	-52.5%
Amortization	-	-	-	
Recycling Material Purchases	274,883	299,402	24,519	8.9%
Transfer Station / MRF Operation	178,332	187,933	9,601	5.4%
Transfer Station / MRF Dept Allocation	(722,521)	(651,497)	71,024	-9.8%
Hazardous Waste Operations	-	-	-	
Other Operating Expense	421,046	423,350	2,304	0.5%
General & Administrative	1,391,716	1,397,002	5,286	0.4%
General & Administrative Dept Allocation	(202,537)	(190,292)	12,245	-6.0%
Regional & Corporate Overhead / Charges	1,347,702	1,396,656	48,954	3.6%
Regulatory (non pass-through)	62,102	338,544	276,442	445.1%
Total Operating Expense	\$ 19,426,778	\$ 19,917,760	\$ 490,982	2.5%
Operating Margin @ 90%	\$ 2,158,531	\$ 2,213,084	\$ 54,553	2.5%
Pass-Through Expenses				
Disposal - Ostrom Road LF	\$ 3,684,259	\$ 4,465,758	\$ 781,499	21.2%
Green Waste Processing - Ostrom Road LF	94,513	126,232	31,719	33.6%
Regulatory Fees (pass-through)	1,013,998	1,051,700	37,702	3.7%
Member Agency Fees (pass-through)	-	-	-	
Franchise Fees	1,217,961	1,276,032	58,071	4.8%
Total Pass-through Expenses	\$ 6,010,731	\$ 6,919,722	\$ 908,991	15.1%
Total Revenue Requirement	\$ 27,596,040	\$ 29,050,566	\$ 1,454,526	5.3%
Current Year Shortfall / (Surplus)	\$ (324,509)	\$ (599,558)	\$ (275,049)	84.8%
Prior Year Shortfall/(Surplus)			\$ (324,509)	-1.33%
Current Shortfall/(Surplus)			\$ (599,558)	-2.30%

Comparison of Rate Year 2015 and 2013 Expenses

RYS projected Rate Year 2015 Operating Expenses to be approximately \$491,000 (2.5 percent) more than Rate Year 2013. The most significant projected expense increases are a projected Labor and Related Expense increase of approximately \$576,000 (5.5 percent), and a projected Truck and Container Expense increase of approximately \$190,000 (5.7 percent). RYS indicated that the increase in Labor and Related Expense was due to anticipated wage and benefit increases for both union and non-union employees in Rate Years 2014 and 2015, and the increase in Truck and Container Expense was largely attributed to projected increases in the RRI fuel index for Rate Year 2014.

RYS projected Pass-through Expenses to increase by approximately \$909,000 (15.1 percent). This projected increase is largely the result of a \$0.90 per ton fee increase in 2014, and a \$4.95 per ton fee increase in 2015, at the Ostrom Road Landfill (a total increase of \$781,500 (21.2 percent)).

B. Rate Review Findings

Table 3, on the following page, provides a summary of our recommended adjustments to the RYS Application. Total adjustments result in a projected Rate Year 2015 revenue surplus of approximately \$1,058,995, equal to a decrease in base service rates of 4.04 percent. Below, we discuss rate adjustment findings. The estimated impact of the adjustment on the revenue requirement is noted in bold, following each finding.

Revenues

1. Collection Revenue

In its Application, RYS projected Collection Revenue to increase by approximately \$1,677,978 for Rate Year 2015 versus Rate Year 2013. This projected increase is a combination of: (1) the impact of the 3.8 percent rate increase received on October 1, 2013, (2) projected Rate Year 2014 revenue increases of 1.7 percent, 0.9 percent, and 2.0 percent, respectively, for residential, commercial, and debris box services due to business growth based on year-to-date 2014 trends², and (3) anticipated Rate Year 2015 revenue increases of 1.5 percent, 1.0 percent, and 0.0 percent, respectively, for residential, commercial, and debris box services due to business growth.

RYS originally projected 2015 Collection Revenues based on a rate increase for Rate Year 2014 of 3.8 percent. This projection assumed that the post-closure true up rate increase of 0.77 percent was removed from the actual 2014 rate increase granted of 4.52 percent. However, the company will continue to collect revenues at the 4.52 percent level. Subsequently, RYS updated its 2015 Collection Revenue projection, reflecting the inclusion of the 0.77 percent post-closure true-up rate increase. We made an adjustment of \$78,364 to reflect the full impact of this 4.52 percent rate increase (= revised collection revenue projection of \$26,198,557 – original collection revenue projection of \$26,120,193).

Adjustment – Collection revenue adjustment = \$78,364.

2. Sale of Diverted Material & DOC Payments

RYS projected revenues associated with the sale of recyclables to increase by approximately \$25,827 for Rate Year 2015 versus Rate Year 2013. This projected increase is a combination of: (1) the loss of mixed recycling revenues due to the loss of mixed recycling tonnage, (2) slightly reduced biomass (wood fuel) revenues largely due to the projected volume decrease for Rate Year 2014, (3) increased compost revenues largely due to a projected volume increase for Rate Year 2014, (4) increased commodity revenues largely due to projected higher recycling commodity prices for Rate Year 2014, and (5) the

² In its 2015 Rate Application (page 1, Note #3), RYS indicated Rate Year 2014 business growth percentages were 1.7 percent, 0.8 percent, and 5.6 percent, respectively, for residential, commercial, and debris box services. However, RYS' collection revenue projection original and revised calculations were based on Rate Year 2014 business growth of 1.7 percent, 0.9 percent, and 2.0 percent, respectively, for residential, commercial, and debris box services.

Table 3
Recommended Adjustments to Rate Year 2015 Detailed Rate Application

	FY 2015		
	Rate Year	Adjustments	Adjusted
Revenues	Projection		Amount
Collection Revenue	\$ 26,120,193	\$ 78,364	\$ 26,198,557
Member Agency Specific Programs	-		-
Sale of Diverted Material & DOC Payments	2,258,511	9,497	2,268,008
Transfer Station Operations	1,271,420		1,271,420
Other Income	-		-
Total Revenues	\$ 29,650,124	\$ 87,861	\$ 29,737,985
Operating Expenses			
Labor and Related Expense	\$ 11,085,849	\$ (120,236)	\$ 10,965,613
Truck and Container Expense	3,527,760	79,154	3,606,914
Truck and Container Dept. Allocation	(220,931)	(3,730)	(224,661)
Insurance Expense	808,044		808,044
Equipment Lease	1,530,004	(63,600)	1,466,404
Lease True-up Adjustment	(218,258)	(10,729)	(228,987)
Depreciation	204,194	(93,942)	110,252
Amortization	-		-
Recycling Material Purchases	299,402		299,402
Transfer Station / MRF Operation	187,933		187,933
Transfer Station / MRF Dept. Allocation	(651,497)	(16,891)	(668,388)
Hazardous Waste Operations	-		-
Other Operating Expense	423,350	(6,131)	417,219
General & Administrative	1,397,002		1,397,002
General & Administrative Dept. Allocation	(190,292)		(190,292)
Regional & Corporate Overhead / Charges	1,396,656	(3,375)	1,393,281
Regulatory (non pass-through)	338,544	(274,186)	64,358
Total Operating Expenses	\$ 19,917,760	\$ (513,666)	\$ 19,404,094
Operating Margin @ 90%	\$ 2,213,084	\$ (57,074)	\$ 2,156,010
Pass-Through Expenses			
Disposal - Ostrom Road LF	\$ 4,465,758		\$ 4,465,758
Green Waste Processing - Ostrom Road LF	126,232	\$ (410)	125,822
Regulatory Fees (pass-through)	1,051,700	218,628	1,270,328
Member agency fees (pass-through)	-		-
Franchise Fees	1,276,032	(19,054)	1,256,978
Total Pass-through Expenses	\$ 6,919,722	\$ 199,164	\$ 7,118,886
Total Revenue Requirement	\$ 29,050,566	\$ (371,576)	\$ 28,678,990
Rate Year Shortfall (Surplus)	\$ (599,558)	\$ (459,437)	\$ (1,058,995)
Required Revenue Adjustment Percent	-2.30%	-1.74%	-4.04%

anticipated recycling materials volume growth of 1.5 percent for Rate Year 2015, consistent with the RYS assumed residential business growth.

RYS projected no further change in recycling commodity prices for Rate Year 2015. RYS assumed revenues received from the RWMA to support event recycling and recycling brochures would continue at the same level in Rate Year 2014.

We verified that RYS did not project sale of diverted material revenues based on their indicated 1.5 percent volume growth. We increased the sale of diverted material revenues using the 1.5 percent volume growth. This adjustment increased projected revenues by **\$9,497** for Rate Year 2015.

Adjustment – Total sale of diverted material & DOC payment adjustment = \$9,497.

3. Transfer Station Operations

RYS projected Transfer Station Operation revenues to increase by approximately \$25,770 for Rate Year 2015 versus Rate Year 2013. This projected increase is due to the reinstatement of the used tire grant. RYS projected no further changes in transfer station tipping fee revenues for Rate Year 2014 and Rate Year 2015. We verified that the transfer station revenue trend occurred for year-to-date 2014 and thus was supportable.

Adjustment – No adjustment.

4. Other Income

RYS removed Rate Year 2013 revenues of approximately \$126,618 associated with the following (-\$126,618 = -\$4,032-\$76,086-\$589,618+\$543,118):

- Removal of the interest income charged on delinquent accounts of \$4,032
- Removal of accrued carbon credit revenues of \$76,086
- Removal of revenues received from the RWMA for post closure (Rate Year 2013 expenses and 15-year trust fund shore-up) at the Yuba-Sutter Landfill of \$589,618
- Addition of the contra-revenue of \$543,118 paid to Yuba City and the RWMA for the Rate Stabilization and Capitalization Fund.

We verified that these are miscellaneous non-regulated revenues that should be removed from the Rate Year 2013 revenues, in accordance with the Guidelines.

Adjustment – No adjustment.

Operating Expenses

1. Standard Expense Escalation

RYS escalated expenses for Rate Years 2014 and 2015, excluding wages and benefits, by the annual Consumer Price Index (CPI) of 1.8 percent, consistent with the change in the CPI – All Urban Consumers, West Urban Index, All Items, for December 2012 to December 2013. We verified this CPI was consistent with the Guidelines and the appropriate CPI to use for cost escalation purposes.

Adjustment – No adjustment.

2. Labor and Related Expense

RYS projected Labor and Related Expense to increase by approximately \$576,314 between Rate Year 2013 and Rate Year 2015. This projected increase accounts for contractually obligated union wage and benefit increases and projected wage and benefit increases for non-union employees.

In assessing how to treat labor expenses we referred to the Guidelines. The Guidelines³ specify that:

“For all Labor Expense other than Workers Compensation Insurance expense, such Labor Expense for the Rate Year shall not exceed the total Labor Expense (other than Workers Compensation Insurance expense) for the Prior Year, multiplied by the rolling average of the RRI Labor Index for the Prior Years of all previous Rate Adjustment Cycles including Detailed Rate Review Years, and adjusted for any changes in the composition of CONTRACTOR’S labor force (i.e., the number and type of employees). “Rolling average” means the average year-over-year percentage increase in the RRI Labor Index calculated using the Annual Averages of such index over 12-month periods ending on March 31.”

RYS projected all labor expenses other than workers compensation insurance expense to increase by approximately \$640,597, or 6.04 percent, between Rate Year 2013 and Rate Year 2015. This 6.04 percent increase exceeded the rolling average of the RRI Labor Index for the prior years (3.16 percent), allowed by the rate guidelines.

Subsequently, RWMA provided the following direction by proposing a new labor expense limitation:

“Pursuant to the direction of the RWMA Administrators, a modification to the Collection Service Agreements will be presented for consideration to the city councils and county boards of supervisors that would establish a different limitation on labor expenses than the current rate adjustment guidelines. The proposed new limitation on labor expenses is based the total Labor Expense (other than Workers Compensation Insurance expense) for the Prior Year, multiplied by one (1) plus the change in the Annual Average of the Labor Index between the 12-month period ending on March 31 of the Prior Year, and the preceding 12-month period change in the Annual Average of the Labor Index, and then multiplied by one (1) plus the change in the Annual Average of the Labor Index between the 12-month period ending on March 31 of the Current Year, and the preceding 12-month period and adjusted for any changes in the composition of the CONTRACTOR’S labor force (i.e., the number and type of employees).”

We decreased Labor and Related Expense based on the new labor expense limitation. This adjustment decreased projected expenses by **\$55,120** for Rate Year 2015 (see detailed calculations below):

Rate Year 2013 Total Labor Expense other than Workers Compensation Insurance expense	\$10,611,990
Multiplied by the RRI Labor Index change (2012-13), per the new rate Guidelines	x (1+3.16%)
Crowe Projected Rate Year 2014 Total Labor Expense other than Workers Compensation Insurance expense	\$10,947,329
Multiplied by the RRI Labor Index change (2013-14), per the new rate Guidelines	x (1+2.26%)
Crowe Projected Rate Year 2015 Total Labor Expense other than Workers Compensation Insurance expense	\$11,194,739
Multiplied by the projected RWMA share	x 95.28%
Crowe Projected Rate Year 2015 RWMA Labor Expense other than Workers Compensation Insurance expense	\$10,666,822
RYS Projected Rate Year 2015 RWMA Labor Expense other than Workers Compensation Insurance expense	<u>\$10,721,942</u>
Rate Year 2015 Labor Expense other than Workers Compensation Insurance expense adjustment	\$ 55,120

Additionally, RYS had a modification in the composition of the labor force. The company had an office manager that retired. RYS subsequently replaced this office manager with a new charge from the AP department. The net projected reduction in costs for this administrative change for 2015 is **\$65,116**.

Adjustment – Total labor and related expense adjustment = -\$55,120 – \$65,116 = -\$120,236.

3. Truck and Container Expense

RYS projected Truck and Container Expense to increase by approximately \$189,959 between Rate Year 2013 and Rate Year 2015. This projected increase is largely due to anticipated fuel cost increases of

³ Reference: Exhibit 2 of the new *Collection Service Agreements*, adopted by each jurisdiction in December 2011, titled, *Maximum Service Rate Adjustment Guidelines for Collection Service Agreement*.

Mr. Keith Martin
July 10, 2014

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approximately \$118,473 for Rate Year 2014 (based on a projected average, combined fuel price of \$3.83 per gallon), and CPI escalations.

We made the following adjustment related to fuel costs:

- We increased the projected Rate Year 2015 average diesel fuel price to \$4.094 per gallon to reflect the annual average of the RRI fuel index (Energy Information Administration, U.S. Department of Energy, California #2 Diesel Fuel, Retail Sales by All Sellers) for the April 2013 to March 2014 time period. During the rate review process, RYS subsequently revised their diesel fuel projection calculation using a projected diesel fuel price of \$4.09 per gallon. We used \$4.094 as the projected Rate Year 2015 average diesel fuel price.
- We reduced the projected Rate Year 2015 average gasoline price to \$3.734 per gallon to reflect the annual average of the RRI fuel index (Energy Information Administration, U.S. Department of Energy, Weekly West Coast Regular All Formulations Retail Gasoline Prices) for the April 2013 to March 2014 time period. During the rate review process, RYS subsequently revised their gasoline projection calculation using a different gasoline fuel index (Energy Information Administration, U.S. Department of Energy, California All Grades All Formulations Retail Gasoline Prices). As this gasoline fuel index is for all grades, we did not allow this index.
- We reduced the projected Rate Year 2015 compressed natural gas (CNG) fuel usage to 23,514 gallons-equivalent, based on the annualized Rate Year 2013 usage. In addition, based on direction from the RWMA we allowed a fuel price for CNG which was equivalent to the projected 2015 diesel fuel price of \$4.094. We made this adjustment to be consistent with allowing rate reimbursement for diesel vehicles rather than CNG vehicles (as noted in item #6 beginning on page 12).
- RYS projected a Rate Year 2015 combined, average price of \$3.83 per gallon for diesel fuel, gasoline, and CNG fuel in the Application. For Rate Year 2015 combined, we projected an average price of \$4.09 per gallon for diesel fuel, gasoline, and CNG fuel.

The combination of these adjustments increased the projected expenses by **\$79,154** for Rate Year 2015.

Adjustment – Total truck and container expense adjustment = \$79,154.

4. Truck and Container Department Allocation

RYS allocated Truck and Container Department expenses to refuse collection services, recycling, transfer station / MRF operations, and composting processing (RWMA activities); Marysville street sweeping; Live Oak street sweeping; Yuba City sludge; Beale AFB; and non-franchised activities (non-RWMA activities) based on route days and green waste tons. RYS allocated Truck and Container Department expenses of approximately \$220,931 to non-RWMA activities for Rate Year 2015. This represents an increase of approximately \$12,433 in the amount allocated to non-RWMA activities for Rate Year 2015 as compared to Rate Year 2013.

We decreased Rate Year 2015 Truck and Container Department Allocation expenses by **\$3,730** to reflect the projected diesel and gasoline fuel price adjustments, discussed above.

Adjustment – Total truck and container department allocation adjustment = -\$3,730.

5. Insurance Expense

RYS projected Insurance Expense of approximately \$742,231 for Rate Year 2014. RYS then escalated Insurance Expense by approximately \$65,813 for Rate Year 2015. The Guidelines specify that:

“Liability Insurance expense for the Rate Year shall not exceed the total of the actual liability insurance expense for the Prior Year multiplied by the rolling average of the

percentage change in the actual Liability Insurance expenses for the Prior Years of all rate cycles including Detailed Rate Review Years.”

We found that the RYS projected Insurance Expense of \$808,044 for Rate Year 2015 is within the limit set by the new rate Guidelines (see detailed calculations below).

Rate Year 2013 RWMA Insurance Expense	\$745,481
Multiplied by the rolling average, per the new rate Guidelines	x 19.7%
Rate Year 2015 RWMA Insurance Expense limit, per the new rate Guidelines	\$892,341
RYS projected Rate Year 2015 RWMA Insurance Expenses	\$808,044

Adjustment – No adjustment.

6. Equipment Lease

RYS projected Equipment Lease expenses to decline by approximately \$331,691 for Rate Year 2015 versus Rate Year 2013. This projected reduction accounts for (1) the impacts of converting the leases to eight years (at prime interest rate), (2) a full year of increasing lease expenses for assets already placed in service, (3) leases expiring in Rate Years 2014 and 2015 that were on hand before, and (4) the addition of new leased equipment to be placed in service during Rate Years 2014 and 2015.

Based on our review, we made the following adjustments, per the Guidelines:

- The Rate Year 2012 Detailed Rate Application included additions of three diesel fueled vehicles. However, RYS acquired three compressed natural gas (CNG) vehicles (Vehicle Unit Numbers 13314, 13318, and 13319) in Rate Year 2013 as compared to the approved diesel fueled vehicles. RYS acquired these three CNG vehicles without obtaining written pre-authorization from the Contract Administrators.⁴ Below, we provide a current vehicle cost and lease expense comparison for a diesel fueled vehicle and a CNG fueled vehicle, based on RYS lease schedules.

Vehicle Part Description	Diesel Fuel Vehicle		CNG Vehicle	
	Costs	Annual Lease Expense	Costs	Annual Lease Expense
13 Autocar ACX64 Chassis	n/a	n/a	\$166,956.15	\$23,728.08
28YD HEIL Python Eject Body	n/a	n/a	\$152,020.94	\$21,605.52
DGE Roof Mounted Tank	n/a	n/a	\$25,618.48	\$3,640.92
Total per Vehicle	313,594.57	\$44,568.54	\$344,595.57	\$48,974.52
Difference per Vehicle			\$31,001.00	\$4,405.98

We reduced the Rate Year 2015 lease expense to account for the incremental difference in lease expenses for these three CNG vehicles as compared to diesel fueled vehicles. This adjustment reduced projected expenses by **\$13,218** (\$4,405.98 x 3) for Rate Year 2015.

- During the rate review process, RYS subsequently provided a final, revised lease schedule, with the projected 2015 total lease expense of \$1,520,025 for RWMA. We updated the lease expense for Rate Year 2015, based on RYS provided information. This adjustment reduced projected expenses by **\$9,979** for Rate Year 2015.

⁴ The new Collection Service Agreements include a provision that “acquisitions added to the lease schedule costing \$25,000 or more per individual item require advance written authorization from the Contract Administrators (i.e., computer, printer, cart would not require advance authorization).”

- RYS included CNG related lease acquisitions in the Application for Rate Years 2014 and 2015. These lease additions included eight CNG vehicles, two pickup vehicles, a CAT loader, and a CAT excavator. These additions represent annual expenses of \$348,466 for Rate Year 2015.

We reviewed the company's request to purchase a total of eight (8) new collection vehicles, one new excavator, and one new loader (all of which exceed the \$25,000 limit requiring Authority approval). We found the company's request for these new trucks reasonable in light of the fact that eight (8) collection vehicles have/will come off-lease and are nearing the end of their useful life. The ages and condition of the existing excavator (2003) and loader (2003) used at the transfer station also merit replacement at this time.

Consistent with the Authority's direction related to the three (3) recently purchased CNG trucks, we made an adjustment to reflect the incremental difference between the lease cost of a CNG truck and a diesel truck for the eight (8) collection vehicles RYS plans to purchase in 2014 and 2015. This adjustment reduced projected expenses by **\$39,827** for Rate Year 2015. As a matter of practice, we recommend that the company adopt a formal process to obtain written approval of assets above \$25,000, on a go forward basis, prior to requesting recovery of these assets in the rate base.

- We made an equipment lease credit back to ratepayers for Rate Year 2015. This minor adjustment was based on the remaining costs of equipment items that were previously retrofitted with particulate matter traps, and then transferred and wrecked from the RYS' active fleet within five (5) years of the date of retrofit. This adjustment reduced projected expenses by **\$576** for Rate Year 2015.

Adjustment – Total equipment lease adjustment = -\$13,218-\$9,979-\$39,827-\$576 = -\$63,600.

7. Lease True-Up Adjustment

RYS initially calculated a Lease True-up Adjustment of approximately (\$218,258) for Rate Year 2015. This true-up adjustment credit reflects the reconciliation of lease expenses from Rate Year 2012 to Rate Year 2014.

During the rate review process, RYS subsequently identified lease true-up items for the balance of Rate Year 2014, which were included in the RYS projected lease schedule for FY2013 through FY2015, but not on the lease true-up schedule as submitted in the Application. These items are lease additions anticipated by RYS for Rate Year 2014. We updated the lease true-up adjustment for Rate Year 2015, based on RYS provided information. This adjustment decreased projected expenses by **\$10,729** for Rate Year 2015.

Adjustment – Total equipment lease adjustment = -\$10,729.

8. Depreciation

RYS projected Depreciation expenses to decrease by approximately \$225,847 for Rate Year 2015 versus Rate Year 2013, largely due to fully depreciated costs that already were collected in rates from the ratepayers. We verified that this reduction was consistent with RYS's depreciation schedule.

We identified depreciation items included on the depreciation schedule, related to improvements recommended in the Sloan Vasquez MRF Assessment Report, dated November 4, 2011. In its letter to the RWMA (dated December 20, 2011), RYS indicated to "installing these improvements forgoing any specific request for recovery through the rate application process, as long as there is not a significant change in the industry, market or regulation." This adjustment decreased projected expenses by **\$49,454** for Rate Year 2015.

The company provided a response to our adjustment as follows:

“We disagree that the depreciation associated with the improvements to the MRF line as recommended by Sloan-Vasquez should be denied. We believe [the company’s] letter dated December 20, 2011 needs to be taken within the context of the timing of events in the rate process. At that time, the rate process had concluded. To recover these costs, we would have had to make a “specific request” for rate recover in the interim years. We were forgoing the rate request because if the improvements worked the cost would be offset by additional revenue and reduce glass processing cost. The last phrase in the sentence you cited says, “as long as there is not a significant change in the industry, market, or regulation. The phrase adds some additional context to [the company’s] letter. [The company] was saying that as long as there is not another event that would trigger a request for an “Extraordinary Adjustment” we will wait to receive recovery. It is only fair and reasonable to expect expense recovery on a go forward basis for equipment we were urged to put in place.

We can demonstrate that the new equipment recovers additional materials (primarily fiber and glass). If we do not get recovery for these assets, then we should be able to keep the related revenue and profit generated by the upgrade.”

Additionally, RYS estimated the recent construction of the new crushed concrete pad at Feather River Organics for a cost of approximately \$439,382. Depreciated over eight years, the Rate Year 2015 depreciation amount is approximately \$54,923, and the RWMA share is approximately **\$44,488** (\$54,923 x 81%). At the direction of the RWMA, the RWMA’s share of the composting concrete pad construction project costs will be considered for funding through the five-jurisdiction Rate Stabilization and Capitalization Fund and the Yuba City Rate Stabilization and Capitalization Fund. This adjustment decreased projected expenses by \$44,488 for Rate Year 2015.

Adjustment – Total depreciation cost adjustment = -\$49,454-\$44,488 = - \$93,942.

9. Amortization

RYS reported no expenses for this line item.

Adjustment – No adjustment.

10. Recycling Material Purchases

RYS projected Recycling Material Purchases expense to increase by \$24,519 for Rate Year 2015 versus Rate Year 2013 due to increases in commodity prices and relatively flat volumes. We found this projection resulted in a reasonable Rate Year 2015 projection for Recycling Material Purchases.

Adjustment – No adjustment.

11. Transfer Station / MRF Operation

RYS projected Transfer Station / MRF Operations expenses to increase by approximately \$9,601 for Rate Year 2015 versus Rate Year 2013 due to the combined impact of an increase in facility repairs for Rate Year 2014 based on the four-year average expense, and the CPI escalation for Rate Year 2015. We found Rate Year 2015 Transfer Station / MRF Operation expenses appeared reasonable.

Adjustment – No adjustment.

12. Transfer Station / MRF Department Allocation (MRF Processing Costs)

In mid-2007, Recology Butte Colusa County (RBCC), a Recology subsidiary, started bringing curbside and source-separated materials to the RYS MRF for processing. In addition, in February 2011, RBCC began bringing the City of Colusa’s curbside recyclable materials to the RYS MRF. RYS allocated MRF processing costs to RBCC for processing their recycling materials, by calculating a per ton MRF

processing rate based on labor, capital, operating and maintenance costs, residue disposal costs, and overhead costs.

RYS allocated Transfer Station / MRF Department expenses of approximately \$651,497 to non-RWMA activities for Rate Year 2015. This represents a decrease of approximately \$71,024 in the amount allocated to non-RWMA activities for Rate Year 2015 as compared to Rate Year 2013. Of this total allocation for Rate Year 2015, RYS allocated \$491,890 to RBCC and \$159,607 to Beale AFB, to process curbside and source-separated materials delivered to the MRF.

After allocating Transfer Station / MRF Department expenses of \$491,890 to RBCC, RYS allocated Transfer Station / MRF Department expenses to refuse collection services (RWMA activities); the Ponderosa Transfer Station; Beale Air Force Base (AFB); and non-franchised activities (non-RWMA activities), based on refuse tons. RYS allocated Transfer Station / MRF Department expenses of approximately \$159,607 to non-RWMA activities for Rate Year 2015, based on projected refuse tons.

We increased the allocation of Transfer Station / MRF Department Allocation expenses to Non-RWMA activities from 2.0 percent (used in the Application) to 2.2 percent of total Transfer Station / MRF Department Allocation expenses. We calculated this Non-RWMA allocation percentage (2.2 percent), based on the projected RWMA and Non-RWMA refuse tons for Rate Year 2015. We projected Rate Year 2015 refuse tons based on the RYS projected account growth for RWMA (by sector) and non-RWMA activities. This adjustment to increase the allocation of expenses to non-RWMA activities had the impact of reducing projected Rate Year 2015 RWMA expenses by **\$16,891**.

Adjustment – Total transfer station / MRF department allocation adjustment = -\$16,891.

13. Hazardous Waste Operations

RYS reported no expenses for this line item.

Adjustment – No adjustment.

14. Other Operating Expense

RYS projected Other Operating Expense to increase by approximately \$2,304 for Rate Year 2015 versus Rate Year 2013, largely due to CPI escalations. Within Other Operating Expense, we identified non-allowable expenses, primarily associated with auction (non-market) purchases of beef and pork to use for year-end employee bonuses and end-of-year functions. We reduced Other Operating Expense to account for these non-allowable expenses. This adjustment reduced projected expenses by **\$6,131** for Rate Year 2015.

Adjustment – Other operating expense adjustment = -\$6,131.

15. General & Administrative

RYS projected General & Administrative Expenses to increase by approximately \$5,286 for Rate Year 2015 versus Rate Year 2013, largely due to CPI escalations. RYS reduced General & Administrative expenses by approximately \$181,608 for non-allowable expenses.

Adjustment – No adjustment.

16. General & Administrative Department Allocation

RYS allocated General & Administrative Department expenses to RWMA collection services, recycling, and transfer station / MRF operations (RWMA activities) and Beale AFB and non-franchise (non-RWMA activities), based on actual Rate Year 2013 revenues and projected revenues for Rate Years 2014 and 2015. RYS allocated General & Administrative Department expenses of approximately \$190,292 to non-

RWMA activities for Rate Year 2015. This represents a decrease of approximately \$12,245 in the amount allocated to non-RWMA activities for Rate Year 2015 as compared to Rate Year 2013.

Adjustment – No adjustment.

17. Regional & Corporate Overhead / Charges

RYS projected Regional & Corporate Overhead / Charges to increase by approximately \$48,954 for Rate Year 2015 versus Rate Year 2013, due to CPI escalations. We verified that the methodology used to allocate regional and corporate overhead charges was reasonable.

In assessing how to treat regional and corporate overhead charges we referred to the Guidelines. The Guidelines specify that

“Regional and corporate overhead and other corporate charges shall not exceed 0.76% and 6.09% respectively of total operating expenses (not including pass-through expenses).”

We decreased Regional & Corporate Overhead / Charges expenses based on application of these caps specified in the Guidelines. This adjustment decreased projected expenses by **\$3,375** for Rate Year 2015 (see detailed calculations below).

Adjusted, Projected RWMA Total Operating Expenses (not including Pass-Through Expenses) for Rate Year 2015	\$19,404,094
Plus Lease-True Up Back-up Credit	\$228,987
Plus YSDI Landfill Post-Closure Annual Cost Back-up Credit	\$218,628
Plus Maysville Fee Back-Up Credit	\$488,161
Multiplied by the sum of the limits, per the new rate Guidelines	x 6.85%
Rate Year 2015 RWMA Regional & Corporate Overhead / Charges limit, per the new rate Guidelines	\$1,393,281
RYS projected RWMA Regional & Corporate Overhead / Charges for Rate Year 2015	\$1,396,656
Regional & Corporate Overhead / Charges Adjustment for Rate Year 2015	\$3,375

Adjustment – Regional & corporate overhead / charges adjustment = -\$3,375.

18. Regulatory (Non Pass-through)

RYS projected non pass-through Regulatory expense to increase by approximately \$276,442 for Rate Year 2015 versus Rate Year 2013. RYS added an amount of \$274,186 for YSDI Landfill closure/post closure expenses for Rate Year 2015 for the estimated annual cost of post closure and the current shortfall over the four year rate cycle.

At the direction of the RWMA, we reclassified YSDI Landfill closure/post closure expenses for Rate Year 2015 to Regulatory (pass-through) expenses. This adjustment reduced projected expenses by **\$274,186** for Rate Year 2015.

Adjustment – Regulatory (non pass-through) adjustment = -\$274,186.

19. 2014 Post Closure True-up Adjustment

RYS received a rate increase of 4.52 percent for Rate Year 2014, including a 0.44 percent rate increase for the Rate Year 2012 fuel price true-up, and a 0.77 percent rate increase for the Rate Year 2014 YSDI Landfill post-closure cost true-up. RYS’ projected revenues for Rate Year 2015 includes the rate increase of 3.8 percent (the 3.32 rate increase prior to true-ups, plus the 0.44 percent fuel price true-up rate increase), but not the 0.77 percent post-closure true-up rate increase. We made an associated adjustment to collection revenues to account for this 0.77 percent rate increase.

Adjustment – No adjustment.

Operating Margin

We reduced the operating margin based on reductions in allowable costs (findings above related to Operating Expenses). This adjustment reduced the projected operating margin by **\$57,109** for Rate Year 2015.

Adjustment – Total operating margin adjustment = -\$57,074.

Pass-Through Expenses

1. Disposal – Ostrom Road Landfill

The Guidelines require that RWMA be charged a rate at Ostrom Road Landfill no higher than the rate charged to non-RWMA members (“most favored nation”). RYS provided a copy of the internal price sheet and other documentation for Ostrom Road Landfill to support that RWMA member agencies are currently charged no more than non-RWMA users of the landfill.

RYS projected Ostrom Road Landfill disposal expense to increase by approximately \$781,499 for Rate Year 2015 versus Rate Year 2013. This projected increase is largely due to projected increases in municipal solid waste (MSW) tons and tipping fees. RYS projected MSW tonnage to increase by approximately 3,423 tons for Rate Year 2015 versus Rate Year 2013. RYS projected the MSW tipping fees to increase by \$5.85 per ton from \$33.25 per ton in the Rate Year 2013 to \$39.10 per ton in Rate Year 2015.

RYS indicated the projected tipping fee of \$39.10 per ton for Rate Year 2015, based on four (4) major factors: (1) AB32 increased the landfill gas monitoring requirements; (2) the State Water Resources Control Board (SWRCB) increased their landfill gas migration requirements; (3) the SWRCB fees have increased significantly (the fees increased from \$28,500 to \$43,700 from 2011 to 2013); and (4) the loss of McCourtney volumes in August 2012 significantly decreased the base available to spread these additional costs on a per ton basis.

We requested detailed information regarding the basis for the increase in landfill tipping fees (e.g., the number of new monitoring wells). As of this writing, we did not receive this information from the company. The company’s position relative to this tipping fee rate is that even with the tipping fee increase, the \$39.10 per ton rate is below that charged by other comparable larger regional landfills.

Adjustment – No adjustment.

2. Green Waste Processing – Ostrom Road Landfill

RYS projected Ostrom Road Landfill Green Waste Processing expense to increase by approximately \$31,719 for Rate Year 2015 versus Rate Year 2013. This projected increase is largely due to projected increases in ADC/MRF screening tons and tipping fees.

We requested and reviewed green waste processing tonnage and tipping fee information. We verified that Ostrom Road Landfill Green Waste Processing expense was supportable. In addition, there was a minor difference in the projected 2015 green waste processing expense, between the figure in the Rate Application (\$126,232) and the figure in the RYS’ detailed supporting schedule (\$125,822). We used the total green waste processing expense in the detailed supporting schedule. This adjustment reduced projected expenses by **\$410** for Rate Year 2015.

Adjustment – Green waste processing – Ostrom Road Landfill adjustment = -\$410.

3. Regulatory Fees (Pass-through)

RYS projected pass-through Regulatory expenses to increase by approximately \$37,702 for Rate Year 2015 versus Rate Year 2013. RYS projected Rate Stabilization and Capitalization Fund contributions of

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\$563,539 for Rate Year 2015. RYS projected Marysville fees to increase by approximately \$17,280 from Rate Year 2013 to Rate Year 2015, to reflect the projected increases in disposal tonnage to the transfer station.

As discussed above, we reclassified YSDI Landfill closure/post closure expenses for Rate Year 2015 as Regulatory (pass-through) expenses. Additionally, during the rate review process, RYS subsequently updated its estimate of annual post closure maintenance costs. At the direction of the RWMA, we allowed these updated estimates of annual post closure maintenance costs. This adjustment increased projected expenses by **\$218,628** for Rate Year 2015.

Adjustment – Regulatory fees (pass-through) = \$218,628.

4. Member Agency Fees (Pass-through)

RYS reported no expenses for this line item.

Adjustment – No adjustment.

5. Franchise Fees

Franchise fees are charged at the rate of 5.0 percent of collection revenues. RYS calculated Rate Year 2015 franchise fees using the Rate Year 2015 projected collection revenues adjusted for the projected revenue surplus multiplied by the franchise fee rate of 5.0 percent.

We re-calculated and reduced franchise fees to account for the lower revenue requirement (based on the adjustments above). This adjustment reduced projected expenses by **\$19,054** for Rate Year 2015.

Adjustment – Total franchise fee adjustment = -\$19,054.

D. Recommended Rate Adjustments

As a result of the detailed review of the Application, we recommend a 4.04 percent rate decrease for the Cities of Yuba City, Live Oak, and Wheatland, and for Sutter County, with no allowance for the planned increase in the franchise fee for the City of Yuba City as noted in RYS' application. The recommended overall rate decrease of 4.04 percent for RY 2015 is equivalent to a revenue surplus of \$1,058,995. For the City of Marysville and Yuba County, our recommended rate decreases vary from the 4.04 percent rate decrease due to the presence of Member Agency specific programs. We projected the City of Marysville to have a revenue surplus of \$143,638 for street sweeping services in Rate Year 2015, resulting in a recommended rate decrease of 5.49 percent for the City of Marysville. Similarly, we projected Yuba County to have a revenue surplus of \$328,696 for the Ponderosa Transfer Station in Rate Year 2015, resulting in a recommended rate decrease of 4.37 percent for Yuba County.

* * * * *

Should you have any questions regarding the rate review process, or any of the contents of this draft report, please do not hesitate to contact Erik Nylund at (415) 230-4963.

Very truly yours,

Crowe Horwath LLP

Mr. Keith Martin
July 10, 2014

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Attachment A
Cost Allocation Methodology

Attachment A Cost Allocation Methodology

RYS structured its Application to include the following expense categories:

- Operating expenses
 - Labor and related expense
 - Truck and container expense
 - Insurance expense
 - Equipment lease
 - Depreciation
 - Recycling material purchases
 - Transfer station / MRF operation
 - Hazardous waste operations
 - Other operating expense
 - General & administrative costs
 - Regional and corporate overhead / charges
 - Regulatory (non pass-through) expense
- Pass-through expenses
 - Disposal – Ostrom Road Landfill
 - Green waste processing – Ostrom Road Landfill
 - Regulatory fees (pass-through)
 - Franchise fees.

RYS assigned expenses from each of the categories above into the following ten (10) business activities:

1. Refuse collection
2. Recycling
3. Transfer station and MRF operation department
4. Truck and container repair department
5. General & administrative department
6. Compost processing
7. Street sweeping – Marysville
8. Street sweeping – Live Oak
9. Hazardous waste
10. Ponderosa Transfer Station
11. City of Yuba City Sludge.

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RYS allocated expenses within each business activity to RWMA and non-RWMA activities, based on approved allocation methods contained in the Guidelines. **Exhibit 1**, on the following page, illustrates the methods RYS used to allocate costs to RWMA and non-RWMA activities.

Expenses for business activities numbered one (1) through six (6) above, related to both RWMA and non-RWMA activities. These expenses were allocated based on allocation bases including route days, refuse tons, recycling tons, green waste tons, or revenues.

Expenses, for business activities numbered seven (7) through eleven (11), were specific to a Member Agency, and were assigned either through direct attribution or allocation (e.g., street sweeping to the Cities of Marysville and Live Oak, Ponderosa Transfer Station to Yuba County, and Yuba City sludge to the City of Yuba City).

Below, we discuss RYS cost allocations for each business activity, and we note the relative allocation percentages to non-RWMA activities for each business activity:

Refuse Collection

RYS allocated refuse collection costs between RWMA and non-RWMA activities, based on the number of route-days.⁵ RYS accumulates historical data on route times and uses this as a basis for determining route days. Route day percentage allocations to non-RWMA activities were 1.6 percent, 7.0 percent, and 9.2 percent, respectively, of residential, commercial, and debris box refuse collection costs.

Recycling

RYS allocated recycling costs, between RWMA and non-RWMA activities, based on the number of recycling route days. The route day percentage allocation to non-RWMA activities was 1.8 percent of recycling costs.

Transfer Station / MRF Operations

RYS transferred most refuse and recyclable materials collected to its transfer station/materials recovery facility (MRF) in Marysville. RYS consolidated and transferred refuse, and residuals from the sort line, to the Ostrom Road Landfill near Wheatland for disposal.⁶ This landfill is owned and operated by another Recology subsidiary, Recology Ostrom Road. RYS also processed green waste collected at its composting facility, located on the same property as the Marysville transfer Station / MRF. RYS charged a MRF processing fee to Recology Butte County and Colusa County (RBCC), a neighboring Recology subsidiary, to process curbside and source-separated materials brought to the MRF by RBCC.⁷ RYS charged RBCC a per ton processing fee based on RBCC's share of MRF labor, capital, operating and maintenance costs, residue disposal, and overhead costs. For Rate Year 2015, the allocation to RBCC was 30.1 percent of total MRF processing costs.

After deducting MRF processing costs allocated to RBCC, RYS allocated all remaining Transfer Station / MRF Operation expenses between RWMA and non-RWMA (Beale AFB) activities based on refuse tons. The refuse ton percentage allocation to non-RWMA activities was 2.2 percent of total Transfer Station / MRF Operating Department costs less the MRF processing costs allocated to RBCC.

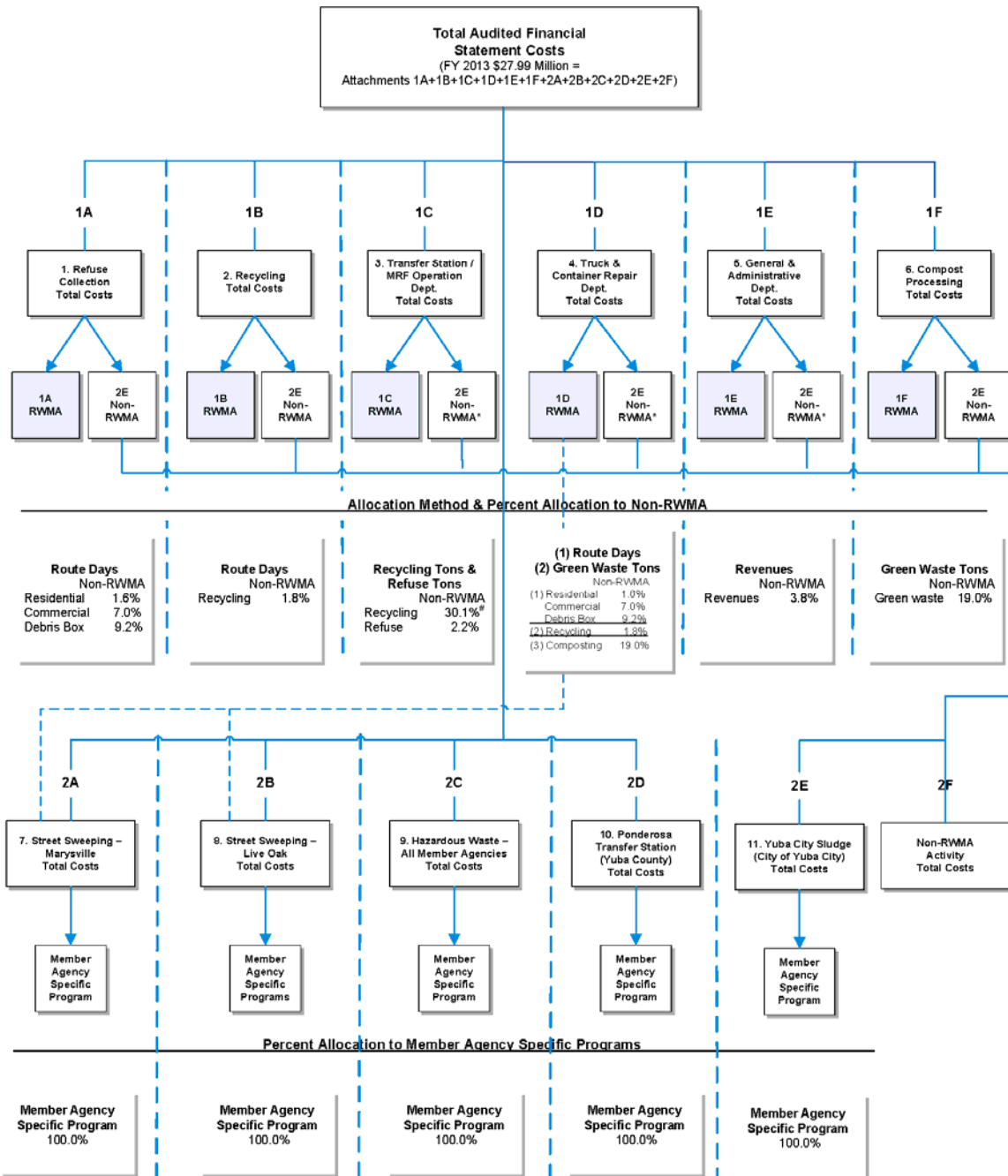
⁵ The number of days spent on each residential, commercial, and/or debris box route.

⁶ RYS also direct hauled a small portion of collected refuse to Ostrom Road (i.e., without bringing the material to the transfer station to be consolidated).

⁷ In mid-2007, RBCC started bringing curbside and source separated materials to the MRF for processing. In February 2011, RBCC began to bring City of Colusa curbside materials to the MRF for processing.

**Exhibit 1
Recology Yuba-Sutter RWMA and Non-RWMA Cost Allocations
(Rate Year 2015)**

**Recology Yuba-Sutter RWMA and Non-RWMA Activity Cost Allocations
(Fiscal Year 2015)**



* Shown as negative cost adjustments for RWMA activities on Attachments 1C, 1D, and 1E.
Non-RWMA allocation is 30.1 percent of related MRF processing costs, but not total transfer station / MRF operation department costs.

Truck and Container Repair Department

RYS allocated Truck and Container Repair expenses across business activities, including refuse collection, recycling, transfer station / MRF, compost processing, Marysville street sweeping, Live Oak street sweeping. This allocation was based on RYS records of recent actual expenses incurred on each vehicle or piece of equipment assigned to a business activity. RYS then further allocated the expenses between RWMA and non-RWMA activities, based on (1) route days for refuse collection and recycling collection, and (2) green waste tons for compost processing. RYS directly assigned truck and container repair costs to Member Agency specific programs.

Route day allocations to non-RWMA activities were 1.6 percent, 7.0 percent, and 9.2 percent, respectively, of residential, commercial, and debris box refuse collection costs. The recycling route day percentage allocation to non-RWMA activities was 1.8 percent of recycling costs. The green waste tonnage percentage allocation to non-RWMA activities was 19.0 percent of compost processing costs. RYS directly allocated 100 percent of the Marysville and Live Oak street sweeping expenses to Member Agency specific programs.

General & Administrative Costs

RYS allocated General & Administrative expenses between RWMA and non-RWMA activities based on revenues. The revenue percentage allocation to non-RWMA activities was 3.8 percent of total General & Administrative costs.

Compost Processing

RYS allocated compost processing costs, including composting related costs and compost material purchases, between RWMA and non-RWMA activities, based on the number of green waste tons. The percentage allocation to non-RWMA activities was 19.0 percent of compost processing costs.

Street Sweeping – Marysville

The Marysville street sweeping was a Member Agency specific program. All expenses related to the Marysville street sweeping operation were directly assigned to Member Agency specific program activities.

Street Sweeping – Live Oak

The Live Oak street sweeping was a Member Agency specific program. All expenses related to the Live Oak street sweeping operation were directly assigned to Member Agency specific program activities.

Hazardous Waste – All Member Agencies

The hazardous waste was a Member Agency specific program. All expenses related to the hazardous waste program were directly assigned to Member Agency specific program activities.

Ponderosa Transfer Station

The Ponderosa Transfer Station was a Member Agency specific program. All expenses related to the Ponderosa Transfer Station operation were directly assigned to Member Agency specific program activities.

Yuba City Sludge

The Yuba City sludge was a Member Agency specific program. All expenses related to the Yuba City sludge operation were directly assigned to Member Agency specific program activities.

Non-RWMA Activities

RYS included non-RWMA expenses, based on the above non-RWMA cost allocations for refuse collection, recycling, and compost processing, in the Application as Attachment 2F. All of the allocations noted above to non-RWMA activities were totaled in Attachment 2F.

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Attachment B
RWMA California Air Resources Board (CARB) Standards Compliance

Mr. Keith Martin
July 10, 2014

AURORA

ENVIRONMENTAL, INC.

June 4, 2014

Keith Martin, Administrator
Regional Waste Management Authority
2100 B Street
Marysville, California 95901

Re: Recology Yuba-Sutter Rate Year 2015 Detailed Rate Application – Review Relative to Diesel Engine Particulate Matter Control Retrofits Required by the California Air Resources Board Rules

Dear Keith:

This letter presents the results of the review of Recology Yuba-Sutter’s Rate Year 2015 Detailed Rate Application relative to the California Air Resources Board (CARB) Rule pertaining to diesel engine particulate matter control retrofit requirements and the Collection Service Agreements adopted by each of the six member jurisdictions that became effective January 1, 2012. Articles in each of the Collection Service Agreements entitled, “Adjustments of Maximum Service Rates for Removal of Vehicles with Emissions Control Retrofit Equipment.” specified that if any of the vehicles retrofitted with emissions control equipment are removed, for any reason, from the CONTRACTOR’S active fleet within five (5) years of the date of retrofit, the CONTRACTOR will credit the remaining pro-rated lease cost (from the removal date to the effective date of the next detailed rate application) of that vehicle’s retrofit back to the rate payers in the next detailed rate application, including the operating margin charged on these costs.

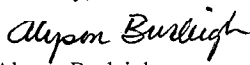
Three (3) vehicles in the Recology Yuba-Sutter fleet that were retrofitted and then transferred (two vehicles) and wrecked (one vehicle) have been identified. The following chart documents these vehicles and the amount to be credited to the service rates for Rate Years 2015 through 2018.

Truck Number	Transferred / Wrecked Date	Months* Adjustment	Monthly Lease	Adjustment Amount	RWMA Allocation	Total for Fiscal Year
10038	12/29/10	9	\$121.62	\$1,094.58	94.3%	\$1,032.19
10180	12/29/10	9	\$121.62	\$1,094.58	94.3%	\$1,032.19
13123	7/5/11	2	\$121.62	\$243.24	98.2%	\$238.86
Adjustment to be spread over the 2015 to 2018 rates						\$2,303.24
Annual Adjustment (\$2,303.24 / 4 years = \$575.81)						\$575.81
Operating Margin on Annual Adjustment						\$63.98
Franchise Fees						<u>\$33.67</u>
Annual Adjustment with Operating Margin & Franchise Fees						\$673.46

*The number of months of adjustments is from the Transferred/Wrecked Date back to 10/1/11 as the Rate Year 2015 Detailed Rate Application trues-up the lease schedule from the beginning of Rate Year 2012 (10/1/11).

Please let me know if you have any questions.

Sincerely,


Alyson Burleigh
President

cc. Erik Nylund, Crowe Horwath LLP

CITY OF YUBA CITY

Written Requests

Members of the public submitting written requests at least 24 hours prior to the meeting will normally be allotted 5 minutes to speak.

Procedure

When requesting to speak, please indicate your name and the topic and mail to:

City of Yuba City
Attn: City Clerk
1201 Civic Center Blvd
Yuba City CA 95993

Or email to:

Terrel Locke, City Clerk tlocke@yubacity.net

The Mayor will call you to the podium when it is time for you to speak.

CITY OF YUBA CITY

Appearance of Interested Citizens

Members of the public may address the City Council on items of interest that are within the City's jurisdiction. Individuals addressing general comments are encouraged to limit their statements.

Procedure

Complete a Speaker Card located in the lobby and give to the City Clerk. When a matter is announced, wait to be recognized by the Mayor. Comment should begin by providing your name and place of residence. A three minute limit is requested when addressing Council.

- For Items on the Agenda

Public comments on items on the agenda are taken during Council's consideration of each agenda item. If you wish to speak on any item appearing on the agenda, please note the number of the agenda item about which you wish to speak. If you wish to speak on more than one item, please fill out a separate card for each item.

- Items not listed on the Agenda

Public comments on items not listed on the agenda will be heard during the Public Communication portion of the meeting.

**MINUTES (DRAFT)
REGULAR MEETING OF THE
CITY COUNCIL
CITY OF YUBA CITY
COUNCIL CHAMBERS
AUGUST 19, 2014
4:30 P.M. – CLOSED SESSION
6:00 P.M. – REGULAR MEETING**

Closed Session—Butte Room

- A. Conferred with legal counsel regarding potential litigation pursuant to Government Code Section 54956.9(d)(4)-one potential case.
- B. Conferred with real property negotiators Steve Kroeger and Diana Langley pursuant to Government Code Section 54956.8 regarding negotiations for the possible purchase of the following properties or portions thereof: APN's 51-660-084 Clark Avenue and 51-670-074 Birmingham Drive.
- C. Conferred with real property negotiators Steve Kroeger and Brad McIntire pursuant to Government Code Section 54956.8 regarding negotiations for the possible sale of the following properties or portions thereof: APN's 51-580-012, 51-580,013, 51-580-014 between Live Oak Blvd. and Clark Ave.
- D. Conferred with labor negotiator Steve Kroeger regarding negotiations with the following associations: Yuba City Police Officers, Police Sergeants, Yuba City Firefighters Local 3793, Yuba City Fire Management, Confidential Employees, City Manager, Executive Services Employees, First Level Managers, Mid Managers, and Public Employees Local No. 1, pursuant to Section 54957.6 of the Government Code.

Regular Meeting—Council Chambers

The City of Yuba City City Council meeting was called to order by Mayor Gill at 6:02 p.m.

Roll Call

Present: Councilmembers Buckland, Dukes, Maan, Starkey and Mayor Gill

Absent: None

Invocation

Councilmember Dukes gave the invocation.

Pledge of Allegiance to the Flag

Councilmember Starkey led the Pledge of Allegiance

Presentations and Proclamations

1. **Presentation of the Key to the City to Perry and Denise Martin, Owners of California Chrome**

Mayor Gill provided a Proclamation and the Key to the City to Perry and Denise Martin. A representative from Congressman Garamendi's Office provided a certificate of the transcripts from the Congress where California Chrome and his owners were congratulated.

Mayor Gill called for a short recess to have a small public reception in the lobby for the Martin's at 6:20 p.m.

Mayor Gill called the meeting back to order at 6:45 p.m.

Public Hearings

2. Update to the City's Development Impact Fees to include an Animal Shelter Fee as part of the Community Facilities component

Mayor Gill opened the public hearing. The following person spoke:

Debra Gaylord, Downie Street Yuba City – against

Mayor Gill closed the public hearing.

Councilmember Starkey moved to adopt **Resolution No. 14-057** to include the addition of an Animal Shelter Fee to the Community Facilities component of the City's Development Impact Fee program. Councilmember Maan seconded the motion that passed with a unanimous vote.

3. Yuba City Landscape Maintenance District No. 1 (Stabler Lane/Garden Highway Area), Yuba City Lighting and Landscape Maintenance District No. 2, 3, 4 & 5 (Town Center and 69 subdivisions throughout Yuba City), and Yuba City Lighting and Landscape Maintenance District No. 6 (Commercial District) - Resolution Confirming Diagram and Assessment and Levying the Assessment

Mayor Gill and Councilmember Starkey recused themselves from this item as they each own property in the District.

Vice Mayor Dukes opened the public hearing. Hearing no comment, he closed the public hearing.

Councilmember Maan moved to adopt **Resolution No. 14-058** confirming the diagram and assessment and levying the assessment for FY 2014/15, pursuant to the Landscaping and Lighting Act of 1972. Councilmember Buckland seconded the motion that passed with a unanimous vote.

Mayor Gill and Councilmember Starkey rejoined the meeting.

4. Yuba City Residential Street Light Maintenance Districts (Walton Area and Tierra Buena Area)

Mayor Gill opened the public hearing. Hearing no comment, he closed the public hearing.

Councilmember Maan moved to adopt **Resolution No. 14-059** confirming the diagram and assessment and levying the assessment for FY 2014/15, pursuant to the Benefit Assessment Act of 1982. Councilmember Buckland seconded their motion that passed with a unanimous vote.

Ordinances

5. Ordinance Prohibiting Aggressive and Unsafe Panhandling within the Corporate City Limits of Yuba City

The following persons spoke:

Garret Chissie, Cleo Court Yuba City - Twin Rivers Polaris – Support

Rik Jimerson, Yuba-Sutter Chamber of Commerce – Support

Cindy Paine, Almond Street Yuba City – Support
Miles Johnson, Olive Drive – Yuba-Sutter Homeless Consortium - Support

Councilmember Starkey moved to introduce an Ordinance prohibiting aggressive and unsafe panhandling, conduct a Public Hearing and waive the first reading. Councilmember Dukes seconded the motion that passed with a unanimous vote.

Public Communication

6. Written Requests - none

7. Appearance of Interested Citizens

Stephanie Ruscigno, Sharon Drive Yuba City – POW Remembrance Day

Consent Calendar

Mayor Gill removed Item No. 11 from the consent calendar for further discussion. Councilmember Dukes moved to adopt Items 8, 9 & 10 on the Consent Calendar. Councilmember Maan seconded the motion that passed with a unanimous vote.

8. Minutes of July 15, 2014

Approved the City Council Meeting Minutes of July 15, 2014

9. 2013 Assistance to Firefighters Grant Program – Replacement of Structure Firefighting Helmets

Accepted the award of the 2013 Assistance to Firefighters Grant in the amount of \$20,425 and approve revenue adjustment to the Fire Department budget in the amount of \$18,383

10. Assembly Bill 109 Police Realignment Funding Allocation (\$104,408)

Authorized the Chief of Police to accept the 2014/2015 FY Realignment funding and approve expenditure recommendations. Further, authorize the Chief Financial Officer to make budget adjustments as necessary.

11. Purchase of APN 51-660-084 (West side of Clark Avenue between Kensington Way and Santa Barbara Way)

The following person spoke:

Debra Gaylord, Downie Street, Yuba City - Against

Councilmember Starkey moved to approve the purchase of APN 51-660-084 for \$68,333.71 plus title and escrow fees and authorize a supplemental appropriation in the amount of \$72,000 from unallocated Road Fund balance to Account No. 901203-65517 (Clark Avenue APN 51-660-084 Acquisition). Councilmember Dukes seconded the motion that passed with a unanimous vote.

General Items

12. 2014 Economic Development Work Plan

The following persons spoke:

Greg Heckman, Chairman, Yuba City Economic Development Commission

Councilmember Dukes moved to adopt the Yuba City Grow our Economy Work Plan and associated Implementation Plan. Councilmember Buckland seconded the motion that passed with a unanimous vote.

13. Sale of City-owned property-between Live Oak Boulevard and Clark Avenue

Mayor Gill pulled this item from the agenda per Staff's request. It will be brought back to Council at the next meeting on September 2, 2014

14. Pacific Gas and Electric Informational Overview of the Pipeline Safety Program

Noted and Filed the Presentation from Joe Wilson, PG&E Local Government Relations Specialist.

15. Chevron Energy Solutions Program Development Report: Energy and Infrastructure Improvement Project

Councilmember Maan moved to direct staff to bring a contract to proceed with improvements/construction to Council for consideration. Councilmember Dukes seconded the motion that passed with a unanimous vote.

16. 5th Street Bridge Replacement Project – Adopt Mitigated Negative Declaration and Amend the Professional Services Agreement with Dokken Engineering for Final Design Services

Councilmember Buckland moved to A) Adopt the Mitigated Negative Declaration for the 5th Street Bridge Replacement Project; and B) Approve Amendment #2 to the Professional Services Agreement to Dokken Engineering for Final Design Services associated with the 5th Street Bridge Replacement Project in the amount of \$3,932,711.50 with the finding that it is in the best interest of the City. Councilmember Starkey seconded the motion that passed with a unanimous vote.

17. Fiscal Year 2014-2015 City Council Priorities and Goals Progress Report

Noted & Filed the 2014-15 City Council Priority and Goals August Progress Report.

Business from the City Council

18. City Council Reports

- Councilmember Buckland
- Councilmember Maan
- Councilmember Starkey
- Vice Mayor Dukes
- Mayor Gill

Adjournment

Mayor Gill adjourned the Regular Meeting of the City Council of the City of Yuba City at 8:36 p.m.

Kash Gill, Mayor

ATTEST:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: September 2, 2014
To: Honorable Mayor & Members of the City Council
From: Office of the City Clerk
Presentation By: Terrel Locke, City Clerk

Summary

Subject: Biennial Review of the City of Yuba City Conflict of Interest Code
Recommendation: Adopt a Resolution Amending the City of Yuba City Conflict of Interest Code and list of Designated Positions
Fiscal Impact: None

Background:

In accordance with Government Code Section 87306.5, local agencies must conduct a biennial review of its conflict of interest code. The code must contain language that incorporates Fair Political Practices Commission (FPPC) Reg. 18730 or the basic provisions required in Government Code Section 87302. The last review and update was approved by the City Council on November 6, 2012.

Analysis:

Staff has reviewed the Conflict of Interest Code and has determined that amendments to the Code are necessary in order to accurately designate all positions that make or participate in the making of governmental decisions. These are decisions that may foreseeably have a material effect on any financial interest. This amendment is due to personnel classification additions or deletions that have been incorporated in the City's annual budget process as well as City-wide organization changes (Appendix A).

Fiscal Impact:

None.

Alternatives:

Do not approve the amended Conflict of Interest Code and ask Staff to provide further review.

Recommendation:

Adopt a Resolution Amending the City of Yuba City Conflict of Interest Code and list of Designated Positions.

Attachment:

- Yuba City Conflict of Interest Code

Submitted By:

/s/ Terrel Locke

Terrel Locke
City Clerk

Reviewed By:

City Manager

SK

City Attorney

TH

City of Yuba City Conflict of Interest Code

The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes.

The Fair Political Practices Commission (FPPC) has adopted a regulation (2 Cal. Code of Regs. Section 18730) which contains the terms of a standard conflict of interest code which may be incorporated by reference in an agency's code, and which may be amended by the FPPC to conform to amendments in the Political Reform Act, following public notice and hearings.

Therefore, the terms of Section 18730 and any amendments that are duly adopted by the FPPC are hereby incorporated by reference, as the Conflict of Interest Code of the City of Yuba City along with the attached Appendix(s) in which officials and employees are designated and disclosure categories are set forth.

Designated employees shall file annual FPPC Form 700 Statements of Economic Interests with the City of Yuba City and attend required AB1234 Code of Ethics every two years. The City shall make all statements available for public inspection and reproduction, pursuant to Government Section 81008.

Attachments:

- Appendix A: Designated Positions
- Appendix B: Disclosure Categories

**City of Yuba City
Conflict of Interest Code
Designated Positions**

A designated employee is an officer, employee, member or consultant of an agency whose position is designated in the code because the position entails the making or participation in the making of governmental decisions which may foreseeably have a material effect on any financial interest. (Government Code Section 82019)

- 1) Making a governmental decision means the person:
 - a. Votes on a matter
 - b. Appoints a person
 - c. Obligates or commits his or her agency to any course of action; or
 - d. Enters into any contractual agreement on behalf of his or her agency

- 2) Participating in making of a decision, means the person:
 - a. Negotiates, without significant substantive review, with a governmental entity or private person regarding the decision
 - b. Advises or makes recommendations to the decision-maker by conducting research or an investigation, preparing or presenting a report, analysis or opinion which requires the exercise of judgment on the part of the employee and the employee is attempting to influence the decision

- 3) Consultant means an individual whom, pursuant to a contract with a state or local government agency makes a governmental decision whether to:
 - a. Approve a rate, rule, or regulation
 - b. Adopt or enforce a law
 - c. Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, or similar authorization or entitlement
 - d. Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract
 - e. Grant agency approval to a plan, design, report, study, or similar item
 - f. Adopt or grant agency approval of policies, standards, or guidelines for the agency or for any subdivision thereof

Positions listed in Government Code Section 87200 (i.e. City Council members, Planning Commissioners, City Manager, City Attorney, City Treasurer) are not required to be included in the list of designated positions because persons holding these positions are required to file FPPC Form 700 pursuant to State law.

Officials who manage Investments:

It has been determined that the position listed below manage public investments and will file a statement of economic interests (Form 700) pursuant to Government Code Section 87200:

City Treasurer

Department	Position	Disclosure Category
Administration	Assistant City Manager	I
	Economic Development Manager	I
	City Clerk	II
	Assistant to the City Manager	IV
Community Development	Community Development Director	I
	Planner - Principal	I
	Planner - Senior	I
	<i>delete</i> Planner—Assist/Associate	I
	Chief Building Official	I
	<i>delete</i> Permit Center Manager	I
	Plans Examiner	I
	<i>add</i> Code Enforcement Officer	I
	Building Inspector I/II	I
	Administrative Analyst I/II	III/IV
Finance	Finance Director	I
	<i>delete</i> Accountant II	II
	Accounting Manager	II
	Customer Service Manager	III/IV
	Administrative Analyst I/II	II
	Information Technology Manager	I
	Information Technology Supervisor	II
	Information Technology Analyst	II
Fire	Fire Chief	I
	<i>delete</i> Fire Division Chief	II
	Fire Prevention Manager	II
	Fire Safety Inspector	II/III
	<i>add</i> Fire Battalion Chief	IV
	Administrative Analyst III	IV
Human Resources	Human Resources Director	I
	<i>delete</i> Human Resources Manager	II
Parks & Recreation	Director of Parks & Recreation	I
	<i>delete</i> Recreation Manager	IV
	Recreation Supervisor I/II/III	IV
	<i>add</i> Parks Maintenance Supervisor	IV
	<i>add</i> Animal Services Manager	I

Department	Position	Disclosure Category
Police	Police Chief	I
	Assistant Chief	I
	Police Commander	I
	Administrative Manager	II
	Police Lieutenant	II
	Police Sergeant	IV
Public Works	Public Works Director	I
	Deputy PW Director - Engineering	II
	<i>delete</i> Deputy PW Director - Water	II
	<i>delete</i> Deputy PW Director - Wastewater	II
	<i>add</i> Deputy PW Director - Utilities	II
	Engineer - Senior	II
	<i>change</i> Project Manager - Limited Term	II
	<i>delete</i> Public Works Superintendent	III/IV
	<i>add</i> Deputy Public Works Director - Maintenance	II
	Director of Engineering - SBFCA	II
	<i>delete</i> Utilities Director	I
Boards & Commissions	Economic Development Commissioner	I
	Redevelopment Agency Oversight Board	II
Consultants	Determined by City Manager (1)	I/II/III/IV
	Redevelopment Attorney	I

(1) Consultants (as defined by FPPC regulation 18700(a)(2)) shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The City Manager or designee may determine in writing that a particular consultant is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section.

**City of Yuba City
Conflict of Interest Code
Disclosure Categories**

The following disclosure categories set forth the required contents of disclosure statements for officers and employees holding designated positions. An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decisions made or participated in by the designated employee by virtue of the employee's position.

Category I – Full Disclosure

Designated employees assigned to Category I shall report all investments, interests in real property and income, and any business entity in which the person is a director, officer, partner, trustee, employee, or holds any position of management. Financial interests are reportable only if located within or subject to the jurisdiction of the City of Yuba City or if the business entity is doing business or planning to do business in the jurisdiction or has done business within the jurisdiction at any time during the two years prior to the filing of the statement.

Category II – Citywide Disclosure: Material & Supplies

An employee in this category could possibly have a conflict of interest due to an interest in a supplier of goods, materials or services to the City.

Designated employees assigned to Category II shall report:

- a) All investments in any business entity which, within the last two years, has contracted, or in the future foreseeably may contract with the City of Yuba City to provide services, supplies, materials, machinery, or equipment to the City.
- b) All income from any source which, within the last two years, has contracted, or in the future foreseeably may contract with, the City of Yuba City to provide services, supplies, materials, machinery, or equipment to the City.
- c) His or her status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity, which within the last two years, has contracted, or in the future foreseeably may contract with the City of Yuba City to provide services, supplies, materials, machinery, or equipment to the City.

Category III – Citywide Disclosure: Construction, Building and Real Property

Designated employees assigned to Category III shall report:

- a) Investments in any business entity licensed to do construction or build within the jurisdiction of the City of Yuba City.
- b) All income from any business entity licensed to do construction or build within the jurisdiction of the City of Yuba City.
- c) His or her status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity licensed to do construction or build within the jurisdiction of the City of Yuba City.
- d) All investment and interests in real property if the property is located within or subject to the jurisdiction of the City of Yuba City.

Category IV - Department Disclosure: Material & Supplies

An employee in this category could possibly have a conflict of interest due to an interest in a supplier of goods, materials or services to their department/division.

Designated employees assigned to Category IV shall report:

- a) Investments in any business entity which, within the last two years, has contracted, or in the future foreseeably may contract with the City of Yuba City to provide services, supplies, materials, machinery, or equipment to the department/division.
- b) Income from any source which, within the last two years, has contracted, or in the future foreseeably may contract with the City of Yuba City to provide services, supplies, materials, machinery, or equipment to the department/division.
- c) His or her status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity, which within the last two years, has contracted, or in the future foreseeably may contract with the City of Yuba City to provide services, supplies, materials, machinery, or equipment to the department/division.

CITY OF YUBA CITY
STAFF REPORT

Date: September 2, 2014
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Benjamin Moody, Senior Engineer – City Surveyor

Summary

Subject: Domain Estates Phase 2 (Amended Subdivision Agreement)

Recommendation: Adopt a resolution approving the execution of an amended Subdivision Agreement with Interwest Homes Corp for public improvements associated with the Domain Estates Phase 2 Subdivision Map. [Subdivision is located on the west side of Blevin Rd. north, of Butte House Rd.]

Fiscal Impact: None

Purpose:

To amend the Domain Estates Subdivision Agreement to exchange the legal identity of the Developer from the “Scott Family Trust” to “Interwest Homes Corp”.

Background:

On July 17, 2014 the City Council authorized a resolution to execute a Subdivision Agreement with the Developer “Scott Family Trust”, for the Domain Estates Phase 2 project.

Since Council approval the same Developer, also known as “Interwest Homes”, has been working to finalize the terms of the agreement to move forward with the project. The Developer has requested to change the legal identity on the subdivision agreement to “Interwest Homes Corp” with our understanding that it’s the preferred method for bonding and tax reasons.

To date the City has not entered into the Subdivision Agreement with the Developer, pending receipt of the applicable fees and securities.

Analysis:

The proposed terms of the agreement have not changed; including that sufficient security is to be provided ensuring the construction of the improvements. The identity change to Interwest Homes Corp. will not change the City’s position in regards to the agreement.

Fiscal Impact:

None

Alternatives:

Delay or modify the recommended actions

Recommendation:

Adopt a resolution approving the execution of an amended Subdivision Agreement with Interwest Homes Corp for public improvements associated with the Domain Estates Phase 2 Subdivision Map. [Subdivision is located on the west side of Blevin Rd. north, of Butte House Rd.]

Prepared by:

Submitted by:

/s/ Benjamin Moody

/s/ Steven C. Kroeger

Benjamin Moody
Senior Engineer – City Surveyor

Steven C. Kroeger
City Manager

Reviewed by:

Department Head

DL

Finance

RB

City Attorney

TH

Other

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA
CITY APPROVING THE EXECUTION OF THE DOMAIN
ESTATES, PHASE 2 SUBDIVISION AGREEMENT WITH SCOTT
FAMILY TRUST FOR PUBLIC IMPROVEMENTS.**

BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE
CITY OF YUBA CITY AS FOLLOWS:

That the Mayor and City Clerk be, and they are hereby authorized and directed to execute on behalf of the City of Yuba City that certain Domain Estates, Phase 2 Subdivision Agreement between the City of Yuba City and the Scott Family Trust, Dated November 6, 2000 for public improvements, provided said Subdivision Agreement is executed by the Scott Family Trust within six months of this Resolution.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 15th day of July 2014.

AYES:

NOES:

ABSENT:

Kash Gill, Mayor

ATTEST:

Terrel Locke, City Clerk

AMENDED DOMAIN ESTATES PHASE 2

SUBDIVISION MAP SM 04-03 AGREEMENT

This Agreement is made and entered into this ____ day of _____, 2014, by and between Interwest Homes Corp, hereinafter designated “Developer”, and the CITY OF YUBA CITY, a Municipal Corporation, located in the County of Sutter, State of California, hereinafter designated “City”.

WITNESSETH

WHEREAS, Developer has entered into an agreement with Compass Land Development Corporation, a California Corporation (“Compass”) to purchase from Compass, the property located within the City, west of Blevin Road, north of Queens Avenue, APN 59-530-032 as shown in the Subdivision Map 04-03 approved by the City Planning Commission on April 23, 2014 (“Property”); and

WHEREAS, the City Council has approved certain rules and regulations governing the subdividing and developing of land in the City, including the requirements for the installation of necessary improvements affecting the development, all as set forth in Chapter 2 of Title 8 of the Yuba City Municipal Code; and

WHEREAS, pursuant to Subdivision Map 04-03, Developer will be required to construct certain permanent public improvements; and

WHEREAS, in a separate agreement with the City, Compass has agreed to pay City a portion of the costs for improvements to Tuly Parkway and Queens Avenue as required by Subdivision Map 04-03 and to dedicate to City certain land for the future Tuly Parkway and Queens Avenue.

NOW, THEREFORE, the City and Developer mutually agree as follows:

1. City shall approve the final map and allow the recordation of Subdivision Map 04-03 provided all of the conditions and requirements required to be performed by Developer pursuant to this Agreement have been complied with.

2. Prior to approval of the final map, Developer shall pay City **\$369,706.25** for the portion of the costs of improvements to the north side of Queens Avenue and the east side of Tuly Parkway pursuant to Subdivision Map 04-03 that had not been paid by Compass.

3. Developer shall within two (2) years of the date the City approves this agreement for Subdivision Map 04-03 construct or cause to be constructed at its sole cost and expense all of the necessary permanent improvements for the Subdivision Map 04-03, all as specifically described and shown on Drawing No. 5337-D, heretofore approved by the City Engineer and filed in her office on July 1st, 2014, and all in accordance with the applicable provisions of the State of California, Department of Transportation Standard Specifications as amended by special provisions and/or specifications submitted with the improvement plans covering said improvements and as approved by the City Engineer.

4. It is agreed that Developer's payment of **\$369,706.25** as provided in Section 2 of this Agreement, will fulfill its obligations regarding the construction of the required improvements to Tuly Parkway and Queens Avenue and that Developer shall not be obligated to construct the improvements to Tuly Parkway and Queens Avenue.

Notwithstanding the payment of **\$369,706.25** for the construction of the improvements, Developer shall be obligated to dedicate to the City the right of way for the Tuly Parkway and Queens Avenue as shown in Subdivision Map 04-03.

5. Should Developer fail to do, perform and complete said work of improvement and all of the improvements and construction and other obligations called for by the referenced plans and specifications within the period of time heretofore agreed upon and any extension or extensions of said time granted by City hereunder, or in the event delay in the construction or failure or deterioration of any portion of said work or improvements shall in the opinion of the City Engineer endanger property outside the boundaries of the proposed development, City may at its option do, perform, complete, repair, and maintain the same, or any part thereof, and recover the full cost and expense thereof from Developer.

6. In order to guarantee the faithful performance by Developer of this Agreement, Developer shall, prior to recordation of the final map for SM 04-03, present to and file with City, in a form acceptable to the City, good and sufficient improvement security, in the amount or sum of **\$473,000.00**, which sum is hereby agreed to be the sum fixed by the City for that purpose.

7. Developer shall also at the same time present to and file with City, in a form acceptable to the City, a good and sufficient Improvement Security, in the amount or sum of **\$473,000.00**, and by its terms made to inure to the benefit of laborers and materialmen upon such work and improvements conditioned upon the payment of such laborers and materialmen for labor or material performed or rendered under the terms of this Agreement, and for amounts due under the Unemployment Insurance Act with respect to such work or labor as provided by Sections 66499 - 66499.10 of the Government Code of the State of California.

8. Developer shall pay to City concurrently with the execution of this Agreement, a plan check and inspection fee in connection with City's review of the improvement plans for said development in the amount specified on Schedule A attached hereto and by this reference

incorporated herein and made a part hereof. Developer shall further cause to be paid to City those certain utility extension fees delineated on Schedule A attached hereto which shall be paid to City prior to and as a condition precedent to the recordation of the final map for SM 04-03.

9. City agrees to pay to Developer those amounts shown on Schedule B attached hereto and by this reference incorporated herein and made a part hereof at such time and only at such time as City has accepted those improvements to be constructed within the subject development as having been built in accordance with the improvement plans as approved and in accordance with City construction standards. Schedule B represents City's participation and contribution to the aforementioned improvements by reason of the overwidth and oversizing of said improvements which City recognizes will ultimately inure to the overall benefit of City, both in connection with the subject development and in connection with future developments.

10. Developer shall, prior to the commencement of construction of any of the improvements called for by the subject development, take out and at all times maintain during the course of construction thereof and prior to the completion and acceptance of said improvements by City, workers compensation insurance as required by the Labor Code of this State. Developer shall furnish to City, prior to commencing work called for by this Agreement, evidence of such insurance.

11. Should the work called for in this Agreement not be completed within the two (2) years specified in paragraph 1 because of acts of God, the public enemy, the City, or because of fire, flood, epidemic, quarantine restrictions, strikes, or freight embargoes, Developer shall be entitled to an extension beyond the specified time period for a period equal to the length of such delay from the beginning of such delay. If an extension of time is granted, it shall in no way

affect the validity of this Agreement or release the surety on the bonds posted by Developer pursuant to the terms of this Agreement.

12. It is understood and agreed by and between City and Developer that Developer is not an employee of City in connection with the work called for by this Agreement, but is an independent contractor and doing the work called for by this Agreement, and is acting as such and not as an employee of the City.

13. This Agreement is made upon the express condition that the City is to be free from all liability and claim for damages by reason of any injury to any person, including Developer, its agents, servants, or employees, or to any property of any kind by whomsoever belonging, including the Developer, from any cause or causes whatsoever while in, upon or in any way connected with the work to be done in said Agreement, and Developer hereby covenants and agrees to indemnify and save the City, and its officials and employees, harmless from loss or liability, cost or obligation on account of or arising out of such injuries or damages or losses however occurring. The duty of indemnity of the City and its officials and employees by Developer as in this paragraph provided, and as hereinafter stated, shall specifically include a duty to indemnify the City, its officials and employees when the same are concurrently actively negligent with Developer. Developer's obligation to indemnify as hereinabove provided shall not extend to nor embrace indemnification of the City either from its sole negligence or from its willful misconduct, and in the event any loss and/or liability arises either from the sole negligence of City, its officers, agents and/or employees or from the willful misconduct of City, its officers, agents and/or employees, there shall be no obligation to indemnify under those circumstances.

14. Developer agrees to indemnify and save harmless City, its officers, agents and employees from any claims, losses or obligations on account or arising out of the operations of Developer in performing the work of improvements called for by this Agreement which are claimed to cause a nuisance or injury or damage to persons or property owners on nearby land regardless of how such loss or claim might arise and Developer specifically agrees to indemnify and save harmless City, its officers, agents and/or employees and officials from all costs and obligations in connection therewith including attorneys' fees on account of or arising out of any such injury or losses however occurring.

15. In connection with the foregoing, Developer agrees with City to take out comprehensive public liability and property damage insurance in the following amounts: comprehensive liability - \$2,000,000.00 per person, \$2,000,000.00 per occurrence; property damage - \$250,000.00. Developer shall cause City, its officers, agents, and employees to appear as an additional insured under said comprehensive liability policy and shall provide thereunder that City shall be advised of any cancellation of said insurance at least ten (10) days prior to such purported cancellation.

16. Developer shall procure all permits and licenses, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work called for by this Agreement.

17. All of the improvements called for by the subject improvement plans shall be dedicated and offered to City to constitute City public improvements, and Developer agrees to execute all documents required in order to effect said dedication. Prior to the acceptance thereof by City, City shall determine that said improvements have in fact been constructed and

completed, all in accordance with the applicable plans and specifications, and shall cause notice of acceptance to be filed at such time as City is satisfied that said plans and specifications have been met. Notwithstanding the acceptance of said work and improvements and inspection thereof by City, Developer guarantees that all of said work has been completed in accordance with said plans and specifications and guarantees said work for a period of one (1) year from and after the date of acceptance thereof against all deficiencies or deficient workmanship, and expressly agrees with City to perform or cause to be performed such repairs, additions, or corrective work caused by such deficiencies or omissions for one (1) year from and after said work has been installed, completed, and accepted. For the purposes thereof, Developer expressly agrees that the faithful performance improvement security posted and filed by Developer shall specifically provide by its terms that it shall cover the guarantees and commitments of Developer set forth in this paragraph.

IN WITNESS WHEREOF, the parties have hereunto set their hands the year and date first above written.

CITY OF YUBA CITY, A MUNICIPAL CORPORATION

By _____
MAYOR

INTERWEST HOMES CORP

By _____
DEVELOPER

ATTEST:

CITY CLERK

SCOTT FAMILY TRUST, Dated November 6, 2000, agrees with and approves of this Agreement.

By _____
SCOTT FAMILY TRUST

AMENDED DOMAIN ESTATES PHASE 2
 SUBDIVISION MAP SM 04-03 AGREEMENT
 SCHEDULE A

In accordance with the provisions of the Agreement effective July 15, 2014, and any amendments made thereto to which this Schedule A is attached and made a part, and also in accordance with applicable provisions of the Yuba City Municipal Code, it has been determined that the following fees are payable prior to recordation of the final map, and prior to issuance of any building permits for the subject development.

(1)	Plan Check and Inspection Fee 4% of the Engineer's Estimated Costs \$473,000 x 4%	\$18,920.00
(2)	Sewer Extension Fees Tuly Parkway & Queens Ave. (N/A) Developer constructing mains in the remainder of the subdivision	\$0.00
(3)	Sewer Connection Fees (Per Section 6-5.504 Municipal Code) Deferred until application for building permit is filed.	\$0.00
(4)	Water Extension Fees Tuly Parkway & Queens Ave. (N/A) Developer constructing mains in the remainder of the subdivision	\$0.00
(5)	Water Connection Fees (Per Section 6-6.05 Municipal Code) Deferred for each lot until application for building permit is filed.	\$0.00
(6)	Drainage Fees (North West Drainage Study – indexed to April, 2014) \$13,230 per acre \$13,230 * 5.45 Acres	\$72,103.50
(7)	Road Improvement Costs Fees in lieu of constructing portions of Tuly Parkway & Queens Avenue Queens Avenue (north side): 326.5 LF * \$197.50 Tuly Parkway (east side): 1,109.9 LF * \$275.00	\$64,483.75 \$305,222.50

TOTAL FEES PAYABLE

\$460,729.75

Date

CITY OF YUBA CITY
STAFF REPORT

Date: September 2, 2014
To: Honorable Mayor & Members of the City Council
From: Parks and Recreation Department
Presentation By: Brad McIntire, Parks & Recreation Director

Summary

Subject: Sale of City-owned property-between Live Oak Boulevard and Clark Avenue.

Recommendation: Authorize the City Manager to enter into a Purchase and Sale Agreement with Erik Karlshoej Education Foundation for the sale price of \$600,000 for 10 acres of City-owned property located between Live Oak Boulevard and Clark Avenue, north of the City's Water Treatment Plant ("Property").

Fiscal Impact: \$600,000 in revenue that would be allocated back to the funding sources that originally purchased the property. The ratio of funds utilized for the original purchase was:

58.5% General Fund
41.5% Developer Impact Fees Parks

It is recommended that City Council designate the proceeds received from this sale for the development of a future park.

Purpose:

To sell 10 acres of City-owned property between Live Oak Boulevard and Clark Avenue.

Background:

In 1994, approximately 14 acres was purchased by the City which included the above Property. The Acquisition Agreement stated that the City's "current intention" in 1994 was to utilize the property as an appropriate public facility use such as a community park. An adjacent 1.3 acres was purchased in 1998.

In 2005, approximately 5.3 acres of the purchased property was used to construct a detention pond by the City. The Purchase and Sale Agreement does not include the detention pond. Please refer to Attachment A which depicts the location of the 10 acres to be sold and the adjoining detention pond.

The 2004 General Plan designates the Property as low density residential. Pursuant to Government Code 65402 (a), the City's Planning Agency has submitted a report indicating that the disposal of the Property conforms to the City's General Plan. Please refer to attachment B.

On October 25, 2013, staff received a letter from Axel Karlshoej Properties inquiring about the Property which had been identified as a potential location for a new Twin Rivers Charter School.

In February 2014, the City issued a Request for Proposals for development of the City-owned Property. The only response the City received was from Axel Karlshoej Properties.

On June 3, 2014, City Council adopted a Resolution declaring City Council's intention to abandon the intended park for the Property.

On July 9, the Parks and Recreation Commission considered the abandonment of the intended park for the subject property and concurred with staff's recommendation.

On July 15, the City Council, following a Public Hearing, adopted a resolution to abandon the intended park for the 15 acres of City-owned property.

Analysis:

Some of the major provisions in the Purchase and Sale Agreement are as follows:

- Prior to the Close of Escrow, Buyer shall apply for and obtain a use permit from the Planning Commission of the City of Yuba City to operate a charter school on the Property.
- Buyer covenants that except for any portion of the Property not designated for school purposes in the approved use permit, the Property shall only be developed for charter school purposes.
- If the Property is not developed for charter school purposes within two (2) years, the City has the option to terminate and repurchase the Property back for a price equal to or less than the purchase price.
- The Buyer also covenants that it will not sell, convey or transfer the Property or any portion thereof to any person, entity, agency or association within five (5) years of the recordation of the grant deed.

Fiscal Impact:

The sale would generate \$600,000 in revenue that would be allocated back to the funding sources that originally purchased the property. The ratio of funds utilized for the original purchase was:

58.5% General Fund
41.5% Developer Impact Fees Parks

It is recommended that City Council designate or earmark proceeds received from this sale for the development of a future park.

Alternatives:

Do not approve the sale of the Property.

Recommendation:

Authorize the City Manager to enter into a Purchase and Sale Agreement with Erik Karlshoej Education Foundation for the sale price of \$600,000 for 10 acres of City-owned property located between Live Oak Boulevard and Clark Avenue, north of the City's Water Treatment Plant.

Attachments:

- a. Property Map
- b. Letter from the Planning Agency regarding conformity with General Plan
- c. Purchase and Sale Agreement

Prepared By:

Submitted By:

/s/ Brad McIntire

/s/ Steven C. Kroeger

Brad McIntire
Parks & Recreation Director

Steven C. Kroeger
City Manager

Reviewed By:

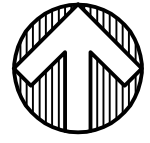
Finance

RB

City Attorney

TH

LIVE OAK BLVD. / CLARK AVE. SURPLUS PROPERTY



SCALE: 1" = 300'



Memo

To: Brad McIntire, Parks and Recreation Director
From: Aaron Busch, Community Development Director
Date: June 17, 2014
Re: Proposed disposal of City-owned property.

As you are aware, the City is considering disposing the City-owned properties for the future development of the "Twin Rivers Charter School". The properties involved are:

APN: 51-580-012; 51-580-013; and a portion of 51-580-014

In accordance with Section 65402(a) of the Government Code, before the City can dispose of the property, the Planning Department must confirm that the disposal of the property conforms with the City's General Plan.

Currently these properties have a General Plan land use designation of Low Density Residential and are zoned R-1, Single Family Residential. The proposal to develop a private charter school on these properties is consistent with both the Land Use and Zoning designations. The City's Zoning Ordinance does require the approval of a Use Permit for the development of a private school. It is my understanding that this provision has been incorporated as a requirement of the disposal of the subject properties.

Based on the above information, the Planning Department supports the disposition of the subject properties for the future development of the proposed Twin Rivers Charter School.

If you have any questions or comments regarding this matter, please do not hesitate to contact me.

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into this ____ day of _____, 2014, by and between the City of Yuba City ("City"), a Municipal Corporation, and The Erik Karlshoej Education Foundation, a California nonprofit, public benefit corporation ("Buyer").

Recitals

A. City is the owner of approximately 10 acres of certain real property located in Yuba City, California, and described in the legal description attached hereto as Exhibit A and incorporated herein by reference ("the Property").

B. Buyer desires to purchase the Property from City.

Agreements

NOW, THEREFORE, THE CITY AND BUYER HEREBY AGREE AS FOLLOWS:

1. Agreement to Sell and Purchase. City agrees to sell to the Buyer, and the Buyer agrees to purchase from City, the Property, upon the terms and for the consideration set forth in this Agreement.

2. Purchase Price. The total purchase price for the Property (the "Purchase Price") is Six Hundred Thousand Dollars (\$600,000). The Purchase Price shall be paid by cash or certified check upon the close of escrow. This transaction is not subject to any type of financing contingency.

3. Escrow.

3.01 General.

A. Opening. The purchase and sale of the Property shall be consummated by means of an escrow to be opened by Placer Title Company (the "Escrow Holder"), 1110 Civic Center Blvd., Suite 302, Yuba City, CA 95993. The escrow shall be opened on the date of signature of the second party to sign this Agreement (the "Effective Date"). The Effective Date shall be immediately communicated and a fully executed copy of this Agreement shall be delivered to the other party.

B. Instructions. The escrow instructions given to Escrow Holder shall be consistent with the terms of this Agreement. As between the parties, the terms of this Agreement shall prevail if there is any inconsistency, unless any instruction specifically states that it is intended to supersede a provision of this Agreement.

C. Close of Escrow. "Close of Escrow," "close," or "closing" shall mean the date when the deed conveying the Property to the Buyer is recorded in the official records of Sutter County, California. Escrow shall close on or before the date 30 days after the approval of the Use Permit described in Section 3.03 below (the "Closing Date"). The Closing Date may be extended upon agreement by the Buyer and the City's City Manager.

D. Costs and Expenses. City shall pay the premium for a CLTA policy of title insurance. Buyer shall pay the cost of any additional cost attributable to the title policy being an ALTA policy and any special endorsements to the title policy requested by Buyer. City and Buyer shall each pay one-half of all other costs associated with the escrow including, but not limited to, the cost and expense of preparing, executing, acknowledging and delivering the grant deed, transfer taxes, recording fees and document preparation costs of the Escrow Holder.

E. Prorations. Real property taxes imposed upon the Property by Sutter County or any governmental or special district, organization or body shall be prorated as of the Close of Escrow, on the basis of 30-day months.

3.02 Delivery of Documents and Funds.

A. By the City. Prior to Close of Escrow and as a condition to Buyer's obligation to Close, City shall:

(1) Deposit with Escrow Holder the grant deed (as herein defined) for the Property, fully executed and notarized, in the form attached as Exhibit B ("the Grant Deed");

(2) Deposit with Escrow Holder a Transferor's Certificate of Nonforeign Status pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, certifying that City is not a foreign person;

(3) Deposit with Escrow Holder California Form 590-RE, Withholding Exemption Certificate for Real Estate Sales; and

(4) Execute and deliver to Escrow Holder such other instructions and documents as may be required by Escrow Holder to close escrow in accordance with this Agreement.

B. By the Buyer. Prior to Close of Escrow and as a condition to Seller's obligation to Close, the Buyer shall:

(1) Deposit with Escrow Holder the Purchase Price and any other funds required from the Buyer for prorations and closing costs;

(2) Deliver to the Escrow Holder a twenty (20) foot Public Utility Easement Dedication to the City along the north boundary of the Property for future utilities, fully executed and notarized, in the form attached as Exhibit C; and

(3) Execute and deliver to Escrow Holder such other instructions, documents and funds as may be required by Escrow Holder to close escrow in accordance with this Agreement.

C. By Escrow Holder. When all conditions for the Close of Escrow have been met, Escrow Holder shall promptly:

(1) Disburse to City the Purchase Price, after deducting therefrom all items chargeable to the account of City pursuant to this Agreement;

(2) Cause the Grant Deed to the Buyer to be recorded in the official records of Sutter County; and

(3) Deliver to the Buyer a CLTA owner's policy of title insurance (or ALTA policy if the Buyer so requests), insuring title in the Buyer subject only to exceptions consistent with the terms of this Agreement and with liability in the amount of the Purchase Price.

3.03 Additional Conditions to Close of Escrow.

A. General. The provisions of this Section 3.03 are conditions to the Close of Escrow and, unless otherwise provided expressly or by context, are covenants of the party responsible for causing the condition to be satisfied. If any of such conditions is not fulfilled by either the date stated, or, where no specific date is stated, five days before the Closing Date, then, except as otherwise provided in this Agreement, the party benefited by the condition shall have the right to cancel and terminate this Agreement and the escrow, in which event all rights and obligations of the City and Buyer hereunder shall be terminated and be of no further force and effect and all funds and instruments deposited into escrow shall be returned to the party who deposited the same.

B. Use Permit. Within forty-five (45) days from the Effective Date, Buyer shall apply for a use permit from the City of Yuba City to operate a charter school on the Property or suitable portion thereof (the "Use Permit"). Close of Escrow shall be contingent on Buyer obtaining approval of the Use Permit from the City, with all conditions and mitigation measures imposed in connection therewith acceptable to Buyer, in Buyer's sole discretion. Buyer acknowledges that:

(1) Buyer shall be solely responsible, at its cost, to apply for and obtain approval of the Use Permit, provided such approval is not a covenant of Buyer;

(2) The Planning Commission is an independent, autonomous body and, pursuant to the Yuba City Municipal Code, is required to hold a public hearing for any application for a use permit and may only grant a use permit if it makes certain findings; and

(3) The City's approval of this Agreement in no way indicates approval of the required Use Permit or the proposed use of the Property for charter school purposes, and the Planning Commission and, if appealed thereto, the City Council, will be required to conduct its own independent review to determine whether to approve or deny the Use Permit and to determine the conditions and mitigation measures to be imposed with any such approval.

If approved by the Planning Commission, the date of approval of the Use Permit (the "Approval Date") shall be deemed to be the eleventh (11th) day after such approval by the Planning Commission, if no appeal is filed with respect thereto during such time. If any appeal is filed with respect to denial or approval of the Use Permit by the Planning Commission, then the Approval Date for the Use Permit shall be deemed to be the date when the approval of the Use Permit becomes final and unappealable and/or after any appeals related thereto are resolved to the parties' satisfaction.

If the Approval Date for the Use Permit is not obtained within four (4) months after the Due Diligence Date, Buyer may request an extension of two (2) additional months for obtaining such approval, so long as Buyer timely submitted its application for the Use Permit and is diligently proceeding with the processing thereof. If the Approval Date for the Use Permit is not obtained within said period, as may be extended by Buyer, then until the Use Permit is approved with conditions and mitigation measures acceptable to Buyer, either party may, by written notice to the other party, elect to terminate this Agreement, in which case the parties' respective rights and obligations shall terminate and be of no further force or effect, except for the obligations hereunder that expressly survive such termination.

C. Title. Taxes shall be apportioned and cleared in the manner required by Sections 5081, et seq. of the California Revenue and Taxation Code; the date of apportionment shall be the same as the time of Close of Escrow. City shall cause the Property to be conveyed to the Buyer by grant deed, subject only to current taxes and other exceptions and all other matters disclosed by the Preliminary Report, as defined below, other than monetary liens. Escrow Holder must be ready and able to issue its CLTA policy of title insurance, or ALTA policy if the Buyer so requests, insuring title in the Buyer with liability in the amount of the Purchase Price. The title policy shall list only the foregoing taxes and exceptions to title approved by Buyer, in addition to the printed exceptions common to the form of policy required by the Buyer.

D. Approval of Exceptions to Title. City shall order from Escrow Holder and cause to be delivered to the Buyer within five (5) days after the Effective Date a copy of a Preliminary Report covering the Property (the "Preliminary Report") and legible copies of all documents referred to in the Preliminary Report. The Buyer shall have fifteen (15) days within which to approve or disapprove the exceptions listed in the Preliminary Report. Notice shall be given as provided in Section 5.04. Failure to give written notice of approval or disapproval to City of some or all of the exceptions shall be deemed to be disapproval of all exceptions, including disapproval of any and all monetary liens other than current taxes, bonds and assessments. If the Buyer disapproves or is deemed to disapprove any exceptions, City shall have five (5) days within which to agree to attempt to remove the exception. Notice shall be given as provided in Section 5.04. Failure to give written notice of such agreement to the Buyer to remove any objected-to exceptions shall be deemed to be refusal, except that City shall automatically be deemed to agree to remove monetary liens other than the lien for current taxes, bonds and assessments. If City does not agree to attempt to remove any exceptions disapproved by Buyer, this Agreement shall terminate without further liability to either party unless the Buyer waives its objection within a second five-day period. If City agrees to remove any exception objected to by the Buyer, City shall then have until the Closing Date within which to attempt to remove such exception. If City is unable to remove any exception objected to by the Buyer by the Closing Date, the Buyer may elect to: (a) terminate this Agreement; or (b) waive the Buyer's objection and close escrow.

E. The Buyer's Due Diligence Conditions.

(1) The Buyer's obligation to purchase is subject to the satisfaction on or before the date thirty (30) calendar days after the Effective Date (the "Due Diligence Date") of the following conditions which are for the Buyer's benefit only:

(a) The Buyer's approval of inspections, tests, surveys and other studies of the Property and the feasibility of developing and operating a charter school thereon as the Buyer may deem necessary. The Buyer and the Buyer's contractors and agents shall have reasonable access to the Property in order to conduct inspections, tests, surveys and other studies, including soils testing, to be conducted by or on behalf of the Buyer, provided that the Buyer shall repair any damage caused by such activities and shall indemnify and hold City harmless from and against any loss, damage or liability (including attorneys' fees) resulting from the activities of the Buyer on the Property, excluding any such damage caused by the gross negligence or willful misconduct of the City or City's employees, agents or contractors.

(b) The Buyer's approval of City's Documents, as defined in Section 3.03(F).

(2) The Buyer shall give notice to City and Escrow Holder of the Buyer's approval or disapproval of the conditions set forth above (the "Buyer's Notice") on or before the Due Diligence Date. A failure to deliver the Buyer's Notice shall be deemed disapproval. On disapproval by the Buyer or failure of any of the conditions set forth above, on or before the Due Diligence Date, the Buyer's obligations under this Agreement shall terminate, provided as independent consideration for this Agreement and the right to conduct such investigations of the Property, Buyer shall be obligated to pay City the sum of \$100 within three (3) business days of any such termination.

F. City's Documents. Within five (5) days after the Effective Date, City shall deliver copies of the following documents ("City's Documents") to the Buyer:

(1) Documents evidencing any easements or other similar rights affecting the Property not disclosed by the Preliminary Report;

(2) Copies of any leases or licenses affecting the Property;

(3) All existing soil and substrata studies, engineering plans and studies, environmental assessments and other similar plans, diagrams or studies with respect to the Property that are in the possession of City or City's contractors or consultants; and

(4) All contracts, warranties and other agreements affecting the ownership, development or use of the Property that are in City's possession.

4. Representations and Warranties by City.

4.01 Representations and Warranties in General. City acknowledges that the execution of this Agreement by the Buyer is made in material reliance by the Buyer on the following representations and warranties:

A. Execution and Delivery. The execution and delivery by City of, and City's performance under, this Agreement are within City's powers and have been duly authorized by all requisite actions. This Agreement constitutes the legal, valid, binding and enforceable obligation of City.

B. Breach of Other Agreements. Neither the execution of this Agreement nor the consummation of the transaction contemplated herein will constitute a breach under any

contract or agreement to which City is a party or by which City is bound or affected which affects the Property or any part thereof.

C. No Other Parties. There are no parties other than City with any interest in the Property (marital, homestead or otherwise), and no other signatures are required to make this Agreement fully enforceable by the City.

D. Rights of Others. City represents and warrants that to the best of City's knowledge, but without independent investigation, there are no parties in possession of any portion of the Property as tenants, tenants at sufferance, or trespassers, and no party has been granted any license, lease or other right relating to use or possession of the Property.

E. No Grant of Other Rights. City has not granted to any party, other than the Buyer, any option, contract or other agreement with respect to a purchase or sale of the Property or any portion thereof or any interest therein.

F. No Bankruptcy or Litigation. City represents and warrants that to the best of City's knowledge, but without independent investigation, there are no attachments, executions, assignments for the benefit of creditors or voluntary or involuntary proceedings in bankruptcy, or under any applicable debtor relief laws, or any other litigation contemplated by, pending or threatened against City or the Property.

G. City Not Foreign Person. City is not a "foreign person" as such term is defined in Section 1445(1)(3) of the Internal Revenue Code of 1986, as amended.

H. Compliance with Laws. To the best of City's knowledge, but without independent investigation, the Property is in compliance in all material respects (both as to condition and use) with all applicable federal, state and local statutes, ordinances and codes, including, but not limited to, pollution, environmental protection and the rules and regulations of any governmental authority having jurisdiction over the Property. City is not aware of any outstanding violations of any of the foregoing.

I. Environmental Compliance. City represents and warrants that to the best of City's knowledge, but without independent investigation, there has been no disposal, discharge or release of Hazardous Materials on the Property. Except as disclosed in this Agreement, neither City nor, to the best of City's knowledge, any third party has used or installed any underground tank or used, generated, manufactured, produced, stored or disposed of on, under or about the Property or transported to or from the Property any flammable explosives, asbestos, radioactive materials, hazardous wastes, toxic substances or related injurious materials, whether injurious by themselves or in combination with other materials (collectively, "Hazardous Materials"). To the best of City's knowledge and except as disclosed in this Agreement, there are no storage or treatment tanks, gas or oil wells, and there has been no disposal, discharge or release of any polychlorinated biphenyls, asbestos or other Hazardous Materials into or upon the Property, including, but not limited to, soils and ground or surface water in and around the Property. City is not aware of any present proceeding or inquiry by any governmental authority (including, without limitation, the California State Department of Toxic Substance Control) with respect to the presence of such Hazardous Materials on the Property or the migration thereof from or to other property.

4.02 Survival of Warranties. City agrees that each representation and warranty in Section 4.01 shall survive the Closing Date and shall not merge with the delivery to the Buyer of the Grant Deed.

4.03 Notice of Changed Circumstances. If City becomes aware of any fact or circumstance which would render false or misleading a representation or warranty made by City, then City shall immediately give written notice of such fact or circumstance to the Buyer, but such notice shall not relieve City of any liabilities or obligations with respect to any representation or warranty.

5. Miscellaneous.

5.01 Development of the Property for School Purposes. Buyer covenants and agrees for itself, and any and all of its successors and assigns, that until a school is developed on the Property consistent with the approved Use Permit therefor, the Property shall only be developed for charter school purposes in accordance with the terms of this Agreement. The City acknowledges that Buyer's plans for such school may not require all of the Property to be used for development of the school and that Buyer may plan to use the remainder of the Property not required for development and operation for school purposes as may be designated in the approved Use Permit (the "Excess Property") for any other purposes, consistent with applicable zoning and land use requirements, after development of the school within the portion of the Property approved therefor by the Use Permit. This covenant shall run with the land.

If the Property is not developed for charter school purposes within two (2) years after the Closing Date ("Outside Opening Date"), then City, at its option, shall have the right and power, at any time until such school development occurs, to terminate and repurchase the fee simple estate conveyed by the Grant Deed, and to re-enter and take possession of the Property. The price for any such repurchase shall be the lesser of (i) the then appraised value of the Property or (ii) Six Hundred Thousand Dollars (the "Repurchase Price"), and title to the Property shall be the same as the title delivered to Buyer at Closing. If construction of the school consistent with the approved Use Permit has commenced but is not completed and open by the Outside Opening Date, so long as Buyer is diligently proceeding with the work to complete such construction and obtain all approvals necessary to open the school for education, the Outside Opening Date shall be extended by the City for a reasonable period of time for Buyer to complete and open the school, not to exceed one (1) year ("Extension"). City shall not unreasonably withhold approval of said Extension.

This provision is expressly declared to be a condition subsequent for the benefit of the City and a power of termination, subject to payment of the Repurchase Price, enforceable by the City pursuant to California Civil Code Section 885.010. Upon development of the Property, or portion thereof, for school purposes consistent with the approved Use Permit, construction of the approved school building(s) and opening for education of a school on the Property, including without limitation a public charter school or private school, the covenants and restrictions under this Section 5.01, including the limitation on the use of the Property for school purposes and termination and repurchase rights of the City hereunder, shall automatically terminate.

5.02 Compliance with Laws. Buyer shall comply with all of the requirements of all City, State and Federal laws and regulations while owning and using the Property, including but not limited to the City's zoning regulations.

5.03 No Sale of Property for Five Years Prior to Development for School Purposes. Buyer covenants and agrees that, except for Permitted Transfers as defined herein, it will not sell, convey or transfer the Property or any portion thereof to any person, entity, agency or association within five (5) years of the recordation of the Grant Deed. Any such sale or attempted sale, conveyance or attempted conveyance of, transfer or attempted transfer by Buyer shall be null and void. For purposes hereof, a "Permitted Transfer" shall consist of a sale, assignment or transfer of all or any portion of the Property to an entity owned or controlled by Buyer, such as a wholly-owned limited liability company created to own, develop and operate the Property for school purposes (a "Related Buyer Entity"). Upon development of the Property, or portion thereof, for school purposes consistent with the approved Use Permit, construction of the approved school building(s) and opening for education of a school on the Property, including without limitation a public charter school or private school, this 5-year restriction on sales and transfers of the Property shall automatically terminate.

5.04 Notices. Any notices or elections shall be made in writing and shall be deemed sufficiently given and served for all purposes: (a) upon delivery if given in person; (b) upon receipt if given by facsimile or electronic mail; (c) upon receipt if given by generally recognized overnight courier service; or (d) 72 hours after deposit with the United States Postal Service, certified mail or registered mail, return receipt requested, postage prepaid. Notices shall be given to the respective addresses/fax number/e-mail address set forth below, or to such other addresses/fax numbers/e-mail addresses as the parties may designate from time to time.

If to Buyer: The Erik Karlshoej Education Foundation
Attn: Inge Karlshoej
725 Sanborn Road
Yuba City, CA 95993
Phone: 530.742.7124
Fax: 530.742.3707
E-mail: rerny@succeed.net

If to City: City of Yuba City
Brad McIntire, Parks and Recreation Director
1201 Civic Center Boulevard
Yuba City, CA 95993
Phone: 530.822.4652
Fax: 530.822.7575
E-mail: bmcintir@yubacity.net

5.05 Interpretation. This Agreement has been executed in Yuba City, California. The captions of paragraphs used in this Agreement are for convenience only. The provisions hereof shall be binding upon and inure to the benefit of the successors and assigns of Buyer and the City.

5.06 No Broker's Commission. Neither the Buyer nor the City shall be liable for any real estate commissions or brokerage fees which may arise from this Agreement. The Buyer and City each represent that it has engaged no broker, agent or finder in connection with this transaction. Accordingly, each party shall indemnify, defend and hold the other party harmless from any liabilities, damages or costs, including reasonable attorney's fees, arising from or related to any claim for a commission or finder's fee based on the indemnifying party's engagement or alleged engagement of any broker or finder in this transaction.

5.07 Time of Essence. Time is of the essence of this Agreement and of the escrow provided for herein.

5.08 Resolution of Disputes. Except for an action for specific performance by either party, which shall be venued in Sutter County Superior Court, all disputes pertaining to the Agreement, or any of its terms or provisions, shall be resolved by binding arbitration. The arbitrator shall be mutually agreed on by the parties. If there is no agreement, either party may petition the Superior Court of Sutter County to appoint an arbitrator from JAMS/Endispute of Sacramento, California. The person appointed shall be a retired Judge of the Superior Court or a retired Justice of the Court of Appeal or of the California Supreme Court. The parties shall share one-half (1/2) of the fees of the arbitrator; provided, however, that the arbitrator may award as costs to the prevailing party the entire arbitrator's fee.

5.09 Attorneys' Fees. If either Buyer or the City shall commence legal proceedings for the purpose of enforcing any provision or condition hereof, or by reason of any breach arising under the provisions hereof, then the prevailing party shall be entitled to reasonable attorneys' fees which shall consist of the fees for services rendered by counsel, the fees for services of experts, and all other expenses incurred in connection with the action, including those expenses recoverable as allowable costs of suit under the applicable state or federal statute, and those attorneys' fees and costs incurred executing upon or appealing any judgment, as well as all other expenses incurred during the course of the action.

5.10 Integration. This Agreement contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, relating to the subject matter which are not fully expressed herein.

5.11 Additional Documents. From time to time prior to and after the Close of Escrow, each party shall execute and deliver such instruments of transfer and other documents as may be reasonably requested by the other party to carry out the purpose and intent of this Agreement.

5.12 Dependence and Survival of Provisions. The respective warranties, representations, covenants, agreements, obligations and undertakings of each party hereunder shall be construed as dependent upon and given in consideration of those of the other party, and shall survive the Close of Escrow and delivery of the deed.

5.13 California Law. This Agreement shall be governed by the laws of the State of California.

5.14 Entry. During the term of this Agreement, the Buyer and its designated agents and independent contractors shall have the right to enter onto the Property to conduct reasonable tests, studies, inquiries and appraisals with respect thereto. The Buyer agrees to repair all damages it or its agents or independent contractors shall cause to the Property and further agrees to indemnify and hold City harmless of all costs, expenses, losses, attorneys' fees and liabilities (including, but not limited to, claims of mechanics' liens) incurred or sustained by City as a result of any acts of the Buyer, its agents or independent contractors, pursuant to the rights granted by this section.

5.15 Possession. City shall deliver exclusive possession of the Property to the Buyer at Close of Escrow.

5.16 Reporting to Internal Revenue Service. The escrow instructions for this transaction shall obligate Escrow Holder to report this transaction to the Internal Revenue Service pursuant to Section 6045 of the Internal Revenue Code of 1986, as amended.

5.17 Calculation of Time Periods. If any date for performance under this Agreement falls on a Saturday, Sunday or bank holiday, then the date for performance shall be the next day which is not a Saturday, Sunday or bank holiday, and the next time period shall be calculated from and after the date of such actual performance.

5.18 Exhibits. All exhibits to which reference is made in this Agreement are incorporated in this Agreement by the respective references to them, whether or not they are actually attached, provided they have been signed or initialed by the parties. Reference to "this Agreement" includes matters incorporated by reference.

5.19 Assignment. Buyer may assign this Agreement and the rights and obligations hereunder to any Related Buyer Entity upon written notice thereof to Seller. Any other assignment of this Agreement by either party shall be subject to the prior written approval of the other party, which approval shall not be unreasonably withheld.

[Signatures on Following Page]

Buyer:

The Erik Karlshoej Education Foundation

Dated: 8-7-, 2014

By



Inge Karlshoej

Title:

City:

City of Yuba City

Dated: _____, 2014

By

Steven C. Kroeger

Title: City Manager

EXHIBIT A

LEGAL DESCRIPTION

All that real property within the City of Yuba City, County of Sutter, State of California, being a portion of Lot 7 and Lot 8 of the "Kelly and Eager Tract", filed in the Office of the County Recorder of Sutter County, California on November 22, 1920 in Book 3 of Surveys at Page 50 and located in the North half of Section 10, in Township 15 North, Range 3 East, Mount Diablo Base & Meridian and being more particularly described as follows:

Portion 1

That parcel of land as described in the Grant Deed from Parmjit K. Brar to the City of Yuba City, a Municipal Corporation and filed in the Office of the County Recorder of Sutter County, California on January 8, 1996 at document number 199600186.

EXCEPTING THEREFROM the westerly 373.00 feet of said parcel that lies parallel with the western boundary.

TOGETHER WITH AS ONE PARCEL:

Portion 2

That parcel of land as described in the Grant Deed from Odie Nancy Basari to the City of Yuba City, a Municipal Corporation and filed in the Office of the County Recorder of Sutter County, California on October 29, 1998 at document number 199816814.

END OF DESCRIPTION

EXHIBIT A

All that real property being a portion of Lot 7 and Lot 8 of the "Kelly and Eager Tract", filed in the Office of the County Recorder of Sutter County, California on November 22, 1920 in Book 3 of Surveys at Page 50 and located in the North half of Section 10, in Township 15 North, Range 3 East, Mount Diablo Base & Meridian and being more particularly described as follows:

The northerly 20 feet of the parcel of land in the Grant Deed from City of Yuba City, a Municipal Corporation to the Erik Karlshoej Education Foundation and filed in the Office of the County Recorder of Sutter County, California on _____, 2014 at document number 2014_____.

END OF DESCRIPTION



PREPARED BY

DATE : _____

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO

EXHIBIT B
FORM OF GRANT DEED

Name The Erik Karlshoej Education Foundation
Street Address Attn: Inge Karlshoej
725 Sanborn Road
City & State Yuba City, CA 95933
530.749.2026

MAIL TAX STATEMENTS TO

Name The Erik Karlshoej Education Foundation
Street Address Attn: Inge Karlshoej
725 Sanborn Road
City & State Yuba City, CA 95993

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Grant Deed

APN: 51-580-012, 51-580-013 & portion of 51-580-014

The undersigned Grantor(s) declare(s):

Documentary transfer tax is \$0. **R&T Code Section** _____ : _____

- Computed on full value of property conveyed, or
- Computed on full value less value of liens and encumbrances remaining at time of sale.
- Unincorporated area City of Yuba City

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged,

The City of Yuba City, a municipal corporation ("Grantor")

Hereby GRANT(S) to

The Erik Karlshoej Education Foundation, a California nonprofit, public benefit corporation ("Grantee"), the real property in the City of Yuba City, County of Sutter, State of California (the "Property") described in the document attached hereto, labeled Exhibit A, and incorporated by this reference, subject to the following provisions contained in this Grant Deed (the "Grant Deed").

1. This grant is made expressly subject to the condition that, except for any portion of the Property not required for school use, the Grantee, its successors and assigns, shall only use the Property for charter or other such school purposes and if the Property is not developed for such purposes, or is proposed to be developed for non-school purposes, then Grantor, at its option, shall have the right and power to terminate and repurchase the fee simple estate conveyed by this Grant Deed, and to re-enter and take possession of the Property. This provision is expressly declared to be a condition subsequent for the benefit of Grantor and a power of termination enforceable by the Grantor upon such repurchase pursuant to California Civil Code Section 885.010. The terms for any such termination and repurchase are more particularly set forth in that certain Purchase and Sale Agreement between Grantor, as seller, and Grantee, as buyer, dated August __, 2014, pursuant to which this Grant Deed has been delivered by Grantor to Grantee (the "Purchase Agreement").
2. Except as otherwise permitted under the Purchase Agreement with respect to Permitted Transfers, Buyer shall not sell, convey or transfer the Property or any portion thereof to any person, entity, agency or association within five (5) years of the recordation of this Grant Deed. Any such sale or attempted sale, conveyance or attempted conveyance of, transfer or attempted transfer by Grantee shall be null and void.
3. In any event, the limitations in Paragraphs 1 and 2 above shall terminate upon Grantee's development and opening for education of a school on the Property.

GRANTOR:

CITY OF YUBA CITY, a municipal corporation

Dated: _____, 2014

By:
Title:

STATE OF CALIFORNIA
COUNTY OF _____.

On _____, before me, _____, a
Notary Public, personally appeared _____
and _____ who proved to me on the
basis of satisfactory evidence to be the person(s) whose name(s), is/are
subscribed to the within instrument and acknowledged that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity
upon behalf of which the person(s) acted, executed the instrument. I
certify under PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Grantee approves and accepts the provisions of this Grant
Deed.

GRANTEE:

THE ERIK KARLSHOEJ EDUCATION FOUNDATION

By: Inge Karlshoej

Title:

AND WHEN RECORDED MAIL TO

CITY OF YUBA CITY
1201 CIVIC CENTER BLVD.
YUBA CITY, CA. 95993

MAIL TAX STATEMENTS TO

CITY OF YUBA CITY
1201 CIVIC CENTER BLVD.
YUBA CITY, CA. 95993

EXHIBIT C
FORM OF PUBLIC UTILITY EASEMENT DEDICATION

EASEMENT DEED

The undersigned grantor(s) declare(s):

Assessor's Parcel Number : 51-580-014

Documentary transfer tax is \$

- () computed on full value of property conveyed, or
- () computed on full value less liens and encumbrances remaining at time of sale.

() Unincorporated area: (X) City of Yuba City, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

ERIK KARLSHOEJ EDUCATION FOUNDATION

Hereby GRANT(S) to

CITY OF YUBA CITY, a Municipal Corporation

A public utility easement located in, over, under and across the real property in the City of Yuba City, County of Sutter, State of California more particularly described as follows:

SEE EXHIBIT A

DATED

.....

Inge Karlshoej

Title:.....

EXHIBIT A

All that real property being a portion of Lot 7 and Lot 8 of the "Kelly and Eager Tract", filed in the Office of the County Recorder of Sutter County, California on November 22, 1920 in Book 3 of Surveys at Page 50 and located in the North half of Section 10, in Township 15 North, Range 3 East, Mount Diablo Base & Meridian and being more particularly described as follows:

Portion 1

That parcel of land as described in the Grant Deed from Parmjit K. Brar to the City of Yuba City, a Municipal Corporation and filed in the Office of the County Recorder of Sutter County, California on January 8, 1996 at document number 199600186.

EXCEPTING THEREFROM the westerly 373.00 feet of said parcel that lies parallel with the western boundary.

TOGETHER WITH AS ONE PARCEL:

Portion 2

That parcel of land as described in the Grant Deed from Odie Nancy Basari to the City of Yuba City, a Municipal Corporation and filed in the Office of the County Recorder of Sutter County, California on October 29, 1998 at document number 199816814.

END OF DESCRIPTION



PREPARED BY



DATE: 8/6/2014

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO

EXHIBIT B
FORM OF GRANT DEED

Name The Erik Karlshoej Education Foundation
Street Attn: Inge Karlshoej
Address 725 Sanborn Road
City & State Yuba City, CA 95933
530.749.2026

MAIL TAX STATEMENTS TO

Name The Erik Karlshoej Education Foundation
Street Attn: Inge Karlshoej
Address 725 Sanborn Road
City & State Yuba City, CA 95993

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Grant Deed

APN: 51-580-012, 51-580-013 & portion of 51-580-014

The undersigned Grantor(s) declare(s):

Documentary transfer tax is \$0. R&T Code Section _____ : _____

- Computed on full value of property conveyed, or
- Computed on full value less value of liens and encumbrances remaining at time of sale.
- Unincorporated area City of Yuba City

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged,

The City of Yuba City, a municipal corporation ("Grantor")

Hereby GRANT(S) to

The Erik Karlshoej Education Foundation, a California nonprofit, public benefit corporation ("Grantee"), the real property in the City of Yuba City, County of Sutter, State of California (the "Property") described in the document attached hereto, labeled Exhibit A, and incorporated by this reference, subject to the following provisions contained in this Grant Deed (the "Grant Deed").

1. This grant is made expressly subject to the condition that, except for any portion of the Property not required for school use, the Grantee, its successors and assigns, shall only use the Property for charter or other such school purposes and if the Property is not developed for such purposes, or is proposed to be developed for non-school purposes, then Grantor, at its option, shall have the right and power to terminate and repurchase the fee simple estate conveyed by this Grant Deed, and to re-enter and take possession of the Property. This provision is expressly declared to be a condition subsequent for the benefit of Grantor and a power of termination enforceable by the Grantor upon such repurchase pursuant to California Civil Code Section 885.010. The terms for any such termination and repurchase are more particularly set forth in that certain Purchase and Sale Agreement between Grantor, as seller, and Grantee, as buyer, dated August __, 2014, pursuant to which this Grant Deed has been delivered by Grantor to Grantee (the "Purchase Agreement").
2. Except as otherwise permitted under the Purchase Agreement with respect to Permitted Transfers, Buyer shall not sell, convey or transfer the Property or any portion thereof to any person, entity, agency or association within five (5) years of the recordation of this Grant Deed. Any such sale or attempted sale, conveyance or attempted conveyance of, transfer or attempted transfer by Grantee shall be null and void.
3. In any event, the limitations in Paragraphs 1 and 2 above shall terminate upon Grantee's development and opening for education of a school on the Property.

GRANTOR:

CITY OF YUBA CITY, a municipal corporation

Dated: _____, 2014

By:
Title:

STATE OF CALIFORNIA
COUNTY OF _____

On _____, before me, _____, a
Notary Public, personally appeared _____
and _____ who proved to me on the
basis of satisfactory evidence to be the person(s) whose name(s), is/are
subscribed to the within instrument and acknowledged that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity
upon behalf of which the person(s) acted, executed the instrument. I
certify under PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Grantee approves and accepts the provisions of this Grant
Deed.

GRANTEE:

THE ERIK KARLSHOEJ EDUCATION FOUNDATION

By: Inge Karlshøj

Title:

EXHIBIT A

All that real property being a portion of Lot 7 and Lot 8 of the "Kelly and Eager Tract", filed in the Office of the County Recorder of Sutter County, California on November 22, 1920 in Book 3 of Surveys at Page 50 and located in the North half of Section 10, in Township 15 North, Range 3 East, Mount Diablo Base & Meridian and being more particularly described as follows:

Portion 1

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EXCEPTING THEREFROM the westerly 373.00 feet of said parcel that lies parallel with the western boundary.

TOGETHER WITH AS ONE PARCEL:

Portion 2

That parcel of land as described in the Grant Deed from Odie Nancy Basari to the City of Yuba City, a Municipal Corporation and filed in the Office of the County Recorder of Sutter County, California on October 29, 1998 at document number 199816814.

END OF DESCRIPTION



PREPARED BY



DATE: 8/6/2014

AND WHEN RECORDED MAIL TO

CITY OF YUBA CITY
1201 CIVIC CENTER BLVD.
YUBA CITY, CA. 95993

EXHIBIT C
FORM OF PUBLIC UTILITY EASEMENT DEDICATION

MAIL TAX STATEMENTS TO

CITY OF YUBA CITY
1201 CIVIC CENTER BLVD.
YUBA CITY, CA. 95993

EASEMENT DEED

The undersigned grantor(s) declare(s):

Assessor's Parcel Number : 51-580-014

Documentary transfer tax is \$

() computed on full value of property conveyed, or

() computed on full value less liens and encumbrances remaining at time of sale.

() Unincorporated area: (X) City of Yuba City, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

ERIK KARLSHOEJ EDUCATION FOUNDATION

Hereby GRANT(S) to

CITY OF YUBA CITY, a Municipal Corporation

A public utility easement located in, over, under and across the real property in the City of Yuba City, County of Sutter, State of California more particularly described as follows:

SEE EXHIBIT A

DATED

.....

Inge Karlshoej

Title:.....

EXHIBIT A

All that real property being a portion of Lot 7 and Lot 8 of the "Kelly and Eager Tract", filed in the Office of the County Recorder of Sutter County, California on November 22, 1920 in Book 3 of Surveys at Page 50 and located in the North half of Section 10, in Township 15 North, Range 3 East, Mount Diablo Base & Meridian and being more particularly described as follows:

The northerly 20 feet of the parcel of land in the Grant Deed from City of Yuba City, a Municipal Corporation to the Erik Karlshoej Education Foundation and filed in the Office of the County Recorder of Sutter County, California on _____, 2014 at document number 2014_____.

END OF DESCRIPTION



PREPARED BY



DATE: 8/6/2014

CITY OF YUBA CITY
STAFF REPORT

Date: September 2, 2014
To: Honorable Mayor & Members of the City Council
From: Police Department
Presentation By: Dennis Hauck, Traffic Officer

Summary

Subject: Office of Traffic Safety Ride Safe, Drive Safe Program Grant - \$143,700.

Recommendation: 1) Adopt a Resolution authorizing the Chief of Police to accept the 2014/2015 California Office of Traffic Safety Grant titled Ride Safe, Drive Safe Program

2) Authorize the Chief of Police to enter into a Professional Services Agreement with The Health and Social Policy Institute (HASPI) finding it is in the best interest in the City to do so, and approve expenditure recommendations. Further, authorize the Finance Director to make budget adjustments as necessary.

Fiscal Impact: \$ 143,700 to account 100-43428 (OTS Ride Safe, Drive Safe Program) – No City match required.

Purpose:

To accept a no-match grant from the California Office of Traffic Safety to further the city's traffic safety efforts.

Background:

In January 2014, the Yuba City Police Department submitted a grant titled "Ride Safe, Drive Safe Program" to the California Office of Traffic Safety. In June 2014, the department received notification we were selected to receive funds in the amount of \$162,110. Since part of the grant involves subcontracting with a not for profit organization, Council approval is needed for the grant. No matching funds are required by the City of Yuba City to accept the grant. This grant runs in accordance with the Federal Fiscal year 10/01/14-09/30/15.

Analysis:

The RIDE SAFE, DRIVE SAFE Program will target parents, teen drivers and children to teach them the importance of occupant protection and safe driving practices. Motor vehicle crashes continue to be the leading cause of death for children and teens from birth to age eighteen in Sutter County. The RIDE SAFE, DRIVE SAFE PROGRAM will target parents and children at two developmentally, "teachable," moments identified by data and national research: ages 5-8 and 13-17. Children in these age groups face increased risk of injury or death from Motor Vehicle Crashes because they are making an important transition as occupants. Education will be provided to students and parents through schools and existing community events. Education efforts will also focus on Health care

providers who work with youth and can help ensure parents and caregivers are practicing proper occupant safety procedures. This grant will also work to strengthen local Child Passenger Safety technician retention, skills, violator classes and increase Fitting Stations and Bicycle Safety through school based rodeos.

We intend to use the funds from this grant to conduct Bicycle Rodeos, Child Passenger Seat check-up events, provide 200 car seats to low income families, and also provide 800 bicycle helmets to area youths in need of helmets. Personnel from the department will also attend training classes related to occupant protection laws and enforcement techniques. All personnel overtime and other costs related to the training classes are fully covered by the grant. The grant will also provide funds for equipment necessary to complete the aforementioned tasks.

The Health and Social Policy Institute (HASPI) is a non-profit organization that works independently and in partnership with others to address a wide range of public health and environmental issues including heart and lung diseases, cancer and tobacco control, nutrition and fitness, childhood safety, reproductive health, gerontology and climate change/degradation. The specific goals of HASPI are to promote public health and increase the effectiveness of public health professionals and agencies by conducting and managing public health research and by providing professional education technical assistance and policy analysis for health institutions. HASPI also strives to deliver services to low income and low literacy populations in underserved communities.

The department decided to collaborate with HASPI on this project because it would be more cost effective to utilize HASPI to ensure the goals and objectives of the grant are met. HASPI has maintained a long standing relationship with the police department working toward enhancing occupant safety in our community. HASPI also maintains strong working relationships with a wide range of care giver groups and organizations both within and outside our community which further enhances our ability to facilitate this grant. The California Office of Traffic Safety endorses such projects to encourage local law enforcement to work with non-profit organizations to increase the safety of children by the use of child restraints. The department has worked side by side with HASPI in conducting occupant safety related tasks for several years. The Office of Traffic Safety has allocated funds in the grant to utilize HASPI, as they have vast experience in the area of occupant protection. Under the Youth Traveling Safely Grant the department will pay HASPI up to \$96,922.00 for services necessary to meet the goals and objectives of the grant. The department will then be reimbursed by the California Office of Traffic Safety. Since the money has been allocated by the California Office of Traffic Safety specifically for contractual services the funds that HASPI is receiving cannot be used for any other purpose. HASPI will lead work related to training and quality assurance with technician retention and recruitment. HASPI will engage in networking with local stakeholders, community based organizations, the California Highway Patrol and schools. HASPI will also schedule trainings and events. HASPI will also be responsible for completing progress reports and reporting to the Project Director, Sergeant Michael Green.

Fiscal Impact:

The City will be reimbursed \$ 143,700 from the California Office of Traffic Safety. No matching funds are required for this grant. Funds will be drawn down through account 2184-61430 for personnel overtime costs, 2184-62801 for travel and training, 2184-63801 for other direct costs and 2184-62701 for professional serves associated to the grant.

Alternatives:

Not accept the grant or direct staff to research additional alternatives.

Recommendation:

1) Adopt a Resolution authorizing the Chief of Police to accept the 2014/2015 California Office of Traffic Safety Grant titled Ride Safe, Drive Safe Program

2) Authorize the Chief of Police to enter into a Professional Services Agreement with The Health and Social Policy Institute (HASPI) finding it is in the best interest in the City to do so, and approve expenditure recommendations. Further, authorize the Finance Director to make budget adjustments as necessary.

Prepared By:

Submitted By:

/s/ Dennis Hauck

/s/ Steven C. Kroeger

Dennis Hauck
Traffic Officer

Steven C. Kroeger
City Manager

Reviewed By:

Department Head

RL

Finance

RB

City Attorney

TH

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
AUTHORIZING RECEIPT, ALLOCATION AND EXPENDITURE, OF THE FY
2014-2015 CALIFORNIA OFFICE OF TRAFFIC SAFETY GRANT "KEEPING
KIDS SAFE PROGRAM"**

BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF YUBA CITY AS FOLLOWS:

WHEREAS, The Yuba City Council desires to undertake a certain project designated as Ride Safe, Drive Safe program to be funded in part from funds made available through the California Office of Traffic Safety (OTS).

NOW, THEREFORE, BE IT RESOLVED that the Chief of Police of the City of Yuba City is authorized, on its behalf to execute a contract, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto.

IT IS AGREED that any liability arising out of the performance of this contract, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California and OTS disclaim responsibility for any such liability.

BE IT FURTHER RESOLVED that grant funds received hereunder shall not be used to supplant expenditures controlled by this body.

IT IS ALSO AGREED that this award is not subject to local hiring freezes.

I hereby certify that the foregoing is a true copy of the resolution adopted by the Yuba City Council of Yuba City in a meeting thereof held on September 2, 2014 by the following:

AYES:

NOES:

ABSENT:

Kash Gill, Mayor

ATTEST:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: September 2, 2014

To: Honorable Mayor & Members of the City Council

From: Police Department

Presentation By: Dennis Hauck, Traffic Officer

Summary

Subject: Office of Traffic Safety Grant, Selective Traffic Enforcement Program - \$82,000

Recommendation: Adopt a resolution authorizing the Chief of Police to accept the 2014/2015 Office of Traffic Safety Grant titled Selective Traffic Enforcement Program in the amount of \$82,000 and approve expenditure recommendations. Further, authorize the Finance Director to make budget adjustments as necessary.

Fiscal Impact: \$82,000 to account 100-43409 (OTS Selective Traffic Enforcement Grant) – No City match required.

Purpose:

To accept a no-match grant from the California Office of Traffic Safety to further the city's traffic safety efforts.

Background:

In February 2014, the Yuba City Police Department submitted a grant titled Selective Traffic Enforcement Program to the California Office of Traffic Safety. In June 2014 the department received notification we were selected to receive funds in the amount of \$82,000. No matching funds are required by the City of Yuba City to accept the grant. This grant runs in accordance with the Federal Fiscal year 10/01/14-09/30/15.

Analysis:

For many years the department has had a positive working relationship with the California Office of Traffic Safety. Again this year, we were selected for funding to maintain an aggressive stance towards those individuals who continue to operate a motor vehicle in our community, while he or she is under the influence of alcohol or other drugs. This grant will allow the department to continue to combat impaired drivers in our community. While having an impaired driving portion, this grant also allows for other directed enforcement operations. These operations deploy officers within the City with a primary goal of reducing injury collisions through targeting primary collision factors such as speed and red light enforcement in areas with a high frequency of accidents.

The goals of the grant are to reduce the persons killed and injured in traffic collisions. "Best practice" strategies will be conducted on an overtime basis. The funded strategies include among other directed enforcement strategies; DUI saturation patrols, speed enforcement, red light, and

distracted driver enforcement. These strategies are designed to earn media attention thus enhancing the overall deterrent effect. In addition to overtime costs the grant will cover the cost of three LIDAR devices for speed enforcement (up to \$6,000). The LIDARs will assist motor officers to conduct speed enforcement in problem areas. The LIDARs allow motor officers to conduct speed enforcement in congested traffic areas and target a specific vehicle that is speeding. Speed remains the leading primary collision factor in our community and the radars will help our efforts toward reducing speed related collisions and injuries from those collisions.

Fiscal Impact:

The City will be reimbursed \$82,000 from the California Office of Traffic Safety. No matching funds are required for this grant. Funds will be drawn down through account 2191-61430 for personnel overtime costs, 2191-62801 for travel and training, and 2191-63801 for direct costs associated with the grant.

Alternatives:

Not accept the grant or direct staff to research additional alternatives.

Recommendation:

Adopt a resolution authorizing the Chief of Police to accept the 2014/2015 Office of Traffic Safety Grant titled Selective Traffic Enforcement Program in the amount of \$82,000 and approve expenditure recommendations. Further, authorize the Finance Director to make budget adjustments as necessary.

Prepared By:

Submitted By:

/s/ Dennis Hauck

/s/ Steven C. Kroeger

Dennis Hauck
Traffic Officer

Steven C. Kroeger
City Manager

Reviewed By:

Department Head

RL

Finance

RB

City Attorney

TH

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
AUTHORIZING RECEIPT, ALLOCATION AND EXPENDITURE, OF THE FY
2014-2015 CALIFORNIA OFFICE OF TRAFFIC SAFETY GRANT "SELECTIVE
TRAFFIC ENFORCEMENT PROGRAM"**

BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF YUBA CITY
AS FOLLOWS:

WHEREAS, THE Yuba City Council desires to undertake a certain project designated as Selective Traffic Enforcement Program to be funded in part from funds made available through the California Office of Traffic Safety (OTS).

NOW, THEREFORE, BE IT RESOLVED that the Chief of Police of the City of Yuba City is authorized, on its behalf to execute a contract, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto.

IT IS AGREED that any liability arising out of the performance of this contract, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California and OTS disclaim responsibility for any such liability.

BE IT FURTHER RESOLVED that grant funds received hereunder shall not be used to supplant expenditures controlled by this body.

IT IS ALSO AGREED that this award is not subject to local hiring freezes.

I hereby certify that the foregoing is a true copy of the resolution adopted by the Yuba City Council of Yuba City in a meeting thereof held on September 2, 2014, by the following:

AYES:

NOES:

ABSENT:

Kash Gill, Mayor

ATTEST:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: September 2, 2014
To: Honorable Mayor & Members of the City Council
From: Department of Public Works
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Emergency Water Restrictions and Water Conservation Update
Recommendation: Adopt a resolution declaring that water supply conditions are such that they dictate and justify the need for the implementation of emergency water restrictions and authorize staff to issue violations per the Municipal Code.
Fiscal Impact: Potential for collection of funds through the violation process.

Purpose:

To provide an update on the City’s water supply and conservation efforts and declare the need for implementation of emergency water restrictions.

Background:

The City of Yuba City obtains water for its water system through four different permits/contracts from the Feather River. The City also has access to one groundwater well located at the Water Treatment Plant for use in drought or emergency conditions.

With the third consecutive year of drought, three of the City’s contracts have been curtailed. License 13855 and Permit 18558 are restricted until further notice, and the DWR State Water Project Contract has been reduced to 5%. Fortunately, during previous years in which available water exceeded the City’s need, the City has 6,906 AF of carryover water. Also, prior to receiving a curtailment notice, the City was able to utilize 2,906 AF of the 2014 allotment under License 13855. This results in a total of 18,040 AF of water available for 2014, as summarized in Table A. For reference purposes, the City’s water demand in 2013 was 18,178 AF.

Table A: Yuba City Water Sources

Water Source	Contract Allotment	Current Allotment	Projected 2015 Allotment	Time of Use
SWRCB License 13855	6,500 AF	2,906 AF	2,900 AF	Sept. - June
SWRCB Permit 18558	9,000 AF	0 AF	0 AF	Oct. - June
North Yuba Water District	4,500 AF	4,500 AF	4,500 AF	Summer
DWR State Water Project	9,600 AF	480 AF	480 AF	Year Round

DWR State Water Project - Carryover	0 AF	6,906 AF	1,500 AF*	Year Round
Backup Groundwater Well (WTP)	3,248 AF	3,248 AF	3,248 AF	As Needed
Total:	32,848 AF	18,040 AF	12,628 AF	

*Assumes that not all of the 6,906 AF of available carryover water is used in 2014.

If there are not significant rains during the upcoming winter, the City's water supply situation could become even more critical. No one can predict what the year will bring, but if the City were to receive similar allotments to those received in 2014, and with the reduction of available carryover water, there is the potential that the City's water supply in 2015 could be in the range of approximately 12,600 AF, or approximately 70% of the water used in 2013. With that in mind, conservation efforts beyond that of the State requested 20% are critical to not only extend the City's carryover water, but to also get customers accustomed to using less water.

Analysis:

On July 15, 2014, the State Water Resources Control Board (SWRCB) approved emergency regulations to ensure that water suppliers, their customers and state residents increase water conservation in urban settings. The emergency regulations specifically require that urban water suppliers implement water shortage contingency plans to a level where restrictions on outdoor watering are mandatory. For Yuba City, that is Stage 3 of the City's Water Shortage Contingency Plan.

In response to the SWRCB's emergency regulations, a letter was sent out to all Yuba City water customers on July 30 to inform them of the emergency water restrictions, education process, and potential violations. The emergency water restrictions include:

- Avoid using water to clean sidewalks, driveways, parking lots and other hardscapes.
- Turn off fountains and other decorative water features unless recycled or grey water is available.
- Do not use a hose to wash a motor vehicle unless the hose is fitted with a shut-off nozzle.
- Limit outdoor watering of lawns to no more than two times a week.

Section 6-6.19 of the Municipal Code, "Emergency Water Restrictions", dictates that the City Council must make a declaration that water supply conditions are such that they dictate and justify the implementation of emergency water restrictions. Section 6-6.20 of the Municipal Code, "Enforcement Measures", dictates that for each violation of the regulations, the person to whom the water bill is sent will be assessed the following penalties:

1. First Violation – Written warning
2. Second Violation - \$50 surcharge on next monthly water bill
3. Third Violation - \$100 surcharge on next monthly water bill
4. Fourth and Subsequent Violations - \$250 surcharge on next monthly water bill

For the past few weeks, the Public Works and Finance Departments have been conducting water patrols to educate water customers about the upcoming mandatory water restrictions and violations. In addition, staff has assisted customers with adjustment of their sprinkler timers.

With Council approval, staff will begin implementation of the enforcement measures on September 3rd. The process for issuing violations will be as follows:

- Water patrol staff member sees a property that is in violation of the emergency water restrictions.
- Water patrol staff member takes a time-stamped photo of the property as the violation is occurring.
- The photo is attached to a letter that is sent to the person to whom the water bill is sent notifying them of the violation and giving them one week to make the necessary adjustments to gain compliance.
- If a second or subsequent violation is issued, the Finance Department will add the appropriate surcharge to their next monthly bill.

Since January, the City has taken steps to actively promote water conservation through various efforts which has resulted in a 20.5% reduction in metered water consumption compared to 2013 (Exhibit A). Some of those efforts include:

- Water Conservation Education
- Water Rebate Program
- WaterSmart Program
- Water Audits
- Door Hangers – Irrigation Issues
- Leak Detection and Notification Letters
- Conservation Kits
- Modifying the “My Yuba City” app to allow reporting of water wasters

Even though the City’s customers are meeting the statewide goal of 20% conservation, with the enforcement of the emergency water restrictions, it is anticipated that the City could reach up to 30% conservation. This is essential to retain as much of the City’s carryover water as possible for use in 2015.

Fiscal Impact:

The City’s approach is to educate water customers to make them aware of the mandatory water restrictions and issue monetary violations as a last resort. With the issuance of written warnings, customers will be given an opportunity to make adjustments as necessary to gain compliance.

Alternatives:

The SWRCB emergency regulations coincide with the implementation of Stage 3 (mandatory measures) of the City’s Water Shortage Contingency Plan. The City’s Municipal Code dictates what is to occur with the declaration that emergency water restrictions are required.

In addition to the violation process, another way to encourage water conservation is through a tiered rate structure. The City does not currently have a tiered rate structure in place. However, staff is in the process of hiring a consultant to prepare a new water rate study for presentation to Council in

early 2015, which will have a recommendation for a tiered rate structure as an option for Council consideration.

Recommendation:

Adopt a resolution declaring that water supply conditions are such that they dictate and justify the need for the implementation of emergency water restrictions and authorize staff to issue violations per the Municipal Code.

Prepared by:

Submitted by:

/s/ Diana Langley

/s/ Steven C. Kroeger

Diana Langley
Public Works Director

Steven C. Kroeger
City Manager

Reviewed by:

Department Head

DL

Finance

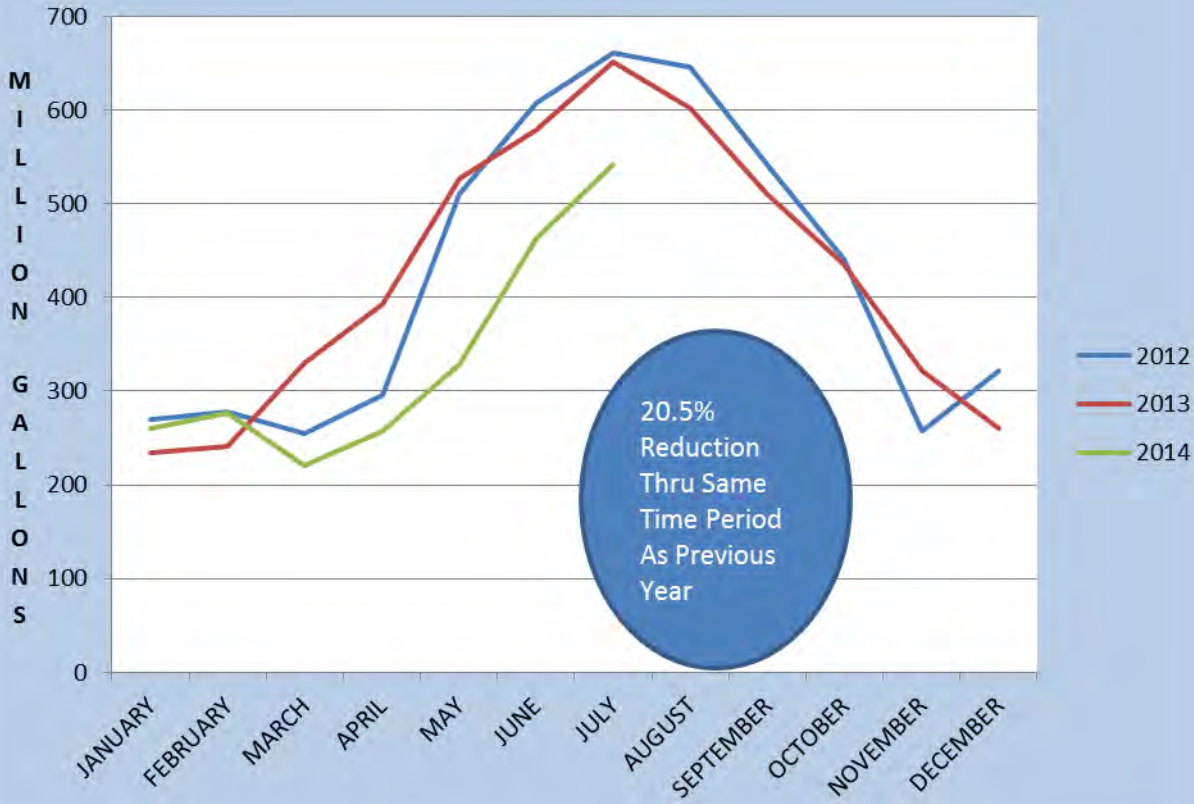
RB

City Attorney

TH

Other

City of Yuba City Water Consumption



RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY DECLARING
THAT WATER SUPPLY CONDITIONS ARE SUCH THAT THEY DICTATE AND
JUSTIFY THE NEED FOR IMPLEMENTATION OF EMERGENCY WATER
RESTRICTIONS**

BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF YUBA CITY AS FOLLOWS:

WHEREAS, the State of California is enduring the third consecutive year of drought; and,

WHEREAS, on July 15, 2014, the State Water Resources Control Board approved emergency regulations to ensure that water suppliers, their customers and state residents increase water conservation in urban settings; and,

WHEREAS, the State Water Resources Control Board's emergency regulations require that urban water suppliers implement water shortage contingency plans to a level where restrictions on outdoor watering are mandatory; and,

WHEREAS, the City's mandatory water restrictions are a part of Stage 3 of the City's Water Shortage Contingency Plan; and,

WHEREAS, Section 6-6.19 of the Municipal Code dictates that the City Council must make a declaration that water supply conditions are such that they dictate and justify the implementation of emergency water restrictions including mandatory water restrictions.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Yuba City hereby declares that water supply conditions are such that they dictate and justify the need for implementation of emergency water restrictions.

The foregoing resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 2nd day of September, 2014.

AYES:

NOES:

ABSENT:

Kash Gill, Mayor

ATTEST:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: September 2, 2014
To: Honorable Mayor & Members of the City Council
From: City Treasurer
Presentation By: Spencer Morrison, Accounting Manager/City Treasurer

Summary

Subject: Presentation of Investment Report – Quarter Ended June 30, 2014
Recommendation: Note & File Quarterly Investment Report
Fiscal Impact: Informational item only

Purpose:

To provide information regarding the investment of City funds.

Background:

In accordance with the City's adopted Investment Policies, staff has prepared the attached investment report for City Council review for the previous quarter (April, May, and June).

Analysis:**Portfolio Highlights:**

- As of June 30, 2014, the City's overall investment portfolio (estimated market value) totaled \$83,173,169, a decrease of \$1,629,055 since the previous quarter.
- Notable transactions during the quarter that affected cash flows included: 1) Receipt and deposit of the second property tax allocation of \$6.5 million, and the successor agency allocation of \$784 thousand; 2) Paid various debt service payments for \$3.5 million; and 3) receipt of an advance of state funds for the Sutter-Butte Flood Control Agency project, \$18.5 million; 4) and six payrolls, \$6.5 million.
- The Portfolio shows a "paper loss" of \$126,410 as of June 30th. This represents the amount of money that the City would lose if it were to liquidate its entire portfolio at the end of the reporting period. However, such losses would not be realized if the investments are held until maturity (which is the City's general investment strategy).
- Portfolio interest earnings continue to remain very low. For the quarter ended 6/30/14, 12 investments matured or were sold with an average yield of 0.78%. The funds were re-invested in six investments with an average yield of 0.89%. This contributed to slowing the rate of decline of the *Weighted Average Yield to Maturity* of the City's total investment portfolio of 0.75% for the quarter.
- The City's cash flow needs will be met by the roughly \$27.3 million as of June 30th (approximately 34.5% of the *City Held Investments* portfolio value) that is currently invested in LAIF, CAMP, Umpqua and in the City's Wells Fargo account, which are wholly liquid.

Outlook: The city treasurer's office still does not see signs pointing toward significant portfolio growth. The national gross domestic product has grown, consumer confidence is at its highest

since November, 2007, the outlook for job-seekers seems to be improving, and existing home sales are up nationally; so, what's the issue? It is simply monetary policy. Though the Fed tapering should be complete in the coming months, the Federal Open Market Committee is intent on holding rates in the zero to 25 percent range. On this news, the city treasurer's office is planning to increase the liquidity in the city's portfolio. The summer building season has been a busy one with significant funds expended in utility projects, including funds expended and to be reimbursed from state grants; a lengthy process.

Summary Overview: The City's Investment portfolio continues to remain safe and stable. Each investment continues to be in compliance with State law and the City's formal Investment Policies. Our three primary objectives for the City's portfolio are safety, liquidity, and then yield. With this in mind, staff continues to conservatively look for opportunities in today's volatile marketplace while remaining focused on our primary objectives.

Fiscal Impact:

Informational Item only.

Recommendation:

Staff recommends that Council note and file the Quarterly Investment Report for the period ending June 30, 2014.

Prepared and Submitted By:

/s/ Spencer Morrison

Spencer Morrison
Accounting Manager/City Treasurer

Reviewed By:

City Manager

SK

Finance

RB

City Attorney

TH



City of Yuba City

Treasurer's Quarterly Investment Report

AS PRESCRIBED BY CALIFORNIA GOVERNMENT CODE SECTION 53646

June 30, 2014

**City of Yuba City – Month-By-Month Comparison Report
June 30, 2014**

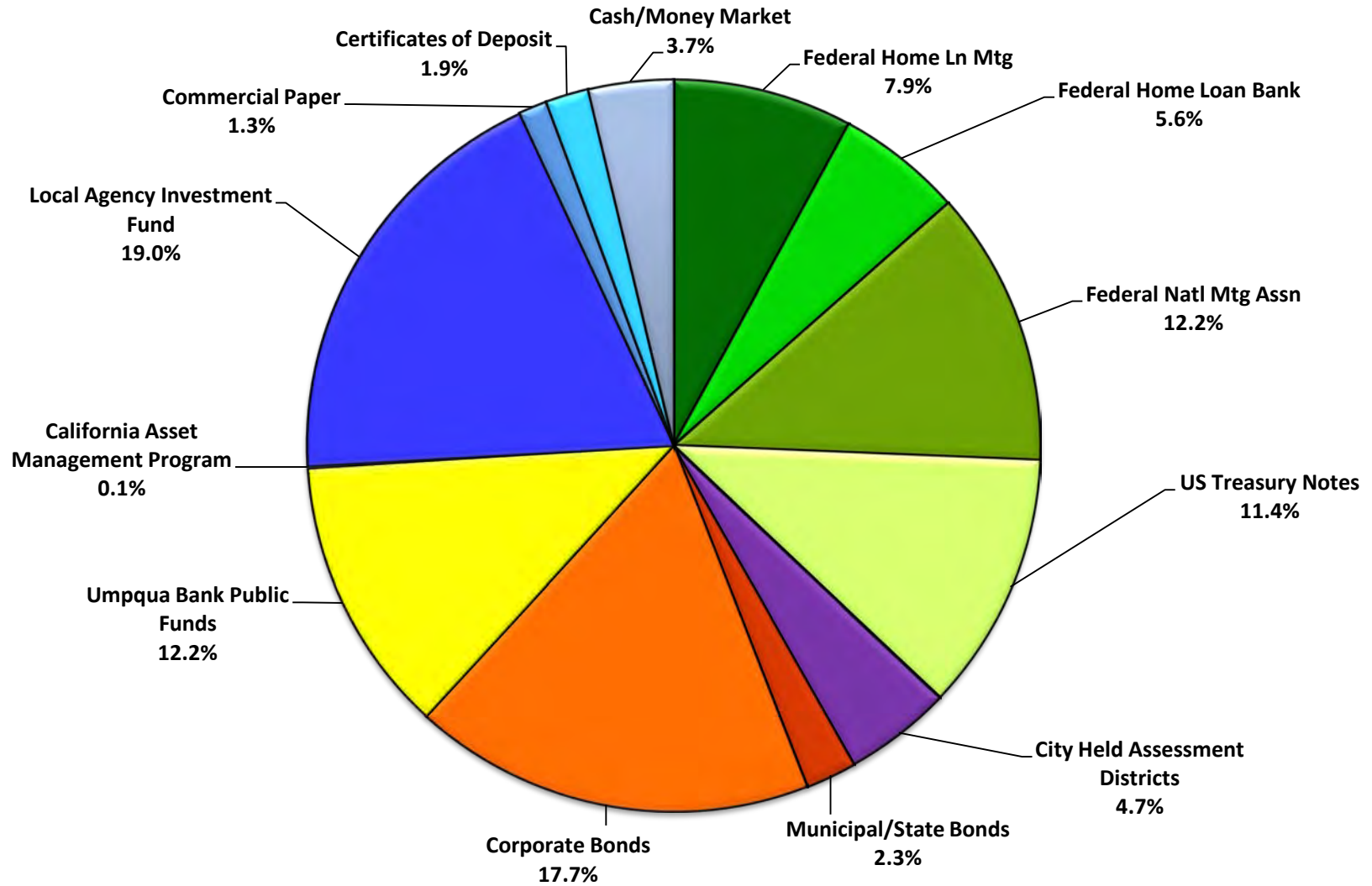
The following table provides a comparison of the portfolio for the quarter ended June 30, 2014, and the previous quarters ended March, 2013, December, 2013, and September, 2013.

Portfolio Comparison				
	9/30/13	12/31/13	3/31/14	6/30/14
Cost Basis	\$84,718,095	\$73,614,208	\$84,802,224	\$83,173,169
Estimated Market Value	84,558,628	73,360,224	84,566,284	83,062,539
Unrealized Gains/(Losses) ⁽¹⁾	(158,754)	(253,310)	(235,336)	(126,410)
Liquidity	38.8%	29.2%	38.8%	34.5%
Weighted Average Years: Maturity of City Held Funds	1.77 years	2.04 years	1.74 years	2.26 years
LAIF Interest Rate	0.26%	0.26%	0.24%	0.23%
CAMP Interest Rate	0.100%	0.060%	0.060%	0.060%
Umpqua Bank Public Funds Money Market Interest Rate	0.27%	0.27%	0.24%	0.23%
Portfolio: Weighted Average Yield to Maturity at Market	0.95%	0.97%	0.80%	0.75%
CPI (Annualized)	1.2%	1.5%	Unavail.	2.2%

Note: (1) This represents the amount of money that the City would gain if it were to liquidate its entire portfolio at the end of the reporting period. However, such gains (or losses) will not be realized if the investments are held until maturity (which is the City's historical investment strategy).

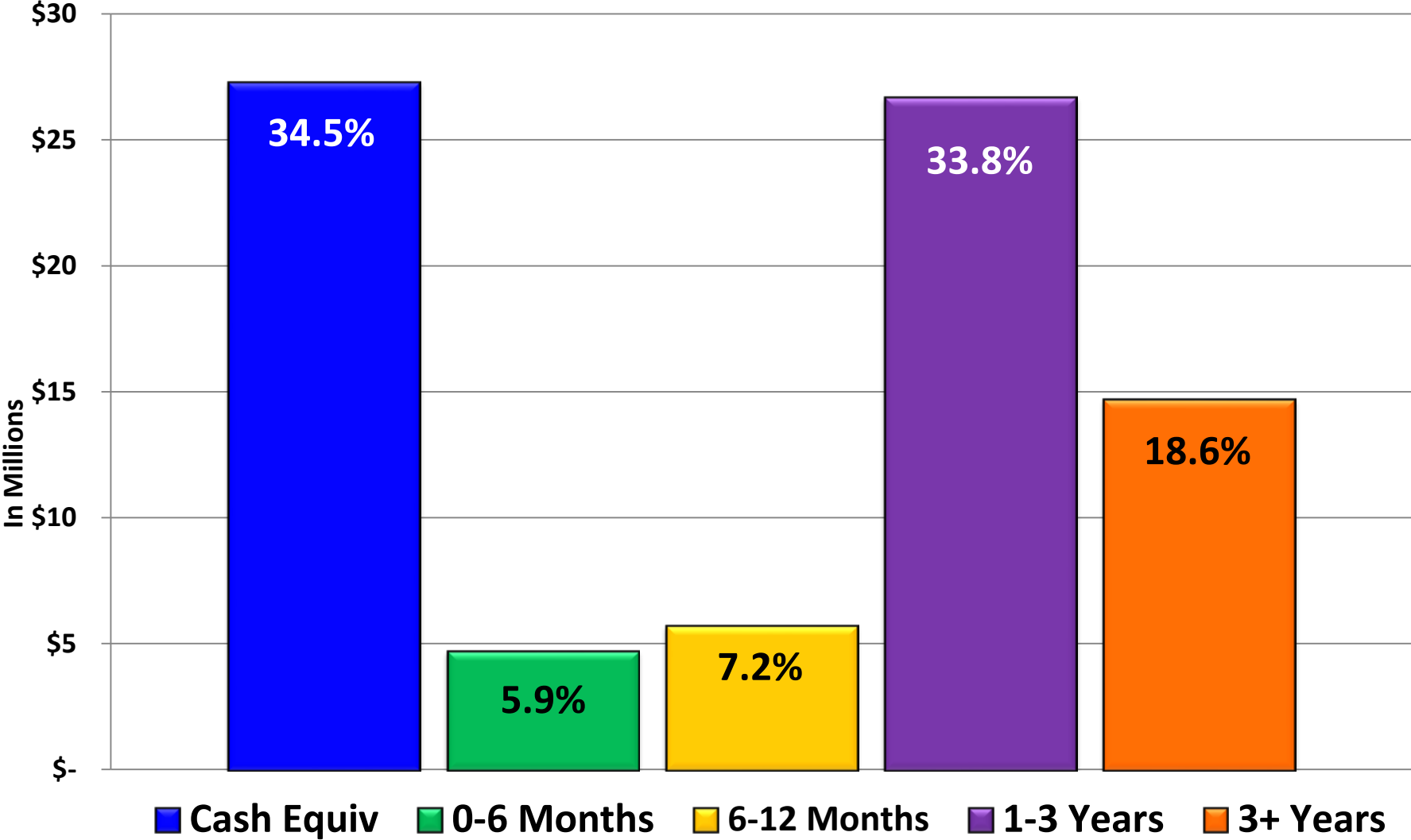
City of Yuba City – Quarterly Investment Report
June 30, 2014

Composition of City Held Investments



City of Yuba City – Quarterly Investment Report
June 30, 2014

City Held Investment Portfolio Maturity Distribution



**City of Yuba City
Monthly Investment Statement**

City Held Investments

June, 2014

No.	Description of Security	Maturity Date	Coupon Rate	Yield to Maturity	Cost Basis	Estimated Market Value	Unrealized Gain/(Loss)
1	Local Agency Investment Fund (LAIF)	Daily	0.228%	0.228%	\$ 14,806,723	\$ 14,806,723	\$ -
2	Calif. Asset Management Program (CAMP)	Daily	0.060%	0.060%	102,560	102,560	-
3	Wells Fargo Money Market & Checking Accts.	Daily (Sweep)	0.000%	0.000%	2,378,806	2,378,806	-
4	Umpqua Bank Public Funds Money Market	Daily	0.230%	0.230%	9,498,890	9,498,890	-
5	Reich & Tang Money Market Funds	Daily	0.100%	0.000%	519,712	519,712	-
6	Barclays US Disc Comm Paper	07/07/14	0.000%	0.000%	498,431	499,990	1,559
7	US Treasury Notes	08/15/14	0.500%	0.400%	1,002,813	1,000,470	(2,343)
8	Federal Home Loan Bank	09/12/14	1.375%	0.594%	767,693	751,905	(15,788)
9	Federal Home Loan Bank	09/22/14	1.000%	0.922%	502,640	500,910	(1,730)
10	BNP Paribas NY BRH	11/03/14	0.450%	0.410%	575,000	575,322	322
11	ING (US) FDG DC/P	11/03/14	0.000%	0.300%	499,279	499,585	306
12	US Treasury Notes	12/15/14	0.250%	0.360%	822,325	825,644	3,318
13	General Electric	01/09/15	2.150%	0.820%	514,620	504,925	(9,695)
14	Berkshire Hathaway Fin Corp	01/15/15	4.850%	0.580%	543,460	512,385	(31,075)
15	Federal Home Loan Mtg Corp	02/09/15	2.875%	0.750%	1,124,036	1,067,588	(56,448)
16	Bank of New York Mellon	02/20/15	1.200%	1.230%	159,854	160,808	954
17	US Treasury Notes	02/28/15	2.375%	0.510%	663,986	639,526	(24,460)
18	General Electric	03/04/15	4.875%	1.400%	883,816	825,024	(58,792)
19	Federal Home Loan Bank	03/13/15	2.750%	0.760%	534,800	509,075	(25,725)
20	Pfizer Inc SR Notes	03/15/15	5.350%	0.250%	1,060,510	1,034,400	(26,110)
21	IBM Corp Notes	05/11/15	0.750%	0.830%	444,261	446,891	2,630
22	Wells Fargo & Co.	07/01/15	1.480%	0.650%	712,719	707,896	(4,823)
23	US Treasury Notes	07/31/15	1.750%	0.470%	1,248,020	1,220,725	(27,295)
24	Federal Home Loan Mtg Corp	08/19/15	0.500%	0.480%	1,675,804	1,675,687	(117)
25	Microsoft Corp	09/25/15	1.625%	1.545%	501,600	508,260	6,660
26	Federal Natl Mtg Assn	10/26/15	1.625%	0.980%	1,282,295	1,271,363	(10,932)
27	Bank of New York Mellon	01/15/16	2.500%	0.860%	577,231	566,297	(10,934)
28	US Treasury Notes	01/31/16	0.375%	0.310%	1,251,611	1,251,800	189
29	CA St. Go Bonds	02/01/16	1.050%	0.970%	200,676	201,442	766
30	Microsoft Corp	02/08/16	2.500%	1.550%	746,487	723,142	(23,345)
31	JP Morgan Chase & Co	02/26/16	1.125%	1.070%	750,195	753,525	3,330
32	Federal Natl Mtg Assn	03/11/16	0.750%	0.560%	502,890	500,495	(2,395)
33	Westpac Banking Corp CD	04/15/16	0.406%	0.410%	475,000	475,675	675
34	Coop Cntr RAIF/Rabobank NED C/D	05/06/16	0.716%	0.710%	575,000	572,654	(2,346)
35	General Electric Cap Corp	05/09/16	2.950%	1.100%	580,580	573,419	(7,161)
36	Toyota Motor Credit FLT/RT	05/17/16	0.800%	0.810%	244,900	246,350	1,450
37	BK Nova Scotia YC/D	06/10/16	0.410%	0.280%	449,728	449,728	-
38	US Treasury Notes	07/31/16	1.500%	0.910%	514,141	510,390	(3,751)
39	Berkshire Hathaway Fin Corp	08/15/16	0.950%	1.000%	314,833	316,692	1,859
40	US Treasury Notes	08/31/16	1.000%	0.500%	936,382	934,537	(1,845)
41	East Hillcrest AD	09/02/16	6.000%	6.000%	18,114	18,114	-
42	Toyota Motor Credit Corp	09/15/16	2.000%	0.990%	1,028,960	1,025,830	(3,130)
43	US Treasury Notes	09/30/16	1.000%	0.650%	227,083	227,180	97
44	American Honda Finance NTS	10/07/16	1.125%	1.240%	194,321	196,147	1,826

**City of Yuba City
Monthly Investment Statement**

City Held Investments

June, 2014

No.	Description of Security	Maturity Date	Coupon Rate	Yield to Maturity	Cost Basis	Estimated Market Value	Unrealized Gain/(Loss)
45	Federal Natl Mtg Assn	11/14/16	0.550%	0.550%	1,900,000	1,891,165	(8,835)
46	Federal Natl Mtg Assn	11/15/16	1.375%	1.180%	1,261,500	1,268,000	6,500
47	US Treasury Notes	12/15/16	0.625%	0.620%	500,078	499,725	(353)
48	Federal Farm Credit Bank	01/17/17	4.875%	0.830%	1,108,800	1,106,530	(2,270)
49	Bank of America Corp Bnd	02/14/17	1.250%	0.000%	501,050	500,620	(430)
50	Federal Natl Mtg Assn	03/14/17	0.750%	0.720%	1,000,800	999,160	(1,640)
51	US Treasury Notes	03/31/17	1.000%	0.940%	525,964	528,119	2,155
52	Federal Home Ln Bank	04/28/17	1.625%	1.250%	606,660	606,636	(24)
53	Federal Home Loan Mtg Corp	05/12/17	1.250%	0.865%	1,011,900	1,010,140	(1,760)
54	Berkshire Hathaway Fin Corp	05/15/17	1.600%	1.510%	199,846	203,146	3,300
55	US BankCorp MTNS Bank	05/15/17	1.650%	1.160%	766,478	761,453	(5,025)
56	John Deere Cap Corp	06/12/17	1.125%	1.140%	364,828	365,774	946
57	HSBC USA INC IN	06/23/17	1.300%	0.790%	189,711	190,433	722
58	Federal Home Ln Mtg	06/29/17	1.000%	0.990%	850,400	851,836	1,437
59	Federal Home Ln Mtg	06/29/17	1.000%	0.820%	1,008,550	1,002,160	(6,390)
60	IBM Corp Notes	09/14/17	5.700%	1.596%	494,211	484,207	(10,004)
61	Federal Home Ln Mtg	09/29/17	1.000%	0.910%	577,369	573,816	(3,553)
62	Federal Natl Mtg Assn	10/26/17	0.875%	1.160%	445,158	446,697	1,539
63	US Treasury Notes	11/30/17	0.625%	1.190%	710,727	713,900	3,173
64	Federal Home Loan Bank	12/08/17	0.750%	0.770%	999,000	989,940	(9,060)
65	Federal Natl Mtg Assn	12/20/17	0.875%	0.880%	749,820	744,360	(5,460)
66	Federal Home Loan Bank	01/12/18	0.750%	1.007%	987,580	985,040	(2,540)
67	Federal Natl Mtg Assn	04/24/18	1.500%	1.100%	1,517,230	1,499,205	(18,025)
68	Colgate Palmolive Co	05/01/18	0.900%	1.000%	427,949	418,708	(9,241)
69	Microsoft Corp	05/01/18	1.000%	1.010%	139,912	138,152	(1,760)
70	Apple Inc.	05/03/18	1.000%	1.080%	254,059	249,380	(4,679)
71	Apple Inc.	05/03/18	1.000%	1.170%	495,880	488,980	(6,900)
72	UC General Rev Bnds	05/15/18	2.054%	2.050%	370,000	376,375	6,375
73	Federal Natl Mtg Assn Bonds	05/21/18	0.875%	1.190%	864,435	860,318	(4,117)
74	Chevron Corp SR Notes	06/24/18	1.718%	1.720%	365,000	367,865	2,865
75	US Treasury Notes	11/30/18	1.250%	1.450%	545,316	545,017	(299)
76	Darrough Drive AD	09/02/24	6.000%	6.000%	102,375	102,375	-
77	Buttes Vista 2000-1 AD	09/02/25	2.730%	2.730%	613,308	613,308	-
78	Buttes Vista 2002-1 AD	09/02/27	2.730%	2.730%	613,222	613,222	-
79	Staple/Ashley/Cornwell AD	03/02/30	6.000%	6.000%	130,082	130,082	-
80	Yuba City RDA TABs	09/01/32	5.375%	6.460%	960,000	1,182,816	222,816
81	WWTP Solar System (DS, June 30)	06/30/33	4.000%	4.000%	2,225,604	2,225,604	-
	U.S. Consumer Price Index (Inflation)	June, 2014		2.200%			
Total City Held Investments					\$ 79,297,584	\$ 79,122,750	\$ (174,834)

City of Yuba City Investment Report

Investments Held by Other Fiscal Agents (1)

June, 2014

No.	Description of Debt Issuance	Account Type	Description of Security	Maturity Date	Coupon Rate	Yield to Maturity	Cost Basis	Estimated Market Value	Unrealized Gain/(Loss)
82	RDA Tax Allocation Series A - 2004	Reserve	Blackrock T-Fund	Daily	0.010%	0.010%	30,028	30,028	-
83		Reserve	Federal Natl Mtg	09/02/14	1.250%	1.240%	1,109,000	1,124,876	15,876
84		Principal	Blackrock T-Fund	Daily	0.000%	0.000%	-	-	-
85		Interest	Blackrock T-Fund	Daily	0.000%	0.000%	-	-	-
86	Housing Set-Aside Series B - 2004	Reserve	Fedea Home Ln	09/01/39	Discount	5.260%	302,394	309,966	7,572
87		Reserve	Blackrock T-Fund	Daily	0.010%	0.010%	10,803	10,803	-
88		Principal	Blackrock T-Fund	Daily	0.000%	0.000%	-	-	-
89		Interest	Blackrock T-Fund	Daily	0.000%	0.000%	-	-	-
90	Sunsweet Blvd CFD - 2005	Reserve	LAIF	Daily	0.228%	0.228%	214,073	214,073	-
91		Reserve	Blackrock T-Fund	Daily	0.010%	0.010%	2,779	2,779	-
92		Installment	Blackrock T-Fund	Daily	0.010%	0.010%	215,391	215,391	-
93	Gauche Park COP - 2006	Reserve	Federal Natl Mtg	06/01/36	Discount	5.040%	769,133	784,914	-
94		Reserve	Blackrock T-Fund	Daily	0.010%	0.010%	12,388	12,388	-
95		Lease	Blackrock T-Fund	Daily	0.010%	0.010%	-	-	-
96	RDA Tax Allocation Bonds - 2007	Reserve	Fed Home Ln Mtg	09/01/39	Discount	5.260%	1,159,894	1,184,870	24,975
97		Reserve	Blackrock T-Fund	Daily	0.010%	0.010%	33,964	33,964	-
98		Project	Blackrock T-Fund	Daily	0.010%	0.010%	15,739	15,739	-
99		Principal	Blackrock T-Fund	Daily	0.000%	0.000%	-	-	-
100		Interest	Blackrock T-Fund	Daily	0.010%	0.010%	-	-	-
101	Wastewater Revenue Refunding - 2011	Debt Service	Blackrock T-Fund	Daily	0.010%	0.010%	-	-	-
102	2013 Water Rev COP - Escrow	Debt Service	Uninvested Cash	Daily	0.000%	0.000%	-	-	-
103	2013 Water Rev COP - Cost of Issuance	Debt Service	Blackrock T-Fund	Daily	0.010%	0.010%	-	-	-
104	2013 Water Rev COP - Debt Service	Debt Service	Blackrock T-Fund	Daily	0.010%	0.010%	-	-	-
	U.S. Consumer Price Index (Inflation)			June, 2014		2.200%			
Total Non-City Investments							\$ 3,875,585	\$ 3,939,789	\$ 48,424
TOTAL CITY & NON-CITY INVESTMENTS							\$ 83,173,169	\$ 83,062,539	\$ (126,410)

I certify to the best of my knowledge: (i) That this statement reflecting all City investments is accurate and complete; (ii) That each investment conforms with the City's investment policies, as well as California's Government Code; and (iii) That sufficient cash flow liquidity is available to meet the next six months of estimated disbursements.

Signed: Spencer Morrison
Spencer Morrison, City Treasurer

Date: 6/30/2014

**City of Yuba City - Quarterly Investment Transaction Report
June 2014 - Summary**

Account Types	Balance 3/31/2014	Balance 6/30/2014	Period Activity
City Held Investments			
Local Agency Investment Fund	\$ 19,296,342	\$ 14,806,723	\$ (4,489,619)
California Asset Management Program	102,546	102,560	14
Umpqua Bank Public Funds Money Market	9,493,235	9,498,890	5,655
Cash/Money Market	2,409,893	2,898,518	488,625
Federal Agency Securities	22,811,298	21,112,024	(1,699,275)
US Treasuries	8,766,932	8,897,032	130,099
Commercial Paper	499,730	999,575	499,845
Certificates of Deposit	1,149,805	1,498,057	348,252
Municipal/State Bonds	1,714,363	1,760,633	46,270
Corporate Bonds	12,932,246	13,846,029	913,783
City-held Assessment Districts	1,477,101	3,702,705	2,225,604
Total City Held Investments	\$ 80,653,491	\$ 79,122,746	\$ (1,530,745)
Trustee Held Investments			
RDA Tax Allocation Series A - 2004	\$ 1,155,105	\$ 1,154,904	\$ (201)
Housing Set Aside Series B - 2004	320,824	320,769	(56)
Sunsweet Blvd CFD - 2004	413,457	432,243	18,786
Water Revenue Certificates - 2005	-	-	0
Gauche Park COP - 2006	788,623	797,302	8,679
RDA Tax Allocation 2007	1,234,784	1,234,572	(212)
Wastewater COP Refunding - 2011	-	-	0
Water COP Refunding - 2013	-	-	0
Total Trustee Held Investments	\$ 3,912,793	\$ 3,939,789	\$ 26,997
Total	\$ 84,566,284	\$ 83,062,536	\$ (1,503,748)

**Investment Activity
April-May-June 2014**

Description of Security	Broker	Settlement Date	Maturity Date	Trade Date	Activity Type	Coupon Rate	Yield to Maturity	Cost Basis
SALES/REDEMPTIONS								
Wal-Mart Stores, Inc. Corp Bnd		04/15/14	04/15/14	04/15/14	Maturity	1.625%	1.720%	204,447
Federal Home Ln Mtg Corp	Greenwich Cptl Mkts, Inc	04/17/14	11/25/14	04/16/14	Sales	0.750%	0.640%	250,858
US Treasury Notes	Morgan Stanley	04/28/14	07/31/15	04/21/14	Sales	1.750%	0.470%	623,531
Wal-Mart Stores, Inc. Corp Bnd		04/15/14	04/15/14	04/15/14	Maturity	1.625%	0.882%	509,955
Federal Natl Mtg Assn		04/25/14	04/25/17	04/25/14	Full Call	1.350%	0.530%	1,014,520
Federal Home Loan Bank		05/14/14	08/14/17	05/14/14	Full Call	0.500%	0.500%	500,000
Federal Home Ln Mtg	SG Americas Securities, LL	05/08/14	11/25/14	05/07/14	Sales	0.750%	0.640%	704,393
Federal Home Ln Mtg	SG Americas Securities, LL	06/03/14	11/25/14	06/02/14	Sales	0.750%	0.640%	503,375
US Treasury Notes	Morgan Stanley	06/12/14	12/31/16	06/09/14	Sales	0.875%	0.890%	384,729
US Treasury Notes	Merrill Lynch Fixed Income	06/13/14	12/15/14	06/11/14	Sales	0.250%	0.360%	448,541
US Treasury Notes	Morgan Stanley	06/23/14	03/31/17	06/16/14	Sales	1.000%	0.940%	175,321
Federal Home Ln Mtg		06/06/14	06/06/17	06/06/14	Full Call	1.200%	1.120%	501,925
Total Sales/Redemptions								\$ 5,821,595
PURCHASES								
Westpac Banking YC/D	Goldman Sachs NY	04/17/14	04/15/16	04/16/14		0.406%	0.410%	475,000
Federal Home Loan Bank	Merrill Lynch Fixed Income	04/28/14	04/28/17	04/02/14		1.625%	1.250%	606,660
Bank of America Corp Bonds	RBC Capital Markets	04/15/14	02/14/17	04/10/14		1.250%	1.170%	501,050
Federal Farm Credit Bank Bnd	RBC Capital Markets	04/25/14	01/17/17	04/24/14		4.875%	0.830%	1,108,800
ING (US) FDG DC/P	Wachovia Capital Markets	05/14/14	11/03/14	05/12/14		0.000%	0.300%	499,279
US Treasury Notes	Salomon Bros.	05/08/14	11/30/17	05/07/14		0.625%	1.190%	710,727
Rabobank NED C/D	Goldman Sachs NY	05/13/14	05/06/16	05/08/14		0.716%	0.710%	575,000
US Treasury Notes	Morgan Stanley	06/03/14	11/30/18	06/02/14		1.250%	1.450%	545,316
John Deere Cap Corp	HSBC Securities, Inc	06/12/14	06/12/17	06/09/14		1.125%	1.140%	364,828
BK Nova Scotia YC/D	Goldman Sachs NY	06/13/14	06/10/16	06/11/14		0.410%	0.280%	449,728
HSBC USA INC IN	HSBC Securities, Inc	06/23/14	06/23/17	06/16/14		1.300%	1.350%	189,711
US Treasury Notes	RBC Capital Markets	06/06/14	12/15/16	06/05/14		0.625%	0.620%	500,078
Total Purchases								\$ 6,526,178

CITY OF YUBA CITY

City Council Reports

- Councilmember Buckland
- Councilmember Maan
- Councilmember Starkey
- Vice Mayor Dukes
- Mayor Gill

Adjournment