



AGENDA
MARCH 3, 2015
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	• John Dukes
VICE MAYOR	• John Buckland
COUNCILMEMBER	• Stanley Cleveland, Jr
COUNCILMEMBER	• Preet Didbal
COUNCILMEMBER	• Kash Gill
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
MARCH 3, 2015
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.

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 Firefighters Local 3793, 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 Dukes
 ___ Vice Mayor Buckland
 ___ Councilmember Cleveland
 ___ Councilmember Didbal
 ___ Councilmember Gill

Invocation

Pledge of Allegiance to the Flag

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.

1. 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

2. 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

3. Minutes of February 17, 2015

Recommendation: Approve the City Council Meeting Minutes of February 17, 2015

4. Low Lift Pump Station (Water Intake Facility) Security Improvement Project – Supplemental Appropriation

Recommendation: Authorize the Finance Director to make a supplemental appropriation of \$200,000 from Unallocated Water CIP Fund to Account No. 971161-65504 (Low Lift Pump Station Security Improvements)

5. Professional Services Agreement with Ultimate Building Maintenance for Cleaning and Maintenance Services at the Senior Center and Gauche Aquatic Park

Recommendation: Authorize the City Manager to amend the existing Professional Services Agreement between the City of Yuba City and Ultimate Building Maintenance of Yuba City, CA, to extend the cleaning and maintenance services at the Senior Center and Gauche Aquatic Park through December 31, 2015 in the amount of \$51,064 with the finding that is in the best interest of the City

General Items

6. Fire Managements' Letter of Understanding (LOU)

Recommendation: 1) Adopt a Resolution approving a two year Letter of Understanding with Fire Management
2) Approve a supplemental appropriation of \$12,900 to the FY 2014/2015 adopted budget

7. Water Supply Outlook for 2015

Recommendation: Note and file presentation

8. Regional Water Authority Joint Powers Agreement

Recommendation: 1) Authorize the Mayor to execute a Joint Exercise of Powers Agreement to join the Regional Water Authority

- 2) Appoint the Mayor as the City Council representative and the Vice Mayor as the alternate to the Regional Water Authority Board

9. Storm Water Management Program – Supplemental Appropriation

Recommendation: Authorize the Finance Director to make a supplemental appropriation of unallocated General Funds in the amount of \$45,000 to Account No. 901188 (Storm Water Management Program)

10. California Statewide Communities Development Authority (California Communities) “CaliforniaFIRST” Financing Program

Recommendation: Adopt a Resolution authorizing the City to join the CaliforniaFIRST Program and authorizing California Communities to offer the program to property owners in Yuba City

11. Financial Report for the Six Months Ended December, 31, 2014

Recommendation: Note and File the December 31, 2014 Financial Report

12. Presentation of Investment Report – Quarter Ended December 31, 2014

Recommendation: Note and File Quarterly Investment Report

Business from the City Council

13. City Council Reports

- Councilmember Cleveland
- Councilmember Didbal
- Councilmember Gill
- Vice Mayor Buckland
- Mayor Dukes

Adjournment

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
FEBRUARY 17, 2015
5:00 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 Brad McIntire pursuant to Government Code Section 54956.8 regarding negotiations for the possible sale of the following city owned properties or portions thereof: APN's 57-150-004 217 S Walton and 57-150-050 211 S Walton Ave.
- C. Conferred with labor negotiator Steve Kroeger regarding negotiations with the following associations: 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 Dukes at 6:00 p.m.

Roll Call

Present: Councilmembers Buckland, Cleveland, Didbal, Gill, and Mayor Dukes
 Absent: None

Invocation

Councilmember Buckland gave the invocation.

Pledge of Allegiance to the Flag

Economic Development Commissioner Todd Remund led the Pledge of Allegiance.

Public Communication

- 1. **Written Requests** - none
- 2. **Appearance of Interested Citizens** - none

Ordinances

- 3. **California Public Employees' Retirement System (CalPERS) Contract Amendment to implement employee cost sharing**

Councilmember Buckland moved to:

- 1) Adopt **Ordinance No. 001-15** amending the City's contract with CalPERS for classic members cost sharing towards the employer rate per the applicable negotiated contracts for the Mid-Managers, Police Officers' Association, Police Sergeants, First

Level Managers bargaining units, and the unrepresented Confidentials and Executive Team and waive the second reading; and

- 2) Adopt **Resolution No. 15-012** for CalPERS stating the City is no longer paying 4% or 3.5% (dependent on retirement formula) of the classic CalPERS City Council's member contribution effective March 21, 2015.

Councilmember Gill seconded the motion that passed with a unanimous vote.

4. Feral Cat Feeding Prohibition Ordinance

The following persons spoke:

Heather Chambers, Woodside Ct, Yuba City
Geri Walker, Northside Dr., Yuba City
Brian Henry, Karnail Ct., Yuba City
Carla Mieske, Stafford Way, Yuba City
Jan Kendel, Garden Hwy, Yuba City
Peggy Peterson, Fairman Street, Yuba City
Tommie Thompson, Harbor Town Dr., Yuba City
Darold Heikens, Sprig Ct., Yuba City
Harold Steinineger, Elmer Ave, Yuba City
Nancy Wright, Yuba City
Elizabeth Fredieu, Cecily Ct., Yuba City
Ferenc Bertalan, Kevin Dr. Yuba City
Gina McCarthy, Bakersfield

Councilmember Buckland moved to adopt **Ordinance No. 002-15** regarding the feeding of feral cats and waive the second reading. Councilmember Gill seconded the motion that passed with a unanimous vote.

Consent Calendar

Councilmember Cleveland moved to adopt the Consent Calendar as presented. Councilmember Didbal seconded the motion that passed with a unanimous vote.

5. Minutes of February 3, 2015

Approved the City Council Meeting Minutes of February 3, 2015

General Items

6. 2014 Homeland Security Grant Program – Purchase of Thermal Imaging Cameras

Councilmember Cleveland moved to authorize the purchase of six thermal imaging cameras from ISG Infrared Systems Group of Lawrenceville, GA in the amount of \$51,955. Councilmember Didbal seconded the motion that passed with a unanimous vote.

7. Purchase of Personal Protective Equipment (Turnouts) for the Yuba City Fire Department

Councilmember Gill moved to authorize the purchase of 40 sets of Globe turnouts from L.N. Curtis & Sons of Oakland, CA in the amount of \$80,657. Councilmember

Didbal seconded the motion that passed with a unanimous vote.

8. 2014 Homeland Security Grant Program

Councilmember Buckland moved to accept a total of \$28,881 in funding from the 2014 Homeland Security Grant and authorize appropriate modification to the Police Department's budget. Councilmember Gill seconded the motion that passed with a unanimous vote.

Business from the City Council

9. City Council Reports

- Councilmember Cleveland
- Councilmember Didbal
- Councilmember Gill
- Vice Mayor Buckland
- Mayor Dukes

Adjournment

Mayor Dukes adjourned the Regular Meeting of the City Council of the City of Yuba City at 7:28 p.m.

John Buckland, Vice-Mayor

Attest:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: March 3, 2015
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Low Lift Pump Station (Water Intake Facility) Security Improvement Project – Supplemental Appropriation

Recommendation: Authorize the Finance Director to make a supplemental appropriation of \$200,000 from Unallocated Water CIP Fund to Account No. 971161-65504 (Low Lift Pump Station Security Improvements)

Fiscal Impact: Total Cost - \$5,110,000 – Account No. 1161 (Low Lift Pump Station Security Improvements), specified as follows:

- \$3,899,300 – Construction
- \$ 590,000 – Contingency (\$390,000 - Contract Award + \$200,000 Supplemental Appropriation)
- \$ 250,000 – Equipment
- \$ 370,700 – Construction Management

Purpose:

To increase the contingency amount authorized for the Low Lift Pump Station Security Improvement Project to allow for the replacement of a motor control center that was not included in the original scope of work.

Background:

The Low Lift Pump Station (LLPS) is located on the west bank of the Feather River northeast of the Water Treatment Plant (WTP) (Exhibit 1). The pump station in conjunction with the intake structure is used to draw water from the Feather River to the WTP. Due to its location, the LLPS is subject to vandalism and is isolated during high water events. There is a backup generator at the LLPS, but during high water events, it can be difficult to get to the generator for refueling.

In 2013, the City received a \$3,965,000 Proposition 50 grant from the California Department of Public Health (CDPH) through the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 to make improvements to the LLPS. The scope of the improvements includes:

- Architectural Improvements
 - Replace the existing wood siding with fiber cement siding

- Replace roofing
- Structural Improvements
 - Ballistic protection
 - Replace wood framing with metal framing
- Mechanical Improvements
 - Replace existing vents and louvers with ballistic rated vents and louvers
- Electrical Improvements
 - Install an underground electric service from the WTP to the LLPS
- Security Improvements
 - Install cameras around the perimeter of the LLPS with a fiber optic feed to the WTP

On April 22, 2014, Council awarded the Low Lift Pump Station Security Improvement Project to Auburn Constructors in the amount of their bid of \$3,899,300 and approved a total project cost of \$4,910,000. The project began construction on June 6, 2014, with an anticipated completion date of June 2015.

Analysis:

With the ongoing improvements to the low lift pump station structure, staff began evaluating the condition of the current motor control center (MCC). The MCC allows for the operation of the six existing pumps that are used to draw water from the Feather River. The existing MCC has been in service since 1969 and parts have to be custom made if repair is necessary. The existing motor drives have been in operation for nearly 20 years and have been experiencing communication problems. There is a significant cost benefit to replacing the MCC now while the walls of the Low Lift Pump Station are removed. In addition, replacement of the MCC now will result in less down time for the Low Lift Pump Station as the MCC will be easier to install with the walls removed.

Fiscal Impact:

With the award of the project, Council authorized \$390,000 in contingency. To date, only \$40,702 of the contingency has been allocated through change orders and the project is approximately 70% complete. The cost associated with the fabrication and installation of a new motor control center is \$330,770.59. Even though there is currently sufficient contingency remaining in the project budget, staff is requesting a supplemental appropriation of \$200,000 from Unallocated Water CIP Fund to Account No. 971161-65504 in case anything unexpected comes up during the remainder of the project. If the contingency is not utilized, upon closeout of the project any remaining funds will be returned to Unallocated Water Fund.

It is in the best interest of the City to replace the motor control center now as deferring the work will result in a higher cost and longer down time for the Low Lift Pump Station.

Alternatives:

Do not authorize the supplemental appropriation and direct staff to defer the replacement of the motor control center.

Recommendation:

Authorize the Finance Director to make a supplemental appropriation of \$200,000 from Unallocated

Water CIP Fund to Account No. 971161-65504 (Low Lift Pump Station Security Improvements).

Prepared by:

/s/Diana Langley

Diana Langley
Public Works Director

Submitted by:

/s/Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed by:

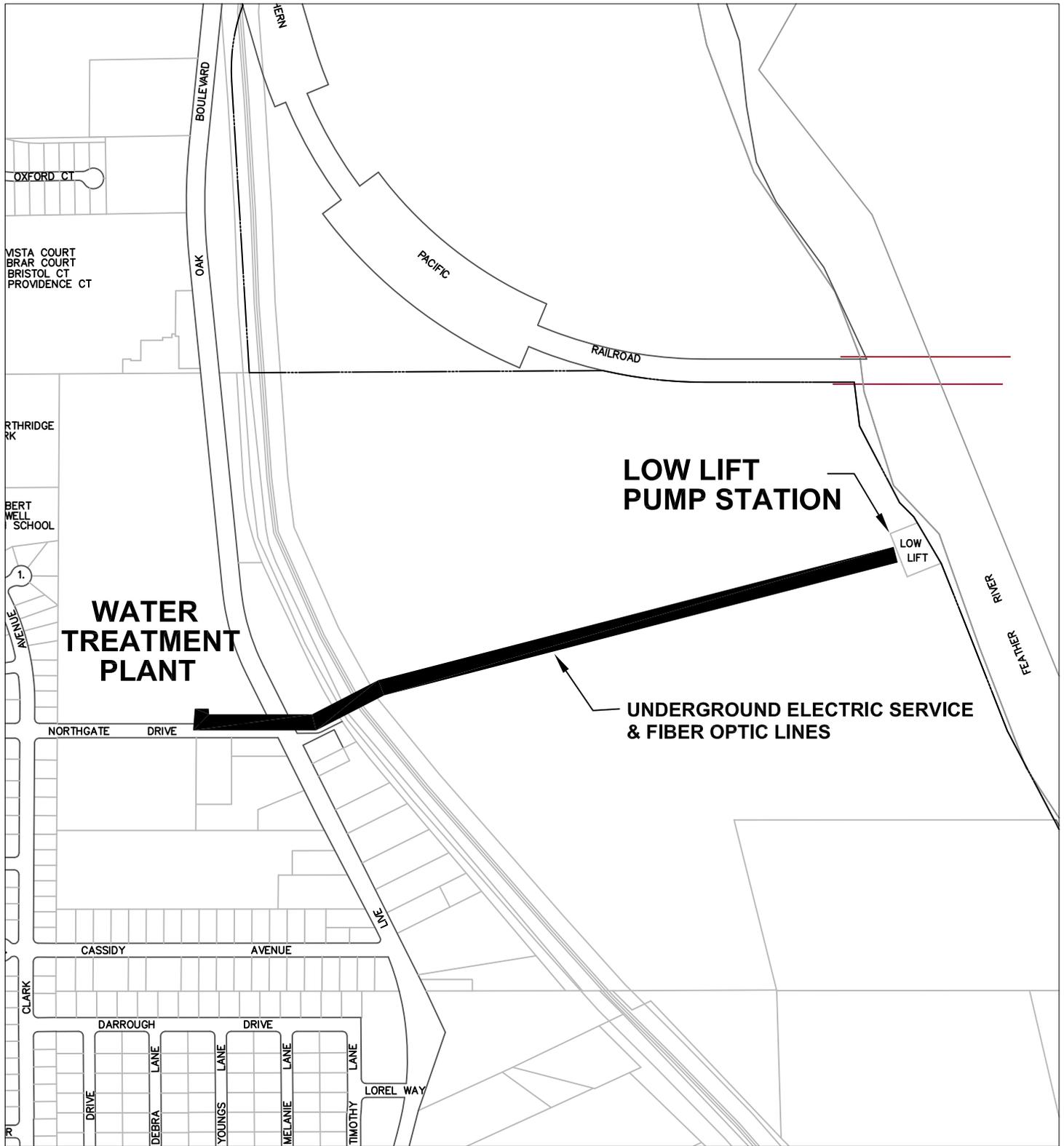
Finance

RB

City Attorney

TH

EXHIBIT 1
LOW LIFT PUMP STATION SECURITY
IMPROVEMENTS



CITY OF YUBA CITY
STAFF REPORT

Date: March 3, 2015
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Professional Services Agreement with Ultimate Building Maintenance for Cleaning and Maintenance Services at the Senior Center and Gauche Aquatic Park

Recommendation: Authorize the City Manager to amend the existing Professional Services Agreement between the City of Yuba City and Ultimate Building Maintenance of Yuba City, CA, to extend the cleaning and maintenance services at the Senior Center and Gauche Aquatic Park through December 31, 2015 in the amount of \$51,064 with the finding that it is in the best interest of the City.

Fiscal Impact: \$51,064 – Account No. 1541-62701

Purpose:

To provide cleaning and maintenance services to the Senior Center and Gauche Aquatic Park.

Background:

The Facilities Maintenance Division of Public Works has five budgeted full-time employees and \$60,000 budgeted for part-time temporary extra help employees, structured as follows:

Position	Status
Facilities Maintenance Supervisor	Vacant
Custodian II	Filled
Custodian II	Filled
Custodian I	Filled – Has not worked since May 2013 due to Workers' Comp injury
Building Maintenance Worker I/II	Vacant
Part-Time Temporary Extra Help	Currently 4 people limited to less than 30 hours/week

The Division oversees the cleaning and maintenance of the following City Facilities:

- City Hall
- Police Department
- Fire Admin Building
- Corporation Yard
- Water Treatment Plant
- Wastewater Treatment Plant
- Senior Center
- Gauche Aquatic Park

In preparation for the Custodial Supervisor's retirement in early November, staff obtained a proposal from Ultimate Building Maintenance (UBM), who was under contract for cleaning the Sutter Animal Services Authority facility, to provide cleaning and maintenance services for the Senior Center and Gauche Aquatic Park. An agreement was executed and UBM began providing services in late October 2014 with a current termination date of April 30, 2015 at a cost of \$38,000.

Analysis:

On October 7, 2014, the City Manager brought before Council some organizational changes to the Community Services Department (formerly Parks and Recreation). The changes included the transfer of the Facilities Maintenance Division to the Community Services Department and the restoration of a mid-manager position to oversee Parks, Recreation, and Facilities.

The City is currently recruiting for the Parks, Recreation & Facilities Manager and it is anticipated that the position will be filled in April. Brad McIntire, the Community Services Director, would like the new Parks, Recreation & Facilities Manager to get an understanding of the operation before the City recruits for the Facilities Maintenance Supervisor position. It is anticipated that this position will not be filled until later this fall. Extending the current contract with UBM through December 31, 2015 accomplishes the following:

- Accommodates the current staffing level in the Facilities Maintenance Division
- Allows the Facilities Maintenance Supervisor to analyze workload and make a long-term recommendation to meet needs
- Provides for the cleaning of GAP 7 days/week during the summer months

Staff recommends the extension of the Agreement with UBM through December 31, 2015, with the finding that it is in the best interest of the City. UBM is now familiar with the cleaning and maintenance associated with each facility and has the equipment necessary to perform the job.

Fiscal Impact:

The cost to extend UBM's contract through December 31, 2015 is \$51,064. There is sufficient salary savings in the Facilities Maintenance Division budget to cover the costs. For comparison purposes, a fully loaded Custodian I position equates to \$57,300 in salary and benefit costs per year.

Alternatives:

1. Direct staff to obtain proposals from other cleaning companies.
2. Direct staff to hire additional part-time temporary extra help employees and authorize additional overtime for the Custodian II's to provide 7 days/week service at Gauche Aquatic Park.

Recommendation:

Authorize the City Manager to amend the existing Professional Services Agreement between the City of Yuba City and Ultimate Building Maintenance of Yuba City, CA, to extend the cleaning and maintenance services at the Senior Center and Gauche Aquatic Park through December 31, 2015 in the amount of \$51,064 with the finding that it is in the best interest of the City.

Prepared by:

Submitted by:

/s/Diana Langley

Diana Langley
Public Works Director

/s/Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed by:

Finance

RB

City Attorney

TH

CITY OF YUBA CITY
STAFF REPORT

Date: March 3, 2015
To: Honorable Mayor & Members of the City Council
From: Human Resources Department
Presentation By: Natalie Walter, Human Resources Director

Summary

Subject: Fire Managements' Letter of Understanding (LOU)

Recommendation: 1) Adopt a Resolution approving a two year Letter of Understanding with Fire Management
2) Approve a supplemental appropriation of \$12,900 to the FY 2014/2015 adopted budget

Fiscal Impact: An increase in cost of \$28,900 for FY 2015/2016

Purpose:

To adopt the Fire Management Letter of Understanding for 2014/15 – 2015/16.

Background:

The Fire Management group consists of three Battalion Chiefs and one Fire Marshall thereby making it the smallest bargaining unit. The Battalion Chiefs work rotating Fire shifts while the Fire Marshall works a more traditional work schedule.

The City's employment agreement with Fire Management expired on June 27, 2014. The previous agreement included 8.1% hourly rate reduction along with 2.4 24 hour shifts in furlough bank time for the Battalion Chiefs.

The Battalion Chiefs accumulated time in a furlough bank but were unable to have the time off due to the requirements of their position. Therefore, since they are unable to use their accumulated furlough time, it will be paid out as part of the new agreement.

As stated in the other bargaining unit contract staff reports, the City continues to face rising worker's compensation costs, increases in health care costs, and additional employee pension obligations due to restructuring of CalPERS policies. These multiple financial hits have continued the financial strain the City has been experiencing since Fiscal Year 2008/2009.

Analysis:

The Fire Management group agree to the following in their contract:

1. Transition out their furlough program by providing elimination of the hourly rate reduction and furlough in FY 15/16.

2. Transition in employee contributions toward CalPERS retirement benefits by providing 9% of salary contribution in FY 15/16.
3. One time distribution of \$1,000 (non-PERSable).
4. Employees will pay 20% of the total medical premium and the City will pay 80% of the lowest cost health plan.
5. Furlough bank cash out for Battalion Chiefs.
6. Two (2) floating holidays or increase of 18.18% of in lieu of holiday pay.

As of the writing of this staff report the Fire Management contract is in development.

Fiscal Impact:

The proposed changes will result in a net increase in cost of \$37,200 for FY 2014/2015 and \$28,900 for FY 2015/2016 (breakdown of costs provided in Attachment 1).

Other year 2 costs include potential increases in the cost of health insurance and increases in CalPERS contributions per the City's actuarial report for FY 2015/2016.

The FY 2014/2015 budget adopted by the City Council on June 3, 2014 included the existing pay cut and 10% furlough and the City paying 100% of the Fire Management's share of CalPERS contributions. To effect the proposed changes, a supplemental appropriation of \$12,900 is requested as part of City Council's approval of these contracts.

Alternatives:

1. Do not approve Fire Management Letter of Understanding and provide staff direction.

Recommendation:

Adopt a Resolution approving a two year Letter of Understanding with Fire Management and approve a supplemental appropriation of \$12,900 to the FY 2014/2015 adopted budget.

Attachments:

- Cost impact of Fire Management Agreement Terms
- Fire Management LOU Resolution

Prepared By:

[/s/Natalie Walter](#)

Natalie Walter
Human Resources Director

Submitted By:

[/s/Steven C. Kroeger](#)

Steven C. Kroeger
City Manager

Reviewed By:

Finance

[RB](#)

City Attorney

[TH](#)

Attachment 1 Fire Management Proposal - 2 Years (Final)

	Agreement
FY 14/15 - Year 1	
Cost of 5% Furlough Restored	\$34,062
Savings from EEs Paying PERS 4%/4.5% - 1st Year	(\$19,161)
One Time non-PERSable Distribution of \$1,000 per Employee	\$4,000
80/20 Hard vs Increase only	(\$1,506)
Payoff of Banked Furlough Hours	\$19,017
Two floating holidays (18.18% increase of in lieu of holiday pay)	\$797
Year 1 Total Cost	\$37,209
FY 15/16 - Year 2	
Cost of 5% Furlough Restored	\$34,062
Savings from EEs Paying PERS 4%/4.5% - 1st Year	(\$19,161)
Cost of 5% Furlough Restored	\$35,855
Savings from EEs Paying PERS 4%/4.5% - 2nd Year	(\$21,124)
80/20 Hard vs Increase only	(\$1,506)
Two floating holidays (18.18% increase of in lieu of holiday pay)	\$797
Year 2 Total Cost	\$28,923
Grand Total Cost Impact - 2 Year Total	\$66,132

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
APPROVING THE FIRE MANAGEMENT LETTER OF UNDERSTANDING**

WHEREAS, the City recognizes the Fire Management's commitment to the City and its citizens while providing outstanding and dedicated service to all;

WHEREAS, City staff and the Fire Management group have negotiated a two year Letter of Understanding;

WHEREAS, the City appreciates the efforts and energy the Fire Management group have put forth to negotiate this Letter of Understanding;

WHEREAS, the Fire Management group have agreed to pay towards the CalPERS employer share, pay 20% of lowest health care premium, and receive two additional holidays or in lieu of holiday pay in exchange for the elimination of the 10% furlough program or 8.1% pay reduction;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Yuba City as follows:

Approve the attached Fire Management Letter of Understanding.

The Director of Finance is hereby authorized to make the necessary budget adjustments to implement the provisions of this resolution.

The forgoing 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 3rd day of March 2015.

AYES:

NOES:

ABSENT:

John Buckland, Vice-Mayor

ATTEST:

Terrel Locke, City Clerk

LETTER OF UNDERSTANDING

Between

The City of Yuba City

And

The Yuba City Fire Management Group

June 28, 2014 through June 30, 2016

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ARTICLE 1: SALARY

1.1 Salary Increases

There shall be no salary increases for the term of agreement.

The Fire Marshal classification's salary range will be set the same as the Chief Building Official. This classification will also receive 80 hours of administrative leave and is classified as exempt for overtime purposes.

1.2 Call-Back/Standby Pay

The classification of Fire Battalion Chief shall receive Call-Back/Standby as follows:

Call-Back/Standby Pay for Fire Battalion Chiefs who are assigned to on-call status is \$1.50/hr.

When a Fire Battalion Chief is on Standby, the rate of compensation for call-out will be a minimum pay equivalent to two (2) hours at time-and-one-half.

1.3 FLSA Pay

For purposes of FLSA Pay vacation, sick leave, comp time off, and industrial hours will not be deducted from hours earned.

ARTICLE 2: PUBLIC EMPLOYEES RETIREMENT SYSTEM

2.1 Retirement Terminology

Retirement benefits shall be provided to eligible employees in accordance with the appropriate, then existing, contract(s) between the City and the Public Employees Retirement System (PERS).

The use of terms "Classic Member" and "New Member" shall be as defined by CalPERS and the Public Employee Pension Reform Act of 2013 (PEPRA). For ease of reference, a summary of these definitions is provided below, however, the definitions set forth in the CalPERS statutes and regulations, as applied by CalPERS, shall control.

"Classic Members" are those members who entered into membership with a qualifying public retirement system on or before December 31, 2012 who do not meet the definition of "New Member" in Government Code section 7522.04(f).

A "New Member" is defined in Government Code section 7522.04(f) as any of the following:

- An individual who becomes a member of a qualifying public retirement system for the first time on or after January 1, 2013, and has no prior membership in any other qualifying public retirement system; or
- An individual who becomes a member of a qualifying public retirement system for the first time on or after January 1, 2013, and is not eligible for reciprocity with another qualifying public retirement system; or
- An individual who established prior membership in a qualifying public retirement system and after a break in service of more than six months, returns to active membership in that system with a new employer.

2.2 Classic Member Retirement Formula

- A. The 3% at 50 PERS formula shall be provided for "Classic Member" public safety category employees hired prior to July 1, 2012. The 3% at 55 PERS formula shall be provided for "Classic Member" public safety category employees hired on or after July 1, 2012.
- B. Safety employees hired prior to December 15, 1990 shall have their benefit based on the single highest year of salary. Classic member employees hired on or after December 15, 1990 shall have their benefit based on the three highest years' salary.
- C. All other current retirement benefits including the optional benefit programs in the existing contract between the City and CalPERS for safety members shall remain in effect to the extent permitted by law.

2.3 "New Member" Retirement Formula Provided by Statute

- A. Employees classified as new member safety category employees:
 - 2.7% at 57 retirement formula.

2.4 Employee Contribution

- A. Employees classified as classic safety category employees:
 - Effective July 1, 2015 or as soon as CalPERS approves the contract amendment, whichever occurs later, all classic safety employees shall cost share 9% towards the employer contribution rate.
 - With respect to payment and reporting of the member contributions, the City shall pay 100% of the employee's contribution to CalPERS and continue to report 100% of the employer payment of member contributions to CalPERS as additional compensation for retirement purposes only.
- B. New Members shall contribute towards their retirement benefits in accordance

with PEPRA.

- C. All applicable contributions identified in (A) thru (C) above shall be made through payroll deduction on a pre-tax basis as permitted by law.

2.5 City's Paying and Reporting the Value of the Member Contribution (Classic Only)

The City shall pay 100% of the employee's contribution to CalPERS and continue to report 100% of the employer payment of member contributions to CalPERS as additional compensation for retirement purposes only.

ARTICLE 3: HEALTH, DENTAL, VISION AND LIFE INSURANCE

3.1 Health Plans

- A. Health Plan Contributions
Effective with the start of the first pay period following City Council approval, the split is 80%/20% between the City and the employee, with the City paying 80% of the total premium cost and the employee paying 20%.

The contribution shall be based on the lowest cost health plan (as measured by premium cost) available to the majority of City employees.

- B. Employee Contributions
Employee contributions are on a pre-tax basis.
- C. Cash-in-Lieu
Cash in Lieu payments when an employee reduces the level of health care coverage rather than entire coverage shall be as follows:

Employee, who reduces the level of health care coverage to which they are entitled, i.e. from full family coverage to employee plus one, or employee only coverage, shall be entitled to a Cash-in-Lieu benefit. The Cash-in-Lieu benefit is based upon the lowest cost health plan available to the majority of City Employees.

The employee making the election covered above, shall receive the difference between the Cash-in-Lieu benefit to which they would have been entitled had they waived coverage at their present coverage level and Cash-in-Lieu benefit for the lower level elected.

The Cash-in-Lieu medical insurance bonus employees electing to forego health insurance coverage will be based on the below percentage of the current lowest cost health plan available to the majority of City employees:

Employee only:	25%
Employee plus one dependent:	25%
Family coverage:	30%

3.2 Dental and Vision Plans

City shall pay 90% of premium and employees shall pay 10% of premium. Premiums will be based on a periodic actuarial conducted by an outside consultant. Employees will participate in the City's Dental and Vision Plan in a manner provided in the adopted Dental and Vision Plan Agreements.

3.3 Claims Administrator

At the City's option, and after consultation with the Fire Management employees, the City may change the Dental and Vision Plan claims administrator at any time.

3.4 Life Insurance

The City will provide a life insurance benefit of \$50,000 for Fire Management members.

3.5 Employee Assistance Program

An Employee Assistance Program shall be provided to City employees, spouses and dependents. Counseling for a total of six (6) visits per incident with no limit on the number of incidents per year shall be provided for each employee and his/her family.

3.6 Post Employment Health Benefits

Fire Management contributes 2% of Earnings to the plan each pay period for the Plan Year via payroll reduction. The City does not contribute to the RHS plan. RHS agreements are available from Human Resources.

ARTICLE 4: DEFERRED COMPENSATION

Association members shall receive a monthly City contribution of \$50 paid into a City of Yuba City deferred compensation plan.

ARTICLE 5: CERTIFICATIONS

The City shall pay the costs associated with obtaining and maintaining special certificates that are required by the State of California, the City of Yuba City or any governmental agency to obtain and maintain as a condition of employment.

ARTICLE 6: VACATION LEAVE - 40 HOUR EMPLOYEES

Employees assigned a 40 hour work week shall accrue vacation leave pursuant to the following schedule:

- 0 to 5 years of City service - 4.6 hours of vacation leave per pay period
- 5+ to 10 years of City service - 6.1 hours of vacation leave per pay period
- 10+ to 15 years of City service - 7.3 hours of vacation leave per pay period
- 15 or more years of City service - 7.9 hours of vacation leave per pay period

ARTICLE 7: CATASTROPHIC ILLNESS & INJURY PROGRAM

Under the Catastrophic Illness & Injury Program (Exhibit B) the City will continue to pay its portion of the contribution to the employee's health, dental, vision and life insurance premiums in accordance with the applicable Memorandum of Understanding. The maximum number of hours that may be donated to an employee not a member of the Association or the Yuba City Firefighters' Association in any 12- month period shall be 160 hours.

ARTICLE 8: STRIKE TEAM

Fire Management employees participating in Strike Team or Mutual Aid activities covered by the California Fire Assistance Agreement (CFAA) will be compensated at time and one-half for hours worked outside of regular duty hours when the City is being reimbursed at the time and one-half rate.

ARTICLE 9: COUNSELING MEMORANDUM

The attached policy on Counseling Memos (Exhibit C) shall remain in effect.

ARTICLE 10: DMV LICENSE EXAMINATION

Physical examinations for Fire Management employees who are required to maintain a Class A or B California diver's license as a job requirement shall have the expense paid by the City. Employees may elect to go to their own personal physician or to the medical center designated by the City. Employees electing to go to their own personal physician shall be reimbursed upon submission of an itemized receipt to the Human Resources Department. The maximum amount eligible for reimbursement is the amount the City has contracted for with the designated medical center.

ARTICLE 11: DEPARTMENT OF TRANSPORTATION COMMERCIAL DRIVER LICENSE TESTING

It is mutually agreed that the Addendum to the Alcohol and Drug Abuse Policy Implements! the Omnibus Transportation Employee Testing Act of 1991 (Exhibit A) shall remain in effect.

ARTICLE 12: FURLOUGHS/SALARY REDUCTION

Effective July 1, 2015 or as soon as CalPERS approves the contract amendment, whichever occurs later, the 10% furlough program for the Fire Marshall and 8.1% pay reduction for Battalion Chiefs will cease.

ARTICLE 13: FURLOUGH BANK CASH-OUT

As soon as administratively feasible following approval by City Council, the City shall cash out accrued furlough bank hours for employees in the unit in recognition of the fact that they have been unable to use any furlough leave time hours. Cash out shall occur at the \$36.12 hourly rate which shall be in a separate check from the regularly reoccurring payroll check. This cash out is subject to applicable payroll taxes and withholdings.

ARTICLE 14: ONE-TIME NON-PERSABLE STIPEND

In the first full pay period following City Council ratification of this Agreement, all members shall receive a one-time, non-PERSable stipend of \$1,000 and shall be in a separate check from the regularly reoccurring payroll check.

This one-time stipend is not intended to be, and does not meet the definition of, special compensation outlined in the California Code of Regulations § 571(a) and therefore is not reportable compensation to CalPERS. It is, however, subject to applicable payroll taxes and withholdings.

ARTICLE 15: FLOATING HOLIDAYS

Effective with the LOU approval, two (2) floating holidays per fiscal year shall be provided which must be used during the fiscal year. These two floating holidays have no cash value and may not be carried over to a subsequent fiscal year. If any employee in this unit does not use either or both of these floating holidays during the fiscal year when the holidays are provided, the employee forfeits the unused floating holiday(s). Scheduling/approval of use of the floating holidays must be in accordance with the requirements of Rule 2.08 in the Personnel/Rules and Regulations.

Employees who receive in lieu of holiday pay will see a two floating holiday day equivalent increase of 18.18% in their in lieu of holiday pay.

ARTICLE 16: INTEREST BASED PROBLEM SOLVING

Fire Management and the City utilized the Interest Based Problem Solving Process philosophy to negotiate this contract. This contract represents the results of open, honest sharing of information and concerns related to issues for Fire Management and the City. Based on the philosophy of this process, Fire Management and the City agree and understand that this is a living contract and agree to meet and discuss any items within this agreement that become of concern to either party during the course of this agreement. As part of this understanding and due to the current economic conditions, both parties have agreed to reopen discussions in order to address the impact on this contract with regard to compensation in the event that the City's overall financial situation, based on all General Fund revenues, either significantly diminishes or improves during the term of this contract. Both parties understand that any changes to this agreement are subject to the mutual consent of Fire Management and the City Manager and are also subject to approval by the City Council.

ARTICLE 17: TERM OF AGREEMENT

This Agreement constitutes the full Agreement between the City of Yuba City and the Fire Management and may not be modified without the mutual consent of both parties. The term of this agreement shall be June 28, 2014 - June 30, 2016.

Date: _____

Date: 2/23/15

CITY OF YUBA CITY

FIRE MANAGEMENT

Steven C. Kroeger



Jim Mathews

Natalie Walter

Robin Bertagna

Robert Bills

Robert Bills

PROCEDURES FOR REASONABLE SUSPICION TESTING

A. PROCEDURES – REASONABLE SUSPICION TESTING

1. A supervisor observes a safety-sensitive employee who may possibly be under the influence of alcohol and/or controlled substances.

Any employee may identify someone suspected of alcohol and/or controlled substance to any supervisor. Employees should realize, however, that it is against City policy to make false or malicious statements about other employees and doing so can result in disciplinary action being taken against the offending employee.

2. The supervisor is then obligated to insure that the matter is immediately investigated. If possible, two supervisors determine (independently or together) that the safety-sensitive employee in question may indeed be under the influence of alcohol and/or controlled substances.
3. When the supervisor(s) suspect and believe that the safety-sensitive employee may be under the influence of alcohol and/or controlled substances, the safety-sensitive employee is then immediately relieved from duty (with pay) and driven by City staff (or others designated) to the City specified collection site. Because of a testing facility requirement, the safety-sensitive employee in question must show proof of identification, such as a photo driver license or state-issued photo identification card.

Whenever practical, the Department Head and Human Resources Administrator should be notified in advance of the employee being taken to the collection site.

4. At the collection site, the safety-sensitive employee will be required to submit a urine sample in the event that controlled substances are suspected or a breath sample in the event that alcohol intoxication is suspected to the on-duty technician. Care will be taken to provide the safety-sensitive employee with maximum privacy without compromising the integrity of the sample.
5. The City will take precautions to prevent the safety-sensitive employee being tested from going back to work and driving their own car home. Instead, the safety-sensitive employee will be given assistance in obtaining a ride home from the collections site.
6. The safety-sensitive employee whose test results are negative (0.02 alcohol concentration or less) will be reinstated. The safety-sensitive employee whose confirmation test results indicate an alcohol concentration greater than 0.02 but less than 0.04 will not be permitted to return to duty or perform a safety-sensitive

function for 24 hours after the administration of the test. The safety-sensitive employee whose confirmation test result indicates an alcohol concentration of 0.04 or greater for alcohol will be referred to a City specified outside Substance Abuse Professional (SAP) who will assess the safety-sensitive employee's condition and make a recommendation for treatment which must be followed by the safety-sensitive employee. Failure to follow the accepted recommendations or refusal to submit to return-to-duty and unannounced follow-up testing will result in the safety-sensitive employee's termination.

7. The safety-sensitive employee whose controlled substance test results are verified negative will be reinstated. The safety-sensitive employee whose controlled substance test is verified positive by the Medical Review Officer will be referred to a City specified outside Substance Abuse Professional who will assess the safety-sensitive employee's condition and make a recommendation for treatment, which must be followed by the safety-sensitive employee. Failure to follow the accepted recommendation or refusal to submit to return-to-duty and unannounced follow-up testing will result in the safety-sensitive employee's termination.

B. PROCEDURES – RANDOM TESTING

1. The compliance company notifies the supervisor to send the safety-sensitive employee to the collection site or the mobile unit for alcohol and/or controlled substance testing.
2. The supervisor notifies the safety-sensitive employee to go to the collection site for alcohol and/or controlled substance testing immediately. Because of a testing facility requirement, the safety-sensitive employee in question must have proof of identification, such as a photo driver license or state-issued photo identification card.
3. At the collection site, the safety-sensitive employee will be required to submit a urine sample in the event that controlled substances are to be tested for, or a breath sample in the event that alcohol is being tested for to the on-duty technician. Care will be taken to provide the safety-sensitive employee with maximum privacy without compromising the integrity of the sample.
4. The safety-sensitive employee whose test results are negative (0.02 alcohol concentration or less) will be reinstated. The safety-sensitive employee whose confirmation test results indicate an alcohol concentration greater than 0.02 but less than 0.04 will not be permitted to return to duty or perform a safety-sensitive function for 24 hours after the administration of the test. The safety-sensitive employee whose confirmation test result indicates an alcohol concentration of

0.04 or greater for alcohol will be referred to a City specified outside Substance Abuse Professional (SAP) who will assess the safety-sensitive employee's condition and make a recommendation for treatment which must be followed by the safety-sensitive employee. Failure to follow the accepted recommendations or refusal to submit to return-to-duty and unannounced follow-up testing will result in the safety-sensitive employee's termination.

5. The safety-sensitive employee whose controlled substance test results are verified negative will be reinstated. The safety-sensitive employee whose controlled substance test is verified positive by the Medical Review Officer will be referred to a City specified outside Substance Abuse Professional who will assess the safety-sensitive employee's condition and make a recommendation for treatment, which must be followed by the safety-sensitive employee. Failure to follow the accepted recommendation or refusal to submit to return-to-duty and unannounced follow-up testing will result in the safety-sensitive employee's termination.

C. PROCEDURES-POST ACCIDENT

1. The safety-sensitive employee notifies a supervisor that an accident has occurred.
2. The supervisor determines that the circumstances of the accident warrant a post-accident test when a citation was issued or a fatality occurred. Thereafter, the supervisor directs the safety-sensitive employee to immediately go to the collection site for alcohol and controlled substance testing. Because of a testing facility requirement, the safety-sensitive employee in question must have proof of identification, such as a photo driver license or state-issued photo identification card.
3. At the collection site, the safety-sensitive employee **will be required to submit a urine sample for controlled substances and a breath sample for alcohol testing** to the on-duty technician. Care will be taken to provide the safety-sensitive employee with maximum privacy without compromising the integrity of the sample.
4. The Department Head and Director of Human Resources will be notified that an accident has occurred and that the safety-sensitive employee was instructed to go to the collection site.
5. The safety-sensitive employee whose test results are negative (0.02 alcohol concentration or less) will be reinstated. The safety-sensitive employee whose confirmation test results indicate an alcohol concentration greater than 0.02 but

less than 0.04 will not be permitted to return to duty or perform a safety-sensitive function for 24 hours after the administration of the test. The safety-sensitive employee whose confirmation test result indicates an alcohol concentration of 0.04 or greater for alcohol will be referred to a City specified outside Substance Abuse Professional (SAP) who will assess the safety-sensitive employee's condition and make a recommendation for treatment which must be followed by the safety-sensitive employee. Failure to follow the accepted recommendations or refusal to submit to return-to-duty and unannounced follow-up testing will result in the safety-sensitive employee's termination.

6. The safety-sensitive employee whose controlled substance test results are verified negative will be reinstated. The safety-sensitive employee whose controlled substance test is verified positive by the Medical Review Officer will be referred to a City specified outside Substance Abuse Professional who will assess the safety-sensitive employee's condition and make a recommendation for treatment, which must be followed by the safety-sensitive employee. Failure to follow the accepted recommendation or refusal to submit to return-to-duty and unannounced follow-up testing will result in the safety-sensitive employee's termination.

D. PROCEDURES – RETURN-TO-DUTY and FOLLOW-UP

1. The compliance company notifies the City to send the safety-sensitive employee to the collection site for alcohol and controlled substance testing.
2. The supervisor notifies the safety-sensitive employee to immediately go to the collection site for alcohol and controlled substance testing. Because of a testing facility requirement, the safety-sensitive employee in question must have proof of identification, such as a photo driver license or state-issued photo identification card.
3. At the collection site, the safety-sensitive employee will be required to submit a urine sample in the event that controlled substances are to be tested for, or a breath sample in the event that alcohol is being tested for to the on-duty technician. Care will be taken to provide the safety-sensitive employee with maximum privacy without compromising the integrity of the sample.
4. The safety-sensitive employee whose confirmation test results indicate an alcohol concentration greater than 0.02 or whose controlled substance test is verified positive will be terminated.

E. PROCEDURES – CHAIN OF CUSTODY FOR CONTROLLED SUBSTANCE SPECIMENS

1. At the time a specimen is collected, the safety-sensitive employee will be given a copy of the specimen collection procedures.
2. Urine will be in a wide-mouthed clinic specimen container, which will remain in full view of the safety-sensitive employee until split, transferred to, sealed and initialed in two tamper-resistant urine bottles.
3. Immediately after the specimens are collected, the urine bottles will, in the presence of the safety-sensitive employee, be labeled and then initialed by the employee. If the sample must be collected at the site other than the controlled substance and/or alcohol-testing laboratory, the specimens will then be placed in the transportation container. The container will be sealed in the safety-sensitive employee's presence and the safety-sensitive employee will be asked to initial or sign the container. The container will be sent to the designated testing laboratory on that day or the earliest business day by the fastest available method.
4. A chain of custody form will be completed by the on-duty technician during the specimen's collection process, attached to, and mailed with the specimen.

F. PROCEDURES – SPECIMEN COLLECTION OF STRANGE AND/OR UNRECOGNIZABLE SUBSTANCES

1. A safety-sensitive employee is observed with a strange and/or unrecognizable substance.
2. The supervisor in the presence of a witness, places the strange and/or unrecognizable substance into a clear plastic bag. The bag is sealed, labeled and signed by both the supervisor and the witness.
3. The incident report is made and signed by both the supervisor and a witness.
4. The plastic bag containing the specimen and a copy of the incident report is taken to the collection site for transportation to the laboratory for analysis.

G. PROCEDURES – ALCOHOL CONCENTRATION

1. The safety-sensitive employee and the on-duty Breath Alcohol Technician (BAT) complete the alcohol testing form to ensure that the results are properly recorded.
2. After an explanation of how the breathalyzer works, and initial breath sample is taken.

3. If the results of the initial test show an alcohol concentration of 0.02 or greater a second or confirmation test must be conducted. The confirmation test must not be conducted less than 15 minutes after, nor more than 20 minutes after the screening test.
4. The confirmation test will utilize Evidential Breath Testing devices that print out the results, date and time, a sequential test number, and the name and serial number of the Evidential Breath Testing device to ensure the reliability of the results.

THE CITY OF YUBA CITY

Addendum to Alcohol and Drug Abuse Policy Implementing the Omnibus Transportation Employee Testing Act of 1991

The purpose of this policy is to assure worker fitness for duty and to protect our employees and the public from risks posed by the use of alcohol and controlled substances. This policy is also intended to comply with all applicable Federal regulations governing workplace anti-drug programs in the transportation industry. The Federal Highway Administration (FHWA) of the Department of Transportation has enacted 49 CFR Part 382 that mandates urine drug testing and breathalyzer alcohol testing for safety-sensitive positions and prevents performance of safety-sensitive functions when there is a positive test result. The Department of Transportation has also enacted 49 CFR Part 40 that sets standards for the collection and testing of urine breath specimens. In addition, the Department of Transportation has enacted 49 CFR Part 29, "The Drug-Free Workplace Act of 1988," which requires the establishment of drug free workplace policies and the reporting of certain drug-related offenses to the Department of Transportation. The policy incorporates those requirements of safety-sensitive employees and others when so noted.

THE CITY OF YUBA CITY recognizes that the use of alcohol and/or controlled substances in the workplace is not conducive to safe working conditions. In order to promote a safe, healthy and productive work environment for all employees, it is the objective if the City to have a work force that is free from the influence of alcohol and controlled substances.

A. Applicability

This policy applies to all safety-sensitive employees, volunteers, and contractors when they are on City property or when performing any City related business. It applies to off-site lunch periods and breaks when a safety-sensitive employee is scheduled to return to work. Visitors, vendors, and contracted employees are governed by this policy while on City premises, and they will not be permitted to conduct business if found to be in violation of this policy.

A safety-sensitive position is defined as any position requiring the use of a Class "A" or Class "B" commercial driver license. Fire safety employees will be subject to the policy in accordance with State and Federal laws. A safety-sensitive employee is considered to be performing a safety-sensitive function during any period in which that employee is actually performing, ready to perform, or immediately available to perform any safety-sensitive functions.

This policy addendum coexists with the current Alcohol and Drug Abuse Policy except where it is intended by Federal regulations to super ceded the policy, as specified herein.

B. PROHIBITED SUBSTANCES

"Prohibited substances" addressed by this policy including the following:

Drugs:

Marijuana, amphetamines, opiates, phencyclidine (PCP) and cocaine.

Alcohol:

This use of beverages or substances, including any medication, containing alcohol such that it is present in the body at a level in excess of that stated in Department of Transportation guidelines while actually performing, ready to perform, or immediately available to perform any City business is prohibited. "Alcohol" is defined as: the intoxicating agent in beverage alcohol, ethyl alcohol, or other low molecular weight alcohol, including methyl or isopropyl alcohol.

C. PROHIBITED CONDUCT

Manufacture. Trafficking. Possession. And Use

Any safety-sensitive employee engaging in the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance or alcohol on City premises, in City vehicles or while conducting City business off the premises is absolutely prohibited. Violation will result in removal from safety-sensitive duty and referral to a Substance Abuse Professional (SAP).

Impaired/Not Fit for Duty

Any safety-sensitive employee who is reasonably suspected of being impaired, under the influence of a prohibited substance, or not fit for duty shall be removed from safety-sensitive job duties and be required to undergo a reasonable suspicion controlled substance or alcohol test. Employees failing to pass this reasonable suspicion controlled substance or alcohol test shall remain off duty and be referred to a Substance Abuse Professional (SAP). A controlled substance or alcohol test is considered positive (failed) if the individual is found to have a quantifiable presence of a prohibited substance in the body above the minimum thresholds defined in the Department of Transportation guidelines.

Alcohol Use

No safety-sensitive employee may report for duty or remain on duty when his/her ability to perform assigned functions is adversely affected by alcohol or when his/her breath alcohol concentration is 0.04 or greater. No safety-sensitive employee shall use alcohol while on duty or while performing safety-sensitive functions. No safety-sensitive employee shall use alcohol within four hours of reporting for duty nor during hours that he/she is on call. Violation of this provision is prohibited and will subject the employee to removal from safety-sensitive duty and referral to a Substance Abuse Professional (SAP).

Compliance with Testing Requirements

All safety-sensitive employees are subject to controlled substance testing and breath alcohol testing. Any safety-sensitive employee who refuses to comply with a request for testing, who provides false information in connection with a test or who attempts to falsify test results through tampering, contamination, adulteration, or substitution shall be considered as having a positive test result and shall be removed from duty immediately and referred to a Substance Abuse Professional (SAP). Refusal to submit to a test can include an inability to provide a urine specimen or breath sample without a valid medical explanation, as well as a verbal declaration, obstructive behavior or physical absence resulting in the inability to conduct the test. Employees who refuse the referral to the SAP shall be subject to immediate termination from their position.

Treatment/Rehabilitation Program

An employee with a controlled substance and/or alcohol problem may be afforded an opportunity for treatment in accordance with the following provisions:

Positive Controlled Substance and/or Alcohol Test: A Rehabilitation Program is available for safety-sensitive employees who have tested positive for a prohibited substance on a one-time basis only. Employees will be immediately terminated on the occurrence of a second verified positive test result within 36 months and may be terminated or offered additional rehabilitation at the City's sole discretion after 36 months. The City will immediately serve a Notice of Intended Disciplinary Action in accordance with the personnel rules. The safety-sensitive employee will pay referral to the Substance Abuse Professional (SAP) and any other recovery treatment costs. In regards to probationary employees, the City reserves sole discretion in offering a one-time opportunity for rehabilitation in lieu of immediate termination. When recommended by the Substance Abuse Professional (SAP), participation and completion of rehabilitation program within the prescribed time allowed is mandatory. Failure of a safety-sensitive employee to attend and/or complete a prescribed program will result in termination from employment. Prior to return-to-duty testing, an employee must

follow the rehabilitation program recommended by the SAP and agree to sign a Return-to Duty Agreement. Employees may use their accrued leave balances of CTO and vacation or be placed on an approved leave of absence. The Notice of Discipline documents shall specify the employee's leave status when discipline is imposed. The duration and frequency of follow-up testing will be determined by the SAP but will not be shorter than one year or longer than five years. The employee shall pay all costs associated with follow-up testing unless the City receives such services included from the program administrator Fremont-Rideout Drug Testing Services.

Voluntary Admittance: All employees who feel they have a problem with controlled substances and/or alcohol may request voluntary admission to the rehabilitation program. Requests must be submitted through the Department Head to the Director of Human Resources for review. **The safety-sensitive employee will pay rehabilitation plan development costs and any other treatment plan costs.** The City shall have sole discretion in determining any financial contribution to assist the employee. An employee failing to complete the program within the prescribed time allowed will be subject to termination from employment. An employee completing a rehabilitation program must agree to sign a Return-To-Duty Agreement, pass a return-to-duty controlled substance and/or alcohol test and be subject to unannounced follow-up testing for 36 months following return to duty. A positive result on the return-to-duty test or on the unannounced follow-up tests within a 36-month period will result in termination from employment. A positive follow-up test after 36 months may result in termination or additional rehabilitation at the City's sole discretion.

Leave Balance: Participants in a rehabilitation program may use accumulated sick leave, (provided a substance abuse professional has attested in writing for the need to use a sick leave) vacation, and CTO leave balances. Time spent in a rehabilitation program shall be counted as utilized leave time under the Federal and State Family Care Leave Act if it qualifies as a "serious health condition" under the law. Once leave balances have been exhausted, an employee will be placed on an approved leave without pay in accordance with Personnel Rule 2.11(B).

D. NOTIFYING THE CITY OF CRIMINAL DRUG CONVICTION

Pursuant to the "Drug Free Workplace Act of 1988" any employee who fails to immediately notify the City of any criminal controlled substance statute conviction shall be subject to disciplinary action, up to and including termination of employment.

E. PROPER APPLICATION OF THE POLICY

The City is dedicated to assuring fair and equitable application of the Substance Abuse Policy. Therefore, supervisors are required to administer all aspects of the policy in an unbiased and impartial manner. Any supervisor who knowingly disregards the requirements of this policy, or who is found to deliberately misuse the policy with respect to his/her subordinates shall be subject to disciplinary action, up to and including termination.

F. TESTING FOR PROHIBITED SUBSTANCES

Analytical urine controlled substance testing and breath testing for alcohol will be conducted as required under the Department of Transportation guidelines. All safety-sensitive employees shall be subject to testing prior to employment, randomly, for reasonable suspicion, and following an accident, as defined in the Department of Transportation guidelines. In addition, all safety-sensitive employees will be tested prior to duty after failing a controlled substance and/or alcohol test. Employees who have returned to duty will be subject to unannounced follow-up tests for up to five years, as determined by a Substance Abuse Professional (SAP). Safety-sensitive employees who perform safety-sensitive functions as defined in the Department of Transportation guidelines shall also be subject to testing on a randomly selected, unannounced basis.

Testing shall be conducted in a manner to assure a high degree of accuracy and reliability and using techniques, equipment, and laboratory facilities, which have been approved by the United States Department of Health and Human Services (DHHS). All testing will be conducted consistent with the

procedures put forth in the Department of Transportation guidelines. Testing may be conducted by a mobile unit, which meets the requirements of DHHS.

The controlled substances that will be tested for include marijuana, cocaine, opiates, amphetamines, and phencyclidine (PCP). An initial controlled substance screen will be conducted on each specimen. For those specimens that are positive, a confirmatory Gas Chromatography/Mass Spectrometry (GC/MS) test will be performed. The test will be considered positive if the controlled substances levels present are above the minimum thresholds established in the Department of Transportation guidelines.

Tests for alcohol concentration will be conducted utilizing an approved Evidential Breath Testing device (EBT) operated by a trained Breath Alcohol Technician (BAT). If the initial test indicated an alcohol concentration of 0.02 or greater, a confirmation test will be performed to confirm the result of the initial test. An employee who has a confirmed alcohol concentration of 0.02 but less than 0.04 will be removed from his/her position for at least twenty-four hours unless a re-test results in an alcohol concentration 0.02 or less. An alcohol concentration of 0.04 or greater will be considered a positive alcohol test and in violation of Department of Transportation guidelines and this policy.

Any safety-sensitive employee who has a pending or confirmed positive controlled substance or alcohol test will be removed from safety sensitive duties and/or his/her position, placed on unpaid leave, vacation, or CTO (at the employee's discretion) informed of educational and rehabilitation program available, and evaluated by a Substance Abuse Professional (SAP). Transfer of an employee to a non-safety sensitive position will be made at the sole discretion of the City.

The City affirms the need to protect individual dignity, privacy, and confidentiality throughout the testing process.

Employees in Safety-sensitive positions may be tested under any of the following circumstances:

Pre-Employment Testing

All Applicants for safety-sensitive classifications shall undergo urine controlled substance testing prior to employment. Receipt of satisfactory test results is required prior to employment and failure of a controlled substance test will disqualify the applicant from further consideration for employment.

Reasonable Suspicion Testing

All safety-sensitive employees will be subject to urine and/or breath testing when there is a reason to believe that controlled substances or alcohol use is adversely affecting job performance. A reasonable suspicion referral for testing will be made on the basis of documented objective facts and circumstances, which are consistent with the effects of substance abuse. Examples of reasonable suspicion include, but are not limited to, the following:

1. Observation of unsatisfactory work performance or on-the-job behavior.
2. Physical signs and symptoms consistent with prohibited substance use.
3. Occurrence of a serious or potentially serious accident that may have been caused by human error.
4. Fights (to mean physical contact), assaults and flagrant disregard or violations of established safety, security, or other operation procedures.

Reasonable suspicion determinations will be made by a supervisor who is trained to detect the signs and symptoms of controlled substance and alcohol use and who reasonably concludes that an employee may be adversely affected or impaired in his/her work performance due to prohibited substance abuse or misuse.

Post-Accident Testing

Safety-sensitive employees will be required to undergo controlled substance and/or breath alcohol testing if they are involved in an accident with a City vehicle that results in a fatality. This includes all safety-sensitive employees who are on duty in the vehicles and any other whose performance could have

contributed to the accident. In addition, a post-accident test will be conducted when the employee is cited for a moving violation and (i) any involved vehicle requires towing from the scene or (ii) any person involved requires medical treatment away from the scene of an accident.

Following the accident, the safety-sensitive employee will be tested as soon as possible, but not to exceed eight hours for alcohol and 32 hours for controlled substances. Any employee who leaves the scene of the accident without appropriate authorization prior to submission to controlled substance and alcohol testing will be considered to have refused the test and be subject to termination. Post-accident testing of safety-sensitive employees will include not only the operation personnel, but also any other covered employees whose performance could have contributed to the accident.

Random Testing

Employees working in safety-sensitive classifications will be subjected to randomly selected, unannounced testing. The random selection will be by a scientifically valid method. Each safety-sensitive employee will have an equal chance of being tested each time selections are made. Safety-sensitive employees will be tested either just before duty, during duty, or just after the safety-sensitive employee has ceased performing his/her duty.

Return-to-Duty Testing

All safety-sensitive employees who have previously tested positive on a controlled substance or alcohol test must test negative and be evaluated and released to duty by the Substance Abuse Professional (SAP) before returning to duty. Employees will be required to undergo unannounced follow-up controlled substance and/or alcohol breath testing following returning to duty. The SAP will determine the duration and frequency. However, it shall not be less than 6 tests during the first 12 months, nor longer than 60 months in total, following return to duty.

Employee Requested Testing

Any safety-sensitive employee who questions the result of a required controlled substance test under Department of Transportation guidelines may request that an additional test be conducted. This additional test may be conducted at the same laboratory or at a different DHHS certified laboratory. The test must be conducted on the split sample that was provided at the same time as the original sample. All costs for such testing are to be paid by the employee unless the second sample test invalidated the original test. The method of collecting, storing, and testing the split sample will be consistent with the procedures set forth in the Department of Transportation guidelines. The safety-sensitive employee's request for a re-test must be made to the Medical Review Officer (MRO) within 72 hours of notice of the initial test result. Requests after 72 hours will only be accepted if the delay was due to documentable facts that were beyond the control of the employee.

G. EMPLOYEE ASSESSMENT

Any safety-sensitive employee who tests positive for the presence of controlled substances or whose breath alcohol concentration is above the minimum thresholds set forth in the Department of Transportation guidelines will be assessed by a Substance Abuse Professional (SAP). The SAP will evaluate each employee to determine what assistance, if any, the employee needs in resolving problems associated with prohibited substance abuse or misuse.

If a safety-sensitive employee is returned to duty following rehabilitation, he/she must agree to and sign a Return-To-Duty Agreement, pass a return-to-duty controlled substance and/or alcohol test and be subject to unannounced follow-up tests for a period of one to five years, as determined by the SAP. Referral to the Substance Abuse Professional (SAP) and any other recover treatment costs will be borne by the safety-sensitive employee. Employee will be immediately terminated on the occurrence of a second verified positive test result within 36 months and may be terminated or offered additional rehabilitation at the City's sole discretion after 36 months.

H. CONTINUOUS COMPLIANCE REQUIREMENTS

The City shall apply and interpret this policy to maintain required compliance with applicable Federal laws and regulations, including subsequent amendments and interpretive rulings.

I. CONTACT PERSON

Any questions regarding this policy should be directed to the following City representative:

Title: Director of Human Resources
Address: 1201 Civic Center Boulevard, Yuba City, CA 95993
Telephone: (530) 822-4610

J. DEFINITIONS

ACCIDENT – an unintended happening or mishap where there is a loss of human life (regardless of fault), bodily injury or property damage totaling \$4,400 or more.

ALCOHOL – the intoxicating agent in a beverage alcohol, ethyl alcohol or other low molecular weight alcohol including methyl or isopropyl alcohol.

ALCOHOL CONCENTRATION – the alcohol in a volume of breath expressed in terms of grams of alcohol per 210 liters of breath as indicated by an evidential breath test under this regulation. For example, 0.02 means 0.02 grams of alcohol in 210 liters of expired deep lung air.

ALCOHOL USE – consumption of any beverage, mixture, or preparation, including any medication containing methyl alcohol. Since ingestion of a given amount of alcohol produces the same alcohol concentration in an individual whether the alcohol comes from a mixed drink or cough syrup, the Department of Transportation prohibits the use of any substance containing alcohol, such as prescription or over-the-counter medication or liquor filled chocolates. Prescription medications containing alcohol may have a greater impairing affect due to the presence of other elements (e.g., antihistamines).

BREATH ALCOHOL TECHNICIAN (BAT) – a person trained to proficiency in the operation of the Evidential Breath Testing (EBT) device that the technician is using in the alcohol testing procedures. BAT's are the only qualified personnel to administer the EBT tests.

CHAIN OF CUSTODY – the procedures to account for the integrity of each urine specimen by tracking its handling and storage from point of collection to final disposition.

COLLECTION SITE – a place designated by the City where individuals present themselves for the purpose of providing a specimen of either urine and/or breath.

COMMERCIAL MOTOR VEHICLE – a motor vehicle, or combination of motor vehicles used in commerce to transport passengers or property if the motor vehicle: (1) has a gross combination weight rating of 26,001 or more pounds inclusive of a towed unit with a gross weight rating of more than 10,000 pounds; or (2) has a gross vehicle weight rating of 26,001 or more pounds; or (3) is designated to transport 16 or more passengers, including the driver; or (4) is of any size and is used in the transportation of materials found to be hazardous for the purposes of the Hazardous Materials Transportation Act and which requires the motor vehicle to be placarded under the Hazardous Materials Regulations.

CITY – THE CITY OF YUBA CITY

CITY TIME – any period of time in which the safety-sensitive employee is actually performing, ready to perform, or immediately available to perform any safety-sensitive functions.

CONFIRMATION TEST – for alcohol testing means a second test, following a screening test with a result of 0.02 or greater, which provides quantitative data of alcohol concentration. For controlled substances

testing this means a second analytical procedure to identify the presence of a specific drug or metabolite which is independent of the screen test and which uses a different technique and chemical principle from that of the screen test in order to ensure reliability and accuracy. (Gas chromatography/mass spectrometry (GC/MS) is the only authorized confirmation method of cocaine, marijuana, opiates, amphetamines and phencyclidine).

CONTROLLED SUBSTANCE (DRUG) TEST – a method of detecting and measuring the presence of alcohol and other controlled substances, whether legal or illegal, in a person's body. A controlled substance test may either be an initial test or confirmation test. An initial controlled substance test is designed to identify specimens having concentrations of a particular class of drug above a specified concentration level. It eliminates negative specimens from further consideration.

Controlled substances will be tested under the Department of Health and Human Services guidelines. **The primary (initial or screening) controlled substance test thresholds for a verified positive test result are those that are equal to or greater than:**

Marijuana Metabolites	50 ng/ml
Cocaine Metabolites	300 ng/ml
Phencyclidine (PCP)	25 ng/ml
Opiates Metabolites (1)	300 ng/ml
Amphetamines	1,000 ng/ml

(1) 25 ng/ml if immunoassay

A confirmation drug testing is a second analytical procedure to detect the presence of a specific drug or its metabolite. The confirmation procedure is conducted independent of the initial test and uses a different technique and chemical principle in order to confirm reliability and accuracy. **The confirmatory controlled substance test thresholds for a verified positive test result are those that are equal to or greater than:**

Marijuana Metabolite (THC) (1)	15 ng/ml
Cocaine Metabolite (2)	150 ng/ml
Phencyclidine (PCP)	25 ng/ml
Opiates	
Morphine	300 ng/ml
Codeine	300 ng/ml
Amphetamines	
Amphetamine	500 ng/ml
Methamphetamine (3)	500 ng/ml

(1) Delta-9-tetrahydrocannabinol-9-carboxylic acid

(2) Benzoylcegonine

(3) Specimen must also contain amphetamine at a concentration greater than or equal to 200 ng/ml

DEPARTMENT OF TRANSPORTATION GUIDELINES – The controlled substance and alcohol testing rules (49CFR Part 199 (RSPA – Pipeline), Part 219 (FRA – Railroad), Part 382 (FHWA – Commercial Motor Vehicle), 654 (FTA – Mass Transit) and 14 CFR 61 (FAA – Aviation) et.al.) setting forth the procedures for controlled substance and alcohol testing (49 CFR Part 40) in all transportation industries.

DRIVER – any person who operates a commercial motor vehicle. This includes full time, regularly employed drivers; casual, intermittent or occasional drivers; leased drivers and independent, owner-operator contractors who are either directly employed by or under lease to an employer or who operate a commercial motor vehicle at the direction of, or with the consent of, an employer. For the purposes of pre-employment/pre-duty testing only, the term driver includes a person applying to an employer to drive a commercial motor vehicle.

DRUG (CONTROLLED SUBSTANCE) METABOLITE – the specific substance produced when the human body metabolizes (changes) a given drug (controlled substance) as it passes through the body and is excreted in urine.

EMPLOYEE – any person who is employed by the City or who is a volunteer in a safety-sensitive position requiring a commercial driver license. A complete list of safety-sensitive employee (function and/or position) classifications is listed in Attachment B.

EVIDENTIAL BREATH TESTING DEVICE (EBT) – the device to be used for breath alcohol testing.

MEDICAL REVIEW OFFICER (MRO) – a licensed physician responsible for analyzing laboratory results generated by an employer's controlled substance (drug) testing program. The MRO is knowledgeable about substance abuse disorders and has appropriate medical training to interpret and evaluate positive test results.

PERFORMING (SAFETY SENSITIVE FUNCTION) – a safety-sensitive employee is considered to be performing a safety sensitive function and includes any period in which the safety-sensitive employee is actually performing, ready to perform, or immediately available to perform such functions.

POST-ACCIDENT ALCOHOL AND/OR CONTROLLED SUBSTANCE TESTING – conducted after accidents on employees whose performance could have contributed to the accident. For drivers this is determined by a citation for a moving traffic violation and for all fatal accidents even if the driver is not cited for a moving traffic violation. See Attachment A.

PRE-EMPLOYMENT ALCOHOL AND/OR CONTROLLED SUBSTANCE TESTING – conducted before applicants are hired or after an offer to hire, but before actually performing safety sensitive functions for the first time. Also required when employees transfer to a safety sensitive position.

PROHIBITED DRUGS (CONTROLLED SUBSTANCES) – Marijuana, Cocaine, Opiates, Amphetamines, or Phencyclidine.

PROHIBITED SUBSTANCES – means and is synonymous to drug abuse and/or alcohol misuse or abuse.

RANDOM ALCOHOL AND/OR CONTROLLED SUBSTANCE TESTING – conducted on a random unannounced basis just before, during or just after performance of safety sensitive functions.

REASONABLE SUSPICION CONTROL AND/OR CONTROLLED SUBSTANCE TESTING – conducted when a trained supervisor observes behavior or appearance that is characteristic of alcohol or controlled substance abuse.

REFUSE TO SUBMIT (TO AN ALCOHOL AND/OR CONTROLLED SUBSTANCE TEST) – a safety-sensitive employee fails to provide an adequate breath or urine sample for testing without a valid medical explanation after that safety-sensitive employee received notice of the requirement to be tested, or engages in conduct that clearly obstructs the testing process (i.e., verbal declarations, obstructive behavior or physical absence resulting in the inability to conduct the test).

REHABILITATION – The total process of restoring an employee to satisfactory work performance through constructive confrontation, referral to the SAP and participation in SAP recommendations such as education, treatment and/or support groups to resolve personal, physical or emotional/mental problems which contributed to job problems.

RETURN-TO-DUTY AND FOLLOW-UP ALCOHOL AND/OR CONTROLLED SUBSTANCE TESTING – Conducted when an individual who has violated the prohibited alcohol or controlled substance conduct standards returned to performing safety sensitive duties. Follow-up tests are unannounced and at least 6 tests must be conducted in the first 12 months after an employee returns to duty. Follow-up testing may be extended for up to 60 months following return to duty upon the SAP recommendation.

RETURN-TO-DUTY AGREEMENT – a document agreed to and signed by the employer, safety-sensitive employee and the Substance Abuse Professional that outlines the terms and conditions under which the safety-sensitive employee may return to duty after having had a verified positive controlled substance test result or an alcohol concentration to 0.04 or greater on an alcohol test.

SAFETY-SENSITIVE EMPLOYEE (FUNCTION AND/OR POSITION) – An employee or volunteer is considered to be performing a safety-sensitive function during any period in which that employee is actually performing, ready to perform, or immediately available to perform any safety-sensitive functions and any employee who transfers into or is assigned safety-sensitive functions.

A complete list of safety-sensitive employee (function and/or position) classifications is listed in Attachment B.

SCREENING (INITIAL) TEST – In alcohol testing, it means an analytical procedure to determine whether a safety-sensitive employee may have a prohibited concentration of alcohol in their system. In controlled substance testing, it means an immunoassay screen to eliminate negative urine specimens from further consideration.

SUBSTANCE ABUSE PROFESSIONAL (SAP) – a licensed physician (Medical Doctor or Doctor of Osteopathy), or licensed or certified psychologist, social worker (with knowledge of, and clinical experience in, the diagnosis and treatment of drug and alcohol-related disorders, the license alone does not authorize this), Certified Employee Assistance Professional (CEAP), or addiction counselor certified by the National Association of Alcoholism and Drug Abuse Counselors Certification Commission (NAADAC) with knowledge of, and clinical experience in, the diagnosis and treatment of alcohol and controlled substance-related disorders. The employee shall select a SAP from a list provided by the City.

SUPERVISOR – a person in authority who has had one hour of training on the signs and symptoms of alcohol abuse and an additional hour of training on the signs and symptoms of controlled substance abuse.

VEHICLE – a bus, electric bus, van, automobile, rail car, trolley bus, truck or vessel used for mass transportation.

SAFETY-SENSITIVE EMPLOYEE CLASSIFICATIONS AS OF AUGUST 1, 1997

Fleet Maintenance Supervisor
Streets Maintenance Supervisor
Water/Sewer Maintenance Supervisor
Mechanic
Parks Maintenance Workers I, II, III (only those who have a commercial Driver License)
Public Works Maintenance Workers I, II, III
Recreation Leader
Recreation Supervisor I/II
Senior Plant Maintenance Mechanic (See Note 3)
Plant Maintenance Mechanic (See Note 3)
Temporary Positions that require a commercial driver license

NOTE:

- (1) New positions requiring a commercial license will be subject to this policy.
- (2) Any employee who possesses a commercial license and makes himself or herself available to drive for the benefit of the City is also subject to this policy.
- (3) If these employees possess a commercial license.

**CITY OF YUBA CITY
CATASTROPHIC ILLNESS AND INJURY DONATION PLAN**

Purpose

To assist employees confronting personal or family catastrophic illness or injury who need the support of City employees to avoid financial hardship.

Plan Guidelines

1. Regular and probationary employees who are on an approved leave of absence (in accordance with Human Resources Rules 2.11 (B) or (D)) may receive donated hours of vacation, sick leave, or compensatory time off (CTO) from other employees.

2. Employees seeking donations of time shall submit a written request to the Human Resources Department stating the reason(s) for the request. The Director of Human Resources shall review requests. Each request shall be evaluated solely on its merits. If approved, the Director of Human Resources will initiate efforts to notify City employees of the request for the donation of hours. The name of the employee will be identified but the City will not release confidential medical information.

If disapproved, the requesting employee may seek review of the decision by the joint labor-management committee consisting of one representative from each of the following groups:

- A) Yuba City Employees Association
- B) Firefighters' Association
- C) Police Officers' Association
- D) Middle Managers Group
- E) First Level Managers Group
- F) Human Resources Department

In the event the Committee reaches a tie decision, the decision shall be made in favor of the employee.

The decision of the labor-management committee shall be final and binding, and shall not be subject to the grievance procedure.

3. To be eligible for donated leave hours, the employee must be on an approved leave of absence for their critical illness or injury or to provide required care for a family member (spouse, child, parent) who is critically ill or injured. The guidelines of the Family Care Leave (Human Resources Rule 2.11 (D)) shall be used to determine whether the critical illness or injury qualifies for the donation of leave hours. Verification of need via physician statements will normally be required. The employee must have exhausted, or is reasonably expected to exhaust, all accumulated leave hours (vacation, sick leave, CTO) in order to receive leave.

COUNSELING MEMO POLICY

When a department head becomes aware of employee conduct, which requires documentation but does not warrant formal disciplinary action, a counseling memorandum may be issued to the employee. The purpose of a counseling memo is to provide notice to the employee of a deficiency or problem observed, document infractions, and modify behavior.

Counseling memos shall be issued on a standard form used by the City. A copy of the counseling memo shall be given to the employee and a copy shall be maintained in the employee's personnel file for a period of two years. At the conclusion of two years, the employee can ask that the counseling memo be removed from the personnel file. At that time or any time thereafter that it is discovered that a counseling memo exists in the personnel file after two years, all copies shall be removed from any file maintained by the City, including the department or supervisor, and given to the employee. No future reference to the counseling memo will be made in a subsequent disciplinary process or performance evaluation. However, should an employee receive a subsequent counseling memo, or other disciplinary action within the two year period, a counseling memo shall not be discarded until a two year period has passed in which no counseling memo or disciplinary action has been issued.

During the two-year period the counseling memo may be used by a supervisor to support disciplinary action. The fact that a counseling memo has been issued shall not be referenced in a performance evaluation, however the substance of the counseling memo may be referenced in a performance evaluation if the supervisor deems it necessary.

Counseling memos used prior to the adoption of this Memorandum of Understanding are subject to this policy.

CITY OF YUBA CITY
STAFF REPORT

Date: March 3, 2015
To: Honorable Mayor & Members of the City Council
From: Department of Public Works
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Water Supply Outlook for 2015
Recommendation: Note and File Report
Fiscal Impact: Informational item only.

Purpose:

To provide a summary of water usage in 2014 and an outlook of the City's water supply for 2015.

Background:

California is currently in the fourth consecutive year of drought. Impacts of the drought were truly realized when Governor Brown declared a Drought State of Emergency on January 17, 2014, requesting that Californians reduce water usage by 20% and that local municipalities implement their Water Shortage Contingency Plans. On January 21, 2014, the City Council implemented Stage 2 of the City's Water Shortage Contingency Plan which called for voluntary rationing and water conservation education.

On April 25, 2014, Governor Brown issued an Executive Order to redouble State drought actions. The Executive Order requested that all California residents:

- 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.
- Limit vehicle washing at home by patronizing local carwashes that use recycled water.
- Limit outdoor watering of lawns and landscaping to no more than two times a week.

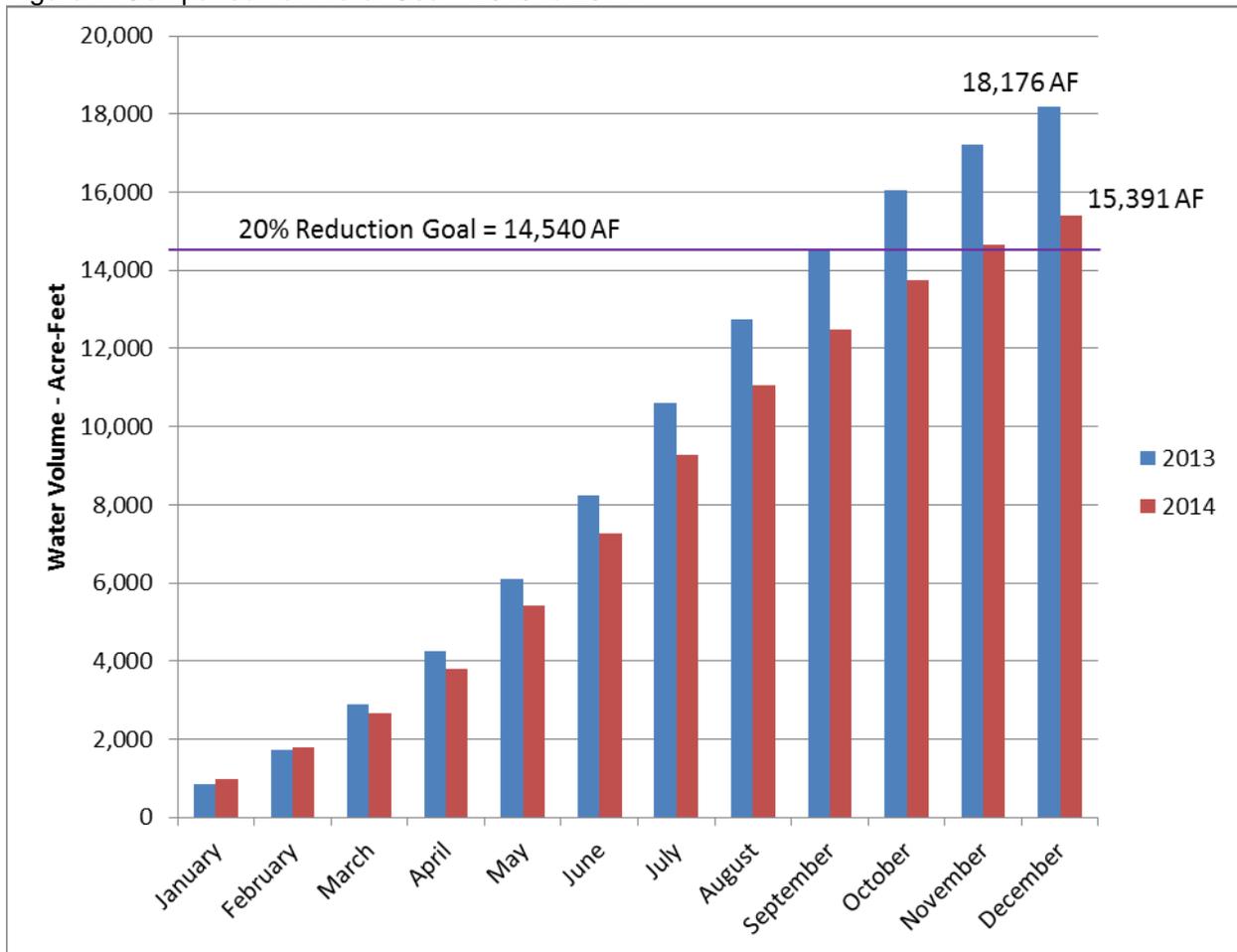
On July 15, 2014, the State Water Resources Control Board (SWRCB) approved emergency regulations to ensure that water suppliers, their customers and state residents increase water conservation in urban settings. The emergency regulations specifically required that urban water suppliers implement Water Shortage Contingency Plans to a level where restrictions on outdoor watering are mandatory. On September 2, 2014, the City Council implemented Stage 3 of the City's Water Shortage Contingency Plan and declared that water supply conditions were such that they justified the need for the implementation of emergency water restrictions and authorized staff to issue violations per the Municipal Code. To date, 1,160 violations have been issued for customers watering on their non-designated days.

In addition to the items above, the City has taken steps to actively promote water conservation through various efforts including:

- Water Conservation Education
- Water Rebate Program for high efficiency toilets, smart irrigation timers, and pre-rinse spray nozzles. To date, the City has issued 21 rebates for toilets and 2 rebates for smart irrigation timers.
- Implementation of the WaterSmart Program – Bi-monthly Home Water Reports have been sent out to approximately 5,500 residential water customers.
- Water Audits
- Leak Detection and Notification Letters
- Conservation Kits
- Modified the “My Yuba City” app to allow residents to report water wasters

Exhibit 1 shows the comparison of water use in 2013 to 2014. Overall for 2014, water usage decreased 15.3%. However, once the mandatory irrigation measures went into effect on September 1st, the water usage dropped 19.8% for September – December.

Figure 1: Comparison of Water Use – 2013 to 2014.



Analysis:

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. Table A provides a comparison of the contractual amount allocated through each contract, the amount used in 2014, the projected amount to be allocated in 2015, and the time of year that each contract can be utilized.

Table A: Yuba City Water Sources

Water Source	Contract Allotment	2014 Water Use	Projected 2015 Allotment	Time of Use
SWRCB License 13855	6,500 AF	3,533 AF	2,640 AF	Sept. - June
SWRCB Permit 18558	9,000 AF	614 AF	1,430 AF	Oct. - June
North Yuba Water District	4,500 AF	4,500 AF	4,500 AF	Summer
DWR State Water Project	9,600 AF	533 AF	480 – 2,400 AF*	Year Round
DWR State Water Project - Carryover	0 AF	4,141 AF	2,700 AF	Year Round
Backup Groundwater Well (WTP)	3,248 AF	2,071 AF	2,100 AF	As Needed
Total:	32,848 AF	15,391 AF	13,850 – 15,770 AF*	

DWR – Department of Water Resources

*In 2014, the City's allocation through the DWR State Water Project contract was 5% or 480 AF, plus the City was able to purchase an additional 53 AF through the Dry Year Water Purchase Program through DWR. On January 15, 2015, the City received a letter from DWR indicating that the City's projected allocation for 2015 is 25% of the City's contractual amount, or 2,400 AF. With the lack of rain so far this winter, it is expected that our allocation amount will be reduced to 5%. If an allocation of 5% is used, then available supplies for 2015 will decrease to 13,850 AF, which is 1,540 AF less than the amount used in 2014.

It is necessary for the City to continue implementing Stage 3 of the City's Water Shortage Contingency Plan including the enforcement of the mandatory irrigation measures. This will likely result in less water usage this summer compared to 2014 as the mandatory irrigation measures did not go into effect with enforcement until September 1, 2014. Estimated water use for 2015 with the mandatory irrigation measures in effect is 14,850 AF.

Also, staff is identifying resources in case additional water is required. Potential options include purchasing additional water through the Dry Year Water Purchase Program, re-commissioning three groundwater wells, installation of an additional groundwater well at the Water Treatment Plant that could then be used for Aquifer Storage Recovery in the future, and reaching out to other agencies regarding short-term purchase of additional water.

If the drought continues beyond 2015, additional measures will be required to reduce water usage. As part of the water rate study currently being conducted, the consultant is evaluating and will be

making a recommendation regarding a water shortage rate structure. It is anticipated that this rate structure will be introduced along with the results of the rate study this summer, for consideration by the rate payers through a Proposition 218 process this fall.

Fiscal Impact:

The drought has had a negative fiscal impact. There are staff costs associated with enforcement of the mandatory irrigation measures, unanticipated costs to purchase water through the Dry Year Water Purchase Program, and costs to run the backup groundwater well at the Water Treatment Plant. If the drought continues, those costs will only increase as additional measures are required to either reduce water demand or find additional resources to meet current demand.

Alternatives:

N/A.

Recommendation:

Note and File Report.

Prepared by:

[/s/Diana Langley](#)

Diana Langley
Public Works Director

Submitted by:

[/s/Steven C. Kroeger](#)

Steven C. Kroeger
City Manager

Reviewed by:

Finance

[RB](#)

City Attorney

[TH](#)

CITY OF YUBA CITY
STAFF REPORT

Date: March 3, 2015
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Regional Water Authority Joint Powers Agreement

Recommendation: a. Authorize the Mayor to execute a Joint Exercise of Powers Agreement to join the Regional Water Authority.

b. Appoint the Mayor as the City Council representative and the Vice Mayor as the alternate to the Regional Water Authority Board.

Fiscal Impact: \$34,000 for FY 2015-16. Dues will be paid from the Water Fund.

Purpose:

To expand and enhance the City's resources related to water supply.

Background:

The Regional Water Authority (RWA) is a joint powers agency formed in July 2001 with twenty-one water-supplier members and three associate members in Sacramento, Yolo, Placer, and El Dorado Counties. RWA members include cities, water and irrigation districts, mutual water companies, investor-owned utilities, and community service districts. Member cities include Folsom, Lincoln, Roseville, Sacramento, and West Sacramento. The mission of RWA is, "To serve and represent the regional water supply interests, and to assist Members in protecting and enhancing the reliability, availability, affordability, and quality of water resources.

RWA's 2013-2018+ Strategic Plan identifies four main goals: Planning, Implementation, Information/Education, and Advocacy. A brief list of their objectives is as follows:

- Develop a Regional Water Reliability Plan to identify the most promising regional opportunities to improve water supply reliability.
- Evaluate and respond to external impacts on the region's water supplies and operations.
- Support programs to benefit from economies of scale in purchasing.
- Fully implement the regional mutual aid program template (for equipment, manpower, and water supply).
- Promote improvements in water use efficiency in the region to meet future water needs and assure compliance with applicable requirements.

- Educate and inform members on water management issues affecting the region.
- Develop and maintain strong partnerships to advance RWA member interests
- Develop a comprehensive public outreach and education program among members to create and implement a consistent message for the region.
- Engage state and federal legislators representing the region and legislators on relevant committees to discuss an agenda for legislative action that represents a collective RWA member vision on items of regional importance.
- Evaluate, comment, and advocate on statewide water regulatory issues that may impact the region and its water supply reliability.

RWA also monitors and notifies agencies of grant opportunities and in some instances, submits and administers grants on behalf of member agencies.

Analysis:

Membership in the RWA would expand and enhance the resources and networking available to the City related to water supply and reliability. Specifically, RWA provides an economical way for the City to:

- Stay on top of water regulatory issues
- Work with peers on water issues facing the region
- Provide an economy of scale related to purchasing
- Allow the City to have a stronger voice in the region and the State
- Have more of an influence during the crafting of regulations that will directly impact the City

For FY 2015-16, one area that will be particularly beneficial to the City to participate in RWA is the required update to the City's Urban Water Management Plan (UWMP). The update is due in 2016 and the State is currently working on update requirements to ensure that agencies adequately address drought conditions. By participating in the RWA, staff will be able to coordinate with the other RWA agencies to make sure that the City's Water Shortage Contingency Plan is in alignment with the rest of the Sacramento region. This is important as the City's water customers view Sacramento area news channels and hear discussions of various agencies implementing different stages of their Water Shortage Contingency Plans. If the Water Shortage Contingency Plans are not consistent, it can lead to a lot of confusion for customers.

The City participates in a similar group on the wastewater side, the Central Valley Clean Water Association, and has benefited greatly. The direct line to State staff and peers in the industry has proven to be invaluable.

RWA is selective in allowing new members to join as it has to be mutually beneficial. John Woodling, the RWA Executive Director, took the City's membership request to the Executive Committee of the Board in December to see if they were interested in allowing the City to join. They approved, and on January 8, 2015, the RWA Board voted unanimously to approve membership of the City. With the execution of the Attached Joint Exercise of Powers Agreement, the City's membership will be final.

Each member agency appoints two people to represent the agency on the Board of Directors for RWA. Most agencies appoint an elected official and an executive staff person, along with alternates. Board meetings are held the second Thursday of every month in the morning, and

RWA's office is located in Citrus Heights. Staff is recommending that the Public Works Director be appointed as the staff person to represent the City on the Board, with the Deputy Public Works Director – Utilities as the alternate. Staff is recommending that Council appoint the Mayor as the City Council representative and the Vice Mayor as the alternate to the Board.

If it is determined that membership in RWA is no longer beneficial to the City, the City can withdraw at any time upon ninety days' written notice.

Fiscal Impact:

Membership in the RWA is based on the number of water connections for each agency and dues are collected annually. The City's dues are anticipated to be approximately \$34,000. The City will not be invoiced for membership until FY 2015-16, and no significant dues increases are expected. RWA's budget is typically considered at the Board meeting in March and approved in May.

If the membership is approved, staff will program the membership dues in the FY 2015-16 budget for the Water Treatment Plant.

Alternatives:

Do not join the Regional Water Authority.

Recommendation:

- a. Authorize the Mayor to execute a Joint Exercise of Powers Agreement to join the Regional Water Authority.
- b. Appoint the Mayor as the City Council representative and the Vice Mayor as the alternate to the Regional Water Authority Board.

Prepared by:

[/s/Diana Langley](#)

Diana Langley
Public Works Director

Submitted by:

[/s/Steven C. Kroeger](#)

Steven C. Kroeger
City Manager

Reviewed by:

Finance

[RB](#)

City Attorney

[TH](#)

**AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT
REGIONAL WATER AUTHORITY**

This Amended and Restated Agreement is made and entered into as of this 8th day of October, 2013, by and between the parties to this Agreement (listed in Exhibit A). As of the date of this Amended and Restated Agreement's approval under Article 36 of the July 1, 2001 Joint Exercise of Powers Agreement, this Amended and Restated Agreement supersedes that 2001 Agreement.

INTRODUCTION

This Agreement changes the name of the Sacramento Metropolitan Water Authority ("SMWA") to the Regional Water Authority (the "Regional Authority"), and supersedes the agreement under which SMWA was formed and operated. SMWA will continue to operate, but as the Regional Authority. This amendment shall not affect any contracts entered into by SMWA, except for the change of name from SMWA to Regional Authority. The parties to this Agreement intend that the Regional Authority may, at some future time, provide the types of services that are currently being provided by other existing industry associations in the region, including, but not limited to, all or portions of the Sacramento Area Water Works Association ("SAWWA"), the Sacramento Maintenance and Regional Technology group ("SMART"), and the American River Basin Cooperating Agencies ("ARBCA"), subject to the approval of those entities and the Regional Authority.

Recitals

- A. This Agreement amends and supersedes in its entirety that certain joint exercise of powers agreement, as amended, that was entered into as of March 20, 1990 (the "SMWA JPA") to form the SMWA.
- B. The mission of the Regional Authority is to serve and represent the regional water supply interests, and to assist the Members of the Regional Authority in protecting and enhancing the reliability, availability, affordability and quality of water resources.
- C. The goals of the Regional Authority are to:
 - 1. Assist, where appropriate, in the voluntary consolidation of the services provided by existing industry/trade associations and water utility support groups within the Regional Authority.
 - 2. Develop and provide subscription-based (i.e., that are paid for by participating Members) support services, projects and programs of mutual interest for Members, or groups of Members, and certain other subscribers.
 - 3. Facilitate discussion of and action on matters of regional priority and interest.

4. Coordinate and implement regional water master planning, grant-funding acquisition, and related planning efforts.
 5. Provide a unified voice to advocate and respond to legislative, regulatory and policy matters of importance to the region's water supply.
- D. The guiding principles of the Regional Authority shall be:
1. To operate without exercising governing or regulatory authority over Members.
 2. To operate without competing with Members for the development, treatment or delivery of water supplies.
 3. To ensure that the positive traditions and essential functions of SMWA, SAWWA, SMART and ARBCA (if the Regional Authority provides the same types of services that those associations currently provide) be continued.
 4. To operate in a manner that allows each Member to retain its ability to make business and policy decisions.
- E. The Members desire to meet their mutual goals effectively and efficiently through the formation of the Regional Authority.

AGREEMENT

In consideration of the promises, terms, conditions and covenants contained herein, the parties to this Agreement hereby agree as follows:

GENERAL

1. **Incorporation of Recitals.** The foregoing recitals are hereby incorporated by reference.
2. **Members.** Each Member certifies and declares that it is a public agency (as defined in Government Code section 6500) or mutual water company (as defined in Government Code section 6525) that is authorized to be a party to this joint exercise of powers Agreement, and to contract with each other for the joint exercise of common powers in accordance with Article 1, Chapter 5, Division 7, Title 1 of the Government Code (the "JPA Act", commencing with section 6500).

DEFINITIONS

3. **Definitions.** When used in this Agreement, the following terms shall have the meanings set forth below:
- a. "Agreement" means this Joint Exercise of Powers Agreement.
 - b. "Board of Directors" or "Board" means the governing body of the Regional Authority as established in this Agreement. The Board of Directors shall include representatives of Members and Contracting Entities as provided in this agreement.
 - c. "Budget" means the approved budget applicable to the expenses of the Regional Authority.
 - d. "Contracting Entity" or "Contracting Entities" means an entity providing retail water service to 1,000 or more retail connections that enters into a written agreement with the Regional Authority that has been approved by two-thirds of the membership of the Board (not just two-thirds of the representatives present at a meeting of the Board) to (1) contribute to the costs of the Regional Authority as specified in the agreement, (2) be represented on the Board of Directors, and (3) have the rights and duties set forth in the agreement.
 - e. "Director" means a representative on the Board of Directors.
 - f. "Executive Director" means the chief administrative officer of the Regional Authority.
 - g. "External Policy Issues" means state and federal legislation and regulatory issues; judicial matters having broad applicability to the mission and/or Members and Contracting Entities; and water projects or actions of entities other than Members or Contracting Entities that may impact the region.
 - h. "Fiscal Year" means an accounting period running from July 1 through June 30 of each year.
 - i. "Member" means each entity that is or becomes a party to this Agreement.
 - j. "Project or Program Agreement" means an agreement between the Regional Authority and two or more of its Members or Contracting Entities, to provide for carrying out a project or program that is within the authorized purposes of the Regional Authority, and sharing in the costs and benefits by the parties to the Project or Program Agreement.
 - k. "Regional Water Authority" or "Regional Authority" means the changed name for SMWA.

- I. "SMWA" means the Sacramento Metropolitan Water Authority, a joint powers authority that was formed by a joint exercise of powers agreement, as amended, that was entered into as of March 20, 1990, which, by virtue of this Agreement, is changed to the Regional Water Authority.
- m. "SMWA JPA" means the joint exercise of powers agreement that formed SMWA.

CREATION OF JOINT POWERS AUTHORITY; POWERS AND PURPOSES

4. **Regional Authority Created.** The Regional Authority is hereby created pursuant to the JPA Act and this Agreement, reflecting the revisions of the SMWA JPA. The Regional Authority shall be a public entity separate from its Members.
5. **Boundaries of the Regional Authority.** The geographic boundaries of the Regional Authority shall be coextensive with those of the Members.
6. **Common Powers To Be Exercised.** In fulfillment of the stated mission and goals, the Regional Authority shall exercise the foregoing common powers and such additional powers as may be authorized by law in the manner hereinafter set forth.
7. **Powers and Limitations:**
 - a. **Powers.** The Regional Authority shall have the power in its own name to do any of the following:
 1. Exercise jointly the common powers of its Members in studying, planning and implementing ways and means to provide reasonable and financially-feasible projects, programs and cooperative operations activities for Members.
 2. Develop and provide voluntary support services and programs by subscription, including but not limited to: educational and training programs, water conservation programs, public education and outreach programs, water quality protection and laboratory testing programs, technical review and analysis programs, multi-Member regional planning activities, and coordinate the planning, design, financing, debt management, grant fund applications, construction and operation of physical assets on behalf of Members pursuant to the terms of this Agreement.
 3. Make and enter into contracts.
 4. Cooperate, act in conjunction and contract with the United States, the State of California, or any agency thereof, counties, municipalities, public and private corporations of any kind (including, without limitation, investor-owned utilities), and persons, or any of them, for any and all purposes necessary or convenient for the full exercise of the powers of the Regional Authority.

5. Contract for consultant services and to employ such other persons or employees, as it deems necessary.
 6. Incur debts, liabilities and obligations, and enter into leases, installment sale and installment purchase contracts, subject to limitations herein set forth.
 7. Apply for, accept, receive and administer state, federal or local grants, loans or other forms of aid or subvention from any agency of the United States of America, the State of California or other public or private entity compatible with the Regional Authority's full exercise of its powers.
 8. Obtain any governmental authorizations or approvals required for the administration of the Regional Authority
 9. Sue and be sued in its own name.
 10. Acquire and dispose of real and personal property.
 11. Perform all acts necessary or proper to carry out fully the purposes of this Agreement.
 12. To the extent not specifically provided for herein, to exercise any powers in the manner and according to methods provided under the laws applicable to a Community Services District (Division 3 of Title 6 of the Government Code, commencing with section 61000).
 13. Take and advocate positions on External Policy Issues in a manner consistent with any policies adopted by the Board of Directors to govern the taking and advocacy of such positions.
- b. Limitations.** To ensure that the Regional Authority does not take a position in conflict with Members' or Contracting Entities' interests on local issues that are not External Policy Issues, the written consent of all Members and Contracting Entities (i.e., the unanimous consent of those entities, not just those present at a Board of Directors meeting, or a quorum of the Members and Contracting Entities) shall be required before the Regional Authority adopts formal positions on such local issues. For purposes of this Article 7.b, the term "local issues" includes, but is not limited to, local land use decisions, local ordinances, projects in this region of individual Members or Contracting Entities and disputes or agreements among Members and/or Contracting Entities concerning the region. The Regional Authority also will not take a position on any judicial or regulatory matter involving a Member or Contracting Entity that otherwise would be an External Policy Issues without the consent of that Member or Contracting Entity. Notwithstanding any other portion of this Article 7.b, the Regional Authority may express support for a project of a Member or Contracting Entity to other entities where the project promotes the

mission of the Regional Authority and where the support position is consistent with adopted Board policy or policies.

BOARD OF DIRECTORS

8. **Membership on the Board of Directors.** The Board of Directors shall consist of the following representatives:
- a. Each Member shall appoint two representatives, who shall be either a representative from the governing board, executive staff representatives or a combination thereof, either of whom may cast a single vote on behalf of their Member. The Authority prefers that one representative be from the Member's governing body, and that one representative be from the Member's executive staff.
 - b. Each Contracting Entity shall appoint two representatives, who shall be either a representative from the governing board of the Contracting Entity, executive staff representative, or a combination thereof, either of whom may cast a single vote on behalf of the Contracting Entity.
9. **Notification of Appointment to the Board of Directors.** A Member and a Contracting Entity shall notify the Regional Authority in writing from time to time of its designated representatives to the Board of Directors, including alternates who may act in the absence of a representative.
10. **Committees.**
- a. **Executive Committee.** The Board shall create from its membership an Executive Committee consisting of not more than nine representatives from the Board of Directors. The representatives to the Executive Committee shall serve at the pleasure of the Board of Directors. The Executive Committee shall have the decision-making authority delegated to it by the Board, and shall coordinate and monitor the activities of Regional Authority staff and consultants, review and approve routine business decisions, and serve as a sounding board for ideas and issues on behalf of the Board of Directors. Executive Committee meetings will be open to the public (except for authorized closed sessions), noticed and conducted in accordance with applicable law.
 - b. **Ad hoc and Standing Committees.** From time to time, specific issues may arise that may require, in the view of the Chairman of the Board, specialized or detailed efforts outside the routine activities of the Board of Directors meetings or Executive Committee meetings. At such times, the Board Chairman may establish an ad hoc or standing committee to address those issues, appoint representatives to that committee and provide that committee with a specific mission or charter. Such committees shall meet as necessary at locations and times determined by their membership.

11. **Principal Office.** The Board of Directors shall establish the principal office of the Regional Authority. The Board is hereby granted full power and authority to change its principal office from one location to another within the boundaries of the Regional Authority. Any change shall be noted by the Secretary, but shall not be considered an amendment to this Agreement.
12. **Meetings.** The Board shall generally meet at the Regional Authority's principal office or at such other place as may be designated by the Board. The time and place of regular meetings of the Board shall be determined by resolution adopted by the Board. A copy of such resolution shall be furnished to each Member and Contracting Entity. All meetings shall be called and held in the manner as provided in Chapter 9, Division 2, Title 5 of the Government Code of the State of California (the "Brown Act," commencing at Section 54950).
13. **Quorum/Board Action.** A majority of all of the Board shall (a) constitute a quorum for the purposes of transacting the Regional Authority's business; and (b) be required for an affirmative vote for the Board to take action, except where different voting requirements are provided for in this Agreement.
14. **Powers and Limitations.** All the power and authority of the Regional Authority will be exercised by the Board, subject however, to the rights reserved by the Members as herein set forth, provided, that the Board may delegate its powers and authority to the Executive Committee or the Executive Director.
15. **New Members.** The Board shall have authority, upon the approval of two-thirds of the membership of the Board (not just two-thirds of the representatives present at a meeting of the Board), to: (a) approve new Members to the Regional Authority; (b) remove a Member, in which case the Board may amend Exhibit A to this Agreement for those purposes; and (c) approve agreements with Contracting Entities. The Board of Directors may provide that a new Member shall be liable only for obligations of the Regional Authority that existed from or after the effective date of the action approving the new Member.
16. **Minutes.** The Secretary of the Regional Authority shall cause to be kept minutes of all meetings of the Board and the Executive Committee. A copy of the approved minutes shall be forwarded to each Member and Contracting Entity.
17. **Rules of Procedure.** The Board will adopt Rules of Procedure within twelve months of the formation of the Regional Authority. The rules of procedure shall supplement but not be in conflict with this Agreement, and may contain policies and procedures for the efficient operation of the Regional Authority. In the event of conflict between this Agreement and other rules or procedures, the provisions of this Agreement shall govern.
18. **Officers.** A Board Chairman, and Vice-Chairman shall be elected from the membership of the Board, and shall hold office for a period of one year

commencing on or about January 1 of each year, provided however, that the first Chairman and Vice-Chairman shall hold office from the date of their appointment to December 31 of the ensuing year, or until their successors take office, whichever is later.

The Board shall appoint a Secretary upon recommendation of the Executive Director. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and the Executive Committee, and all other official records of the Regional Authority.

The Board shall appoint a Treasurer of the Regional Authority, upon recommendation of the Executive Director, from among the officers or employees of the Regional Authority, who shall be the depository of funds and shall have custody of all money of the Regional Authority, from whatever source. The Treasurer shall perform the duties specified in Government Code Section 6505.5, shall draw all warrants and pay demands against the Regional Authority approved by the Board.

The Board may appoint legal counsel to the authority. The Regional Authority's legal counsel shall work cooperatively, and at the direction of the Executive Director. However, legal counsel shall ultimately report to the Board of Directors and the Executive Committee.

In addition, the Board shall have the power to appoint such additional officers, as it deems necessary.

The public officer or officers or employees of the Regional Authority who have charge of any funds or securities of the Regional Authority shall be bonded and the Board shall designate the amount of their bond. All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, worker's compensation and other benefits that apply to the activity of officers, agents or employees of any of the Members when performing their respective functions shall apply to them to the same degree and extent while engaged in the performance of any of the functions and other duties under this Agreement. None of the officers, agents or employees appointed by the Board shall be deemed by reason of their employment by the Board to be employed by any of the Members or by reason of their employment by the Board to be subject to any of the requirements of such Members.

EXECUTIVE DIRECTOR

- 19. Executive Director.** The Executive Director of the Regional Authority shall be the chief administrative officer of the Regional Authority, shall serve at the pleasure of the Board of Directors, and shall be responsible to the Board for the proper and efficient administration of the Regional Authority pursuant to the provisions of this Agreement, or of any resolution or order of the Board. In addition to other powers and duties herein provided, the Executive Director shall have the power:

- a. Under policy direction of the Executive Committee, to plan, organize and direct all Regional Authority activities;
- b. To appoint and to remove all Regional Authority employees, all of whom shall serve at the pleasure of the Executive Director, except as is otherwise provided by law or by this Agreement;
- c. To authorize expenditures within the designations and limitations of the approved Budget; and
- d. To make recommendations to and requests of the Board of Directors, or Executive Committee, concerning all of the matters and things that are to be performed, done or carried out by the Regional Authority.

PLANNING AND PROGRAMS

20. **Planning Activities.** In keeping with the purpose of this Agreement, the Members hereby authorize and direct the Regional Authority to undertake and/or participate in such studies and planning as necessary to provide for the purposes set forth in the recitals hereto.

PROJECTS

21. **Projects.** The Regional Authority's projects are intended to facilitate and coordinate the development, design, construction, rehabilitation, acquisition, or financing of water-related facilities (including sharing in the cost of federal, State or local projects) on behalf of Members and/or Contracting Entities. The Regional Authority may undertake the development, design, construction, rehabilitation, acquisition or funding of all or any portion of such projects on behalf of Members and/or Contracting Entities in the manner and to the extent authorized by such Members and/or Contracting Entities as provided in this Agreement, but shall not accomplish these functions, nor acquire or own water-related facilities in its own name.
22. **Project or Program Agreement.** Prior to undertaking a project or program, the Members and/or Contracting Entities who elect to participate in a project or program shall enter into a Project or Program Agreement. Thereafter, all assets, benefits and obligations attributable to the project shall be assets, benefits and obligations of those Members and/or Contracting Entities that have entered into the Project or Program Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Regional Authority in regard to a particular project or program, including startup costs advanced by the Regional Authority, shall be obligations of the participating Members and/or Contracting Entities, and shall not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed the Project or Program Agreement.

BUDGETS AND PAYMENTS

23. **Budget.** Each fiscal year, the Board shall adopt a Budget for the Regional Authority for the ensuing fiscal year.
24. **Contributions and Expenses:**
- a. Members and Contracting Entities (consistent with the terms of their agreements with the Regional Authority) shall share in the general operating and administrative cost of operating the Regional Authority, as outlined in the annual budget documents. The Board of Directors may approve, from time to time, an advance or contribution to proposed projects or program specific activities (start-up costs). The reimbursement of these start-up costs or contributions from subscribing Members and/or Contracting Entities will be required once the contemplated project or program is implemented as contained in the Project or Program Agreement, unless the Board of Directors determines otherwise by unanimous vote.
 - b. Project or program-specific expenses, performed at the request of, or on behalf of Members and/or Contracting Entities shall have dedicated funding sources as described and contained in the Project or Program Agreement.
 - c. The Board may arrange for the payment of the expenses of the Regional Authority through some other source, including but not limited to State or federal grants or loans.
 - d. In accordance with Government Code Section 6512.1, repayment or return to the Members and/or Contracting Entities of all or part of any contributions made by the Members and/or Contracting Entities may be directed by the Board at such time, and upon such terms as may be consistent with any indebtedness incurred by the Regional Authority. The Regional Authority shall hold title to all funds and property acquired by it during the term of this Agreement.

FINANCING

25. **Capital Indebtedness.** The Regional Authority shall not issue, execute or otherwise participate in debt instruments for the purpose of acquiring, developing, licensing, permitting, treating, diverting, pumping or delivering water supplies.
26. **Other Indebtedness.** Subject to the provisions of Article 25, the Regional Authority shall have the power and authority to issue bonds, notes and other indebtedness, and to execute leases, installment sale contracts or installment purchase contracts for the purposes and in accordance with procedures and requirements as permitted by law.

ACCOUNTING AND AUDITS

27. **Accounting Procedures.** Full books and accounts shall be maintained for the Regional Authority in accordance with practices established by, or consistent with, those utilized by the Controller of the State of California for like public entities. In particular, the Regional Authority's Treasurer shall comply strictly with requirements of the JPA Act.
28. **Audit.** A qualified firm, serving in the capacity of auditor, shall audit the records and the accounts of the Regional Authority annually in accordance with the provisions of section 6505 of the JPA Act. Copies of such audit reports shall be filed with the State Controller, each Member and each Contracting Entity within six months of the end of the fiscal year under examination.

PROPERTY RIGHTS

29. **Property.** All property owned or acquired by the Regional Authority shall be held in the name of the Regional Authority for the benefit of the Members and/or Contracting Entities of the Regional Authority in accordance with the terms of this Agreement, unless a Project or Program Agreement provides otherwise.
30. **Liabilities.** The debts, liabilities and obligations of the Regional Authority shall be the debts, liabilities or obligations of the Regional Authority alone and not of the Members to this Agreement, except as may otherwise be expressly set forth in a Project or Program Agreement.

LIABILITY OF BOARD

31. **Indemnification of Board.** Except as otherwise provided in this Agreement, the funds of the Regional Authority shall be used to defend, indemnify and hold harmless the Regional Authority and Directors for their actions taken within the scope of the authority of the Regional Authority. Nothing herein shall limit the right of the Regional Authority to purchase insurance to provide such coverage, as is herein above set forth.

RESCISSION, TERMINATION, WITHDRAWAL, ASSIGNMENT

32. **Term.** The Regional Authority shall continue until this Agreement is terminated as herein provided.
33. **Rescission or Termination.** This Agreement and the Regional Authority may be terminated by two-thirds written consent of the Members except during the outstanding term of any Regional Authority indebtedness. Nothing in this Agreement shall prevent the Members from withdrawing as provided in this Agreement, or from entering into other joint exercise of power agreements.

- 34. Disposition of Property Upon Termination.** Upon termination of this Agreement, any surplus funds on hand shall be returned to the then Members and Contracting Entities (consistent with the terms of their agreements with the Regional Authority) in proportion to the contributions made. The Regional Authority shall first offer any property, rights or interests of the Regional Authority for sale to the Members and Contracting Entities for good and adequate consideration. If no such sale is consummated, the Regional Authority shall offer such property, rights and interests for sale to any governmental agency, or other entity for good and adequate consideration. The net proceeds from any sale shall be distributed among the Members and Contracting Entities (consistent with the terms of their agreements with the Regional Authority) in proportion to the contributions made. If no such sale is consummated, then the property, rights and interests of the Regional Authority shall be allocated to the Members and Contracting Entities in the same manner as the allocation of the net proceeds from a sale, unless otherwise agreed to by the Members and Contracting Entities.
- 35. Withdrawal.**
- a. A Member may unilaterally withdraw from this Agreement without requiring termination of this Agreement, effective upon ninety days' written notice to the Regional Authority, provided that the withdrawing Member shall remain responsible for any indebtedness incurred by the Member under any Project or Program Agreement to which the Member is a party, and further provided that the withdrawing Member pays or agrees to pay its share of debts, liabilities and obligations of the Regional Authority incurred by the Member under this Agreement prior to the effective date of such withdrawal. A Contracting Entity may withdraw under the terms and conditions of its agreement with the Regional Authority.
 - b. In the event the withdrawing Member has any rights in any property or has incurred obligations to the Regional Authority, the Member cannot sell, lease or transfer such rights or be relieved of its obligations, except in accordance with a written agreement executed by it and the Regional Authority. The Regional Authority may not sell, lease, transfer or use any rights of a Member who has withdrawn without first obtaining the written consent of the withdrawing Member.
 - c. No refund or repayment of the initial commitment of funds (as determined by the Board of Directors) shall be made to a Member ceasing to be a Member to this Agreement whether pursuant to this Section or any other Section of this Agreement. The refund or repayment of any other contribution shall be made in accordance with the terms and conditions upon which the contribution was made, or other agreement of the Regional Authority and withdrawing Member.
 - d. A Member may be involuntarily removed as a Member by two-thirds vote of the Board of Directors in the manner provided for in Article 15.

36. **Amendments**. This Agreement may be amended from time to time by unanimous vote of the Members, except that Exhibit A may be amended to add a new member by vote of the Board of Directors in accordance with the provisions of Article 15.
37. **Assignment: Binding on Successors**. Except as otherwise provided in this Agreement, the rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Regional Authority then in effect. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Members hereto. The agreement between a Contracting Entity and the Regional Authority shall set forth provisions concerning assignment of the rights under that agreement.
38. **Notice**. Any notice or instrument required to be given or delivered under this Agreement may be made by: (a) depositing the same in any United States Post Office, postage prepaid, and shall be deemed to have been received at the expiration of 72 hours after its deposit in the United States Post Office; (b) transmission by facsimile copy to the addressee; (c) transmission by electronic mail; or (d) personal delivery.
39. **Counterparts**. This Agreement may be executed by the Members in separate counterparts, each of which when so executed and delivered shall be an original. All such counterparts shall together constitute but one and the same instrument.
40. **Choice of Law**. This Agreement shall be governed by the laws of the State of California.
41. **Severability**. If one or more clauses, sentences, paragraphs or provisions of this Agreement is held to be unlawful, invalid or unenforceable, it is hereby agreed by the Members that the remainder of the Agreement shall not be affected thereby.

Regional Water Authority

Joint Exercise of Powers Agreement

The foregoing is hereby agreed to by the members:

Steve M. Nugent
Carmichael Water District Date

Paul Johnson 10/29/13
Citrus Heights Water District Date

[Signature]
City of Folsom Date

Stan Nader
City of Lincoln Date

[Signature] 5/10/13
City of Roseville Date

[Signature]
City of Sacramento Date

[Signature] 6/7/13
City of West Sacramento Date

Rebut Sedwick
Del Paso Manor Water District Date

Jan Abernethy
El Dorado Irrigation District Date

[Signature]
Elk Grove Water District Date

[Signature]
Fair Oaks Water District Date

[Signature]
Orange Vale Water Company Date

Graham L. Allen
Placer County Water Agency Date

[Signature]
Rancho Murieta Community Services District Date

Brad Dims 4-19-13
Rio Linda/Elverta Community Water District Date

Michael L. Peterson
Sacramento County Water Agency Date

[Signature]
Sacramento Suburban Water District Date

[Signature]
San Juan Water District Date

Jessie M. Freeman
Woodland-Davis Clean Water Agency Date

City of Yuba City

Date

2013

Regional Water Authority

2018+

Strategic Plan



RWA

Regional Water Authority

BUILDING ALLIANCES IN NORTHERN CALIFORNIA

RWA Members & Staff

RWA Members and Board Representatives (2013)

California American Water

Andy Soulé, Grady Stevens

Carmichael Water District

Ron Greenwood*, Steve Nugent

Citrus Heights Water District

Joe Dion*, Bob Churchill

Del Paso Manor Water District

Ryan Saunders, Debra Sedwick*

El Dorado Irrigation District

Bill George*, Jim Abercrombie

Elk Grove Water District

Mark J. Madison, Dennis Coleman

Fair Oaks Water District

Randy Marx, Tom Gray

City of Folsom

Kerri Howell, Steve Miklos

Golden State Water Company

Paul Schubert*, Ernie Gisler

City of Lincoln

Spencer Short*, Frank Bradham

Orange Vale Water Company

Michael Schaefer, Sharon Wilcox

Placer County Water Agency

Robert Dugan, Brian Martin

Rancho Murieta Community Services District

Gerald (Jerry) Pasek, Ed Crouse

City of Roseville

Pauline Roccucci, Ed Kriz

Rio Linda/Elverta Community Water District

Brent Dills, Mary Henrici

City of Sacramento

Darrell Fong, Dave Brent*

Sacramento Suburban Water District

Neil Schild, Rob Roscoe*

Sacramento County Water Agency

Susan Peters, Kerry Schmitz

San Juan Water District

Pam Tobin*, Shauna Lorange

City of West Sacramento

William Kristoff, Christopher Ledesma

Woodland-Davis Clean Water Agency

William (Bill) Marble, Dennis Diemer

** Denotes Executive Committee Members*

Associate Members

El Dorado County Water Agency

Sacramento Municipal Utility District

Sacramento Regional County Sanitation District

Staff

John Woodling, Executive Director

Nancy Marrier, Finance and Administrative
Services Officer

Rob Swartz, Principal Project Manager

Amy Talbot, Associate Project Manager

Monica Garcia, Project Research Assistant

Cecilia Partridge, Executive Assistant

Strategic Plan Consultant

Ellen Cross, Strategy Driver, Inc.

Foreword

The Regional Water Authority (RWA), as the representative of 24 water suppliers and associated agencies in the greater Sacramento area, is pleased to present our collective vision and integrated goals and objectives. Strategic Plan 2018+ was developed to guide RWA over the next five years, and represents a renewed commitment to regional collaboration as well as a bold new direction for the organization. Over the past dozen years, RWA and its members have established an effective and collaborative approach to addressing regional water issues to protect and enhance the reliability and sustainability of our region's water supplies. Our call to action for the next five years is to leverage these forward-thinking efforts to respond to an evolving set of challenges within and outside the region.

An integrated approach to dealing with the complexities that affect our water supply reliability will be critical over the next five years and beyond. Future challenges include more stringent regulations, mounting pressures on statewide water supplies, growth within the Sacramento region, climate change, and finite financial resources. Continuing to meet these challenges and creating opportunities to reinforce our water supply reliability will be accomplished through a comprehensive water management approach in which we will integrate regional planning and implement the most promising strategies; inform and educate members, the public, and decision makers; and advocate with a unified voice in pursuit of our region's common goals.

As the Executive Director and Chairman of the Board of Directors, we are excited to implement RWA's Strategic Plan 2018+ as a key element of securing the region's water future.

John Woodling
RWA Executive Director

Robert Roscoe
Chair, RWA Board of Directors

Mission, Vision & Background



MISSION

To serve and represent the regional water supply interests, and to assist Members in protecting and enhancing the reliability, availability, affordability, and quality of water resources

VISION

Through regional cooperation and collaboration we improve our members' abilities to effectively manage water resources to provide high quality water supplies to the public at a reasonable cost, to promote a sustainable environment, and to support a vibrant economy.

BACKGROUND

The Regional Water Authority (RWA) is a joint powers agency (JPA) formed in July 2001 as a forum to discuss and address regional water issues. RWA formed after an extensive 18-month review process to determine the most appropriate type of organization to assist local water suppliers in implementing the historic Sacramento Water Forum Agreement. RWA has 21 water-supplier members and three associate members in Sacramento, Yolo, Placer, and El Dorado Counties. One of the great strengths of RWA is the diversity of its membership united for collective action. RWA members include cities, water and irrigation districts, mutual water companies, investor-owned water utilities, and community services districts. A nine-member Executive Committee is elected annually to guide RWA.

While the Water Forum Agreement was an initial driver in RWA's formation, both the geographic scope and the breadth of issues addressed by RWA has grown over time. RWA has had a number of major successes in its relatively short history.

RWA Milestones

2000

APRIL 2000

Water Forum Agreement (WFA) signed by 40 stakeholders, including environmental groups, water purveyors, business, and local governments. Addresses the coequal objectives of water supply reliability and environmental protection.

JULY 2001

RWA established to aid water providers in implementing the conjunctive use, groundwater management, and water conservation elements of the WFA.

FEBRUARY 2002

RWA launches Regional Water Efficiency Program (RWEF).

MAY 2002

RWA agrees to manage the operation of the Sacramento Groundwater Authority.

JULY 2002

RWA awarded a \$22 million grant to implement the American River Basin Conjunctive Use Program (ARBCUP), increasing water supplies by more than 20,000 acre-feet annually.

AUGUST 2005

RWA receives Reclamation's Commissioner's Award for the RWEF.

2005

JANUARY 2006

RWA receives planning grant to prepare American River Basin Integrated Regional Water Management (IRWM) Plan, and adopts plan in June 2006.

FEBRUARY 2007

RWA awarded \$25 million Proposition 50 grant to implement the IRWMP.

OCTOBER 2008

RWA receives \$2 million Urban Drought Assistance Grant to implement a variety of water conservation programs.

AUGUST 2008

RWA conducts study of water system security needs with grant from Office of Homeland Security.

AUGUST 2009

RWA secures \$5 million grant from Reclamation to accelerate water meter installations.

NOVEMBER 2009

RWA launches effort to update the American River Basin IRWM Plan.

OCTOBER 2010

2010

RWA adopts policy on the Sacramento-San Joaquin Delta.

MAY 2011

RWA receives \$16 million Proposition 84 grant to implement 17 priority projects from the IRWM Plan.

MARCH 2012

RWA partners with other Northern California organizations to found the North State Water Alliance.

SEPTEMBER 2012

RWA updates its Delta Policy to guide engagement in the Delta Plan, Bay Delta Conservation Plan (BDCP) and other Delta activities.

MARCH 2013

2013

RWA Board approves amendments to Joint Powers Agreement to promote effective advocacy.

JULY 2013

RWA adopts updated IRWM Plan.

OCTOBER 2013

RWA member agency governing boards approve amended JPA.

Integrated Goals

RWA established four Integrated Goals that represent a comprehensive approach to pursuing RWA's mission.

PLANNING GOAL

Continuously Improve an Integrated Regional Water Management Plan that is Comprehensive in Scope and Guides Effective Water Resources Management in the Region

IMPLEMENTATION GOAL

Assist Members with Implementing Successful Water Resources Management Strategies and Related Programs - This includes Identifying, Acquiring and Administering External Sources of Funding



To Achieve Our Collective Vision



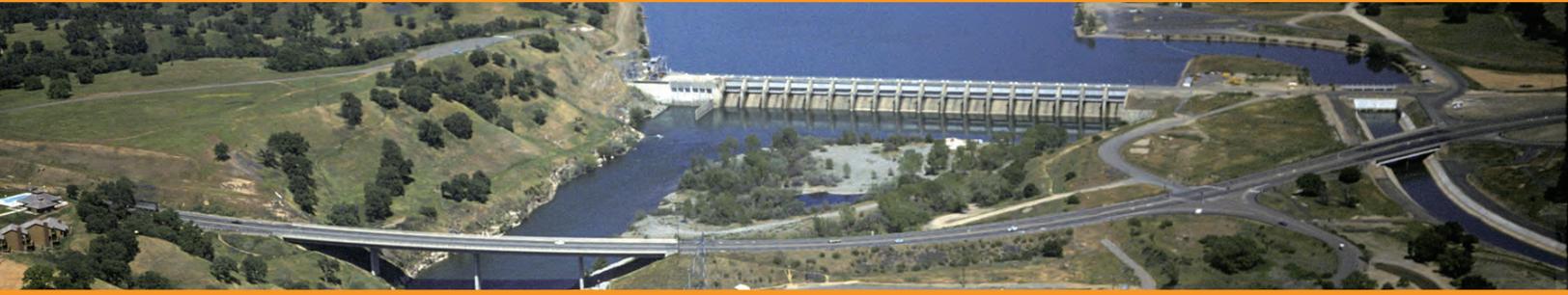
INFORMATION/EDUCATION GOAL

Inform and Educate Members and Interested Parties by Providing a Forum for Discussion of Issues, Outreach to Stakeholders, and a Clearinghouse for Sharing Information

ADVOCACY GOAL

Represent Regional Needs and Concerns to Positively Influence Legislative and Regulatory Policies and Actions - This includes Working to Preserve the Water Rights and Entitlements of Members, Maintain Area of Origin Protections, and Protect and Ensure Water Supply Reliability

Planning



CONTINUOUSLY IMPROVE AN INTEGRATED REGIONAL WATER MANAGEMENT PLAN THAT IS COMPREHENSIVE IN SCOPE AND GUIDES EFFECTIVE WATER RESOURCES MANAGEMENT IN THE REGION

OBJECTIVES

Develop a Regional Water Reliability Plan to identify the most promising regional opportunities to improve water supply reliability

- Identify most promising opportunities for intra- and interregional transfers and exchanges to meet demands or environmental needs
- Evaluate regional opportunities to reduce water use
- Support interregional groundwater management and conjunctive use planning
- Support recycled water planning
- Identify most promising opportunities for shared infrastructure and resources



Evaluate and respond to external impacts on the region's water supplies and operations

- Evaluate climate as a regional vulnerability and consider climate adaptation strategies
- Evaluate technical information to support responses to Delta processes
- Support and coordinate financial/economic impact analysis on how state and federal actions will affect long term regional water supply and local economy
- Participate in Folsom Dam Control Manual update
- Support revised program and facility operations of Folsom Reservoir and Lower American River flows to balance fishery needs and water supply reliability for the region
- Complete an energy intensity evaluation to identify opportunities to reduce energy costs and greenhouse gas (GHG) emissions of water treatment and delivery in the region
- Develop a plan to implement common hydrologic tools, models, data sets and common technical language

Create an Implementation Plan for the Planning Goal and update it annually

Implementation

ASSIST MEMBERS WITH IMPLEMENTING SUCCESSFUL WATER RESOURCES MANAGEMENT STRATEGIES AND RELATED PROGRAMS - THIS INCLUDES IDENTIFYING, ACQUIRING, AND ADMINISTERING EXTERNAL SOURCES OF FUNDING

OBJECTIVES

Promote implementation of the American River Basin Integrated Regional Water Management Plan

- Seek funding for projects included in the IRWM Plan and support efforts of individual entities to leverage the IRWM Plan for funding
- Assist with acquiring and managing grant funding for regional projects, including infrastructure, water conservation, and water reliability
- Maintain the IRWM web database and make appropriate updates to the IRWM Plan on a quarterly basis

Support a lower American River Flow Management Standard that is consistent with the Water Forum coequal goals

Support implementation of water transfers among agencies (intra- and interregional) that are beneficial for the region

Support programs to benefit from economies of scale in purchasing

Fully implement the regional mutual aid program template (for equipment, manpower, and water supply)



Promote improvements in water use efficiency in the region to meet future water needs and assure compliance with applicable requirements

- Continue to cost effectively implement a clearly defined water efficiency program that allows members to satisfy public outreach and school education requirements for a number of purposes including the Water Forum, Central Valley Project Improvement Act (CVPIA), and Urban Water Management Plans (UWMPs)
- Continue to track and report progress in attaining compliance with metering requirements
- Track individual member agency water use and develop a strategy for the regional compliance option for SBX7 7 requirements prior to the interim 2015 deadline
- Evaluate and redefine scope and governance of regional water efficiency program

Create an Implementation Plan for the Implementation Goal and update it annually

Information/Education

INFORM AND EDUCATE MEMBERS AND INTERESTED PARTIES BY PROVIDING A FORUM FOR DISCUSSION OF ISSUES, OUTREACH TO STAKEHOLDERS, AND A CLEARINGHOUSE FOR SHARING INFORMATION

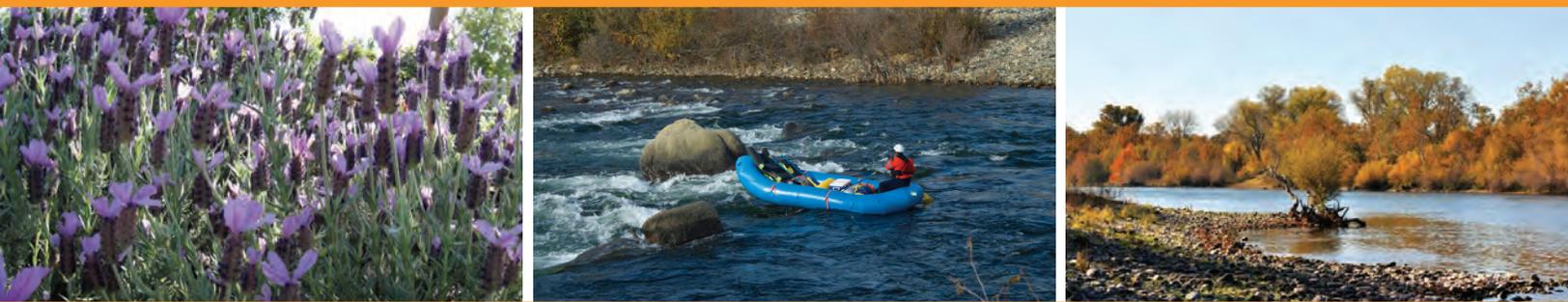
OBJECTIVES

Educate and inform members and other interested parties on water management issues affecting the region

- Educate members through an ongoing RWA Water Workshop Series on relevant topics
- Provide a clearinghouse for information on legislative, regulatory, and technical issues, and summarize for various audiences

Raise RWA profile and credibility to external audiences through a focused public outreach effort

- Inform the media on water management successes in the region
- Inform federal, state, and local elected officials on water issues and water management successes
- Support an outreach program to educate customers on the value of water
- Inform the public about water supply conditions by developing talking points and compiling water shortage information throughout the year



Develop and maintain strong partnerships to advance RWA member interests

- Represent the Water Caucus in the Water Forum Successor Effort
- Develop and maintain partnerships with other northern California water interests and water agencies outside the RWA region
- Expand partnerships with business organizations including Metro Chamber and local chambers
- Expand involvement in statewide organizations

Develop a comprehensive public outreach and education program among members to create and implement a consistent message for RWA and the region

Create an Implementation Plan for the Information/Education Goal and update it annually

Advocacy

REPRESENT REGIONAL NEEDS AND CONCERNS TO POSITIVELY INFLUENCE LEGISLATIVE AND REGULATORY POLICIES AND ACTIONS - THIS INCLUDES WORKING TO PRESERVE THE WATER RIGHTS AND ENTITLEMENTS OF MEMBERS, MAINTAIN AREA OF ORIGIN PROTECTIONS, AND PROTECT AND ENSURE WATER SUPPLY RELIABILITY

OBJECTIVES

Engage state and federal legislators representing the region and legislators on relevant committees to discuss an agenda for legislative action that represents a collective RWA member vision on items of regional importance

- Annually, develop a state and federal legislative agenda and outreach plan for the region to guide advocacy efforts
- Maintain a tracking system of significant water related state and federal legislation and make the information and a summary readily available electronically to members
- Using priorities identified through regional planning efforts, develop and advocate for positions on federal and state funding programs
- Monitor and actively engage on actions of the Association of California Water Agencies (ACWA) State Legislative Committee and coordinate with other external organizations

Evaluate, comment, and advocate on statewide water regulatory issues that may impact the region and its water supply reliability

- Track and respond to Delta actions, including the Bay Delta Conservation Plan (BDCP), and Delta Plan implementation
- Track, evaluate, and respond to water quality and other regulatory issues that may affect members
- Participate and coordinate with the efforts of partner organizations with similar interests

RWA Core Values

RWA members share a set of common values for the regional agency that are consistent with those of their own organizations. Members expect to be accountable to each other and to other stakeholders to model these values. We commit to being:



TRANSPARENT

We are open and honest in internal and external dealings. We encourage open participation and communication among all interested members and potentially affected people in policies, procedures and activities.



FORWARD THINKING

We are visionary and strategic in our approach to meeting challenges. We look for opportunities to address changing circumstances in proactive and innovative ways.



KNOWLEDGEABLE

We maintain an understanding of current and relevant issues on local, regional, state, and national levels, and we evaluate how they may affect members and the region.



RESPONSIVE

We are focused on and committed to anticipating and responding to the needs of our members in accomplishing regional goals and objectives.



REGIONAL

We take individual and collective actions to support mutual interests throughout the region. We communicate collective positions in a manner that both strengthens and is strengthened by the voices of the members. We consider the potential impacts of independent actions on others in our region.



EFFECTIVE

We accomplish meaningful outcomes for the benefit of members and the region. We leverage collective resources provided by members to meet the agreed upon objectives at a lower cost than could be achieved individually.



CREDIBLE

We are recognized as a trusted and reliable source of information and as an organization whose actions are consistent with its stated intentions.



Photo by: City of Sacramento



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

5620 Birdcage St., Suite 180
Citrus Heights, CA 95610
(916) 967-7692
RWAh20.org

CITY OF YUBA CITY
STAFF REPORT

Date: March 03, 2015
To: Honorable Mayor & Members of the City Council
From: Public Works
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Stormwater Management Program – Supplemental Appropriation

Recommendation: Authorize the Finance Director to make a supplemental appropriation of unallocated General Funds in the amount of \$45,000.00 to Account No. 901188 (Stormwater Management Program)

Fiscal Impact: \$ 45,000 – Supplemental Appropriation
\$ 70,000 – Adopted 2014/2015 CIP Budget
 \$115,000 – Total 2014/2015

Purpose:

To allocate additional funds for the implementation and development of a Stormwater Management Program to comply with State/Federal permit requirements.

Background:

The National Pollutant Discharge Elimination System (NPDES) is a United States Environmental Protection Agency program that receives its authority from the Clean Water Act (1977) to regulate pollutant discharge/flows into Waters of the United States. Part of the NPDES program involves the regulation and permitting of storm water discharges from municipalities with some major pollutants of concern being oil, pesticide, and sediment runoff. Storm water is defined as runoff from rain or snow that runs off surfaces such as rooftops, paved streets, highways or parking lots, and can carry with it pollutants.

The regulation and permitting of storm water runoff and pollutant discharges in California was delegated to the California State Water Quality Control Board who began issuing its Phase II MS4 permits to municipalities with populations less than 100,000 in 2003, and recently issued the current permit which took effect on July 1, 2013. The City of Yuba City currently discharges untreated storm water to the Feather River, Gilsizer Slough and Live Oak Canal. The City was previously permitted under the 2003/2008 Phase II permit, and is currently a permitted discharger under the 2013 Phase II Permit.

The 2013 NPDES Phase II Permit has an implementation period of 5 years, spanning from 2013 to 2018. A majority of the implementation requirements are concentrated into years 2 and 3 (2014-2016) of the permit, along with a majority of the implementation and design costs as shown in Exhibit A – NPDES MS4 Implementation Schedule Overview.

Analysis:

Staff originally budgeted \$70,000 into the Stormwater Management Program for the 2014/2015 fiscal year, with \$60,000 of the budget being allocated towards consulting costs and \$10,000 being allocated towards staff time for preparing, executing, and managing the contract. The original budget did not account for the necessary staff hours required for the inspections, ordinance updates, and various program elements that are required for the implementation of the program.

Staff anticipates a total of 585 staff hours are necessary for the 2014/2015 permit year with approximately 265 staff hours already charged to the program. The Stormwater Management Program Account currently has the following costs:

Contract With Larry Walker Associates	\$ 60,000
<u>Staff Hours</u>	<u>\$ 22,000</u>
Total:	\$ 82,000

A summary of the total anticipated program costs for this fiscal year are as follows:

Contract with Larry Walker Associates	\$ 60,000
Staff Hours (585 Hours)	\$ 49,000
<u>Implementation Costs (Testing/Equipment)</u>	<u>\$ 6,000</u>
Total Program Costs 2014/2015	\$115,000

The anticipated program costs for the 2015/2016 fiscal year are estimated to be approximately \$220,000 for staff time, consulting costs, and implementation costs. Staff anticipates that the following permit tasks will have the largest overall impact:

Ordinance Update – An ordinance update is required in order to comply with a majority of the permit’s additional requirements and sets the framework for the program as a whole. The ordinance update will have the largest impact on developers, contractors, and Development Services/Engineering City staff.

Construction Runoff Requirements – The permit broadens the range of projects required to submit stormwater runoff plans. This permit item will have the following impacts:

- Development Services/Public Works Departments:
 - o increase in the number of construction stormwater management plan reviews
 - o increase in staff time required for plan reviews and inspections
- Developers/Contractors:
 - o increase in construction costs due to the requirement of additional Best Management Practices (BMPs) during construction
 - o preparation of additional documents to submit to City (Erosion and Sediment Control Plans)
- Staff is exploring the option of an additional fee for projects that require additional document review (Erosion and Sediment Control Plan Fee)

Post Construction Requirements – The permit requires the installation of permanent BMPs on new construction sites or site modifications of a certain size. This permit item will have the following impacts:

- Development Services/Public Works Departments:
 - o Additional documents to review

- Inspection of BMP's
- Verification of BMP maintenance (annual)
- Developers/Contractors:
 - Additional documents (Stormwater Site Design plans)
 - Installation and long term maintenance of permanent BMP's
- Staff is exploring the option of an additional fee for projects that require permanent BMPs to recoup staff and inspection time costs (Stormwater Site Design Plan Fee)

Water Quality Monitoring – The permit requires that Yuba City monitor water quality for Total Maximum Daily Loads (TMDLs) on Clean Water Act 303(d) impacted water bodies. This permit item will have the following impacts:

- Public Works Department – Staff hours for monitoring, data processing, and reporting

Storm Drain Maintenance – The permit requires the assessment, documentation, and maintenance of the City's storm drain system beyond the practices currently employed by the Public Works Department. This permit item will have a large impact on the Streets Maintenance Division, requiring additional documentation and hours of maintenance.

Fiscal Impact:

Staff is requesting a supplemental appropriation of unallocated General Funds in the amount of \$45,000 to Account No. 901188 (Stormwater Management Program). The total fiscal cost of the 2014/2015 Stormwater Management Program is anticipated to be \$115,000 with \$70,000 already budgeted to the program. Program costs for the 2015/2016 fiscal year, which are estimated to be \$220,000, will be appropriately addressed when planning next year's budget.

Alternatives:

There is no viable alternative as failure to comply may result in penalties.

Recommendation:

Authorize the Finance Director to make a supplemental appropriation of unallocated General Funds in the amount of \$45,000.00 to Account No. 901188 (Storm Water Management Program).

Prepared by:

/s/Manu Dhaliwal

Manu Dhaliwal
Assistant Engineer

Submitted by:

/s/Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed by:

Department Head

DL

Finance

RB

Exhibit A - NPDES MS4 Permit Implementation Schedule Overview

Permit Requirement	Implementation Date	Fiscal Impact
Stormwater Ordinance Update	Spring 2015	Staff Hours (50) *LWA (\$4,300)
Staff Training	Spring 2015 ⁺	Staff Hours (50) *LWA (\$3,795) Annual Training (TBD)
TMDL Water Quality Monitoring Plan	Summer 2015 (Included in FY 14/15 budget)	Staff Hours (50) *LWA (\$8,600)
TMDL Monitoring Implementation	Summer 2015 ⁺ (Included in FY 15/16 budget)	Annual Staff Hours (50) Initial Setup & Monitoring (\$35,000) Annual Monitoring (\$25,000)
Program Evaluation and Improvement Plan	Summer 2015 ⁺ (Included in FY 14/15 budget)	Staff Hours (30) *LWA (\$7,200) Annual Staff Hours (50)
Construction Site Runoff Control	July 1, 2015 ⁺	Annual Staff Hours (50) *LWA (\$2,500)
Construction Site Runoff Inspections (Engineering/Development Services)	July 1, 2015 ⁺	Annual Staff Hours (100-150)
Post Construction Requirements (Engineering/Development Services)	July 1, 2015 ⁺	Annual Staff Hours (300-400)
Low Impact Development	2015/2016	Staff Hours (80) *LWA (7,500)
Education and Outreach	Plan: Spring 2015 Implement: Winter 2015 ⁺	Staff Hours (50) *LWA (\$2,900) Materials (\$10,000)
MS4 Outfall Mapping & Testing	Summer 2015 ⁺	Staff Hours (80)
BMP Verification Program	2015 ⁺	Staff Hours (40-100, TBD)
City Owned Facility Assessment and Documentation	2016	Staff Hours (80)
Storm Drain Maintenance and Documentation (Streets)	2016 ⁺	Annual Staff Hours (500)
SWPPP Development for Facilities Identified as Hotspots in Facility Assessment	2017	Staff Hours (100)
SWPPP Facility Inspections	2018 ⁺	Annual Staff Hours (80)
Program Effectiveness Evaluation & Proposal	2018	Staff Hours (80)
Program Management	Annual ⁺	Annual Staff Hours (60)
Stormwater Violation Inspection & Elimination	Annual ⁺	Annual Staff Hours (60)
NPDES MS4 Phase II Permit Fees	Annual ⁺	Annual Fee (\$23,000)

+ Permit Requirement has an associated annual cost

* LWA – Larry Walker Associates, City's consultant for permit compliance

CITY OF YUBA CITY
STAFF REPORT

Date: March 3, 2015
To: Honorable Mayor & Members of the City Council
From: Administration
Presentation By: Darin Gale, Interim Development Services Director

Summary

Subject: California Statewide Communities Development Authority (California Communities) "CaliforniaFIRST" Financing Program
Recommendation: Adopt a Resolution authorizing the City to join the CaliforniaFIRST Program and authorizing California Communities to offer the program to property owners in Yuba City
Fiscal Impact: No cost to the City

Purpose:

To provide a means of offering property owners the opportunity to make energy and water efficiency retrofits to their property.

Background:

In 2012, the Council approved joining a program titled the Property Assessed Clean Energy program (PACE) through the California Enterprise Development. The PACE program was created with the passage of AB 811. To date no Yuba City property owner has used PACE financing.

California Communities, a joint powers authority sponsored by the League of California Cities and the California State Association of Counties, developed a similar program titled "CaliforniaFIRST". California Communities established the CaliforniaFIRST Program to allow property owners to finance a variety of energy and water efficiency improvements and is authorized by Chapter 29 of Division 7 of the Streets & Highways Code. CaliforniaFIRST contacted the City because a Yuba City commercial property owner is considering energy efficiency improvements and would like to use the CaliforniaFIRST program.

Analysis:

Staff has determined that participation in this program is a cost effective means of offering property owners the opportunity to make energy and water efficiency retrofits to their property and create new local jobs. In many cases, the savings realized far exceed payment obligations required for the financing. CaliforniaFIRST is expected to issue limited obligation bonds, notes or other forms of indebtedness to fund the projects. Property owners will repay the financing as a charge on their property tax bill over a period of years.

Participation in the program is completely voluntary to property owners. Examples of energy and water saving property improvements include high efficiency air conditioners, dual-pane windows,

renewable energy – such as solar photovoltaic panel systems, insulation, cool roofs, and other such permanently installed energy efficient improvements.

The benefits to the property owner include:

- Only property owners who choose to participate in the program will have assessments imposed on their property.
- In today's economic environment, there may not be attractive alternatives for property owners to finance renewable energy/energy efficiency/water efficiency improvements.
- Most private loans are due on sale of the benefited property, which makes it difficult for property owners to match the life of the repayment obligation with the useful life of the financed improvements. Under California law, the assessment obligation transfers with the property upon sale.
- The property owner can choose to pay off the assessments at any time, subject to applicable prepayment penalties.
- Regional aggregation provided by the CaliforniaFIRST Program may produce a lower borrowing cost.

The benefits to the City include:

- Yuba City is not obligated to repay the bonds issued by California Communities or to pay the assessments levied on the participating properties.
- California Communities handles all assessment administration, bond issuance and bond administration functions. A participating City can provide financing of Chapter 29-authorized improvements to property owners through the CaliforniaFIRST Program – thereby meeting its political and public policy goals -- while committing virtually no staff time to administer the program.

The proposed Resolution authorizes California Communities to accept applications from owners of property within our jurisdiction for municipal financing of authorized improvements through the CaliforniaFIRST Program. It also authorizes California Communities to conduct assessment proceedings and levy assessments against the property of participating owners within the incorporated territory of the City. California Communities will not provide financing in the City without first undertaking an official validation of the CaliforniaFIRST Program.

Any jurisdiction can withdraw from the CaliforniaFIRST Program at any time by passing a resolution rescinding the authorization.

Fiscal Impact:

No cost to the City.

Alternatives:

Do not approve program.

Recommendation:

Adopt a Resolution authorizing the City to join the CaliforniaFIRST Program and authorizing California Communities to offer the program to property owners in Yuba City.

Prepared By:

/s/Darin E. Gale

Darin E. Gale
Interim Development Services Director

Submitted By:

/s/Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed By:

Finance

City Attorney

RB

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RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
AUTHORIZING THE CITY TO JOIN THE CALIFORNIAFIRST PROGRAM;
AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM
PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT
PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE
INCORPORATED TERRITORY OF THE CITY; AND AUTHORIZING RELATED
ACTIONS**

WHEREAS, the California Statewide Communities Development Authority (“California Communities”) is a joint exercise of powers authority the members of which include numerous cities and counties in the State of California, including the City of Yuba City (the “City”); and

WHEREAS, California Communities has established the CaliforniaFIRST program (the “CaliforniaFIRST Program”) and will provide financing for certain improvements authorized by Chapter 29 of Division 7 of the Streets & Highways Code (“Chapter 29”), including, but not limited to, renewable energy, energy efficiency and water efficiency improvements and seismic strengthening improvements (the “Improvements”) through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code (“Chapter 29”) and the issuance of improvement bonds (the “Bonds”) under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the “1915 Act”) upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied; and

WHEREAS, the City desires to allow the owners of property (“Participating Property Owners”) within the incorporated territory of the City to participate in the CaliforniaFIRST Program and to allow California Communities to conduct assessment proceedings under Chapter 29 within the incorporated territory of the City and to issue Bonds under the 1915 Act to finance the Improvements; and

WHEREAS, California Communities will conduct assessment proceedings under Chapter 29 and issue Bonds under the 1915 Act to finance Improvements; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of the Bonds or any other bonds issued in connection with the CaliforniaFIRST Program.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Yuba City as follows:

Section 1. This City Council hereby finds and declares that properties in the City’s incorporated area will benefit from the availability of the CaliforniaFIRST Program within the incorporated territory of the City and, pursuant thereto, the conduct of special assessment proceedings by California Communities pursuant to Chapter 29 and the issuance of Bonds under the 1915 Act.

Section 2. In connection with the CaliforniaFIRST Program, the City hereby consents to the conduct of special assessment proceedings by California Communities pursuant to Chapter 29 on any property within its jurisdiction and the issuance of Bonds under the 1915 Act; provided, that

(1) The Participating Property Owners, who shall be the legal owners of such property, execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments; and

(2) The City will not be responsible for the conduct of any assessment proceedings; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of the Bonds or any other bonds issued in connection with the CaliforniaFIRST Program.

(3) The issuance of Bonds will occur following receipt of a final judgment in a validation action filed by California Communities pursuant to Code of Civil Procedure Section 860 that the Bonds are legal obligations of California Communities.

Section 3. Pursuant to the requirements of Chapter 29, California Communities has prepared and will update from time to time the "Program Report" for the CaliforniaFIRST Program (the "Program Report"), and California Communities will undertake assessment proceedings and the financing of Improvements as set forth in the Program Report.

Section 4. The appropriate officials and staff of the City are hereby authorized and directed to make applications for the CaliforniaFIRST program available to all property owners who wish to finance Improvements; provided, that California Communities shall be responsible for providing such applications and related materials at its own expense. The following staff persons, together with any other staff persons chosen by the City Manager from time to time, are hereby designated as the contact persons for California Communities in connection with the CaliforniaFIRST Program: Economic Development Manager.

Section 5. The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such closing certificates, requisitions, agreements and related documents as are reasonably required by California Communities in accordance with the Program Report to implement the CaliforniaFIRST Program for Participating Property Owners.

Section 6. The City Council hereby finds that adoption of this Resolution is not a "project" under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4)).

Section 7. This Resolution shall take effect immediately upon its adoption. The City Clerk is hereby authorized and directed to transmit a certified copy of this resolution to the Secretary of California Communities.

I HEREBY CERTIFY that the foregoing resolution was introduced and read at a Regular Meeting of the City Council of the City of Yuba City on the 3rd day of March, 2015, and was duly adopted at said meeting by the following vote:

AYES:

NOES:

ABSENT:

John Buckland, Vice-Mayor

ATTEST:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: March 3, 2015
To: Honorable Mayor & Members of the City Council
From: Finance/IT Department
Presentation By: Robin Bertagna, C.P.A., Finance Director

Summary

Subject: Financial Report for the Six Months Ended December, 31, 2014
Recommendation: Note and File the December 31, 2014 Financial Report
Fiscal Impact: Informational item only

Purpose:

To provide City Council with a summary of the first six months of FY 2014-15 revenue and expenditures of the City's major operating funds.

Background:

Finance provides periodic Financial Reports to City Council to keep them apprised of the City's financial activities along with trends in revenues and expenditures.

Analysis:

The attached December 31, 2014 Financial Report has been prepared for City Council review.

Fiscal Impact:

Informational item only

Alternatives:

Not applicable

Recommendation:

Staff recommends that the City Council note and file the December 31, 2014 Financial Report.

Prepared By:

/s/Robin Bertagna
 Robin Bertagna, C.P.A.
 Finance Director

Submitted By:

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

Reviewed By:

City Attorney

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FY 2014-15 Financial Report

For the Six Months Ending 12/31/14

March 3, 2015

OVERVIEW

The FY 2014-15 adopted budget had a \$1.41 million structural deficit that was funded using the City's Economic Stabilization Reserve (ESR). The balance in the ESR as of July 1, 2014 was \$4,541,557 as shown in the City's audited Comprehensive Annual Financial Report (CAFR). The \$1.41 million deficit includes savings from the 10% employee furlough because at the time the budget was adopted, none of the bargaining unit contracts had been completed. The City Council set three goals for inclusion in the City's negotiations for new contracts beginning July 1, 2014. They were:

- Eliminate the city's 10% furlough program; and
- Have employees contribute to their retirement cost; and
- Balance the general fund budget by FY 2017-18.

The cost of eliminating the 10% furlough was estimated at \$2.3 million for the general fund. If this were done all at once with no other expenditure adjustments considered, the general fund deficit would grow to \$3.7 million overnight. Considering the ESR balance of \$4.5 million, the ESR could not sustain the City until the pension obligation bonds are paid off in FY 2016-17. Paying off the pension obligation bonds will reduce general fund expenditures in future years by \$1.2 million.

During negotiation discussions, the City indicated a willingness to balance the budget through a combination of using reserves from the ESR to cover deficits but negotiated for a permanent change in having employees pay a share of their retirement costs along with an increased contribution towards healthcare. The City reached agreement with several bargaining units including Mid Managers, Confidentials, First Level Managers, Executive Team, Police Officers Association and Sergeants to eliminate the furlough over a two year period; have employees contribute to their retirement cost (also phased in over a two year period); and have employees pay 20% of the monthly premium cost of healthcare. Some bargaining units previously had a healthcare split of 20% of the increase in cost, rather than 20% of the overall total monthly premium cost.

None of the new bargaining unit agreements contained raises for employees with the exception of the Police Officer's Association and Sergeants. Due to the City's inability to recruit and retain a sufficient number of qualified Police Officer positions, a 3.5% raise along with a one-time distribution of \$1,000 was approved.

The contract amendments discussed above caused supplemental budget appropriations totaling \$518,000, adding further to the adopted budget deficit for FY 14-15.

Finance projections indicate that the City will continue to have financial challenges through FY 2016-17. We are projecting increases in CalPERS, healthcare and workers' compensation costs. These will be partially offset by increased revenues in both sales tax and property taxes. However, without reducing expenses in some other manner, the City will continue to have a need to draw on the ESR for several more years.

The City has a budget deficit in FY 2014-15 which follows a surplus for FY 2013-14 on an actual basis. In FY 2013-14 the City also had a budget deficit, but when all of the revenues and expenditures were finalized for the fiscal year end, the actual results from operations caused a surplus of \$636,000. This was attributable to the City having many vacant positions during FY 2013-14. At one point during this period, the City had a vacancy rate of 12.5%. Human Resources has placed a priority on recruiting and filling vacant positions. When vacancies are filled, the City will once again incur a deficit on an actual basis and will use the ESR to pay for it. In FY 2013-14 the \$636,000 surplus was added to the ESR thereby supporting funding future year deficits.

This report is prepared on a cash basis; therefore it describes the timing of cash flows as it relates to the City's revenues and expenditures.

Beginning Balances. The City's annual independent audit is complete. We have received and included the auditor's adjustments to the City's ledgers. The beginning fund and working capital balances presented in this report are final year end amounts from the previous year and will not change.

Adjusted Budgets. The revenue projections and expenditure budgets include adjustments for

encumbrances, carryovers, and any supplemental appropriations made by the Council as of December 31, 2014.

GENERAL FUND

General Fund Financial Condition. With 50% of the year complete, General Fund revenues are at 24.3% of projections and expenditures are at 45.1%.

General Fund

	Budget	YTD Actual	Percent
Balance, Start of Year	\$ 4,325,998	\$ 4,325,998	-
Revenues	35,893,412	8,721,000	24.3%
Expenditures	(38,005,497)	(17,134,302)	45.1%
Balance	\$ 2,213,913	\$ (4,087,305)	-

The budgeted expenditures shown above include encumbrance carryovers from FY 2013-14 of just under \$250,000. Encumbrance carryovers are outstanding purchase orders as of June 30th. Encumbrances are liquidated and paid from the beginning fund balance as prior year budget monies are used to pay for them (as opposed to current year revenues). In addition, budgeted expenditures include \$893,000 added for public safety grant funded programs, \$518,000 for negotiated employee contract changes, and just under \$35,000 for other personnel cost budget amendments. Included in the other items was \$24,000 added for a limited term Human Resources Technician to perform recruitments for the City, \$7,000 for health insurance for limited term employees as required by the Affordable Care Act and restructuring the Parks & Recreation Department to Community Services and in the City Manager’s Office.

In the YTD Actual shown above, the ending fund balance is negative as of the end of the second quarter. This balance includes only the unreserved/undesignated operating fund balance of the general fund, not the ESR. The negative balance is an indication of the typical cash flow pattern for the general fund. This happens because general fund expenditures for payroll and vendor payments are incurred evenly throughout the fiscal year whereas our largest revenue source is received in two large payments in February and May when property taxes are received from Sutter County. The property tax receipt from Sutter County includes not only property tax revenue but a portion of the City’s sales tax revenues. These are by far the two largest revenue sources for the City and when they are received only two times per year, it causes the cash flows (and therefore fund balance) to go deficit until the first installment is received. When additional sales tax is received from the State and property taxes are received from Sutter County, this will turn around and fund balance will end the fiscal year with a positive balance. The negative fund balance as of December 31, 2014 was compared to that of December 31, 2013, and the City is approximately \$175,500 better off (less negative) in 2014.

Revenues.

The City’s top ten revenues account for approximately 95% of total General Fund revenues. As such, they provide a very good summary of our revenue position. Key revenues are performing as projected based on payment schedules and past trends for the half way through the fiscal year. More detailed information is noted below.

Top Ten Revenues	Budget	YTD Actual	% Received
Property Taxes	\$ 10,909,500	\$ -	0.0%
Sales Tax	11,413,000	3,146,231	27.6%
Business Licenses	833,400	41,304	5.0%
Franchise Fees	1,475,000	223,844	15.2%
Hotel/Motel Surcharge	647,700	239,546	37.0%
Building Permits	550,000	373,112	67.8%
Police Special Services	220,000	41,396	18.8%
CSA "G" Fire Contract	632,000	0	0.0%
Recreation Fees	1,078,913	391,851	36.3%
Operating Transfers	6,297,400	3,139,080	49.8%
Total	\$ 34,056,913	\$ 7,596,364	22.3%

▪ **Property Tax.** The first apportionment of FY 2014-15 taxes did not occur until February, 2015. The FY 2014-15 adopted budget projected a 3.0% increase in property taxes. Based upon the final assessed valuation reports from the Sutter County Auditor-Controller’s Office, general fund secured and unsecured assessed values increased by 6.28%. Property tax revenues are anticipated to exceed budget estimates by approximately \$225,000 at the end of the fiscal year.

Five of the largest components of the change in assessed values are as follows:

- Properties were adjusted by a CPI factor of 0.45% between FY 2013-14 and FY 2014-15 (an increase of \$9.5 million in assessed valuations).
- Residential increased by 7.5% (\$212 million).
- Unsecured increased by 1.1% (\$3.8 million) in assessed valuations (the largest increase was due to Comcast and Holt of California).
- Industrial decreased by 0.65% (\$1.3 million).
- Commercial values were flat for FY 2014-15 in part due to a full exemption for Rideout Memorial Hospital.

The City received the benefit of \$175.5 million in assessed value increases during FY 2014-15 attributable to an increase in market value compared to prior years when there had been decreases in assessed values pursuant to Proposition 8. An additional 4,976 parcels remain under Proposition 8 status, with a total potential recapture of \$351 million. The City will see these increases in assessed value translate to increases in property tax revenues if real estate sales prices continue to escalate. The potential recapture is eliminated when and if a home under Proposition 8 status is sold for less than the recapture value.

• **Sales Tax.** When the FY 2014-15 revenue projections were developed, sales tax was projected to increase 3.5%. The most recent quarterly sales tax results increased 10.7% on a cash basis and 7.7% on an adjusted basis (July - September, 2014 sales) and 1.8% on cash basis and 1.4% on an adjusted basis (April - June, 2014). Sales tax continues to be unpredictable and volatile, but has shown overall increases. There is a lengthy lag time between the time that sales occur and when the City receives the information regarding the sales tax revenues in order to compare the data to the same quarter of the previous year. As of the date of this report, Finance staff is still waiting for the Christmas quarter results. Finance continues to be cautiously optimistic because overall sales tax revenues have been increasing for the past 12 quarters (10 out of 12 have been positive on a cash basis).

As stated, the revenue data for the October through December quarter sales has not yet been released by the Board of Equalization. The revenue shown here represents the first quarter payments received from the State and advance payments received towards the second quarter revenues.

▪ **Business Licenses.** Business licenses are renewed in January of each year; therefore most of the revenues from business licenses are received during the third quarter of the fiscal year.

▪ **Franchise Fees.** The City receives franchise fees from PG&E, Recology, AT&T and Comcast; the fees are based upon a percentage of their revenues. The receipts for the second quarter of the fiscal year are not received until the end of January and PG&E pays theirs annually in April. Therefore, we would not expect Franchise fees to be near the 50% mark during the first two quarters of the fiscal year.

▪ **Hotel/Motel Surcharge.** Surcharge revenues for the first quarter are included in the amount shown, but second quarter receipts are not due or paid until the end of January and are therefore not included here.

▪ **Construction Permit Fees.** Building Permits are higher than anticipated at 67.8% received only half way through the fiscal year. This is an indication of the increase in construction and development activities.

▪ **CSA "G" Fire Contract.** The City receives these funds for fire services to the unincorporated area that was formerly served by the Walton Fire Protection District. Since revenues are property tax based, the first apportionment was received in February, 2015.

▪ **Recreation Fees.** At 36.3% of budgeted revenues, service fees from recreation programs appear to be lower than anticipated halfway through the year. This is typical due to the seasonal nature of the programs offered.

▪ **Operating Transfers.** The General Fund receives reimbursement for operating costs associated with support services provided to the water and wastewater

utilities as well as other fund transfers. Transfers are well within budgetary expectations.

Expenditures. Operating costs are all within budgetary expectations as summarized below.

Expenditures	Budget	YTD Actual	% Expended
City Council	\$ 132,718	\$ 63,360	47.7%
City Attorney	150,000	100,627	67.1%
City Manager	560,838	211,970	37.8%
Finance/IT	2,328,641	1,038,465	44.6%
City Treasurer/City Clerk	51,455	7,727	15.0%
Human Resources	536,754	249,750	46.5%
Community Development	959,894	428,487	44.6%
Public Works	5,379,782	2,263,372	42.1%
Police	14,538,381	6,605,982	45.4%
Fire	9,709,629	4,915,199	50.6%
Animal Control Services	677,112	104,506	15.4%
Economic Development	228,137	94,049	41.2%
Contingency	197,281	7,696	3.9%
Non-Departmental Misc.	272,419	96,087	35.3%
Parks & Recreation	2,282,456	947,025	41.5%
Total General Fund	\$ 38,005,497	\$ 17,134,302	45.1%

ENTERPRISE FUNDS

The following summarizes year-to-date revenues, expenditures, and changes in current assets net of current liabilities for the enterprise funds. In general, revenues and expenditures are consistent with past trends. Depreciation is included as a footnote in the budget and is therefore not included below. Revenues in the water fund exceed the 50% expected for the percentage of the year complete as they reflect the seasonal pattern of usage during the summertime months. Capital connection fee revenues are far less than the expected 50% received because the amount budgeted includes \$1.6 million in anticipated connection fees for the Proposition 84 waterline project which have not yet been received but are expected to be received during the 2nd half of FY 2014-15. Debt service expenditures are less than half for the first two quarters for both Water and Wastewater as they include only an interest payment because the payment that includes both principal and interest is not due until June 1st of each year.

Water Fund

	Budget	YTD Actual	Percent
Balance, Start of Year	\$ 14,150,267	\$ 14,150,267	-
Revenues			
Operating	10,463,000	5,652,704	54.0%
Capital	2,278,100	184,892	8.1%
Expenditures			
Operating Programs	(7,737,899)	(4,085,034)	52.8%
Capital Equipment	(59,250)	(12,829)	21.7%
CIP Contributions	(442,962)	(442,962)	100.0%
Debt Service	(2,339,539)	(791,225)	33.8%
Balance	\$ 16,311,717	\$ 14,655,813	-
CIP Projects	\$ 15,543,000	\$ 4,952,899	31.9%

Wastewater Fund

	Budget	YTD Actual	Percent
Balance, Start of Year	\$ 8,730,928	\$ 8,730,928	-
Revenues			
Operating	12,047,180	5,990,108	49.7%
Capital	464,400	187,573	40.4%
Expenditures			
Operating Programs	(8,921,662)	(3,487,418)	39.1%
Capital Equipment	(404,250)	(34,478)	8.5%
CIP Contributions	(836,586)	(836,586)	100.0%
Debt Service	(1,536,941)	(179,358)	11.7%
Balance	\$ 9,543,069	\$ 10,370,769	-

CIP Projects	\$ 17,194,000	\$ 1,712,697	10.0%
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Finance staff accounts for the operating funds and capital connection fee funds for both the Water and Wastewater operations separately. Debt service payments are allocated to the capital connection fee funds based upon how the debt proceeds were used to finance projects at the time the debt was issued. Repayments for bond principal and interest are charged accordingly. Public Works/Utilities advises Finance when a Water or Wastewater project is approved how much should be paid from operating funds vs. capital connection fee funds. In recent years with the decline in development activities, City Council has been advised that at some point Finance staff may draw the connection fee fund reserves into a negative position in order to make debt service payments. Council concurred that this was an acceptable practice as long as Finance kept track of the funds separately, and replenished the cash flows as development activities increased. As of December 31, 2014, Finance reviewed the available cash balance in both the Water and Wastewater connection fee/capital funds and provides the following update:

	Water	Wastewater
Cash available @ 12/31/14	\$1,044,323	\$1,828,429
Plus receivable-Prop 84 Project	\$1,630,908	
Total net resources available	\$2,675,231	\$1,828,429
Annual D/S from connection fees	\$1,523,234	\$770,099
# of years of coverage available	1.76	2.37

What this table shows is the amount of cash reserves (plus the Proposition 84 receivable for Water connection fees) available in each of the capital connection fee accounts compared to the total annual debt service currently being allocated to and paid from capital connection fees. Those two amounts are then compared to calculate a ratio of how long, in terms of years, the City will be able to pay debt service without drawing capital connection fee funds into a deficit position. This calculation does not consider amounts used from capital connection fees for future capital projects or future revenues received; it is a snapshot in time of where the funds stand as of December 31, 2014. The Wastewater fund is in a better position to cover debt service than the Water fund, but without additional development to increase revenues, both will be in a difficult position to cover debt service without borrowing funds from the operating funds activities to do so.

For comparison purposes, the table below shows the same information for both Water and Wastewater as of December 31, 2013:

	Water	Wastewater
Cash available @ 12/31/13	\$2,383,384	\$2,419,386
Annual D/S from connection fees	\$1,504,275	\$879,098
# of years of coverage available	1.58	2.75

By comparing the two tables, it is clear that the Water fund is depleting capital connection fee funds available for debt service much more rapidly than the Wastewater fund due to the larger debt service payment amounts. As stated previously, the capital connection fee fund is anticipating receipt of \$1.6 million later this fiscal year for the Proposition 84 waterline project's connection fees (220 connections) so this was added as an available resource in the table shown as of December 31, 2014 as it is expected to be received prior to the end of the fiscal year. This improves the Water fund capital connection fee cash reserves, at least in the short-term. Longer term, this will be addressed as part of the Rate Study currently in progress by the Public Works Department.

CITY OF YUBA CITY
STAFF REPORT

Date: March 3, 2015
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 December 31, 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 (October, November, and December).

Analysis:**Portfolio Highlights:**

- As of December 31, 2014, the City's overall investment portfolio (estimated market value) totaled \$89,429,391, an increase of \$21,460,889 since the previous quarter.
- Notable transactions during the quarter that affected cash flows included: 1) Salaries and benefits: \$8.77 million (includes 27th payroll); Water capital project costs: \$2.0 million; Project reimbursement from the State Revolving Loan Fund: \$1.06 million; NSP3 reimbursements: \$0.6 million; SBFCA construction costs: \$45.3 million; and State reimbursements for SBFCA construction costs: \$67.3 million.
- The Portfolio shows a "paper loss" of \$186,203 as of December 31st. 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 will not be realized if the investments are held until maturity (which is the City's general investment strategy).
- Portfolio yield is up slightly with the higher yield to maturity. The market is climbing off the bottom, albeit slowly. The City's portfolio is made up of increasingly longer-term issues for a higher yield. For the quarter ended December 31st, five investments matured or were sold with an average yield of 0.65%. The funds were invested in six investments with an average yield of 1.41%. This contributed to the slight increase in the "Weighted Average Yield to Maturity" of the City's total investment portfolio from 0.93% to 0.99% for the quarter.
- The City's cash flow needs will be met by the roughly \$36.6 million as of December 31st (approximately 42.7% 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: Lower gasoline prices are failing to result in increased consumer spending, which combined with a strengthening dollar, lower-than-expected inflation, and weak results in durable goods and factory orders, all seem to point to continued slow economic growth for the country. Bond yields, where City's investments lie, are defying forecasts that anticipated rising rates. Disappointing economic data as mentioned above point to continued low and all-time low yields. This bond market is favoring longer durations, a position the City's portfolio has been moving toward for a few quarters.

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 for City Council to note and file the Quarterly Investment Report for the period ending December 31, 2014.

Prepared and Submitted By:

/s/ Spencer Morrison

Spencer Morrison
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

December 31, 2014

**City of Yuba City – Month-By-Month Comparison Report
December 31, 2014**

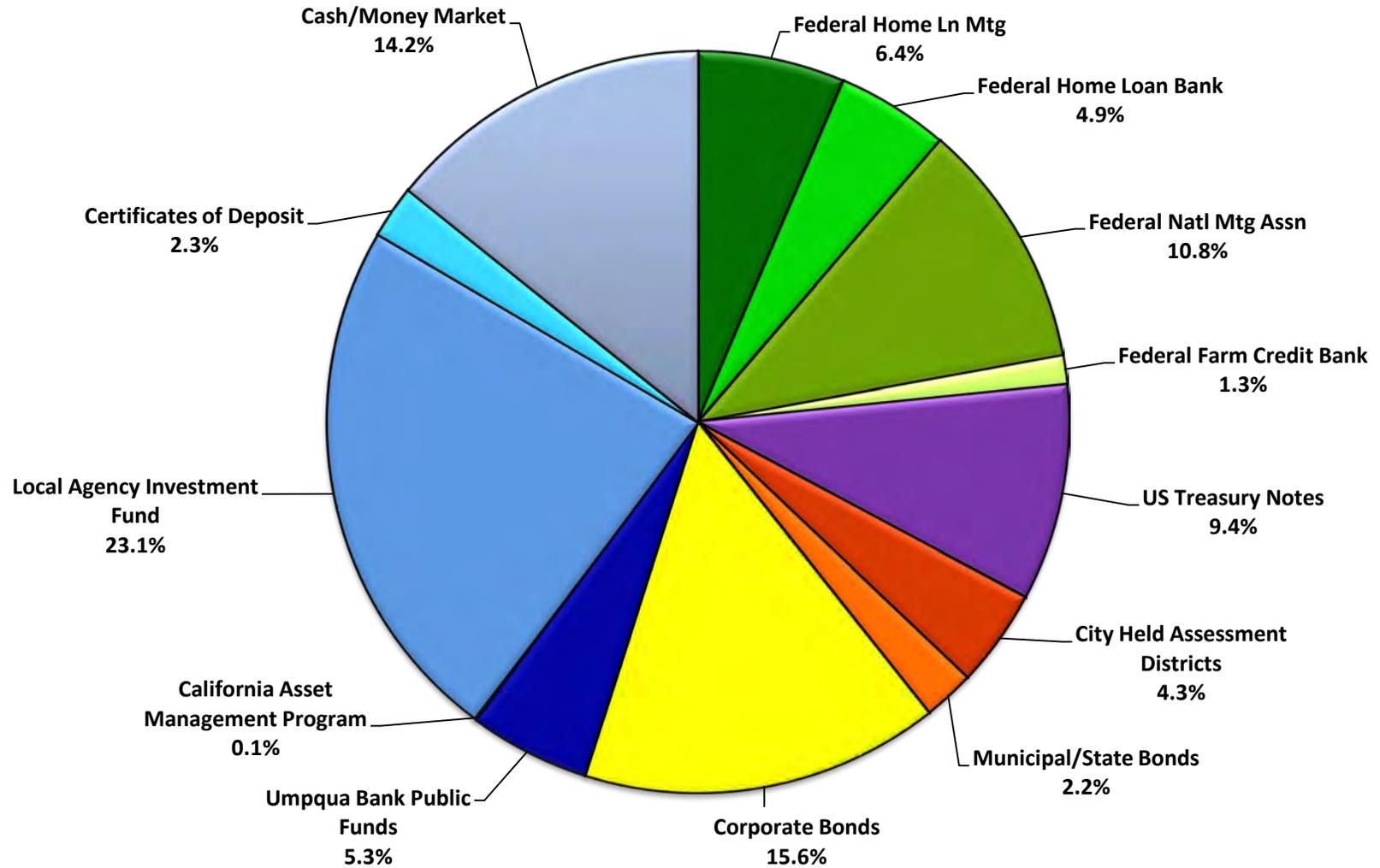
The following table provides a comparison of the portfolio for the quarter ended December 31, 2014, and the previous quarters ended March, 2014, June, 2014, and September, 2014.

Portfolio Comparison				
	3/31/14	6/30/14	9/30/14	12/31/14
Cost Basis	\$84,802,224	\$83,173,169	\$68,154,705	\$89,615,594
Estimated Market Value	84,566,284	83,062,539	67,930,797	89,429,391
Unrealized Gains/(Losses) ⁽¹⁾	(235,336)	(126,410)	(239,706)	(186,203)
Liquidity	38.8%	34.5%	23.6%	42.7%
Weighted Average Years: Maturity of City Held Funds	1.74 years	2.26 years	2.73 years	3.00 years
LAIF Interest Rate	0.24%	0.23%	0.25%	0.27%
CAMP Interest Rate	0.060%	0.060%	0.060%	0.050%
Umpqua Bank Public Funds Money Market Interest Rate	0.24%	0.23%	0.23%	0.28%
Portfolio: Weighted Average Yield to Maturity at Market	0.80%	0.75%	0.93%	0.99%
CPI (Annualized)	Unavail.	2.2%	1.0%	0.8%

Note: (1) This represents the amount of money that the City would gain (or lose) 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).

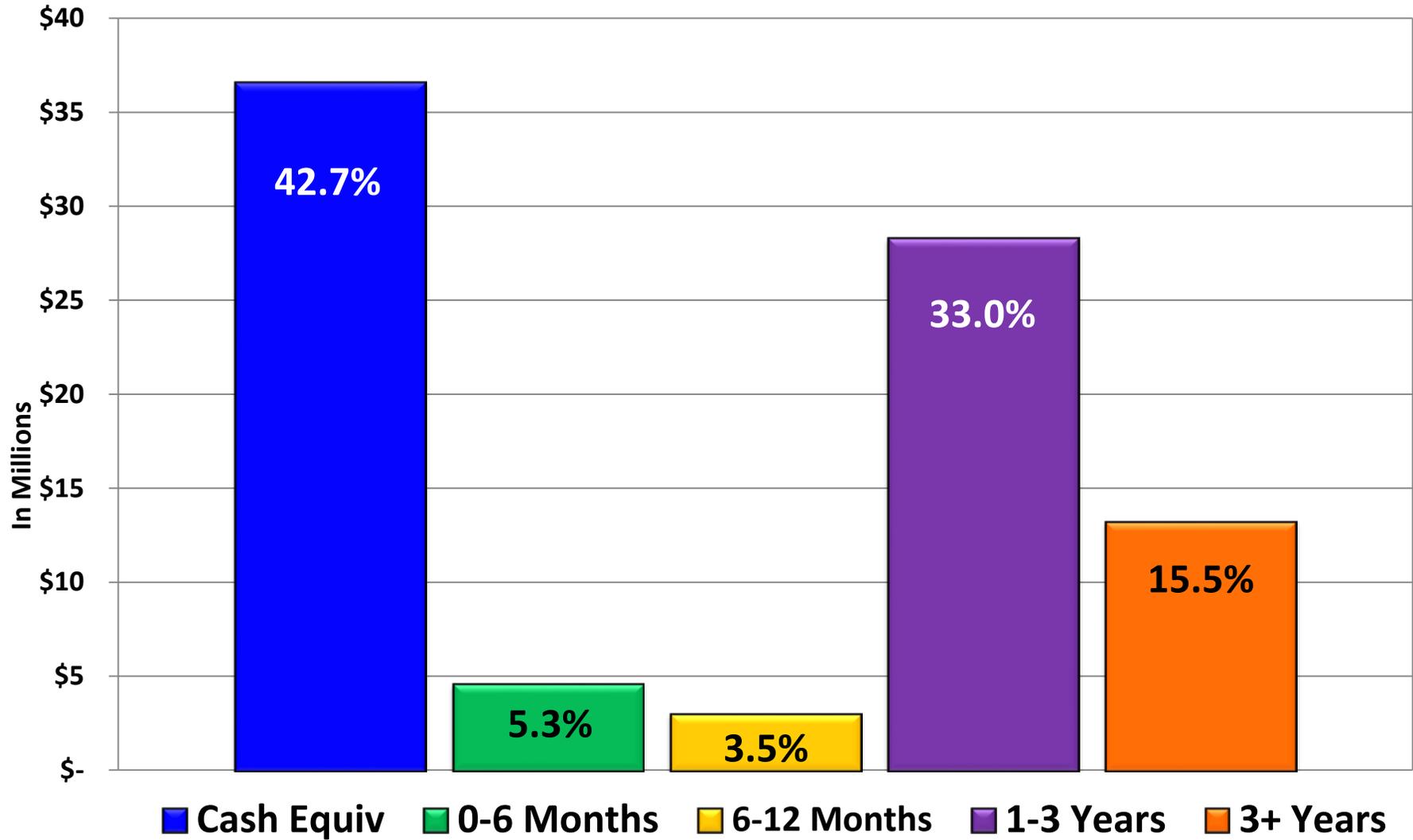
City of Yuba City – Quarterly Investment Report
December 31, 2014

Composition of City Held Investments



City of Yuba City – Quarterly Investment Report
December 31, 2014

City Held Investment Portfolio Maturity Distribution



City of Yuba City
Monthly Investment Statement
City Held Investments
December 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	0.267%	0.267%	\$ 19,820,563	\$ 19,820,563	\$ -
2	Calif. Asset Management Program (CAMP)	Daily	0.050%	0.050%	102,588	102,588	-
3	Wells Fargo Money Market & Checking Accts.	Daily (Sweep)	0.000%	0.000%	8,763,538	8,763,538	-
4	Umpqua Bank Public Funds Money Market	Daily	0.280%	0.280%	4,506,588	4,506,588	-
5	Reich & Tang Money Market Funds	Daily	0.100%	0.000%	3,432,200	3,432,200	-
6	General Electric	01/09/15	2.150%	0.820%	514,620	500,080	(14,540)
7	Berkshire Hathaway Fin Corp	01/15/15	4.850%	0.580%	543,460	500,580	(42,880)
8	Bank of New York Mellon	02/20/15	1.200%	1.230%	159,854	160,053	198
9	US Treasury Notes	02/28/15	2.375%	0.510%	663,986	632,262	(31,724)
10	General Electric	03/04/15	4.875%	1.400%	883,816	805,856	(77,960)
11	Federal Home Loan Bank	03/13/15	2.750%	0.760%	534,800	502,525	(32,275)
12	Pfizer Inc SR Notes	03/15/15	5.350%	0.250%	1,060,510	1,009,060	(51,450)
13	IBM Corp Notes	05/11/15	0.750%	0.830%	444,261	445,779	1,517
14	US Treasury Notes	07/31/15	1.750%	0.470%	1,248,020	1,211,016	(37,004)
15	Microsoft Corp	09/25/15	1.625%	1.545%	501,600	504,555	2,955
16	Federal Natl Mtg Assn	10/26/15	1.625%	0.980%	1,282,295	1,264,225	(18,070)
17	Bank of New York Mellon	01/15/16	2.500%	0.860%	577,231	560,478	(16,753)
18	US Treasury Notes	01/31/16	0.375%	0.310%	1,251,611	1,250,588	(1,024)
19	CA St. Go Bonds	02/01/16	1.050%	0.970%	200,676	201,028	352
20	Microsoft Corp	02/08/16	2.500%	1.550%	746,487	716,548	(29,939)
21	JP Morgan Chase & Co	02/26/16	1.125%	1.070%	750,195	751,965	1,770
22	Westpac Banking Corp CD	04/15/16	0.411%	0.410%	475,000	475,480	480
23	Coop Cntr RAIF/Rabobank NED C/D	05/06/16	0.716%	0.710%	575,000	573,269	(1,731)
24	General Electric Cap Corp	05/09/16	2.950%	1.100%	580,580	566,049	(14,531)
25	Toyota Motor Credit FLTN/RT	05/17/16	0.800%	0.810%	244,900	245,387	488
26	BK Nova Scotia YC/D	06/10/16	0.410%	0.280%	449,728	449,728	0
27	US Treasury Notes	07/31/16	1.500%	0.910%	514,141	507,655	(6,486)
28	Goldman Sachs Bank USA	08/12/16	0.900%	0.900%	500,000	500,000	-
29	Berkshire Hathaway Fin Corp	08/15/16	0.950%	1.000%	314,833	316,036	1,203
30	East Hillcrest AD	09/02/16	6.000%	6.000%	12,458	12,458	-
31	Toyota Motor Credit Corp	09/15/16	2.000%	0.990%	1,028,960	1,018,130	(10,830)
32	Federal Home Ln Bank	09/28/16	0.500%	0.610%	638,560	638,304	(256)
33	Federal Home Loan Mtg Corp	09/29/16	0.700%	0.750%	1,248,750	1,247,988	(763)
34	Federal Natl Mtg Assn	11/14/16	0.550%	0.550%	1,900,000	1,892,381	(7,619)
35	Federal Natl Mtg Assn	11/15/16	1.375%	1.180%	1,261,500	1,266,850	5,350
36	US Treasury Notes	12/15/16	0.625%	0.620%	500,078	499,765	(313)
37	US Treasury Notes	12/31/16	3.250%	0.630%	580,852	577,715	(3,137)
38	Federal Farm Credit Bank	01/17/17	4.875%	0.830%	1,108,800	1,082,100	(26,700)
39	Bank of America Corp Bnd	02/14/17	1.250%	0.000%	501,050	498,850	(2,200)
40	US Treasury Notes	02/15/17	0.625%	0.820%	497,539	498,750	1,211
41	Federal Natl Mtg Assn	03/14/17	0.750%	0.720%	1,000,800	996,340	(4,460)
42	US Treasury Notes	03/31/17	1.000%	0.940%	250,459	251,055	596
43	Federal Home Ln Bank	04/28/17	1.625%	1.250%	606,660	602,586	(4,074)
44	Federal Home Loan Mtg Corp	05/12/17	1.250%	0.865%	1,011,900	1,007,410	(4,490)
45	Berkshire Hathaway Fin Corp	05/15/17	1.600%	1.510%	199,846	201,710	1,864
46	US BankCorp MTNS Bank	05/15/17	1.650%	1.160%	766,478	755,595	(10,883)

**City of Yuba City
Monthly Investment Statement
City Held Investments
December 2014**

No.	Description of Security	Maturity Date	Coupon Rate	Yield to Maturity	Cost Basis	Estimated Market Value	Unrealized Gain/(Loss)
47	John Deere Cap Corp	06/12/17	1.125%	1.140%	364,828	363,591	(1,237)
48	HSBC USA INC IN	06/23/17	1.300%	0.790%	189,711	189,675	(36)
49	Federal Home Ln Mtg	06/29/17	1.000%	0.990%	850,859	851,675	816
50	Federal Home Ln Mtg	06/29/17	1.000%	0.820%	1,008,550	1,001,970	(6,580)
51	California Earthquake Auth Rev	07/01/17	1.824%	1.940%	130,000	129,636	(364)
52	Wells Fargo & Co.	09/08/17	1.400%	1.430%	499,505	499,595	90
53	IBM Corp Notes	09/14/17	5.700%	1.596%	494,211	473,637	(20,574)
54	American Express Corp	09/22/17	1.550%	1.600%	139,812	140,274	462
55	Federal Home Loan Bank	09/22/17	0.500%	1.340%	499,375	498,975	(400)
56	Federal Home Ln Mtg	09/29/17	1.000%	0.910%	577,369	573,735	(3,634)
57	Federal Natl Mtg Assn	10/26/17	0.875%	1.160%	445,158	446,198	1,040
58	Federal Home Loan Mtg Corp MTN	10/30/17	0.750%	1.100%	499,750	498,440	(1,310)
59	US Treasury Notes	11/30/17	0.625%	1.190%	710,727	715,713	4,986
60	Federal Home Loan Bank	12/08/17	0.750%	0.770%	999,000	988,490	(10,510)
61	Federal Natl Mtg Assn	12/20/17	0.875%	0.880%	749,820	742,478	(7,343)
62	Federal Home Loan Bank	01/12/18	0.750%	1.007%	987,580	985,650	(1,930)
63	Federal Natl Mtg Assn	04/24/18	1.500%	1.100%	1,517,230	1,497,330	(19,900)
64	Colgate Palmolive Co	05/01/18	0.900%	1.000%	427,949	420,162	(7,787)
65	Microsoft Corp	05/01/18	1.000%	1.010%	139,912	138,228	(1,684)
66	Apple Inc.	05/03/18	1.000%	1.080%	254,059	251,216	(2,843)
67	Apple Inc.	05/03/18	1.000%	1.170%	495,880	492,580	(3,300)
68	UC General Rev Bnds	05/15/18	2.054%	2.050%	370,000	374,377	4,377
69	Federal Natl Mtg Assn Bonds	05/21/18	0.875%	1.190%	864,435	860,449	(3,986)
70	Chevron Corp SR Notes	06/24/18	1.718%	1.720%	365,000	366,843	1,843
71	US Treasury Notes	10/31/18	1.250%	1.490%	495,254	496,760	1,506
72	US Treasury Notes	11/30/18	1.250%	1.450%	545,316	546,134	818
73	US Treasury Notes	01/31/19	1.500%	1.610%	870,693	875,341	4,648
74	Federal Home Ln Mtg	05/30/19	1.750%	1.540%	302,676	301,662	(1,014)
75	American Honda Finance NTS	08/15/19	2.250%	2.290%	499,075	501,610	2,535
76	Federal Natl Mtg Assn	11/26/19	1.750%	1.740%	301,074	300,180	(894)
77	Darrough Drive AD	09/02/24	6.000%	6.000%	95,537	95,537	-
78	Buttes Vista 2000-1 AD	09/02/25	2.730%	2.730%	566,318	566,318	-
79	Buttes Vista 2002-1 AD	09/02/27	2.730%	2.730%	573,878	573,878	-
80	Staple/Ashley/Cornwell AD	09/02/30	6.000%	6.000%	125,471	125,471	-
81	Yuba City RDA TABs	09/01/32	5.375%	6.460%	960,000	1,205,940	245,940
82	WWTP Solar System (DS, June 30)	06/30/33	4.000%	4.000%	2,273,578	2,273,578	-
	U.S. Consumer Price Index (Inflation)	December 2014		0.800%			
Total City Held Investments					\$ 85,947,359	\$ 85,686,988	\$ (260,371)

**City of Yuba City Investment Report
Investments Held By Trustees
December 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)
83	RDA Tax Allocation Series A - 2004	Reserve	Blackrock T-Fund	Daily	0.040%	0.040%	1,587	1,587	-
84		Reserve	Federal Natl Mtg	09/01/39	Discount	5.260%	1,109,000	1,126,955	17,955
85		Principal	Blackrock T-Fund	Daily	0.000%	0.000%	2	2	-
86		Interest	Blackrock T-Fund	Daily	0.000%	0.000%	-	-	-
87	Housing Set-Aside Series B - 2004	Reserve	Federal Home Ln	09/01/39	Discount	5.260%	302,394	312,987	10,594
88		Reserve	Blackrock T-Fund	Daily	-0.040%	-0.040%	(84)	(84)	-
89		Principal	Blackrock T-Fund	Daily	0.000%	0.000%	0	0	-
90		Interest	Blackrock T-Fund	Daily	0.000%	0.000%	-	-	-
91	Sunsweet Blvd CFD - 2005	Reserve	LAIF	Daily	0.267%	0.267%	215,641	215,641	-
92		Reserve	Blackrock T-Fund	Daily	0.040%	0.040%	2,657	2,657	-
93		Installment	Blackrock T-Fund	Daily	0.040%	0.040%	72,170	72,170	-
94	Gauche Park COP - 2006	Reserve	Federal Natl Mtg	06/01/36	Discount	5.040%	769,133	784,694	15,561
95		Reserve	Blackrock T-Fund	Daily	0.040%	0.040%	19,238	19,238	-
96		Lease	Blackrock T-Fund	Daily	0.000%	0.000%	2	2	-
97	RDA Tax Allocation Bonds - 2007	Reserve	Fed Home Ln Mtg	09/01/39	Discount	5.260%	1,159,894	1,189,952	30,058
98		Reserve	Blackrock T-Fund	Daily	0.040%	0.040%	855	855	-
99		Project	Blackrock T-Fund	Daily	0.040%	0.040%	15,739	15,739	-
100		Principal	Blackrock T-Fund	Daily	0.000%	0.000%	-	-	-
101		Interest	Blackrock T-Fund	Daily	0.010%	0.010%	-	-	-
102	RDA Tax Allocation Bonds - 2007	Debt Service	Blackrock T-Fund	Daily	0.000%	0.000%	2	2	-
103	Wastewater Revenue Refunding - 2011	Debt Service	Blackrock T-Fund	Daily	0.010%	0.010%	3	3	-
104	2013 Water Rev COP - Escrow	Debt Service	Uninvested Cash	Daily	0.000%	0.000%	-	-	-
105	2013 Water Rev COP - Cost of Issuance	Debt Service	Blackrock T-Fund	Daily	0.010%	0.010%	-	-	-
106	2013 Water Rev COP - Debt Service	Debt Service	Blackrock T-Fund	Daily	0.000%	0.000%	2	2	-
	U.S. Consumer Price Index (Inflation)			December 2014		0.800%			
Total Trustee-Held Investments							\$ 3,668,235	\$ 3,742,403	\$ 74,168
TOTAL CITY & TRUSTEE-HELD INVESTMENTS							\$ 89,615,594	\$ 89,429,391	\$ (186,203)

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: /s/ Spencer Morrison
Spencer Morrison, City Treasurer

Date: _____ 12/31/2014

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

Account Types	Balance 9/30/2014	Balance 12/31/2014	Period Activity
City Held Investments			
Local Agency Investment Fund	\$ 4,816,456	\$ 19,820,563	\$ 15,004,107
California Asset Management Program	102,574	102,588	14
Umpqua Bank Public Funds Money Market	4,503,517	4,506,588	3,071
Cash/Money Market	5,735,556	12,195,738	6,460,182
Federal Agency Securities	19,998,979	20,047,939	48,960
US Treasuries	7,109,939	8,062,752	952,813
Commercial Paper	499,910	-	(499,910)
Certificates of Deposit	1,997,651	1,998,477	826
Municipal/State Bonds	1,778,140	1,910,981	132,841
Corporate Bonds	14,005,290	13,394,121	(611,169)
City-held Assessment Districts	3,647,240	3,647,240	0
Total City Held Investments	\$ 64,195,252	\$ 85,686,988	\$ 21,491,736
Trustee Held Investments			
RDA Tax Allocation Series A - 2004	\$ 1,128,498	\$ 1,128,544	\$ 46
Housing Set Aside Series B - 2004	312,891	312,904	13
Sunsweet Blvd CFD - 2004	290,333	290,468	135
Water Revenue Certificates - 2005	-	-	0
Gauche Park COP - 2006	797,319	803,934	6,615
RDA Tax Allocation 2007	1,206,501	1,206,549	48
Wastewater COP Refunding - 2011	1	3	2
Water COP Refunding - 2013	2	2	0
Total Trustee Held Investments	\$ 3,735,545	\$ 3,742,404	\$ 6,859
Total \$ 67,930,797 \$ 89,429,391 \$ 21,498,594			

Investment Activity
October-November-December 2014

Description of Security	Broker	Settlement Date	Maturity Date	Trade Date	Activity Type	Coupon Rate	Yield to Maturity	Cost Basis
SALES/REDEMPTIONS								
Federal Home Ln Mtg	SG Americas Securities, LLC	10/03/14	02/09/15	10/02/14	Sales	2.875%	0.790%	535,255
BNP Paribas NY C/D		11/03/14	11/03/14	11/03/14	Maturity	0.450%	0.410%	575,000
ING (US) FDG DC/P		11/03/14	11/03/14	11/03/14	Maturity	0.000%	0.300%	499,279
US Treasury Notes	Merrill Lynch Fixed Income	11/06/14	03/31/17	10/28/14	Sales	1.000%	0.940%	125,229
Federal Home Ln Mtg	Goldman Sachs	12/02/14	02/09/15	12/01/14	Sales	2.875%	0.790%	588,781
Total Sales/Redemptions								\$ 2,323,544
PURCHASES								
US Treasury Notes	Merrill Lynch Fixed Income	10/03/14	10/31/18	10/02/14		1.250%	1.490%	495,254
US Treasury Notes	Merrill Lynch Fixed Income	11/03/14	12/31/16	11/03/14		3.250%	0.630%	580,852
Federal Home Loan Mtg Corp	RBC Capital Markets	11/05/14	10/30/17	11/03/14		0.750%	1.100%	499,750
California Earthquake Rev	Goldman Sachs	11/06/14	07/01/17	10/29/14		1.824%	1.940%	130,000
Federal Home Loan Mtg	Salomon Bros.	12/02/14	05/30/19	12/01/14		1.750%	1.540%	302,676
Federal Natl Mtg Assn	Jefferies	12/02/14	11/26/19	12/01/14		1.750%	1.740%	301,074
Total Purchases								\$ 2,309,605

CITY OF YUBA CITY

City Council Reports

- Councilmember Cleveland
- Councilmember Didbal
- Councilmember Gill
- Vice Mayor Buckland
- Mayor Dukes

Adjournment