

AGENDA

CITY OF WATSONVILLE

CITY COUNCIL MEETING

Opportunity Through Diversity; Unity Through Cooperation.



The City of Watsonville is dedicated to improving the economic vitality, safety & living environment for the culturally rich Watsonville community, by providing leadership for the achievement of community goals & high quality, responsive public services.

Rebecca J. Garcia, Mayor, District 5
Trina Coffman-Gomez, Mayor Pro Tempore, District 6

Felipe Hernandez, Council Member, District 1
Aurelio Gonzalez, Council Member, District 2
Lowell Hurst, Council Member, District 3
Francisco Estrada, Council Member, District 4
Ari Parker, Council Member, District 7

Matt Huffaker, City Manager
Alan J. Smith, City Attorney
Beatriz Vázquez Flores, City Clerk
REMOTE ACCESS ONLY MEETING-ONLY ONE MEETING PER MONTH
City Council Chambers
275 Main Street, Top Floor
Watsonville, CA 95076

Spanish language interpretation is available

Americans with Disabilities Act



The Council Chambers is an accessible facility. If you wish to attend a meeting and you will require assistance in order to attend and/or participate, please call the City Clerk's Office at least five (5) days in advance of the meeting to make arrangements. The City of Watsonville TDD number is (831) 763-4075.

Meetings are streamed live via the City's website and archived thereafter. Meetings are also televised live on Charter Cable Communications Channel 70 and AT&T Channel 99 and re-broadcast on Thursday at 5:00 p.m. and Saturday at 8:00 a.m. the same week of the meeting.

For information regarding this agenda, please call the City Clerk's Office at (831) 768-3040.

AGENDA PACKET

AGENDA EN ESPAÑOL (LA AGENDA ESTARÁ DISPONIBLE EN CUANTO SE TRADUZCA- WILL BE AVAILABLE ONCE TRANSLATED)

1:00 p.m.

Anyone Addressing the City Council is asked give their name for recording purposes.

(IF YOU CHALLENGE ANY ACTION APPEARING ON THIS AGENDA IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED AT THE PUBLIC MEETING DESCRIBED ON THIS AGENDA, OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE CITY CLERK BY 3:00 P.M. ON THE MEETING DATE, OR DURING THE PUBLIC MEETING.)

Notice of Remote/Teleconference Meeting

This meeting is being held in accordance with the Brown Act as currently in effect under the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, the March 31 Santa Cruz County Health Officer Extended and Modified Shelter in Place Order and the March 17 Governor's Executive Order N-29-20, that allows attendance by members of the City Council, City staff, and the public to participate and the Council to conduct the meeting by teleconference, videoconference, or both.

To reduce the spread of COVID-19, members of the public are encouraged to view the meeting from their home by video streaming at <https://watsonville.legistar.com/DepartmentDetail.aspx?ID=35035&GUID=E4A599E2-1741-4687-8024-20F03BAF048C&Mode=MainBody>, Channel 70 (Charter), and Channel 99 (AT&T).

The public may participate/comment during the meeting by joining the meeting from their computer, tablet or smartphone <https://global.gotomeeting.com/join/977402573>

The public may also comment by telephone at 1 (571) 317-3122. Access Code: 977-402-573

To submit comments in writing, please email citycouncil@cityofwatsonville.org and write "Public Comment" in the subject line. Include the item number and title of the item in the body of the email and your comments. All comments received by 10:00 a.m. on April 14th will be included in the Council Packet on the City's website before the meeting. Comments received after 10:00 a.m. will be added to the record of the meeting.

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. PRESENTATIONS & ORAL COMMUNICATIONS

This time is set aside for members of the general public to address the Council on any item not on the Council Agenda, which is within the subject matter jurisdiction of the City Council. No action or discussion shall be taken on any item presented except that any Council Member may respond to statements made or questions asked, or

may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters relating to Council will be noted in the minutes and may be scheduled for discussion at a future meeting or referred to staff for clarification and report. ALL SPEAKERS ARE ASKED TO ANNOUNCE THEIR NAME IN ORDER TO OBTAIN AN ACCURATE RECORD FOR THE MINUTES.

A. ORAL COMMUNICATIONS FROM THE PUBLIC

B. ORAL COMMUNICATIONS FROM THE COUNCIL (2 MINUTES EACH)

4. REPORTS TO COUNCIL

A. COVID-19 ESSENTIAL SERVICES UPDATE

Requested by: City Manager Huffaker

- 1) Oral Presentation
- 2) City Council Clarifying & Technical Questions
- 3) Public Input

B. FINANCE STATUS REPORT

Requested by: Administrative Services Director Czerwin

- 1) Oral Presentation
- 2) City Council Clarifying & Technical Questions
- 3) Public Input

C. PRESENTATION OF 2019 HOUSING ELEMENT ANNUAL REPORT

Requested by: Community Development Director Merriam

Attachments: 2019 Housing Element Annual Report - Staff Report

- 1) Staff Report
- 2) City Council Clarifying & Technical Questions

- 3) Public Input
- 4) Motion Accepting 2019 Housing Annual Report

5. CONSENT AGENDA

All items appearing on the Consent Agenda are recommended actions which are considered to be routine and will be acted upon as one consensus motion. Any items removed will be considered immediately after the consensus motion. The Mayor will allow public input prior to the approval of the Consent Agenda.

Public Input on any Consent Agenda Item

A. MOTION APPROVING MINUTES OF MARCH 9, 10, 20, & 23, 2020

Attachments: Minutes 030920
Minutes 031020
Minutes 032020
Minutes 032320

B. MOTION ACCEPTING WRITTEN REPORTS FROM CITY COUNCIL MEMBERS REGARDING CONFERENCE ATTENDANCE - AS REQUIRED BY AB 1234 -- 2020 YOSEMITE POLICYMAKERS CONFERENCE (MARCH 5-8, 2020, YOSEMITE NATIONAL PARK, CA.) (MAYOR PRO TEMPORE COFFMAN-GOMEZ)

Attachments: AB1234-2020 Yosemite Conference

C. LINCOLN STREET SAFETY IMPROVEMENTS, PROJECT NO. ST-20-03 (ATPSB1L-5031 (032)) & ACCEPTING \$533,000 IN ACTIVE TRANSPORTATION PROGRAM (ATP) GRANT FUNDING

Requested by: Public Works & Utilities Director Palmisano
Attachments: Lincoln St Safety Improvements - Report
Call Bid for Lincoln Street Improvements - Resolution
Grant Acceptance for Lincoln St Project - Resolution

1) RESOLUTION APPROVING PLANS & SPECIFICATIONS & CALLING FOR BIDS FOR THE LINCOLN STREET SAFETY IMPROVEMENTS (ESTIMATED COST \$575,000: \$433,000 WILL BE FUNDED FROM THE ACTIVE TRANSPORTATION PROGRAM CYCLE 3 GRANT AND \$142,000 IN GAS TAX FUNDS)

2) RESOLUTION ACCEPTING \$533,000 ACTIVE TRANSPORTATION PROGRAM (ATP) GRANT FROM STATE OF CALIFORNIA, DEPARTMENT OF TRANSPORTATION (CALTRANS) FOR THE LINCOLN STREET SAFETY IMPROVEMENTS; & APPROPRIATING SUCH FUNDS TO THE GRANTS BUDGET

- D.** RESOLUTION APPROVING FIRST AMENDMENT TO CONTRACT WITH CSG CONSULTANTS, INC., FOR BUILDING CONSTRUCTION & FIRE PLAN REVIEW & FIELD INSPECTION SERVICES, IN AN AMOUNT NOT TO EXCEED \$75,000, FOR THE REMAINDER OF FY2019/2020

Requested by: Community Development Director Merriam

Attachments: Contract Amendment with CSG Consultants - Report
1st Amendment to Contract - Resolution

- E.** RESOLUTION APPROVING CONTRACT AMENDMENT #3 WITH RINCON CONSULTANTS, INC. FOR PRECONSTRUCTION COMPLIANCE AND CONSTRUCTION MONITORING SERVICES FOR THE RAIL TRAIL PROJECT IN AN AMOUNT NOT TO EXCEED \$89,897

Requested by: Public Works & Utilities Director Palmisano

Attachments: Rail Trail Lee Rd Contract Amendment #3 - Report
Rail Trail Lee Rd Contract Amendment #3 - Resolution

- F.** RESOLUTION APPROVING CONTRACT WITH BOWMAN & WILLIAMS FOR DESIGN SERVICES FOR THE LAKE AVENUE UNDERGROUNDING PROJECT, IN AN AMOUNT NOT TO EXCEED \$113,000 & AUTHORIZING BUDGET APPROPRIATION OF \$50,000 FROM UNDERGROUND UTILITY IN-LIEU FEES

Requested by: Public Works & Utilities Director Palmisano

Attachments: Lake Ave Underground Project Contract - Report
Agrmt Bowman Williams - Resolution

- G.** CONTRACT WITH MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT (MRWMD) FOR PROCESSING, DISPOSAL, & RECYCLING SERVICES

Requested by: Public Works & Utilities Director Palmisano

Attachments: Budget Appropriation Contract with MRWMD - Report
Appropriation for waste disposal services - Resolution
Agrmt with MRWMD for Recycling - Resolution

1) RESOLUTION APPROPRIATING \$350,000 IN FY 2019-2020 FROM SOLID WASTE ENTERPRISE FUND TO PAY FOR DISPOSAL OF MUNICIPAL WASTE, FOOD WASTE, RECYCLABLES PROCESSING, & DISPOSAL SERVICES

2) RESOLUTION APPROVING RECYCLING WITH MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT FOR PROCESSING OF THE CITY'S RECYCLABLE MATERIALS, IN AN APPROXIMATE AMOUNT OF \$260,000 PER YEAR BASED ON THE CITY'S ANNUAL RECYCLING TONNAGE & A RATE OF \$47.44 PER TON, FUNDED FROM THE SOLID WASTE ENTERPRISE FUND

- H.** RESOLUTION AUTHORIZING SUBMITTAL OF APPLICATION FOR FUNDING OF \$894,476.80 FROM THE URBAN & COMMUNITY FORESTRY GRANT PROGRAM OF CALIFORNIA DEPARTMENT OF FORESTRY & FIRE PROTECTION AS PROVIDED THROUGH THE GREENHOUSE GAS REDUCTION FUND FOR THE WATSONVILLE COMMUNITY FOREST GRANT PROJECT

Requested by: Parks & Community Services Director Calubaquib

Attachments: Grant Submittal to Dept of Forestry - Report
Grant Submittal to Dept of Forestry - Resolution

- I.** RESOLUTION ADOPTING OCTOBER 2019 PÁJARO RIVER WATERSHED INTEGRATED REGIONAL WATER MANAGEMENT (IRWM) PLAN

Requested by: Public Works & Utilities Director Palmisano

Attachments: Adoption of Pajaro River IRWM Plan - Report
attachment to report - Goals & Objectives
attachment to resolution - 2019 PV Regional WaterManagement Plan

- J.** RESOLUTION CONFIRMING AND APPROVING THE CANVASS OF RETURNS AND RESULT OF SPECIAL MUNICIPAL ELECTION HELD ON MARCH 3, 2020, ON WHETHER TO RENEW EXISTING ONE-HALF OF ONE PERCENT SALES TAX FOR PUBLIC SAFETY BY AMENDING ARTICLE 11 (TRANSACTIONS AND USE TAX: PUBLIC SAFETY SALES TAX MEASURE) OF CHAPTER 6 (TAXATION) OF TITLE 3 (FINANCE) OF THE WATSONVILLE MUNICIPAL CODE

Requested by: City Clerk Vázquez Flores

Attachments: Canvass of Election Measure Y - Resolution

6. ITEMS REMOVED FROM CONSENT AGENDA

7. PUBLIC HEARINGS, ORDINANCES, & APPEALS

A. CONSIDERATION OF ORDINANCE INTRODUCTION REPLACING TITLE 3 CHAPTER 5 OF THE WATSONVILLE MUNICIPAL CODE ENTITLED PURCHASING PROCEDURE

Requested by: Administrative Services Director Czerwin

Attachments: Purchasing Procedures - Report
WMC 3-5 Purchasing Procedures - Ordinance

- 1) Staff Report
- 2) City Council Clarifying & Technical Questions
- 3) Public Input
- 4) Motion Whether to Approve Staff Recommendation:

ORDINANCE INTRODUCTION REPEALING EXISTING CHAPTER 5 (PURCHASING PROCEDURES) OF TITLE 3 (FINANCE) IN ITS ENTIRETY & ADDING A NEW CHAPTER 5 ENTITLED (PURCHASING PROCEDURES) OF TITLE 3 (FINANCE) OF WATSONVILLE MUNICIPAL CODE

- 5) City Council Deliberation on Motion(s)

8. NEW BUSINESS

A. CONSIDERATION OF COMPREHENSIVE ANNUAL FINANCIAL REPORT & MEASURE G & AIRPORT AUDIT REPORTS FOR FISCAL YEAR ENDED 2018/19, IMPACT FEES REPORT FOR FISCAL YEAR ENDED 2018/19, & RESOLUTIONS ADOPTING DEPOSIT INTO THE EMERGENCY RESERVE & ADVANCE PAYABLES SCHEDULE

Requested by: Administrative Services Director Czerwin

Attachments: CAFR Measure G Airport Audit Impact Fees - Report
Emergency Reserve Fund - Resolution
Advance Payables (Long Term Interfund Loans) - Resolution

- 1) Staff Report
- 2) City Council Clarifying & Technical Questions
- 3) Public Input
- 4) Motion Whether to Approve Staff Recommendation:
 - a) Motion Accepting City's Comprehensive Financial Report (CAFR) for FY 2018-19
 - b) Motion Accepting Annual Measure G Audit Report for FY 2018-19
 - c) Motion Accepting Airport Audit Report for FY 2018-19
 - d) Motion Accepting the Impact Fee Report for FY 2018-19
 - e) Resolution Committing \$1,250,000 of Available General Fund Balance to Emergency Reserve
 - f) Resolution Approving Advance Payables (Long Term Interfund Loans) Identified in Audited Financial Statements in Accordance with City's Interfund Loan & Transfer Policy
- 5) City Council Deliberation on Motion(s)

9. EMERGENCY ITEMS ADDED TO AGENDA

10. REQUESTS & SCHEDULING FUTURE AGENDA ITEMS

11. ADJOURNMENT

Pursuant to Section 54954.2(a)(1) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day and on the City of Watsonville website at www.cityofwatsonville.org.

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 (275 Main Street, 4th Floor) during normal business hours. Such documents are also available on the City of Watsonville website at www.cityofwatsonville.org subject to staff's ability to post the document before the meeting.

**City of Watsonville
Community Development Department**

M E M O R A N D U M



DATE: April 9, 2020

TO: Matthew D. Huffaker, City Manager

FROM: Suzi Merriam, Community Development Director
Carlos Landaverry, Housing Manager

SUBJECT: Presentation of the 2019 Housing Element Annual Report

AGENDA ITEM: April 14, 2020 City Council

RECOMMENDATION:

Staff recommends that the City Council accept the Housing Element Annual Report for 2019, which must be submitted to the State Housing and Community Development Department on or before April 1, 2020.

DISCUSSION:

Every city and county in California is required to submit an annual report on the jurisdiction's progress in implementing the housing element of its general plan. The report must be submitted to the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research on or before April 1 of each year, using the forms and definitions adopted by HCD.

The attached Housing Element Annual Progress Report (Attachment 1) summarizes housing related activity that occurred between January 1 and December 31, 2019. Twenty-one applications for housing projects were submitted for planning approval for a total of 169 units. This included 14 accessory dwelling units. The table below shows all proposed units in 2019 by income level.

Proposed Units Summary		
Income Level		Current Year
Very Low	Deed Restricted	61
	Non-Deed Restricted	0
Low	Deed Restricted	8
	Non-Deed Restricted	0
Moderate	Deed Restricted	7
	Non-Deed Restricted	0
Above Moderate		93
Total Units		169

In addition, in 2019 CDD staff issued 12 building permits totaling 27 housing units, approved 21 housing units, and issued 3 certificates of occupancy. The table below shows all the building activity in 2019.

Building Activity Summary for 2019	
Total Housing Applications Submitted:	21
Number of Proposed Units in All Applications Received:	169
Number of Building Permits issued:	12
Number of Units Issued Building Permits:	27
Number of Units Issued Approvals/Entitlements:	21
Number of Units Finaled/Issued Certificates of Occupancy:	3
Number of Housing Units Disapproved:	0

In addition to reporting on the development of new housing units, the City made progress in meeting the Housing Element Implementation Goals. This includes the passage by the City Council of the [Mobile Home Park Overlay Zoning District on January 22, 2019](#).

STRATEGIC PLAN:

The Housing Element Annual Progress Report is an informational document that shows the City's progress in meeting our Regional Housing Needs Assessment. Affordable Housing is Goal 1 in the City Council 2018-2020 Strategic Plan.

FINANCIAL IMPACT:

Preparation of the Housing Element Annual Report is part of the Community Development Department's budgeted work program using existing staff resources.

ALTERNATIVES:

City Council can decide not to accept the Housing Element Annual Report for 2019 at this time.

ATTACHMENTS:

1. 2019 Housing Element Annual Report
2. Modified Table A2 from the 2019 Housing Element Annual Report (for clarity)

cc: City Attorney

Jurisdiction	Watsonville	
Reporting Year	2019	(Jan. 1 - Dec. 31)

ANNUAL ELEMENT PROGRESS REPORT **Housing Element Implementation**

(CCR Title 25 §6202)

Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

Table A																				
Housing Development Applications Submitted																				
Project Identifier					Unit Types		Date Application Submitted	Proposed Units - Affordability by Household Incomes								Total Approved Units by Project	Total Disapproved Units by Project	Streamlining	Notes	
1					2	3	4	5								6	7	8	9	10
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SFA,SFD,2 to 4,5+ADU,MH)	Tenure R=Renter O=Owner	Date Application Submitted	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Total PROPOSED Units by Project	Total APPROVED Units by project	Total DISAPPROVED Units by Project (Auto-calculated Can Be Overwritten)	Was APPLICATION SUBMITTED Pursuant to GC 65913.4(b)? (SB 35 Streamlining)	Notes*	
Summary Row: Start Data Entry Below								61		0	8	0	7	0	93	169	12	157	0	
016-331-09	016-331-09	53 ALTAMONT	NA	BP2019-2	ADU	R	1/4/2019								1	1	1	0	No	
019-246-30	019-246-30	121 ATKINSON	NA	BP2019-29	ADU	R	2/28/2019								1	1	1	0	No	
019-053-07	019-053-07	226 PROSPECT	NA	BP2019-44	ADU	R	3/22/2019								1	1	1	0	No	
017-601-08	017-601-08	134 MAPLE	NA	BP2019-159	2 to 4	R	10/22/2019								2	2	2	0	No	
017-621-05	017-621-05	411 2ND STREET	NA	BP2019-62	ADU	R	5/13/2019								1	1	0	1	under review	
015-064-02	015-064-02	75 KRALJ	NA	BP2019-84/PP2019-249	ADU		6/19/2019								1	1	1	0	No	
017-152-14	017-152-14	519 ROGGE	NA	PP2019-281/BP2019-96	ADU	R	7/10/2019								1	1	1	0	No	
019-082-02	019-082-02	731 CALIFORNIA	NA	PP2019-282	ADU	R	7/10/2019								1	1	0	1	No	
018-521-07	018-521-07	47 MONTE VISTA	NA	BP2019-123	ADU	R	9/10/2019								1	1	0	1	under review	
018-032-35	018-032-35	326 MADISON	NA	PP2019-359/BP2019-128	ADU	R	9/13/2019								1	1	1	0	No	
019-095-07	019-095-07	743 NEVADA	NA	PP2019-360/BP2019-126	ADU	R	9/12/2019								1	1	1	0	No	
016-433-06	016-433-06	125 ARTHUR	NA	BP2019-130	ADU	R	9/19/2019								1	1	1	0	No	
016-441-06	016-441-06	109 CRISSARA	NA	PP2019-377/BP2019-154	ADU	R	10/23/2019								1	1	1	0	No	
017-423-01	017-423-01	562 JOYCE	NA	PP2019-414/BP2019-149	ADU	R	10/18/2019								1	1	1	0	No	
014-072-12	014-072-12	126 LANDIS	NA	PP2019-426/BP2019-162	ADU	R	10/31/2019								1	1	1	0	No	
016-491-01	016-491-01	139 MILES	NA	PP2019-14	5+	R	1/11/2019	61							61	0	61	0	No	
019-246-55	019-246-61	48 PACKARD	NA	BP2019-46	SFD	O	4/6/2019								1	1	1	0	No	
015-371-01	015-371-01	221 AIRPORT	NA	MA2019-2	5+	O	4/30/2019			4			3		41	48	0	48	No	
018-372-14	018-372-14	511 OHLONE	Hillcrest Estates	MA2019-1	5+	O	2/20/2019			4			4		31	39	0	39	No	
016-082-40	016-082-40	163 MANANA	NA	PP2019-291	SFD	O	7/19/2019								1	1	0	1	No	
018-172-38	018-172-38	310 -314 PALM	NA	PP2019-153/BP2019-116	2 to 4	O	8/22/2019								1	3	0	3	No	
															0	0	0		under review	
															0	0	0			
															0	0	0			
															0	0	0			

Jurisdiction	Watsonville
Reporting Year	2019 (Jan. 1 - Dec. 31)

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
(CCR Title 25 §6202)

Note: "*" indicates an optional field
Cells in grey contain auto-calculation formulas

Table A2 Annual Building Activity Report Summary - New Construction, Entitled, Permits and Completed Units																																																			
Project Identifier					Unit Types		Affordability by Household Incomes - Completed Entitlement									Affordability by Household Incomes - Building Permits									Affordability by Household Incomes - Certificates of Occupancy										Streamlining	Infill	Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance or Deed Restrictions	Term of Affordability or Deed Restriction	Demolished/Destroyed Units			Notes							
1					2	3	4								5	6	7								8	9	10								11	12	13	14	15	16	17	18	19	20			21				
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (VLA, UFD, D, 4.5+, ADU, RM)	Tenure R/R/Enter or Owner	Very Low-Income Deed Restricted	Very Low-Income Non-Deed Restricted	Low-Income Deed Restricted	Low-Income Non-Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non-Deed Restricted	Above Moderate-Income	Entitlement Date Approved	# of Units Issued Entitlements	Very Low-Income Deed Restricted	Very Low-Income Non-Deed Restricted	Low-Income Deed Restricted	Low-Income Non-Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non-Deed Restricted	Above Moderate-Income	Building Permits Date Issued	# of Units Issued Building Permits	Very Low-Income Deed Restricted	Very Low-Income Non-Deed Restricted	Low-Income Deed Restricted	Low-Income Non-Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non-Deed Restricted	Above Moderate-Income	Certificates of Occupancy or other forms of readiness (see instructions) Date Issued	# of Units Issued Certificates of Occupancy or other forms of readiness	How many of the units were Extremely Low Income?*	Was Project APPROVED using CC 48913.4(b)? (SB 35 Streamlining) Y/N	Infill Units? Y/N*	Assistance Programs for Each Development (see instructions)	Deed Restriction Type (see instructions)	For units affordable without financial assistance or deed restrictions, explain how the locally determined the units were affordable (see instructions)	Term of Affordability or Deed Restriction (years) (if affordable in perpetuity enter "1000")	Number of Demolished/Destroyed Units*	Demolished or Destroyed Units*	Demolished/Destroyed Units Owner or Renter*	Notes*							
Summary Row: Start Date Entry Below																																																			
018-201-04	018-201-04	1724 PALM AVE	NA	PP2018-261	ADU	R							1	10/12/2018	1								1	1/23/2019	1								1	10/24/2019	1	0	N	Y							0	0	0				
016-091-27	016-091-27	243 BHASTA	NA	PP2018-136	ADU	R							1	5/29/2018	1								1	5/29/2018	1								1	2/11/2019	1		N	Y													
019-263-21	019-263-21	58 GARDNER AVENUE	NA	BP2017-213	ADU	R							1	6/18/2018	1								1	6/18/2018	1								1	6/11/2019	1		N	Y													
016-101-55	016-101-55	1205 FREEDOM BLVD	MARIN HILL TOWNHOMES	BP2017-6	5+	O												1				14	4/15/2019	16																											
016-331-09	016-331-09	161 ALHAMBRA	NA	BP2018-2	ADU	R							1	1/6/2019	1			1																																	
019-246-39	019-246-39	121 ATKINSON	NA	BP2018-29	ADU	R							1	2/28/2019	1							1	11/22/2019	1																											
019-263-07	019-263-07	298 PROSPECT	NA	BP2018-44	ADU	R							1	3/22/2019	1							1	3/22/2019	1																											
017-601-08	017-601-08	134 MAPLE	NA	BP2019-159	2 x 4	O							2	10/22/2019	2																																				
017-621-05	017-621-05	411 2ND STREET	NA	BP2019-455	ADU	R							1	5/12/2019	1																																				
016-064-07	016-064-07	75 ISRAEL	NA	BP2019-NA/PP2019-146	ADU	R							1	6/19/2019	1							1	6/21/2019	1																											
017-152-14	017-152-14	519 ROGGE	NA	PP2019-261	ADU	R							1	7/10/2019	1																																				
019-282-02	019-282-02	731 CALIFORNIA	NA	PP2018-265	ADU	R							1	7/10/2019	1							1	10/10/2019	1																											
018-621-07	018-621-07	47 MONTE VISTA	NA	BP2018-129	ADU	R							1	9/19/2019	1																																				
018-032-35	018-032-35	508 MADISON	NA	PP2019-1	ADU	R							1	9/19/2019	1							1	11/12/2019	1																											
019-099-07	019-099-07	743 NEVADA	NA	PP2019-160	ADU	R							1	9/19/2019	1																																				
018-633-06	018-633-06	125 ARTHUR	NA	BP2018-138	ADU	R							1	9/19/2019	1																																				
016-441-06	016-441-06	109 CRISSARA	NA	PP2019-377	ADU	R							1	10/23/2019	1							1	10/24/2019	1																											
017-423-01	017-423-01	562 JOYCE	NA	PP2019-414	ADU	R							1	10/18/2019	1																																				
014-072-12	014-072-12	126 LANDIS	NA	PP2019-426	ADU	R							1	10/31/2019	1							1	11/15/2019	1																											
019-246-55	019-246-55	48 PACKARD	NA	BP2019-46	SFD	O							1	4/9/2019	1							1	9/13/2019	1																											
018-372-14	018-382-80	161 MANANA	NA	PP2019-297	SFD	O							1	7/19/2019	1																																				
016-082-40	019-172-38	310 314 PALM	NA	PP2019-153	2 x 4	O							3	9/22/2019	3																																				
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MINUTES SPECIAL CITY COUNCIL MEETING

March 9, 2020

City of Watsonville
Council Chambers
275 Main Street, Top Floor

4:00 p.m.

1. ROLL CALL

Mayor García, Mayor Pro Tempore Coffman-Gomez and Council Members Estrada, Gonzalez, Hernandez, Hurst, and Parker were present.

Staff members present were City Attorney Smith, City Clerk Vázquez Flores, Public Works & Utilities Director Palmisano, Assistant Public Works & Utilities Director Di Renzo, Principal Engineer Green, Environmental Projects Manager Cassel-Shimabukuro.

2. WASTE WATER MASTER PLAN TOUR

Assistant Public Works & Utilities Director Di Renzo gave an overview of the wastewater operations.

Principal Engineer Green took the Council on a tour of all wastewater facilities to show them conditions of the structures.

3. ADJOURNMENT

The meeting adjourned at 5:48 p.m.

Rebecca J. García, Mayor

ATTEST:

Beatriz Vázquez Flores, City Clerk

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MINUTES REGULAR CITY COUNCIL MEETING



March 10, 2020

City of Watsonville
Council Chambers
275 Main Street, Top Floor

4:33 p.m.

1. ROLL CALL

Mayor García, Mayor Pro Tempore Coffman-Gomez and Council Members Estrada, Gonzalez, Hernandez (arrived at 5:00 p.m.), Hurst, and Parker (arrived at 5:06 p.m.) were present.

2. INFORMATION ITEMS—Written Report(s) Only

2.A. REPORT OF DISBURSEMENTS

2.B. MISCELLANEOUS DOCUMENTS REPORT

2.C. WRITTEN REPORTS BY COUNCIL MEMBERS REGARDING ACTIONS TAKEN ON THEIR REGIONAL COMMISSIONS/BOARD MEETINGS THAT MAY AFFECT THE CITY OF WATSONVILLE (None)

3. REPORTS TO COUNCIL

3.A. WASTEWATER FACILITIES MASTER PLAN STUDY SESSION

1) Staff Report

The report was given by Elaine Simmons, from Carollo Engineers.

2) City Council Clarifying & Technical Questions

Mayor García announced that Council toured the Wastewater Treatment Facility the day before.

Public Works & Utilities Director Palmisano answered questions from Member Hurst regarding differences between the wastewater collection system and the storm water collection system, funding needs for wastewater systems, and challenges in planning for wastewater needs.

Public Works & Utilities Director Palmisano and Principal Engineer Green answered questions from Member Gonzalez regarding collaboration with PG&E and Army Corps of Engineers to complete the Levee Reinforcement Project, PG&E supplying power to the Wastewater Treatment Facility, efforts to install additional generators to maintain the facility in service, and impacts of not repairing the facility would have on the public.

In answering Member Hernandez, Ms. Simmons stated the Wastewater Treatment Facility did not meet current seismic code and also needed to be elevated out of the flood zone.

Public Works & Utilities Director Palmisano and Principal Engineer Green answered questions from Mayor Pro Tempore Coffman-Gomez regarding potential increases to utility rates for residents, process and review for the River Levee Reinforcement Project, planning for power shut-offs, and potential revenue generating sources.

In answering Mayor García, Ms. Simmons and Public Works & Utilities Director Palmisano explained reasoning for replacing versus repairing infrastructure in wastewater treatment facilities.

3) Public Input (None)

4) MOTION: It was moved by Mayor Pro Tempore Coffman-Gomez, seconded by Member Hurst to accept the Wastewater Facilities Master Plan.

5) City Council Deliberation on Motion(s)

In answering Member Parker, Public Works & Utilities Director Palmisano listed the agencies and districts served by the Wastewater Treatment Facility.

Member Hurst spoke about the importance of outreach to the community regarding needs of the Wastewater Treatment Facility.

MOTION: The above motion carried by the following vote:

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	None

4. CONSENT AGENDA

Public Input on any Consent Agenda Item (None)

Members Hernandez, Hurst and Mayor Pro Tempore Coffman-Gomez spoke in support of Item 4.B.

In answering Mayor Pro Tempore Coffman-Gomez, Assistant Public Works & Utilities Director Rodriguez spoke about timeline for Item 4.B.

MOTION: It was moved by Member Hernandez, seconded by Member Parker and carried by the following vote to approve the Consent Agenda.

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	None

4.A MOTION APPROVING MINUTES OF FEBRUARY 25, 2020, MEETING

4.B. RESOLUTIONS ACCEPTING GRANT & APPROVING PLANS & SPECIFICATIONS & CALLING FOR BIDS FOR AIRPORT BOULEVARD AT HOLM ROAD SIGNAL INSTALLATION PROJECT NO. TR-20-01 (HSIPL-5031 (036)) (COST OF \$481,600 WILL BE FUNDED FROM THE HIGHWAY SAFETY IMPROVEMENT PROGRAM CYCLE 9 GRANT)

**a) RESOLUTION NO. 26-20 (CM):
RESOLUTION ACCEPTING THE HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP) GRANT CYCLE 9 OF \$481,600 FROM THE CALIFORNIA DEPARTMENT**

OF TRANSPORTATION (CALTRANS) DIVISION OF LOCAL ASSISTANCE FOR THE CITY TO FUND THE AIRPORT BOULEVARD AT HOLM ROAD SIGNAL INSTALLATION, PROJECT NO. TR-20-01 (HSIP-5031(036))

- b) **RESOLUTION NO. 27-20 (CM):**
RESOLUTION APPROVING PLANS & SPECIFICATIONS & CALLING FOR BIDS FOR AIRPORT BOULEVARD AT HOLM ROAD SIGNAL INSTALLATION PROJECT NO. TR-20-01 (HSIPL-5031 (036)) (COST OF \$481,600 WILL BE FUNDED FROM THE HIGHWAY SAFETY IMPROVEMENT PROGRAM CYCLE 9 GRANT)
- 4.C. **RESOLUTION NO. 28-20 (CM):**
RESOLUTION AWARDDING CONTRACT TO SST CONSTRUCTION, LLC., DBA SUNSYSTEMS TECHNOLOGY, TO PROVIDE OPERATION & MAINTENANCE SERVICES FOR THE CITY'S SOLAR PHOTOVOLTAIC SYSTEMS AT THREE CITY SITES, IN AN AMOUNT NOT TO EXCEED \$104,370 FOR FIVE YEARS, (\$104,370 WILL BE FUNDED BY THE GENERAL FUND - 17%, WATER ENTERPRISE FUND - 27%, & WASTEWATER FUND - 56%)
- 4.D. **RESOLUTION NO. 29-20 (CM):**
RESOLUTION AWARDDING CONTRACT TO CALCON SYSTEMS, INC., FOR ON-CALL SCADA SYSTEM INTEGRATION SERVICES, IN AN AMOUNT NOT TO EXCEED \$285,000 OVER THREE YEARS FROM FY 20/21 THROUGH FY 22/23 (\$285,000 WILL BE SPREAD OVER THREE FISCAL YEARS: FUNDED BY WASTEWATER ENTERPRISE FUND & WATER ENTERPRISE FUND)
- 4.E. **RESOLUTION NO. 30-20 (CM):**
RESOLUTION AWARDDING CONTRACT TO LUHDORFF & SCALMANINI CONSULTING ENGINEERS, INC., TO PLAN & DESIGN A NEW WELL & PUMP STATION & DEVELOP BID DOCUMENTS, IN AN AMOUNT NOT TO EXCEED \$434,088, (\$434,088 WILL BE FUNDED BY THE WATER ENTERPRISE FUND)
- 4.F. **RESOLUTION NO. 31-20 (CM):**
RESOLUTION AUTHORIZING PURCHASE ORDER WITH ACCURATE AIR ENGINEERING, INC., FOR A NEW DIGESTER GAS ROTARY SCREW AIR COMPRESSOR, IN AN AMOUNT NOT TO EXCEED \$240,138.00 PLUS FREIGHT & SALES TAX, PAID BY WASTEWATER ENTERPRISE FUNDS
- 5. **ITEMS REMOVED FROM CONSENT AGENDA (None)**

The City Council recessed the meeting to Closed Session at 5:28 p.m.

5:30 p.m.

- 6. **CLOSED SESSION**
(City Council Conference Room, 275 Main Street, 4th Floor)
 - (a) **Public Comments regarding the Closed Session agenda were accepted by the City Council at that time.**
 - (b) **Closed Session Announcement**
The City Council recessed the regular Council Meeting to discuss those items listed on the Closed Session Statement attached to the Agenda.

6.A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

(Government Code § 54954.5 and 54956.8)

1. Property: 21, 27, and 31 West Beach Street (APN: 017-111-19)
 Negotiating parties: Tamara Vides (City)
 In Sook Yum dba Top USA Co.
 Under Negotiation: Terms of Lease
2. Property: 280 Main Street (APN: 017-182-16)
 Negotiating parties: Tamara Vides (City)
 Pajaro Valley Arts
 WatsNews, LLC dba Register Pajaronian
 Under Negotiation: Price, and terms of Lease

6.B. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

(Government Code Section 54956.9)

1. Pending litigation pursuant to subdivision (d)(1):
 Name of case: City of Watsonville v Pacific Air Care et al. - Santa Cruz
 County Superior Court (Case No. 19CV03564)

6:42 p.m.

7. ROLL CALL

Mayor García, Mayor Pro Tempore Coffman-Gomez and Council Members Estrada, Gonzalez, Hernandez, Hurst, and Parker were present.

Staff members present were City Manager Huffaker, City Attorney Smith, City Clerk Vázquez Flores, Public Works & Utilities Director Palmisano, Police Chief Honda, Fire Chief Lopez, Administrative Services Director Czerwin, Community Development Director Merriam, Parks & Community Services Director Calubaquib, Deputy City Managers Manning and Vides, Assistant Public Works & Utilities Directors Di Renzo and Rodriguez, Assistant Police Chief Sims, Administrative Services Manager Gordo, Solid Waste Division Manager Rivera, Principal Engineer Fontes, Senior Utilities Engineer Berry, Police Sergeant Thul, Assistant City Clerk Ortiz, Senior Administrative Analyst Peralta, and Interpreter Esqueda.

8. PLEDGE OF ALLEGIANCE

9. PRESENTATIONS & ORAL COMMUNICATIONS

9.D. REPORT OUT OF CLOSED SESSION

City Attorney Smith reported that Council discussed the items listed on the Closed Session Agenda and authorized filing of an answer to the complaint listed under 6.B.1.

9.A. MAYOR'S PROCLAMATION RECOGNIZING MARCH 2020 AS NATIONAL RED CROSS MONTH

9.B. ORAL COMMUNICATIONS FROM THE PUBLIC

Dori Rose Inda, chief executive officer at Salud Para la Gente, stated they had taken precautions to identify Coronavirus victims and deter spread of the illness. She gave recommendations and listed resources on how to prevent spread of Coronavirus.

Jennifer Schacher, trustee at Pájaro Valley Unified School District (PVUSD), spoke about efforts by PVUSD to prevent spread of Coronavirus. She thanked Council for approving Complete Streets to School Plan. She stated Starlight Elementary School had submitted a petition that requests that parking be allowed on the east side of Pennsylvania Drive during school hours (submitted petition to Council).

Becky Steinbruner spoke about her experience in running for County Supervisor and stated her willingness to work with the City to address issues with water contamination at Landmark Elementary School and Renaissance High School.

Steve Trujillo spoke in opposition of Council's approval of the special use permit to allow the project at 975 Main Street that included fast food establishments (submitted flyer regarding effects of fast food). He asked Council to prevent further fast food drive-throughs.

Deputy City Manager Vides asked the public to participate in the Council's Strategic Plan survey. She spoke about challenges in collecting survey results due to the Coronavirus.

9.C. ORAL COMMUNICATIONS FROM THE COUNCIL

Member Hernandez spoke about his attendance at International Women's Day Festivities, Portuguese Crab Feed, Slavic American Cultural Organization Dinner and invited the public to Cesar Chavez Community Awards. He thanked the voters for supporting Measure Y.

Member Gonzalez thanked the voters who supported Measure Y. He spoke about his attendance at the Portuguese Crab Feed. He invited the public to the Buddhist Temple Cleanup event.

Member Estrada thanked Salud Para la Gente and the City for their efforts to address Corona Virus. He spoke about events he attended over the previous weeks. He commended the voters for participating in the Presidential Primary Election. He invited the public to the Buddhist Temple Cleanup event and the Mayor's Bike Ride.

Mayor Pro Tempore Coffman-Gomez spoke about her attendance at a conference regarding, transportation, housing and homelessness. She spoke about the importance of participating in the census and spoke about the success of Measure Y.

Member Parker invited the public to the Buddhist Temple Cleanup event. She thanked those who voted and supported Measure Y in the Presidential Primary Election. She thanked staff for preparing for COVID-19.

Member Hurst spoke about the success of Measure Y in the Presidential Primary Election. He spoke about low voter turnout and asked for more participation from registered voters. Mayor García spoke about her participation on a climate change panel with Assembly Member Rivas. She spoke about the City's Climate Action Plan and stated it was a model for other cities. She stated her commitment to speaking about climate change at each meeting during oral communications.

10. PUBLIC HEARINGS, ORDINANCES, & APPEALS

10.A. CONSIDERATION OF TEXT AMENDMENTS TO TITLE 14 (ZONING) OF THE WATSONVILLE MUNICIPAL CODE (WMC) CHAPTERS 14-16 (DISTRICT REGULATIONS) & 14-53 (CANNABIS FACILITIES) REGARDING CULTIVATION, MANUFACTURE, DISTRIBUTION, TESTING, DELIVERY & RETAIL SALES OF CANNABIS & CANNABIS PRODUCTS

1) Staff Report

The report was given by Community Development Director Merriam.

2) City Council Clarifying & Technical Questions

Community Development Director Merriam answered questions from Member Hurst regarding ability for growers outside City limits to export cannabis to Watsonville manufacturers, legalization of marijuana statewide, reasons for loss of operating cannabis cultivators, police experience in dealing with cannabis use related crime, and difficulty in obtaining cannabis licenses.

Community Development Director Merriam and City Manager Huffaker answered questions from Member Parker regarding the City's Cannabis Equity Program, challenges by staff to integrate said program, and ability for cannabis businesses to operate between jurisdiction and type of cannabis business types.

Community Development Director Merriam answered questions from Mayor Pro Tempore Coffman-Gomez regarding review and approval of cannabis licenses, distinctions and limitations between license types, tax revenues from cannabis, requirement for identification of a location for a cannabis facility in order to secure a permit, process for obtaining a cannabis permit, and use of a location for multiple types of cannabis businesses.

Member Gonzalez spoke about the importance of prioritizing local residents in their pursuit of cannabis businesses. Assistant Police Chief Sims and Community Development Director Merriam answered questions from Member Gonzalez regarding cannabis facility security, customer age verification, required cannabis facility staff identification, cannabis delivery restrictions, protections against minors entering cannabis dispensaries, cannabis delivery hour restrictions, and age verification as part of cannabis purchases.

In answering Member Hernandez, Community Development Director Merriam and City Manager Huffaker explained the City's Cannabis Equity Program.

Community Development Director Merriam and City Manager Huffaker answered questions from Member Estrada regarding Cannabis taxation, delays in cannabis businesses beginning operation, State legalization of cannabis, potential revenues from cannabis, proposed allowed cannabis dispensaries, restrictions against vaping products, process for reviewing cannabis applications, security of cannabis facilities, compliance monitoring, and criteria for use of Measure M tax revenues.

In answering Member Parker, Community Development Director Merriam spoke about reasoning used to justify reduction in distance requirements for cannabis facilities.

In answering Mayor García, Community Development Director Merriam spoke about impact to health and equity that cannabis businesses would bring the City and reasoning for proposed allowed cannabis delivery licenses.

3) Public Hearing

Mayor García opened the public hearing.

Crystal Salazar-Nieto, District 3, stated her concerns regarding cannabis effects on youth and contribution to crime.

Ashley Mazon stated her concerns regarding effects cannabis businesses would have on youth.

Sebastian Perez-Catano, Watsonville High School student, stated his concerns regarding amount of cannabis licenses being proposed.

Karla Orozco, Watsonville High School student, stated it was easy for youth to obtain marijuana and staff recommendation would further contribute to that.

Ana, student at Watsonville High School, stated it was easy for youth to obtain marijuana and staff recommendation would further contribute to that.

Ulises Geronimo, Ceiba College Preparatory, stated his concerns with staff recommendation in changing distance requirements from schools.

Jeren Rodriguez asked Council to reduce amount of allowed dispensaries.

Georgia Acosta, District 7, stated her concerns regarding no requirements for location identification to grant a cannabis permit and asked Council to revisit the Cannabis Equity Ordinance.

Seth Smith, Santa Cruz Veterans Alliance, asked Council to implement a cannabis compassion program to assist low income residents in obtaining medicinal cannabis.

Laura Del Castillo, Eden Infusions, spoke in support of staff recommendation.

Jennifer Schacher stated her concerns regarding zoning changes proposed by staff and no requirements to disclose location prior to receiving permit.

Steve Trujillo, District 7, recommended cannabis dispensaries be closed during school hours. He asked Council for the Cannabis Equity Program to be included in the proposed ordinance.

Erin Newson, Santa Cruz Veterans Alliance, spoke about the benefits of a regulated cannabis market.

Lisa Tollner spoke in support of staff recommendation and spoke about challenges of running cannabis businesses.

James Cunningham, Fog City Farms, spoke in support of staff recommendation.

Drew Lineham, asked Council to integrate the Cannabis Equity Program in the proposed ordinance.

Wes Clark, Horizon Capital, spoke about the importance of providing an opportunity for veterans to be able to compete for cannabis licenses through an equity program.

Mariline Onofre, parent, asked Council to reduce cannabis delivery licenses to three (3) and reduce cannabis dispensary licenses to two.

Guillermina, District 1, asked Council to reduce cannabis delivery licenses to three (3) and reduce cannabis dispensary licenses to two.

Bryce Berryesa, cannabis business owner, spoke about the strict guidelines for obtaining a cannabis business license.

Carmen Herrera Mansir, District 2, asked Council to postpone action on cannabis regulations in order to create more equitable policies for the community as a whole.

Paul Lessard spoke in support of staff recommendation and offered to work with the City to explore benefits of cannabis for medical purposes.

McKenna Maness, Pajaro Valley Prevention and Student Assistance (PVPSA), stated increased cannabis outlets would lead to more access for underage youth.

Erika Trejo, PVPSA, asked Council to reduce cannabis delivery licenses to three and reduce cannabis dispensary licenses to two.

Adrian Rocha, District 3, asked Council to reduce cannabis delivery licenses to three and reduce cannabis dispensary licenses to two.

Alan Flores asked Council to create policy that sets licenses aside for equity program participants.

Cristina Negrete, District 6, asked Council to reduce cannabis delivery licenses to three (submitted petition to Council).

Colin Disheroon, Santa Cruz Naturals, spoke about the benefits his business has brought the community. He asked Council remove Commercial Thoroughfare (CT) for the proposed allowed zones for cannabis facilities, allow cultivators and manufacturers to deliver their products, require local dispensaries to provide 15% of their shelf space for local products, create policy that requires environmental sustainability, and create setback requirements between cannabis dispensaries and fast food establishments.

Jonathan Kolodinski asked Council to allow cannabis cultivators to cultivate on multiple premises and allow distribution of those products.

Alejandro Nolasco, spoke in support of integrating the cannabis equity program within the proposed ordinance, not requiring a location prior to granting a license, and approving dispensaries locally.

Chrystal Gonzalez, PVPSA, asked Council to reduce proposed allowed licenses and dispensaries.

Sandra Savala spoke in opposition to cannabis dispensaries being allowed in Watsonville, especially near schools.

Patrica Mata, PVPSA, asked Council to reduce allowed delivery permits and dispensaries.

Victor Marani recommended that Council reserve licenses for equity program participants and require a location prior to granting any cannabis permit.

Seeing no one else approach the podium, Mayor García closed the public hearing.

- 4) **MOTION:** It was moved by Member Hernandez, seconded by Member Hurst to introduce the following ordinances 10.A.4)a), 10.A.4)b), approve resolution 10.A.4)c), integrate language from the cannabis equity program into the proposed ordinances, and exclude the Commercial Thoroughfare (CT) zone from allowed zones for cannabis facilities:

- a) **ORDINANCE INTRODUCTION AMENDING CERTAIN SECTIONS OF CHAPTER 14-16 (DISTRICT REGULATIONS) OF TITLE 14 (ZONING) OF WATSONVILLE MUNICIPAL CODE FOR THE REGULATION OF CANNABIS BUSINESSES LOCATED WITHIN THE CITY**
- b) **ORDINANCE INTRODUCTION REPEALING CHAPTER 53 (CANNABIS FACILITIES) OF TITLE 14 (ZONING) IN ITS ENTIRETY & ADDING A NEW CHAPTER 53 OF TITLE 14 (ZONING) OF THE WATSONVILLE MUNICIPAL CODE REGARDING CULTIVATION, MANUFACTURE, DISTRIBUTION, TESTING, DELIVERY & RETAIL SALES OF CANNABIS & CANNABIS PRODUCTS**
- c) **RESOLUTION ESTABLISHING & ADOPTING CERTAIN FEES RELATED TO THE REVIEW & PROCESSING OF CANNABIS FACILITY APPLICATIONS & ISSUANCE & ANNUAL RENEWAL OF CANNABIS FACILITIES IDENTIFICATION BADGES BY THE WATSONVILLE CHIEF OF POLICE TO OWNERS, MANAGERS & EMPLOYEES OF PERMITTED & APPROVED CANNABIS FACILITIES OPERATING IN THE CITY OF WATSONVILLE**

5) **City Council Deliberation on Motion(s)**

MOTION AMENDMENT 1: It was moved by member Parker and seconded by Member Hernandez, to integrate the Cannabis Equity Program policies within the proposed ordinance, direct staff to appoint a certification officer, and reserve permits for equity program participants.

Member Parker asked that cannabis permit applicants disclose the location where they would intend to operate at the time they applied for a permit. Member Hernandez declined to accept Member Parker's last request.

Member Estrada asked Council to table the item in order to better study the proposed changes.

Mayor Pro Tempore Coffman-Gomez asked for data regarding youth access to cannabis due to changes in law and asked for more information regarding the Cannabis Equity Program and how it could be integrated within the proposed ordinance.

Member Gonzalez asked that participant criteria from the Cannabis Equity Program be integrated within the proposed ordinance. City Manager Huffaker explained that the Cannabis Equity Program Ordinance would be utilized during the application process and it was not necessary to integrate said ordinance within the proposed ordinances.

Member Parker spoke about community collaboration to create cannabis policies and spoke about the importance of the Cannabis Equity Program integration in the proposed ordinances.

MOTION AMENDMENT 1 VOTE: Motion Amendment 1 carried by the following vote:

AYES:	MEMBERS:	Coffman-Gomez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	Gonzalez, Estrada
ABSENT:	MEMBERS:	None

MOTION AMENDMENT 2: It was moved by Mayor Pro Tempore Coffman-Gomez and seconded by Member Gonzalez to require dispensaries to reserve fifteen percent (15%) of shelf space for local cannabis products.

In answering Member Parker, City Manager Huffaker and City Attorney Smith stated the proposed amendments were significant and would require that the ordinances return for introduction.

MOTION AMENDMENT 2 VOTE: Motion Amendment 2 carried by the following vote:

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	None

MOTION AMENDMENT 3: It was moved by Member Parker and seconded by Mayor Pro Tempore Coffman-Gomez to require cannabis dispensary permit applicants to disclose the premise in which they would operate at the time of application submittal.

Member Gonzalez stated requiring cannabis dispensary permit applicants to disclose the premise in which they would operate at the time of application submittal would hurt the industry and increase lease rates for cannabis businesses.

Member Hurst spoke about the challenges cannabis businesses faced as part of Council's timeline for approval of policies.

MOTION AMENDMENT 3 VOTE (Failed): Motion Amendment 3 failed by the following vote:

AYES:	MEMBERS:	Coffman-Gomez, Parker
NOES:	MEMBERS:	Estrada, Gonzalez, Hernandez, Hurst, García
ABSENT:	MEMBERS:	None

MOTION AMENDMENT 4 (Failed): It was moved by Member Gonzalez and failed due to lack of second to restrict cannabis product deliveries to delivery between 9:00 a.m. and 5:00 p.m. only.

MOTION AMENDMENT 5: It was moved by Member Estrada and seconded by Mayor García to reduce cannabis dispensaries to two and restrict cannabis product delivery from non-retail facilities to five.

Mayor Pro Tempore Coffman-Gomez spoke about the input received and work done to identify proposed number of cannabis facilities.

Members Hurst and Gonzalez spoke about the need to be bold with cannabis policy since Council had been careful and thoughtful up to that point.

Mayor García spoke about adverse effects cannabis product deliveries brought communities. She added that studies showed that there had been increases in hospital visits related to cannabis use due to increase in outlets and ease of access.

MOTION AMENDMENT 5 VOTE (Failed): Motion Amendment 5 failed by the following vote:

AYES:	MEMBERS:	Estrada, Parker, García
NOES:	MEMBERS:	Coffman-Gomez, Gonzalez, Hernandez, Hurst
ABSENT:	MEMBERS:	None

Member Hurst spoke about the importance of establishing a policy for cannabis in order to deter black market purchases.

Member Gonzalez stated the Commercial Thoroughfare zone was not included in staff proposal and dispensaries would not be allowed in shopping centers. He spoke about the benefits of medicinal marijuana.

MOTION TO TABLE ORIGINAL AMENDED MOTION: It was moved by Member Gonzalez, seconded by Member Estrada and carried by the following vote to table the amended original motion to return at the March 24, 2020, Council meeting:

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker
NOES:	MEMBERS:	García
ABSENT:	MEMBERS:	None

Mayor García recessed the meeting at 10:22 p.m.

Mayor García reconvened the meeting at 10:28 p.m.

11. NEW BUSINESS

11.A. PRESENTATION ON OVERVIEW OF PROGRAM IMPLEMENTATION ANALYSIS FOR ORGANIC WASTE METHANE EMISSIONS REDUCTIONS (SB 1383)

1) Staff Report

The report was given by Public Works & Utilities Director Palmisano, Senior Administrative Analyst Peralta, and Philip Mainolfi, Senior Associate at HF&H Consultants.

2) City Council Clarifying & Technical Questions

Mr. Mainolfi and Public Works & Utilities Director Palmisano answered questions from Member Parker regarding recommended bins and locations where organics could be disposed.

Mr. Mainolfi answered questions from Mayor Pro Tempore Coffman-Gomez regarding fees for disposing of lumber, reduction of greenhouse gasses, increase of staff time, logistics of new waste pickup duties, and challenges of sanitation of organics waste.

In answering Member Gonzalez, Public Works & Utilities Director Palmisano and Mr. Mainolfi spoke about potential for use of a digester to reduce food waste to an outside location.

Mr. Mainolfi, in answering Mayor García, stated the City needed to adopt an ordinance to address Senate Bill 1383 mandates by January 1, 2022.

3) Public Input (None)

- 4) MOTION:** It was moved by Mayor Pro Tempore Coffman-Gomez, seconded by Member Hernandez to Accept the Draft Organic Waste Methane Emissions Reductions (SB 1383) Implementation Plan.

5) City Council Deliberation on Motion

In answering Member Hurst, Mr. Mainolfi stated only one anaerobic digester was in operation in Marina.

Mayor Pro Tempore Coffman-Gomez asked staff to collaborate with Monterey County to explore the rail corridor for potential transportation of waste.

In answering Mayor García, Public Works & Utilities Director Palmisano stated SB 1383 was an unfunded State mandate.

MOTION: The above motion carried by the following vote:

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	None

11.B CONSIDERATION OF APPROVAL OF PROJECT LISTS FOR TRANSPORTATION PROJECTS FUNDED BY MEASURE D & SB 1

1) Staff Report

The report was given by Principal Engineer Fontes.

2) City Council Clarifying & Technical Questions

Principal Engineer Fontes and Assistant Public Works & Utilities Director Rodriguez answered questions from Mayor Pro Tempore Coffman-Gomez regarding timeline for the Lee Road Trail, prioritization of improvements to City streets, traffic calming measures citywide and funding thereof, project specifics for Green Valley Road Reconstruction, and project specifics for Freedom Boulevard improvements. Mayor

Pro Tempore Coffman-Gomez asked that staff notify Council Members when work was being done within their districts.

In answering Member Gonzalez, Principal Engineer Fontes spoke about costs associated with the Bridge Street Improvements, pot hole repair prioritization. Member Gonzalez stated there were problematic pot holes between Stanford Street and Madison Street.

In answering Mayor García, Assistant Public Works & Utilities Director Rodriguez explained how the public could report poor street conditions.

3) Public Input (None)

4) MOTION: It was moved by Member Hernandez, seconded by Member Parker and carried by the following vote to approve the following resolutions:

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	None

**a) RESOLUTION NO. 32-20 (CM):
RESOLUTION APPROVING 2020 MEASURE D 5-YEAR PROGRAM OF
PROJECTS (FY 2020/2021 - FY 2024/2025) FUNDED BY MEASURE D
APPROVED BY VOTERS ON NOVEMBER 8, 2016**

**b) RESOLUTION NO. 33-20 (CM):
RESOLUTION APPROVING THE CITY OF WATSONVILLE - SB1
PROJECT LIST FY 20/21 TO BE FUNDED BY SENATE BILL 1 FUNDS**

5) City Council Deliberation on Motion (None)

12. EMERGENCY ITEMS ADDED TO AGENDA

**12.A DECLARATION OF LOCAL HEALTH EMERGENCY REGARDING NOVEL
CORONAVIRUS (COVID-19)**

1) Staff Report

The report was given by Fire Chief Lopez.

2) City Council Clarifying & Technical Questions

Fire Chief Lopez and City Manager Huffaker answered questions from Mayor Pro Tempore Coffman-Gomez regarding efforts by staff to prevent spread of COVID-19 and listed resources available to the public.

In answering Member Estrada, City Manager Huffaker stated Police Media and Communications Specialist Pulido had been appointed Public Information Officer for COVID-19 and was working on reaching the Spanish speaking community. City Manager Huffaker, in answering Mayor Pro Tempore Coffman-Gomez, spoke about ease of restrictions by the City to help businesses cope with COVID-19 worries.

Member Hurst spoke about importance of being responsible and empathetic in dealing with COVID-19 worries.

In answering Member Parker, City Manager spoke about protocols the City was exploring to prevent spread of COVID-19.

3) Public Input (None)

- 4) MOTION:** It was moved by Mayor Pro Tempore Coffman-Gomez, seconded by Member Parker, and carried by the following vote to approve the following resolution:

**RESOLUTION NO. 34-20 (CM):
RESOLUTION DECLARING LOCAL HEALTH EMERGENCY REGARDING
NOVEL CORONAVIRUS (COVID-19)**

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	None

5) City Council Deliberation on Motion (None)

MOTION: The above motion carried by the following vote:

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	None

14. REQUESTS & SCHEDULING FUTURE AGENDA ITEMS

Mayor Pro Tempore Coffman-Gomez asked for an update from Watsonville Community Hospital.

15. ADJOURNMENT

The meeting adjourned at 11:48 p.m.

ATTEST:

Rebecca J. García, Mayor

Beatriz Vázquez Flores, City Clerk

MINUTES REGULAR CITY COUNCIL MEETING



March 20, 2020

City of Watsonville
Council Chambers
275 Main Street, Top Floor

10:07 a.m.

1. ROLL CALL

Mayor García, Mayor Pro Tempore Coffman-Gomez and Council Members Estrada, Gonzalez, Hernandez, Hurst, and Parker were present.

Staff members present were City Manager Huffaker, City Attorney Smith, City Clerk Vázquez Flores, Deputy City Managers Manning and Vides, Assistant Police Chief Sims, City Clerk Ortiz, and Interpreter Landaverry.

2. PLEDGE OF ALLEGIANCE

3. PRESENTATIONS & ORAL COMMUNICATIONS

3.A. ORAL COMMUNICATIONS FROM THE PUBLIC

Steve Trujillo spoke about his efforts to clean the community and asked the City to further its community cleaning efforts.

3.B. ORAL COMMUNICATIONS FROM THE COUNCIL

Mayor Pro Tempore Coffman-Gomez asked the public to comply with COVID-19 shelter in place directive and stay safe during the pandemic.

Member Estrada asked the community to stay united and safe during the COVID-19 pandemic.

Member Gonzalez spoke about challenges in implementing policies during the COVID-19 pandemic and asked the community to stay safe.

Member Hernandez asked the public to shelter in place to prevent the spread of COVID-19.

Member Hurst spoke about challenges residents faced due to the COVID-19 pandemic and asked the public to practice social distancing.

Member Parker thanked those in the community supporting others most vulnerable to COVID-19. She asked the public to practice social distancing and shelter in place.

Mayor García spoke about her attendance at a Pájaro Valley Unified School District (PVUSD) meeting to award waste reduction certificates.

Maria Elena de la Garza, executive director at Community Action Board (CAB), spoke about services being offered by CAB despite COVID-19 pandemic.

Deputy City Manager Vides read an email from Daniel Dodge Jr., PVUSD board president, asking the Council to appoint an ad hoc committee to work on lobbying efforts for action from the State and Federal Government regarding COVID-19 aid.

Dr. Nancy A. Bilicich, via phone call, spoke about her attendance at the Zone 7, Flood Control and Water Conservation District meeting and assured the public that work on River Levee improvements was underway despite COVID-19 pandemic.

Deputy City Manager Vides read an email from Jennifer Schacher asking the Council to appoint an ad hoc committee to work on lobbying efforts for action from the Federal Government regarding COVID-19 aid.

4. REPORTS TO COUNCIL—No Action Required

4.A COVID-19 ESSENTIAL SERVICES UPDATE

1) Staff Report

The report was given by City Manager Huffaker.

2) City Council Clarifying & Technical Questions

In answering Member Hernandez, City Manager Huffaker stated business owners should contact the County Health Services Agency with questions regarding shelter in place orders. He spoke about efforts by the City to educate the community on shelter in place orders.

City Manager Huffaker, in answering Member Estrada, spoke about City efforts to educate the public about preventing spread of COVID-19.

3) Public Input

Dori Rose Inda, chief executive officer at Salud para la Gente, spoke about efforts to minimize spread of COVID-19 and asked that the public follow shelter in place orders as well as practicing social distancing. She spoke about services offered at Salud para la Gente.

Steve Trujillo stated South Korea was a prime example for containing COVID-19 and asked the City to look to them for guidance. He spoke about conflicting recommendations and allowance of certain businesses to operate while others were closed. He asked Council to contact legislators to request COVID-19 testing supplies.

Angel asked the City to create videos explaining social distancing and shelter in place orders. He suggested stores protect the most vulnerable members of the community by offering special hours. He asked for more enforcement of price gouging.

Diana Fernandez, via email, stated Second Harvest Food Bank and Pájaro Valley Unified School District needed to improve the food distribution program to better promote social distancing.

Manuel Gonzalez, via email, stated youth were not following COVID-19 shelter in place orders and asked the City to intervene.

Jennifer Ortiz, via email, asked Council to ensure that those still working despite COVID-19 be compensated for their bravery.

Emily Gutierrez, via email, asked Council to address challenges small businesses and homeless were facing.

5. CONSENT AGENDA

Public Input on any Consent Agenda Item (None)

MOTION: It was moved by Member Hurst, seconded by Member Gonzalez and carried by the following vote to approve the Consent Agenda.

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	None

5.A RESOLUTION NO. 38-20 (CM):

MOTION DIRECTING CITY ATTORNEY TO PREPARE RESOLUTION APPROVING PAYMENT FOR REPAIR OF THE D8-CATERPILLAR BULLDOZER SERVING THE CITY OF WATSONVILLE LANDFILL IN THE AMOUNT OF \$111,371.65

5.B. RESOLUTION NO. 35-20 (CM):

RESOLUTION AUTHORIZING PURCHASE OF THREE 2020 PETERBILT MODEL 520 ROLL-OFF COLLECTION VEHICLES TO BE USED BY THE SOLID WASTE DIVISION FROM RUSH TRUCK CENTERS OF CALIFORNIA, INC., THROUGH THE PURCHASING AUTHORITY OF THE CITY OF LOS ANGELES, IN AN AMOUNT NOT TO EXCEED \$806,746.80 (\$537,831.20 WILL BE FUNDED BY SOLID WASTE ENTERPRISE FUND FOR FY2018/2019 & \$268,915.60 WILL BE FUNDED BY THE SOLID WASTE ENTERPRISE FUND FOR FY2019/2020)

5.C. RESOLUTION NO. 36-20 (CM):

RESOLUTION AUTHORIZING PURCHASE OF ONE (1) 2021 TYMCO MODEL 600 STREET SWEEPER UNIT TO BE USED BY SOLID WASTE DIVISION FROM GCS ENVIRONMENTAL EQUIPMENT SERVICES, INC., THROUGH THE PURCHASING AUTHORITY OF THE CITY OF SELMA, IN AN AMOUNT NOT TO EXCEED \$282,397.05 (FUNDED BY THE SOLID WASTE ENTERPRISE FUND FOR FY2019/2020)

5.D. RESOLUTION NO. 37-20 (CM):

RESOLUTION ACCEPTING \$30,000 GRANT FROM MONTEREY PENINSULA FOUNDATION FOR THE WATSONVILLE ENVIRONMENTAL SCIENCE WORKSHOP & APPROPRIATING SUCH FUNDS TO THE SPECIAL GRANTS FUND

6. ITEMS REMOVED FROM CONSENT AGENDA (None)

7. PUBLIC HEARINGS, ORDINANCES, & APPEALS

7.A. CONSIDERATION OF UNCODIFIED URGENCY ORDINANCE ENACTING A TEMPORARY MORATORIUM ON EVICTIONS DUE TO NONPAYMENT OF RESIDENTIAL AND COMMERCIAL RENT FOR TENANTS WHERE THE FAILURE TO PAY RENT RESULTS FROM INCOME LOSS RESULTING FROM THE NOVEL CORONAVIRUS (COVID-19)

1) Staff Report

The report was given by City Attorney Smith.

2) City Council Clarifying & Technical Questions

City Attorney Smith answered questions from Member Parker regarding required notification of landlord by tenant about nonpayment of rent due to loss of income arising from COVID-19.

In answering Member Estrada, City Attorney Smith explained who the ordinance protected and how residents would be notified.

In answering Member Gonzalez, City Attorney Smith stated the proposed ordinance did not prohibit rent increases, but the Council could amend the ordinance to do so.

In answering Member Hernandez, City Attorney Smith explained the changes Council could make to the proposed ordinance.

City Attorney Smith and City Manager Huffaker answered questions from Mayor García regarding options tenants had in repaying deferred rent and potential aid from State and Federal Government.

City Manager Huffaker answered questions from Member Coffman-Gomez regarding available resources for residents and City efforts to minimize impacts from City utility fees. City Manager Huffaker added that there was language in the ordinance requiring tenants to show proof of hardship.

City Attorney Smith answered questions from Mayor García regarding necessary documentation to show need for rent payment deferral.

3) Public Hearing

Steve Trujillo asked that the proposed ordinance be modified to prevent rent increases for the remainder of the year.

Angel asked Council to search for ways to help tenants pay deferred rent. He also asked that the City work to inform all residents about the evictions moratorium.

Dori Rose Inda, Salud Para la Gente, asked the public to follow shelter in place orders and asked Council to retain language in the ordinance that allows tenants to demonstrate the need for rent deferral.

Clark Codiga, via phone call, stated no outreach was created regarding the proposed ordinance and asked Council to postpone action until more input from stakeholders was received. He spoke about negative effects the ordinance would have on landlords.

Henry Martin, director at Watsonville Law Center, asked Council to remove requirement of proof of need for rent deferral, specify that mobile homes are included in the ordinance, and to include landlord retaliation prevention language in the ordinance.

Jenni Veitch-Olson, via email, thanked the City for efforts to protect and inform the public regarding COVID-19. She asked Council to support the proposed ordinance and protect all tenants.

Juggy Tut, via phone call, asked Council to postpone decision on the item until the effects on landlords were studied.

Marion Madrid, via email, thanked the City for their efforts to protect the public.

Neva Hansen, via email, wrote in opposition to the proposed ordinance due to negative effects it would have on landowners.

Bill Hansen, via email, wrote in opposition to the proposed ordinance due to negative effects it would have on landowners and the economy. He recommended housing assistance instead of deferred rent.

Glen Kramer, via phone call, stated the public did not receive adequate notice on the moratorium and asked Council to deny its approval until more input was received from landowners.

Kathy Oliver, Oliver Properties, via phone call, spoke in opposition to the proposed moratorium due to effects it would have on landowners.

Chris Codiga, via phone call, stated the public did not receive adequate notice on the moratorium and asked Council to deny its approval until more input was received from landowners.

Dave Molinari, via phone call, spoke in support of the proposed moratorium and spoke about challenges businesses faced in light of COVID-19.

Kelly Davis, via phone call, asked Council to deny the moratorium due to effects it would have on landowners.

- 4) **MOTION:** It was moved by Member Gonzalez, seconded by Mayor García to amend the proposed ordinance to remove requirement for verifiable documentation for need for rent deferral, limit the payment deferral period to sixty (60) days, and prohibit rent increases during that period for all dwellings within City limits.

5) **City Council Deliberation on Motion**

Member Parker stated Council could not adequately hear or participate in the discussion. She asked for postponement of the item until Council could participate and receive information adequately.

Member Hurst asked for postponement of the item until Council could participate and receive information adequately.

MOTION: The above motion failed by the following vote:

AYES:	MEMBERS:	Gonzalez, Hernandez, García,
NOES:	MEMBERS:	Coffman-Gomez, Estrada, Hurst, Parker
ABSENT:	MEMBERS:	None

MOTION: It was moved by Mayor García, seconded by Member Parker and carried by the following vote to adjourn the meeting to March 23, 2020, at 2:00 p.m.:

AYES:	MEMBERS:	Coffman-Gomez, Estrada, Gonzalez, Hernandez, Hurst, Parker, García
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	None

15. ADJOURNMENT

The meeting adjourned at 1:13 p.m.

Rebecca J. García, Mayor

ATTEST:

Beatriz Vázquez Flores, City Clerk

MINUTES REGULAR CITY COUNCIL MEETING



March 23, 2020

City of Watsonville
Council Chambers
275 Main Street, Top Floor

2:00 p.m.

1. ROLL CALL

Mayor García, Mayor Pro Tempore Coffman-Gomez and Council Members Estrada, Gonzalez, Hernandez, Hurst, and Parker were present.

Staff members present were City Manager Huffaker, City Attorney Smith, City Clerk Vázquez Flores, Information Technology Director Boyes, Deputy City Managers Manning and Vides, Assistant Police Chief Sims, Assistant City Clerk Ortiz, and Interpreter Landaverry.

2. PLEDGE OF ALLEGIANCE

7. PUBLIC HEARINGS, ORDINANCES, & APPEALS

7.A. CONSIDERATION OF UNCODIFIED URGENCY ORDINANCE ENACTING A TEMPORARY MORATORIUM ON EVICTIONS DUE TO NONPAYMENT OF RESIDENTIAL AND COMMERCIAL RENT FOR TENANTS WHERE THE FAILURE TO PAY RENT RESULTS FROM INCOME LOSS RESULTING FROM THE NOVEL CORONAVIRUS (COVID-19)

1) Staff Report

The report was given by City Attorney Smith.

2) City Council Clarifying & Technical Questions

City Attorney Smith, in answering Member Estrada, stated the ordinance could not be retroactive.

City Manager Huffaker and City Attorney Smith answered questions from Member Parker regarding potential financial aid for residents, potential for prohibiting late fees for rent, rent increase policies, inclusion of mobile homes in the proposed moratorium, and commercial rent protections.

In answering Member Estrada, City Attorney Smith stated the ordinance would not be retroactive and would not affect evictions currently in process. City Manager Huffaker stated residents were encouraged to seek housing despite social distancing requirements.

City Attorney Smith answered questions from Member Gonzalez regarding potential inclusion of mobile home parks in the proposed ordinance and prevention of retaliation from landowners.

City Attorney Smith and City Manager Huffaker answered questions from Mayor Pro Tempore Coffman-Gomez regarding potential for litigation arising from the proposed ordinance, resources available to the tenants and landowners, responsibility of utility costs and protections of landowners, housing assistance options from Santa Cruz

County Housing Authority, potential for landlords to apply for funding stemming from unpaid rent, aid from FEMA and National Guard, potential for appointment of an ad-hoc committee to work through COVID-19 real estate challenges, effect the proposed ordinance would have on commercial tenants, duration of the proposed moratorium, outreach plan if moratorium was approved, collaboration with Pájaro Valley Shelter, potential for a Federal stimulus package, and options for landlords to collect deferred rent payment.

In answering Member Hernandez, City Attorney Smith explained challenges of approving the moratorium and its applicability to those currently facing evictions.

3) Public Hearing

Georgia Acosta asked the City to appoint an ad-hoc committee that worked on housing issues during COVID-19 and that Council prioritize residential housing when approving any moratorium.

Steve Trujillo asked that the proposed ordinance be modified to prevent rent increases for the remainder of the year (submitted article to Council).

Dori Rose Inda, director at Salud Para la Gente, asked the public to follow shelter in place orders and asked Council to approve the proposed moratorium.

Kathy Oliver spoke about the challenges that landlords would face as part of the proposed moratorium. She asked for more protections of landlords.

Nick Bulaich asked Council to postpone decision on the moratorium until stakeholders provided more input. He asked Council to begin the discussion anew due to the many technical difficulties resulting in poor execution of the last Council meeting.

Clark Codiga, via phone call, stated no outreach was done regarding the proposed ordinance and asked Council to postpone action until more input from stakeholders was received. He spoke about negative effects the ordinance would have on landlords. He asked Council to exclude commercial tenants in the ordinance and limit the term to 30 days.

Joe Hutchins, via email, asked Council to deny the moratorium due to the negative effects it would have on landlords.

Bill Hansen, via email, wrote about challenges the proposed ordinance would have on landlords and negative effects it would have on the economy.

Chris Codiga, via phone call, stated no outreach was done regarding the proposed ordinance and asked Council to postpone action until more input from stakeholders was received. He spoke about negative effects the ordinance would have on landlords. He asked Council to exclude commercial tenants in the ordinance.

Michael Cox, via email, asked Council to deny staff recommendation and instead prohibit evictions for sixty (60) days, except for those caused by criminal actions. He asked Council to exclude commercial properties in the ordinance, ensure terms and conditions for residential rent relief are clearly specified, equitable, and just, and

avoid language that implies tenants can cause damage and chaos without fear of eviction.

John Sigismondi, via email, asked Council to exclude commercial tenants from the proposed moratorium.

Raid Farhat, via email, listed the reasons the proposed ordinance negatively affected landlords and the community.

Carol Kuzdenyi, via email, wrote in support of the proposed ordinance.

Haj Tut, asked Council to postpone decision on the moratorium until more research was done on effects the ordinance would have on the economy.

Rose Marie McNair, via email read by Deputy City Manager Vides, asked Council to postpone decision on the moratorium until more studies on the effects it would have on the community were conducted.

Brian Berman, via email, asked Council to exclude essential commercial renters from the ordinance.

Victor Gomez, via email, on behalf of Santa Cruz County Association of Realtors, asked Council to retain language pertaining to verifiable documentation, end the term of the ordinance on May 31, 2020, require tenants who accepted protection under this ordinance should have up to the equal amount of time that was offered for payment of rent deferral, consider forming a local assistance program for renters to help them cover their rents, and that the City to guarantee deferred payments in case the renter was unable to fulfill their deferred rents carried by landlords.

Mayra Bernabe, via email, on behalf of Communities Organized for Relational Power in Action (COPA), wrote in support of the proposed ordinance.

Bill Hansen, via phone call, spoke in opposition to the proposed ordinance amendment that would allow tenants to request rent deferral without written documentation.

- 4) MOTION:** It was moved by Member Gonzalez, seconded by Member Hurst to approve the proposed ordinance as amended by City Attorney Smith with the following changes; amend the proposed ordinance to add language that protected tenants at all dwellings at which rent was being charged, included language that prohibits retaliation or other debt collection by landlords, and required tenants to negotiate a repayment schedule with landlords.

- 5) City Council Deliberation on Motion**
City Attorney Smith, City Manager Huffaker, and City Clerk Vazquez Flores, in answering Mayor Pro Tempore Coffman-Gomez, clarified staff recommendation and proposed changes being requested by Member Gonzalez.

Mayor GarcíaGarcía and City Attorney Smith answered questions from Member Parker regarding effects the proposed amendments would have on residents. Member Parker stated commercial renters should be excluded from the ordinance.

Mayor Pro Tempore Coffman-Gomez stated commercial renters should be excluded from the ordinance, and that the ordinance should allow landlords to recover lost rent, and require verifiable documentation from tenants in order to qualify for rent deferral.

Member Estrada spoke about the dangers of COVID-19 and spoke in support of the proposed ordinance.

MOTION: The above motion carried by the following vote:

AYES:	MEMBERS:	Estrada, Gonzalez, Hernandez, Hurst, GarcíaGarcía,
NOES:	MEMBERS:	Coffman-Gomez, Parker
ABSENT:	MEMBERS:	None

8. EMERGENCY ITEMS ADDED TO AGENDA

9. REQUESTS & SCHEDULING FUTURE AGENDA ITEMS

Mayor Pro Tempore Coffman-Gomez asked for creation of an ad-hoc committee to review needs during COVID-19.

Member Parker requested creation of an ad-hoc committee that reviews federal aid and administration to the community.

Mayor GarcíaGarcía asked staff to research efforts statewide to protect landlords and home owners.

10. ADJOURNMENT

The meeting adjourned at 4:40 p.m.

ATTEST:

Rebecca J. GarcíaGarcía, Mayor

Beatriz Vázquez Flores, City Clerk



Conference/Seminar Summary

City of Watsonville
275 Main Street, Suite 400
Watsonville, CA 95076
831.768.3008

To:	The Honorable Mayor & City Council
Council Meeting Date:	April 14, 2020
City Council Member:	Trina Coffman-Gomez
Conference/Seminar:	Building Livable Communities Annual Conference
Location:	Yosemite National Park, CA
Dates of Travel:	March 5-8, 2020

Please provide a brief report on the conference, seminar, or meeting you attended.

I had the ability to attend this year's conference. The materials and discussions including the following:

1. Building affordable housing and working on homelessness solutions.
2. Discussion was engages with the CPUC concerning the CCA's and the public utility companies role in providing the hardware for our electric resources.
3. Forward thinking community development strategies
4. Energy evolution and revolution with Marin Clean Energy CEO Dawn Weisz
5. Discussion of transportation emissions
6. Emergency power: planning and response.

At the conclusion of the event, a brief report on the conference/seminar attended at the expense of the City must be presented to the City Council at the next regularly scheduled City Council Meeting. Government Code Section 53234

City of Watsonville
Public Works and Utilities



M E M O R A N D U M

DATE: April 7, 2020

TO: Matthew D. Huffaker, City Manager

FROM: Steve Palmisano, Director of Public Works and Utilities
Maria Esther Rodriguez, Assistant Director/ City Engineer

SUBJECT: Lincoln Street Safety Improvements, Project No. ST 20-03
(ATPSB1L-5031(032)) call for bids and acceptance of \$533,000
in Active Transportation Program (ATP) grant funding

AGENDA ITEM: April 14, 2020 City Council

RECOMMENDATION:

It is recommended that City Council adopt a resolution approving plans and specifications and calling for bids for Lincoln Street Safety Improvements, Project ST-20-03 (ATPSB1L-5031(032)) and accept a \$533,000 State grant through Cycle 3 of the Active Transportation Program (ATP) funded by Senate Bill 1 (SB1).

DISCUSSION:

Lincoln Street is a heavily used street that provides connection from Riverside Drive (SR 129) and East Beach and East Lake Avenue (SR 152) and beyond. This is also a street that divides the Watsonville High School campus with students being required to cross multiple times during the day to access classrooms, the gymnasium, and school parking. While the street is essentially closed to through traffic during school hours, there are still vehicles that need to use the street to access private homes, school parking lots and also attend school business and activities.

Working with the Pajaro Valley Unified School District and Ecology Action, an application was prepared and the City submitted and received an Active Transportation Program (ATP) Cycle 3 grant in the amount of \$533,000 for installation of safety improvements on Lincoln Street. The Grant includes \$100,000 for safety education and \$433,000 for design and construction of the improvements.

Improvements incorporated into the project include: 1) Pedestrian enhancements with bulb outs, high visibility crosswalks, new accessible ramps and benches; 2) Bicycle amenities with pavement "sharrow" markings (a double-chevron road marking indicating a shared cycle/vehicle lane) and signs; 3) Landscaping and solar street lighting

A request for allocation to proceed with construction for the Project has been sent to the State, as is required for this State funded project; approval is anticipated in May. Staff is seeking concurrent approval by City Council to be able to call for bids and then award the construction in the most expeditious manner, after construction funding approval from the State is received.

Estimated cost for construction is \$575,000. Bid Opening is scheduled for May 14, 2020. The Plans and Specifications are on file in the City Clerk's office. The bids will be advertised on the City's website and available in all Bay Area builders Exchanges and Watsonville Blueprint on Hangar Way.

Staff recommends that Council approve Plans and Specifications and call for bids for Lincoln Street Safety Improvements, Project ST-20-03 (ATPSB1L-5031(032)) and accept \$533,000 in Active Transportation Program (ATP) Cycle 3 grant funding.

STRATEGIC PLAN:

The project meets the goals and objectives outlined in the Strategic Plan, Priority 3 for improving Infrastructure and Transportation and Priority 6, addressing Public Safety.

FINANCIAL IMPACT:

The total cost for the construction of this project is estimated at \$575,000. The project is being funded with \$433,000 in ATP grant funding and \$142,000 in Gas Tax funds.

The project is included in the approved budget under project number: 0305 923 7837 14507

ALTERNATIVES:

Council can choose not to approve the plans and specifications and not proceed with the project.

ATTACHMENTS:

None.

cc: City Attorney

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING PLANS AND SPECIFICATIONS AND CALLING FOR BIDS FOR THE LINCOLN STREET SAFETY IMPROVEMENTS, PROJECT NO. ST-20-03 (ATPSB1L-5031 (032)) (ESTIMATED COST \$575,000: \$433,000 WILL BE FUNDED FROM THE ACTIVE TRANSPORTATION PROGRAM CYCLE 3 GRANT AND \$142,000 IN GAS TAX FUNDS)

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the plans and specifications for the Lincoln Street Safety Improvements, Project No. ST-20-03 (ATPSB1L-5031 (032)), copies of which are on file in the Office of the City Clerk, are hereby ratified and approved.

2. That the Purchasing Officer is hereby authorized and directed to call for public competitive sealed bids for the above named Project, and that the bids are to be opened in the "Old City Council Chambers," 250 Main Street, Watsonville, California, on Thursday, May 14, 2020, at 11:00 A.M., and the City Clerk is hereby directed to give notice inviting such sealed bids in the time, form, and manner provided by law.

3. That hand-carried bids should be delivered to the City of Watsonville, 250 Main Street, Watsonville, California, c/o Purchasing Officer. Bidders may mail bids at their own risk to the City of Watsonville, c/o Purchasing Officer, 250 Main Street, Watsonville, California 95076.

4. That after the bids are opened, they shall be tabulated and analyzed and a report submitted to the City Manager, who shall recommend the awarding, or other action to the Council at its next regular meeting, or as soon thereafter as possible.

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE ACCEPTING A \$533,000 ACTIVE TRANSPORTATION PROGRAM (ATP) GRANT FROM THE STATE OF CALIFORNIA, DEPARTMENT OF TRANSPORTATION (CALTRANS) FOR THE LINCOLN STREET SAFETY IMPROVEMENTS, PROJECT NO. ST-20-03 (ATPSB1L-5031(032)); AUTHORIZING AND DIRECTING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE AGREEMENTS AND DOCUMENTS REQUIRED BY THE CALIFORNIA DEPARTMENT OF TRANSPORTATION INCLUDING ANY EXTENSIONS OR AMENDMENTS NEEDED TO IMPLEMENT SAID AGREEMENT; AND APPROPRIATING SUCH FUNDS TO THE GRANTS BUDGET

WHEREAS, the California Department of Transportation awarded the City a \$533,000 Active Transportation Program grant for the Lincoln Street Safety Improvements, Project No. ST-20-03; and

WHEREAS, funding of \$433,000 will be used for the design and construction of safety improvements on Lincoln Street and funding of \$100,000 will provide safety education by Ecology Action of Santa Cruz, a corporation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the \$533,000 Active Transportation Program grant from the State of California, Department of Transportation (CalTrans) is hereby accepted.
2. That the City Manager, or designee is hereby authorized and directed to execute in the name of the City of Watsonville, any agreements and all documents required by the California Department of Transportation including any extensions or amendments thereof in order to implement this agreement.
3. That the \$533,000 grant is hereby appropriated to the Special Grants Fund [0260].

City of Watsonville
Community Development Department



M E M O R A N D U M

DATE: March 6, 2020

TO: Matthew D. Huffaker, City Manager

FROM: Suzi Merriam, Community Development Director
Rob Allen, Assistant CDD Director/Building Official

SUBJECT: Consideration of First Amendment to June 26, 2018 contract with CSG Consultants, Inc. for Building Construction, Fire Plan Review, and Field Inspection Services

AGENDA ITEM: April 14, 2020 **City Council**

RECOMMENDATION

Staff recommends that the City Council adopt a resolution approving this first amendment to a [June 26, 2018 contract](#) with CSG Consultants, Inc., a corporation ("CSG"), for additional building construction and fire plan review and field inspection services for an additional \$75,000 to cover costs for the remainder of the FY 2019-2020 fiscal year..

BACKGROUND

The Community Development Department uses consultants to review construction plans for all large commercial and residential projects, buildings, subdivisions, additions, tenant improvements, modifications, and some minor repairs. The Department's engineering plan review staff also require the review of soils reports and complex structural designs be done by a consultant with education, training and experience in such subjects since no one employed by the City has such expertise.

CSG has provided these services for the last two years. This contract was originally approved on June 26, 2018 by [Resolution No. 93-18 \(CM\)](#) for \$200,000 per fiscal year for a two-year term. The contract expires on June 30, 2020. With an unforeseen increase in project activity in FY 2019-2020, the contract must be amended to address the cost of the additional work requested from CSG.

CSG's performance has been outstanding, and the Company provides a high level of customer service to the community. Its years of service to the City have clearly proven that they understand the needs of the community and are considered an extension of City staff by the development community. The basic service provided to the City is a ten-day

turnaround of plan reviews for 90% of the projects. Complex or very large projects typically take an additional five to ten working days. CSG provides a professional plans examiner along with City staff one morning per week, to review small to medium size projects, and help those applicants obtain their permits. The current contract with CSG covers services related to plan reviews and inspection service. It includes reviews of building codes, fire codes, soils reports, and structural elements for building construction plans. In addition to plan reviews, the contract includes building inspection services on an as-needed basis during City staff vacations, vacancies, extended sick leaves and retirements.

The specific terms of CSG's contract for comprehensive plan review is based on the reimbursement to CSG of 65% of plan review fees collected from customers. Any items separately submitted from the complete submittal for plan review would be an hourly rate of \$100.00 an hour. Specialty engineering peer reviews submitted separately would be \$185.00 an hour and structural civil reviews would be \$135.00 an hour. Building inspection services are charged hourly at \$100.00 an hour. These fees are borne by the users of the services and are paid when services are rendered.

SUMMARY/ RECOMMENDATION

The cost of these services is funded by the project applicant and is merely a pass through with no direct cost to the City. All the fees for projects are collected from the applicant at the time of project submittal or permit issuance and a percentage of what is collected is used to pay for this consultant's service contract. If the volume of projects submitted or the number of permits issued drops, then the contracted services are discontinued or reduced with no additional or continued cost to the City. CSG is responsible for staffing up for any short period of time where development may spike, rather than the City. The current contract contains the right of termination by the City with a 10-day notice for any reason. If CSG's services were no longer needed, the City could terminate the contract.

The department experienced a higher than normal intake of development projects requiring additional plan review services in FY 2019-2020, thus causing the need to increase the funding for the contract to cover the charges. Some of the revenues from these projects have already been collected by the Community Development Department with additional revenues to be expected when additional projects are submitted for review through the end of the fiscal year on June 30, 2020. All revenues from plan review services are placed into the General Fund.

STRATEGIC PLAN

The approval of this additive amendment supports Goal 4 (Economic Development) of the 2018-2020 Strategic Plan by providing high quality and timely plan review and inspection services for residential and commercial customers in the City.

FINANCIAL IMPACT

There is no direct financial impact to the City for building plan review services or the engineering peer review services. Plan review services will continue to be paid from a percentage of the fees collected from the applicant. Building inspection services will also have no impact to the City budget; these are paid in advance by the permit applicant.

ALTERNATIVES

The City Council may decline to approve this additive amendment, however this would significantly reduce the Department's ability to provide timely plan review services for the community.

ATTACHMENTS

cc: City Attorney

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING FIRST AMENDMENT TO CONTRACT FOR CONSULTANT SERVICES BETWEEN THE CITY OF WATSONVILLE AND CSG CONSULTANTS, INC., A CORPORATION, FOR BUILDING CONSTRUCTION AND FIRE PLAN REVIEW AND FIELD INSPECTION SERVICES, IN AN AMOUNT NOT TO EXCEED \$75,000, FOR THE REMAINDER OF FY2019/2020; AND AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE SAME

Amends Resolution No. 93-18 (CM)

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the First Amendment to Contract for Consultant Services between the City of Watsonville and CSG Consultants, Inc., a corporation, in an amount not to exceed \$75,000, for the remainder of FY19/20, to cover additional costs for building construction and fire plan review and field inspection services through the end of FY 2019-2020, a copy of which Amendment is attached hereto and incorporated herein by this reference, is fair and equitable and is hereby ratified and approved.

2. That the City Manager be and is hereby authorized and directed to execute said Amendment for and on behalf of the City of Watsonville.

**FIRST AMENDMENT TO CONTRACT FOR CONSULTANT SERVICES
BETWEEN THE CITY OF WATSONVILLE
AND CSG CONSULTANTS, INC.**

THIS FIRST AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES

is entered into this _____ day of _____, 2020, by and between the **City of Watsonville** ("City") and **CSG Consultants, Inc.** ("Consultant"). The City and Consultant agree as follows:

RECITALS

WHEREAS, the City and Consultant have previously executed a Contract for Consultant Services dated June 27, 2018 and approved by Resolution No. 93-18 ("Agreement") for building construction and fire plan review and field inspection services.

WHEREAS, with additionally unforeseen increase in project activity, additional services were required to perform the additional plan reviews causing additional cost and time; and

WHEREAS, the First Amendment of the Agreement for Consultant Services is in the best interest of the City.

NOW, THEREFORE, the City and the Consultant agree that the Agreement shall be amended as follows:

Section 4 is hereby amended to add the following:

"Section 4 and Exhibit "C" both entitled Compensation of the Contract are hereby amended to provide an additional amount of compensation of Seventy-Five Thousand (\$75,000) for the additional services required to perform additional plan reviews due to the unforeseen increase in project activity as specified in Attachment "1" entitled "First Amendment to Exhibit "C" Compensation" which is attached hereto and incorporated herein. Total compensation under this Contract shall not exceed Two Hundred Seventy-Fifty Thousand Dollars (\$275,000).

All other terms and conditions of the Agreement dated June 27, 2018, as amended shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to the Agreement for Consultant Services the day and year first hereinabove written.

CITY OF WATSONVILLE

By _____
Matthew D. Huffaker, City Manager

ATTEST:

By _____
Beatriz Vázquez Flores, City Clerk

APPROVED AS TO FORM:

By _____
Alan J. Smith, City Attorney

CSG CONSULTANTS, INC.

By  _____
Cyrus Kianpour, President

ATTACHMENT "1"

FIRST AMENDMENT TO EXHIBIT "C" COMPENSATION

An additional \$75,000 will be added to the Compensation of this Contract.

The Compensation is as follows:

Original Contract: \$200,000

Amendment #1: \$75,000

Total Compensation Not to Exceed: \$275,000

**City of Watsonville
Public Works and Utilities**

M E M O R A N D U M



DATE: April 7, 2020

TO: Matthew D. Huffaker, City Manager

FROM: Steve Palmisano, Director of Public Works & Utilities
Maria Esther Rodriguez, Assistant Director of Public Works & Utilities
Murray A. Fontes, Principal Engineer

SUBJECT: Contract Amendment #3 with Rincon Consultants, Inc. for Preconstruction Compliance and Construction Monitoring Services for the Rail Trail project in an amount not to exceed \$89,897

AGENDA ITEM: April 14, 2020 **City Council**

RECOMMENDATION:

It is recommended that the City Council adopt a resolution approving Contract Amendment #3 for an additional change order due to additional services with Rincon Consultants, Inc. for Preconstruction Compliance and Construction Monitoring Services for the Rail Trail project in an amount not to exceed \$89,897.

DISCUSSION:

On January 24, 2017, Council adopted Resolution No. 9-17 (CM) approving a contract with Rincon Consultants, Inc. to provide preconstruction compliance services for the Rail Trail Lee Road Project in a not to exceed amount of \$110,904. These services included sampling soils for hazardous materials, preparing a site assessment of the condition of the existing soils, preparing a remediation plan for the project site and assisting the City with securing the appropriate permits from the Santa Cruz County Health Services Agency.

On October 11, 2018, the Council adopted a resolution approving Contract Amendment #1 to extend the term of the contract from June 30, 2018 to June 30, 2020 and to update the Rincon Consultants, Inc fee schedule. There was no change in the amount of the contract.

On October 22, 2019, the Council adopted a resolution approving Contract Amendment #2 to increase the contract amount to \$138,738 to pay for additional services needed to

obtain Santa Cruz County Health Services Agency approval of the plan for identifying and handling possible hazardous materials within project soils.

On January 22, 2020, the City Council adopted a resolution awarding a contract to GraniteRock Company for construction of the Monterey Bay Scenic Sanctuary Trail Segment 18 – Ohlone Parkway to Watsonville Slough Trail Trailhead.

The Council is now asked to adopt a resolution approving proposed Contract Amendment #3 which includes the following:

1. The first change is for additional services needed to obtain Santa Cruz County Health Service Agency approval of the plan for hazardous materials. This is for the additional time to address County concerns and changes in the project plans. The cost of this work is \$19,345.
2. The second item is for additional services to provide oversight and monitoring of construction to ensure that GraniteRock complies with the hazardous materials plan and ensure that the City provides the proper documentation for compliance. The cost of this work is \$55,569.
3. The third change is for additional services as a contingency for unanticipated additional work, which is common in these types of projects, if requested and approved by the City. The cost of this is \$14,983.
4. The fourth and last change is to extending the period of the contract by one year, from June 30, 2020 to June 30, 2021.

The total amount requested in this amendment number three is therefore \$89,897. The new contract amount as amended will be \$228,635.

STRATEGIC PLAN:

Approving the amendment will allow the City to move ahead with the Rail Trail project, which supports Strategic Plan Goal 3 – Infrastructure and Environment as it implements a transportation project that provides pedestrian and bicycle safety.

FINANCIAL IMPACT:

To pay the cost of the amendment an allocation of \$89,897 is requested from Measure D Pedestrian and Traffic Safety Account No. 0312 972 7837 14322.

ALTERNATIVES:

None.

ATTACHMENTS:

None

cc: City Attorney

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING THIRD AMENDMENT TO CONTRACT FOR CONSULTANT SERVICES BETWEEN THE CITY OF WATSONVILLE AND RINCON CONSULTANTS, INC., A CORPORATION, FOR PRECONSTRUCTION COMPLIANCE AND CONSTRUCTION MONITORING SERVICES FOR THE RAIL TRAIL LEE ROAD PROJECT, IN AN AMOUNT NOT TO EXCEED \$89,897; AND AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE SAME

Amends Resolution No.'s 9-17 (CM) and 162-19 (CM)

WHEREAS, on or about January 24, 2017, the Council approved Resolution No. 9-17 (CM) approving an agreement between the City and Rincon Consultants, Inc., to provide preconstruction compliance services for the Rail Trail Lee Road project; and

WHEREAS, on or about October 11, 2018, the City approved a First Amendment to Consultant Services Contract extending the term of the contract from June 30, 2018, to June 30, 2020, and to update the fee schedule; there was no change in the amount of the contract, nor any funds added; and

WHEREAS, on or about October 22, 2019, the City Council adopted Resolution No. 162-19 (CM) approving Second Amendment to Consultant Services Contract increasing the contract amount to \$138,738 to pay for additional services needed to obtain Santa Cruz County Health Services Agency approval of the plan for identifying and handling possible hazardous materials within project soils; and

WHEREAS, this Third Amendment is an additive change order for work not requested before, to wit, sampling soils for hazardous materials, preparing a site assessment of the condition of the existing soils, preparing a remediation plan for the project site and assisting to secure the appropriate permits from the Santa Cruz County

Health Services Agency, which increases the contract amount by \$89,897 (from contract amount prior to this amendment of \$138,738 to \$228,635).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the Third Amendment to Contract for Consultant Services between the City of Watsonville and Rincon Consultants, Inc., a corporation, in an amount not to exceed \$89,897, for preconstruction compliance and construction monitoring services for the Rail Trail Lee Road project, a copy of which Third Amendment is attached hereto and incorporated herein by this reference, is fair and equitable and is hereby ratified and approved.

2. That the City Manager be and is hereby authorized and directed to execute said Amendment for and on behalf of the City of Watsonville.

**THIRD AMENDMENT TO CONSULTANT SERVICES CONTRACT
BETWEEN THE CITY OF WATSONVILLE
AND RINCON CONSULTANTS, INC.**

THIS THIRD AMENDMENT TO CONTRACT for consultant services is entered into by and between the **City of Watsonville** ("City") and **RINCON CONSULTANTS, INC.** ("Consultant") this 30th day of March, 2020. The City and Consultant agree as follows:

RECITALS

WHEREAS, City and Consultant have previously executed a Consultant Services Contract to provide Preconstruction Compliance Services for the Rail Trail project, dated January 25, 2017 and the work was amended through a First Amendment , dated October 11, 2018 and a Second Amendment, dated September 16, 2019;

WHEREAS, the City has added additional tasks to the work program of the Consultant causing additional cost and time to the project completion; and

WHEREAS, the amendment of the Contract for Consultant Services is in the best interest of the City of Watsonville.

NOW, THEREFORE, the City and the Consultant agree that the Contract shall be amended as follows:

Section 1 is hereby amended to add the following:

"Section 1. Scope of Services. In addition to the performance of those services specified in detail in Exhibit "A" of the Contract, Consultant shall perform the following additional services as specified in detail in the following and are attached hereto and incorporated herein:

- ***Exhibit "1," entitled "Budget Amendment 2 Request, Rail Trail at Lee Road – Segment 18, Amendment Request in Support of Hazardous Materials Compliance, Watsonville, California 95076";***
- ***Exhibit 2, entitled "Proposal for Reduced Scope Construction Oversight, Monterey Bay Sanctuary Scenic Trail at Lee Road – Phase 1 of Segment 18, Watsonville, California 95076";***

- ***Additional Services as requested in writing and approved by the City.***

Section 3 is hereby amended to add the following:

“Section 3. Schedule of Performance. Term of contract shall be extended to June 30, 2021”

Section 4 is hereby amended to read:

“Section 4 and Exhibit “C” both entitled “Compensation” of the Contract, are hereby amended to provide an additional amount of compensation totaling Eighty-Nine Thousand, Eight Hundred and Ninety Seven dollars, (\$89,897) for professional services. This includes the following:

<i>Exhibit “1”</i>	<i>\$19,345;</i>
<i>Exhibit “2”</i>	<i>\$55,569;</i>
<i>Additional Services, cost not-to-exceed</i>	<i>\$14,983.</i>

All other terms and conditions of the Contract dated January 25, 2017, as amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Consultant Services Contract the day and year first hereinabove written.

CITY OF WATSONVILLE

RINCON CONSULTANTS, INC.

By _____
Matthew D. Huffaker, City Manager

By  _____
Stephen Svete

ATTEST:

By _____
Beatriz Vázquez Flores, City Clerk

APPROVED AS TO FORM:

By _____
Alan J. Smith, City Attorney

EXHIBIT "1"

The scope of services for Exhibit 1 is as described in the following document entitled "Budget Amendment 2 Request, Rail Trail at Lee Road – Segment 18, Amendment Request in Support of Hazardous Materials Compliance, Watsonville, California 95076."

**Rincon Consultants, Inc.**

437 Figueroa Street, Suite 203
Monterey, California 93940

831 333 0310 OFFICE AND FAX

info@rinconconsultants.com
www.rinconconsultants.com

March 3, 2020
Project No: 16-03694

Murray Fontes
City of Watsonville Public Works and Utilities Department
250 Main Street
Watsonville, California 95076
Via email: murray.fontes@cityofwatsonville.org

**Subject: Budget Amendment 2 Request
Rail Trail at Lee Road – Segment 18, Amendment Request in Support of Hazardous
Materials Compliance, Watsonville, California 95076**

Dear Mr. Fontes:

Rincon is herein respectfully requesting a second budget amendment to support continuing Hazardous Material Compliance services for the Rail Trail Lee Road Project. As a result of ongoing negotiations and meetings with the County of Santa Cruz over the content of hazardous materials plans and the extent of analyses required to support those plans, Rincon has exceeded the authorized budget. Remaining work is still required to complete the full scope as required by Santa Cruz County, and as of this letter, Rincon has exceeded the total budget (including the first amendment) allotted for Hazardous Materials Compliance Services by \$10,536. As detailed below, we are requesting additional funding to cover this overrun as well as the anticipated additional work needed to complete reporting and planning documents related to the Materials Compliance Services element of work for this project, estimated at \$8,800. Thus, the total amount of this amendment request is \$19,345.

Contracting Background

Amendment 1 to the original contract was requested in a letter dated August 16, 2019, for an amount of \$27,834, which increased the total contract amount from \$110,904 to \$138,738. That amount was intended to provide for an over-run of \$6,432, and for anticipated additional work required to complete the hazardous materials tasks. The additional hazardous materials scope of work costs were associated with addressing extensive comments from the County of Santa Cruz Environmental Health Division (CSCEHD) on Rincon's Phase II Environmental Site Assessment (ESA) report, and the responses, meetings, research, and document revisions required to meet CSCEHD requirements. Additionally, Amendment 1 provided for the development of a Soil Management Plan and a Site Management Plan (jointly, Management Plans), and the subsequent revision of those documents upon CSCEHD approval of the Revised Phase II ESA report.

Work completed to date under the original contract and Amendment 1 includes the preparation of a Revised Phase II ESA (submitted and approved by CSCEHD as of February 19, 2020), and partial revisions to the Management Plans (which are currently being updated to reflect CSCEHD-approved revisions to the Revised Phase II ESA).



Current Budget Overrun

Table 1 below summarizes the current budget status for the entire contract. Currently, the original budget for the Task 3 scope of work has been exceeded by \$10,536. The remaining Project Management and Task 1 budget will be required to complete future required biological monitoring activities to be performed immediately preceding the start of construction. Additional work remains to complete the hazardous materials task, and this amendment is requesting additional budget to cover the current overrun and the anticipated remaining work to be completed for this task.

Table 1. Summary of Budget Expenditure to Date

	Task 1 Biological Resources	Task 2 Cultural Resources	Task 3 Hazardous Materials	Project Management and Administration	Expenses and Misc. Job Supplies	Total
Contracted Budget	32,870	3,036	66,749	6,675	1,574	110,904
Change Order I			27,834			27,834
Contracted Total	32,870	3,036	94,583	6,675	1,574	138,738
Expended to Date	17,326	3,354	105,119	5,131	1,574	132,504
Remaining Budget	15,544	-318	-10,536	1,544	0	6,234

The additional hazardous materials costs are associated with the unanticipated level of effort required to adequately resolve issues raised by CSCEHD and their subcontracted toxicologist regarding the Phase II ESA Report. Addressing these issues required extensive research, time spent developing CSCEHD-requested data re-evaluation approaches, multiple interactions with the CSCEHD for concurrence on approach, and substantial revisions to the Phase II ESA report and related figures.

Specific challenges which contributed to the Hazardous Materials Compliance task budget over-run included multiple interactions with CSCEHD and unforeseen levels of effort on multiple key issues related to the following:

- Engaging in extensive discussions to identify acceptable regional datasets and agree upon data analysis methodologies to establish arsenic soil background levels for use in decision-making at the site
- Performing statistical analyses to derive a defensible arsenic background soils concentration for the project site using the identified regional datasets
- Designing, negotiating and performing an evaluation to estimate a percent volatile organic compound loss purportedly associated with collection methodology for a subset of the soil samples

**Rail Trail Lee Road Pre-Construction Services – Task 3 (Hazardous Materials Compliance)**

- Performing back-calculations of dry-weight contaminant concentrations from reported wet-weight values for all soil samples tested for metals and organochlorine pesticides
- Evaluating potential spatial biases in analytical results for a subset of samples collected at differing distances from the railroad right-of-way
- Drafting a formal Response to Comments issued by the CSCEHD and their subcontracted toxicologist on the Management Plans, as directed by CSCEHD

Additional unanticipated efforts in updating the Revised Phase II ESA report also included coordinating with project design engineers to obtain final project plans for purposes of incorporating new and/or modified project design details into graphics and revising sections of the report and figures to reflect these design modifications and their implications on findings.

Revised Phase II ESA

During conversations with the City in November 2019, it was determined that approval of this contract Amendment would be delayed until the extent of the CSCEHD's comments on the Revised Phase II were understood, to avoid an underestimate of the costs that would be required to address those comments. Since that time, Rincon has coordinated with the CSCEHD to submit a Revised Phase II ESA which was approved by that agency in a letter dated February 19, 2020. The costs required to revise the Phase II ESA and obtain agency approval generally coincided with the estimate Rincon originally proposed, and the actual costs incurred are included in this Amendment.

Additional Estimated Future Costs

This amendment request also provides our best estimate of what may be entailed in future additional efforts necessary to finalize the Management Plans. These anticipated additional efforts include responding to further possible CSCEHD comments associated with finalizing subsequent revisions of the Management Plans for acceptance by CSCEHD, and continuing project coordination and communications necessary to facilitate finalization of these deliverables.

The following assumptions have been used to develop our best estimate of what additional level of effort may be required to obtain final CSCEHD approval of the Phase II ESA report and related Management Plans:

- This Amendment assumes 8-hours of Project Management time for four 1-hour conference calls (with the Principal in Charge [PIC] and the Project Manager [PM]) to review the Revised Management Plans, and possible CSCEHD comments on the updated Soil and Site Management Plans with the client.
- This Amendment assumes 4-hours of Project Management time for two 1-hour conference calls (with the PIC and the PM) with the CSCEHD to review possible SCSEHD comments on the Management Plans.
- This Amendment assumes CSCEHD comments on the Revised Management Plans can be addressed with 7-hours of additional combined PIC and PM time. Should the scope of the CSCEHD comments require more effort than that time allows, the client will be notified prior to addressing the comments.
- This Amendment does not include additional environmental sampling or laboratory analyses, or any in-person meetings.



Rincon estimates completing the additional tasks outlined above will require a not-to-exceed budget of \$8,800.

Amendment 2 Cost

This amendment request totals **\$19,345** and encompasses the current overrun amount of \$10,546 plus the estimated additional future costs of \$8,800. A detailed cost sheet is presented as an attachment. This budget amendment would increase the total contract amount from \$138,738 to \$158,084.

The work would be performed under the terms and conditions of our existing Consultant Services Contract with the City of Watsonville. We assume that the City can authorize this amendment request through the preparation of a contract amendment to include the above-described additional work scope and associated costs.

We value the City of Watsonville as an important client and appreciate the opportunity to continue our work with you on this project. Should you have any questions, please feel free to contact David Daitch at 831-333-0310 ext. 352 or Gib Fates at 805-319-4092 ext. 434.

Sincerely,
Rincon Consultants, Inc.

A blue ink signature of David Daitch.

David Daitch, Ph.D.
Program Manager/Senior Biologist

A blue ink signature of Gib Fates.

Gib Fates, PG
Principal

Attachment: Amendment 2 Cost Estimate



RINCON CONSULTANTS, INC.

Rail Trail at Lee Road – Segment 18

Amendment 2 Cost Estimate

Tasks	Rincon Labor Classification →			Principal / Director I	Professional III	Technical Editor	GIS/CADD Specialist I	Clerical/Administrative Assistant I
	Labor Cost	Direct Expense	Hours	\$215	\$125	\$110	\$108	\$75
Task 3: Amendment								
Project Management	\$2,870		18	8	8			2
Task 3.7: RTC for Revised Phase II ESA ¹⁾	\$1,946		--	--	--	--	--	--
Task 3.8: Revise SIMP and SoMP from "Worst Case"	\$3,053		23	4	10	2	6	1
Task 3.9: RTC for Revised SIMP and SoMP	\$931		7	1	4		2	
Current overrun	\$10,546							
SUBTOTAL COST	\$ 19,345	\$ -	48	\$ 2,795	\$ 2,750	\$ 220	\$ 864	\$ 225

Summary

Professional Fees Subtotal	\$ 19,345
Direct Costs Subtotal	\$ -
TOTAL PROJECT BUDGET	\$ 19,345

1) The Revised Phase II ESA has been completed and approved by the CSECHD; the cost shown here is the actual cost incurred and is not an estimate.

EXHIBIT "2"

The scope of services is for Exhibit 2 as described in the following document entitled "Proposal for Reduced Scope Construction Oversight, Monterey Bay Sanctuary Scenic Trail at Lee Road – Phase 1 of Segment 18, Watsonville, California 95076"



Rincon Consultants, Inc.

200 Washington Street
Suite 207
Santa Cruz, California 95060

831 440 3899 OFFICE AND FAX

info@rinconconsultants.com
www.rinconconsultants.com

March 27, 2020
Project No: 16-03694

Murray Fontes
City of Watsonville Public Works and Utilities Department
250 Main Street
Watsonville, California 95076
Via email: murray.fontes@cityofwatsonville.org

**Subject: Proposal for Reduced Scope Construction Oversight
Monterey Bay Sanctuary Scenic Trail at Lee Road – Phase 1 of Segment 18,
Watsonville, California 95076**

Dear Mr. Fontes:

Pursuant to your request, Rincon Consultants Inc. (Rincon) has prepared this proposal to conduct construction oversight on behalf of the City of Watsonville Public Works and Utilities Department (the City) for Phase 1 of the construction of Segment 18 (the site) of the Monterey Bay Sanctuary Scenic Trail (Scenic Trail) at Lee Road, in Watsonville, California. The development project consists of construction of a paved multi-use path adjacent to and parallel with the existing railroad tracks from Lee Road to Walker Street for a total length of 6,350 linear feet. Rincon understands that Segment 18 will be constructed in phases, with Phase 1 beginning at the crossing of Ohlone Road and extending northeast and parallel to the railway for 1,590 feet.

Rincon recently prepared and submitted a Revised Phase II Environmental Site Assessment (ESA) report intended to satisfy the Mitigation Monitoring and Reporting Program (MMRP) Requirements HAZ-1a through HAZ-1c of the Monterey Bay Sanctuary Scenic Trail Network Master Plan Environmental Impact Report (EIR). The Revised Phase II ESA was approved by the County of Santa Cruz Environmental Health Division (CSEHD) in a letter dated February 19, 2020.

Based on comparison to Residential Environmental Screening Levels (ESLs) developed by the San Francisco Bay Regional Water Quality Control Board (SFBRWQCB), the Revised Phase II ESA identified the following constituents of concern (COCs) at the site:

- | | | |
|-----------------------|---------------------|-------------|
| ▪ Lead | ▪ Thallium | ▪ 4,4'-DDE |
| ▪ Arsenic | ▪ PCB-1254/PCB-1260 | ▪ Toxaphene |
| ▪ Hexavalent Chromium | ▪ Chlordane | ▪ Dieldrin |

Additionally, lead, arsenic, and chromium have either been identified at levels, or assumed to exist at levels, classifying as California hazardous waste.



As COCs have been detected onsite at levels which may pose a risk to human health and the environment, measures will be implemented to mitigate the risk as appropriate. A Soil Management Plan (SoMP) has been developed based on the data generated from the Revised Phase II ESA for implementation during construction activities to protect the health of the construction workers, public, and environment during construction. Remediation and mitigation strategies were also developed in a Site Management Plan (SiMP) to protect the health of the construction workers, the public, the trail users, and the environment post construction of the Rail Trail.

Rincon has negotiated a reduced air monitoring program with the CSCEHD, which has allowed for development of the following reduced work scope to provide environmental oversight services for Phase 1 of Segment 18's construction. This proposal also includes cost estimates for preparing a letter report, a Residual Risk Management Plan (RRMP), and a Land Use Covenant (LUC) for Phase 1 of Segment 18 (see additional details below).

Scope of Work: Construction Oversight

The following tasks and related costs are outlined in the attached Table 1.

Task 1: Pre-field Activities

- **Site Health and Safety Plan.** A site-specific health and safety plan (HASP) will be prepared for the site in accordance with OSHA requirements. The plan contains safety provisions for routine response activities as well as unexpected emergencies. The plan also contains information on chemical and physical hazards, personal protective equipment, decontamination procedures, personnel responsibilities, and emergency response protocols.
- **Field Coordination and Kick-off Meeting.** Rincon will coordinate with the construction team to provide guidance on implementing the SiMP and SoMP, and will participate in an onsite kick-off meeting to communicate expectations and environmental hazards to the team.

Task Assumptions

- *The general contractor will prepare the overall site Health and Safety Plan for the project on behalf of their team and their subconsultants. Rincon will provide limited air monitoring services for the project as described in the SoMP and below; additional air monitoring and the costs thereof as may be required by the General Contractor's safety protocols are not included in this proposal.*
- *This proposal assumes two 1-hour pre-field coordination calls and one 2-hour onsite meeting with the construction team.*

Task 2: Construction Oversight (Assumes 13 Field Days)

- **Construction Monitoring.** An Environmental Scientist will monitor ambient dust and volatile organic compound (VOC) emissions during a baseline event, an initial 3-day construction assessment event, and then subsequently on a one day per week basis for the estimated 10 week construction period. Monitoring will be conducted using instrumentation and methodology described in the approved SoMP. Rincon will work in conjunction with the selected construction contractor to ensure adherence to protocols described in the approved SoMP.
- **Mitigation Measure Implementation Oversight.** While Rincon is onsite conducting air monitoring, the Environmental Scientist will also perform "spot-checks" to ensure and document that the



mitigation measures are being implemented by the construction contractor in accordance with the approved SiMP and manufacturer specifications. The Environmental Scientist will photo-document implementation of the selected mitigation measure, and record notes and observations in the field on daily reports to be included in the Summary Report.

- **Excavation and Segregation of Impacted Soil.** While the Environmental Scientist is onsite, they may support the excavation contractor with the segregation of the contaminated soil. Contaminated soil will either be stockpiled onsite or will be loaded directly onto trucks and covered and transported to an approved offsite disposal/recycling facility. If contamination is identified in areas of the site that were not previously sampled then additional soil samples may be collected from the contaminated soil for characterization, profiling, and disposal purposes.

Task Assumptions

- *The City has indicated that construction of Phase 1 will progress for a total of 10 weeks. If any additional time is required onsite, the City will be notified, and with their authorization, this time will be billed on a time and materials basis in accordance with our proposal and July 2019 Fee Schedule.*
- *One day per week monitoring may continue as long as the action levels specified in the SoMP are not exceeded; additional air monitoring events beyond what is scoped in this proposal would require an additional authorization.*
- *Each field day will include up to 10 hours onsite. If additional time is necessary, it will be billed per our attached fee schedule.*
- *The construction management team will notify Rincon no later than by 4 pm the day prior if soil disturbance will not be occurring onsite the following day. If Rincon is not notified of a work cancellation prior to this time, and has mobilized to the site, a \$500 fee may be charged to cover time and travel costs.*
- *A General Contractor will be excavating, managing, loading, transporting, and disposing of impacted soils through a separate contract with the City. However, Rincon will provide waste profiling information to the general contractor for their use in evaluating and arranging for proper soil disposal at an appropriately licensed facility.*
- *The general contractor will be responsible for notifying Underground Service Alert (USA) prior to the commencement of construction activities. Rincon is not responsible for any damages to underground improvements.*
- *There are no hindrances to the work schedule as a result of access limitations, inclement weather or other causes out of Rincon's control.*

Task 3: Soil Matrix/Stockpile Sampling and Laboratory Analysis

- **Soil Stockpile Sampling.** Four-point composite soil samples will be collected from stockpiled soil either assessed to contain, or assumed to contain, California hazardous waste, with the objective of lowering disposal costs by analyzing excavated and mixed soil which may have sufficiently diluted concentrations to below California hazardous waste thresholds. The onsite Environmental Scientist will sample the soil stockpiles in accordance with the approved SoMP, and at a frequency suitable for profile acceptance at the selected disposal facility.
- **Soil Matrix Sampling.** Discrete soil matrix samples will be collected only if field evidence of previously unidentified impacted soil is encountered onsite. Soil matrix samples will be collected by the onsite Environmental Scientist in accordance with the approved SoMP.



- **Soil Matrix/Stockpile Analysis.** A planned total of up to three 4-point composite samples will be analyzed for the following analytes:

- CAM 17 metals by EPA Method 6010B
- Hexavalent Chromium by EPA Method 7199

As necessary, up to five discrete soil matrix samples may be analyzed for the following analytes:

- Total petroleum hydrocarbons in the gasoline, diesel, and motor oil ranges by EPA Method 8015M
- CAM 17 metals by EPA Method 6010B
- Hexavalent Chromium by EPA Method 7199
- Volatile Organic Compounds by EPA Method 8260B

Soil samples with total metals detected at a concentration exceeding ten times the soluble threshold limit concentration (STLC) warrant STLC analysis by the waste extraction test (WET) method to determine if the material classifies as California hazardous waste, and soil samples with total metals detected at a concentration exceeding twenty times the STLC value or a soluble metal concentration above the STLC warrant toxicity characteristic leaching procedure (TCLP) analysis to determine if the material classifies as RCRA hazardous waste by Federal standards.

Task Assumptions

- *Rincon assumes that approximately 535 cubic yards will be excavated from the site. Of that volume, roughly 90 cubic yards is assumed (but unconfirmed) to contain California hazardous waste, and will be segregated, stockpiled and sampled for waste profiling purposes. This proposal assumes three 4-point composite samples will be appropriate to profile the stockpiled soil. Existing laboratory data will be used to develop a soil profile which would allow the remaining (confirmed non-California hazardous waste) soil to be direct-loaded onto trucks for off-haul to the disposal facility.*
- *This scope assumes a cost for five additional soil matrix samples to be analyzed for the onsite COCs in the event that previously unidentified soil impacts are encountered. CSCEHD may direct additional sampling if such a zone is encountered.*
- *When Rincon is not onsite, the General Contractor will be responsible for identifying previously unidentified soil impacts (if encountered) using guidelines and procedures described in the SoMP, and for notifying Rincon and the City in accordance with the SoMP.*
- *Samples are to be analyzed on a standard turn-around-time (typically 5 to 10 business days). A shorter turn-around-time may be selected for an additional cost.*
- *This proposal assumes that up to six metal results will warrant STLC analysis, and that three metal results will warrant TCLP analysis; however, based on analytical results received from the laboratory, more or less may warrant analysis.*
- *This proposal assumes that discrete soil matrix samples (if collected) would be analyzed for constituents likely to present detectable evidence in the field; however, CSCEHD may direct that additional constituents be analyzed.*
- *The disposal facility may request additional constituents to be analyzed prior to acceptance of the stockpiled soil. The General Contractor will be responsible for determining acceptance requirements for the selected disposal facility.*
- *The costs for sample collection and analyses beyond those assumed in this proposal would require an additional authorization.*



Task 4: Project Management and Reporting

- **Letter Report Preparation.** Following the completion of Rincon’s field services and the receipt of final laboratory analytical results, waste manifests, and disposal weight tickets, Rincon will prepare a draft letter report summarizing monitoring and mitigation activities for Phase 1 of Segment 18’s construction. The draft letter report will include a summary of the implemented mitigation measure(s), the daily reports, locations and volumes of impacted soil removed from the site, a detailed map depicting sample locations (if any were collected), tabulated analytical results, and copies of waste manifests and disposal weight tickets. Following review and approval from the City, the report will be finalized with the signature and stamp of a California Professional Geologist and submitted to the CSCEHD for review.
- **Residual Risk Management Plan.** A Residual Risk Management Plan will be prepared to specify protocols and procedures for operating and maintaining the mitigation measures implemented at the site. The RRMP will include a post-construction monitoring program and an operation and maintenance plan, and will be submitted to the CSCEHD for review and approval. The City will be responsible for implementing the RRMP.
- **Land Use Covenant.** Because residual impacts will be left onsite, the CSCEHD will require a land-use covenant to be placed on the property. The LUC will place restrictions on the current and future site operations and improvements, and will require that soil disturbance be limited, sensitive site uses be disallowed, etc. The LUC will be “attached” to the property, and its requirements will need to be followed if the property changes owners. Rincon will prepare the LUC in coordination with the City and CSCEHD.

Task Assumptions

- *The letter report will not take the place of the Site Closure Report, which will be prepared at such time as all construction phases of Segment 18 are completed. Costs for a final Site Closure Report are not included in this proposal.*
- *It is anticipated that the RRMP and the LUC will be applicable to all phases of Segment 18, and additional RRMPs and LUCs would not be required.*

Schedule and Cost

Rincon is prepared to commence with this project immediately upon authorization. A draft summary letter report can be completed within three weeks of receiving all laboratory analytical reports, waste manifests and disposal weight tickets.

Rincon’s estimated costs for the work scope included in Tasks 1 through Task 4 is **\$50,517** (Table 1). Table 1 also includes an additional 10% contingency fee to cover possible unanticipated labor and expenses, such as an extended construction schedule, additional soil sampling and testing that may be required based on field conditions, regulatory requirements, or soil disposal profiling needs, or extended negotiations with the regulatory agency regarding residual risk management or preparation of a LUC. This contingency will not be used without prior authorization by the City. The total estimated cost for this scope of work, *including the contingency fee*, is **\$55,569**.



Authorization

The work described in this proposal will be performed in accordance with the existing contract for professional services. To authorize this proposal, please issue an Amendment to the current contract for this project and provide Rincon with a \$12,000 retainer fee.

We sincerely appreciate your consideration of Rincon Consultants for this project. If you have any questions or would like any additional information, please contact us.

Sincerely,

Rincon Consultants, Inc.

A blue ink signature of David Daitch, consisting of a stylized 'D' followed by a series of loops and a long horizontal stroke.

David Daitch, Ph.D.
Principal/Senior Ecologist

A blue ink signature of Gib Fates, consisting of a stylized 'G' followed by a series of loops and a long horizontal stroke.

Gib Fates, PG
Principal

Attachments

Table 1 Construction Oversight Cost Estimate

Attachment 1 Rincon Fee Schedule

Date: 3/27/2020Table 1 Construction Oversight Cost Estimate - Segment 18, Monterey Bay Sanctuary Scenic Trail, Watsonville, California

Alternative Approach Cost Estimate				
Item	Unit	Unit Cost	Quantity	Total
Task 1. Pre-field Activities				
Site Health and Safety Plan	Lump Sum	\$500	1	\$500
Field Coordination and Kick-off Meeting				
Principal I	Hour	\$220	4	\$880
Professional IV	Hour	\$145	12	\$1,740
Professional II	Hour	\$145	12	\$1,740
Vehicle	Day	\$100	1	\$100
Task 1 Subtotal				\$4,960
Task 2. Construction Oversight (Assumes 13 Field Days)				
Professional IV	Day	\$1,450	4	\$5,800
Oversight Costs				
Professional II	Day	\$1,150	13	\$14,950
Dust Monitors (3-units)	Day	\$98	13	\$1,274
PID	Day	\$120	13	\$1,560
Vehicle	Day	\$85	13	\$1,105
Task 2 Subtotal				\$24,689
Task 3. Soil Matrix/Stockpile Sampling and Laboratory Analysis				
CAM 17 Metals by EPA Method 6010B/7471A	Sample	\$98	8	\$782
Hexavalent Chromium by EPA Method 7199	Sample	\$42	8	\$336
VOCs by EPA Method 8260B	Sample	\$75	5	\$375
TPH-g-d-o by EPA Method 8015B	Sample	\$58	5	\$290
Soluble Threshold Limit Concentration Analysis	Sample	\$49	6	\$297
Toxicity Characteristic Leaching Procedure Analysis	Sample	\$49	3	\$148
Task 3 Subtotal				\$2,228
Task 4. Project Management and Reporting				
Letter Report				
Principal I	Hour	\$220	5	\$1,100
Professional IV	Hour	\$145	16	\$2,320
Professional III	Hour	\$130	8	\$1,040
GIS/CADD Specialist	Hour	\$112	4	\$448
Clerical	Hour	\$75	1	\$75
Residual Risk Management Plan				
Principal I	Hour	\$220	8	\$1,760
Professional IV	Hour	\$145	12	\$1,740
Professional III	Hour	\$130	4	\$520
GIS/CADD Specialist I	Hour	\$112	6	\$672
Clerical	Hour	\$75	1	\$75
Land Use Covenant				
Principal I	Hour	\$220	4	\$880
Professional IV	Hour	\$145	16	\$2,320
Project Management				
Principal I	Hour	\$220	8	\$1,760
Professional IV	Hour	\$145	24	\$3,480
Clerical/Administrative	Hour	\$75	6	\$450
Task 4 Subtotal				\$18,640
Total Estimate				\$50,517
Contingency Amount				
Item	Unit	Unit Cost	Quantity	Total
Contingency for Possible Overage	Unit Price	10% of Estimate		\$5,052
Total Contingency				\$5,052



Standard Fee Schedule for Environmental Sciences and Planning Services

Professional, Technical & Support Personnel*	Hourly Rate
Principal II	\$240
Director II	\$240
Principal I	\$220
Director I	\$220
Senior Supervisor II	\$205
Supervisor I	\$195
Senior Professional II	\$175
Senior Professional I	\$160
Professional IV	\$145
Professional III	\$130
Professional II	\$115
Professional I	\$105
Associate III	\$95
Associate II	\$90
Associate I	\$82
Project Assistant	\$75
Senior GIS Specialist	\$140
GIS/CADD Specialist II	\$125
GIS/CADD Specialist I	\$112
Technical Editor	\$112
Production Specialist	\$88
Clerical	\$75

*Professional classifications include: environmental scientists, urban planners, biologists, geologists, marine scientists, GHG verifiers, sustainability experts, cultural resources experts and other professionals. Expert witness services consisting of depositions or in-court testimony are charged at the hourly rate of \$350.

Direct Costs	Rate
Photocopies – Black and White	\$0.20 (single sided) & \$0.36 (double sided)
Photocopies – Color	\$1.50 (single sided) & \$3.20 (double sided)
Photocopies – 11 x 17	\$0.50 (B & W) & \$3.20 (color)
Oversized Maps	\$8.00/square foot
Reproduction: CDs and USB Flash Drive	\$15 / disc and \$20/flash drive
Light duty /Passenger Vehicles**	\$85/day
4-WD/Off-Road Vehicles**	\$135/day

** \$0.65/mile for mileage over 50 and for all miles incurred in employee-owned vehicles.

Other direct costs associated with the execution of a project, that are not included in the hourly rates above, are billed at cost plus 15%. These may include, but are not limited to, laboratory and drilling services, subcontractor services, authorized travel expenses, permit charges and filing fees, mailings and postage, performance bonds, sample handling and shipment, rental equipment and vehicles other than covered by the above charges.

Annual Escalation – Standard rates subject to annual escalation

Payment Terms – All fees will be billed to Client monthly and shall be due and payable upon receipt. Invoices are delinquent if not paid within ten (10) days from receipt.



Equipment	Day Rate
Environmental Site Assessment	
Brass Sample Sleeves, Bailers, Disposable Bailers	\$25
Water Level Indicator, DC Purge Pump	\$40
Hand Auger Sampler	\$55
Oil-Water Interface Probe	\$85
Four Gas Monitor or Photo-Ionization Detector	\$120
Soil Vapor Extraction Monitoring Equipment	\$140
Flame Ionization Detector	\$200
Natural Resources Field Equipment	
Trimble GPS (sub-meter accuracy)	\$190
UAS Drone	\$250
Pettersson Bat Ultrasound Detector/Recording Equipment	\$150
Spotting or Fiberoptic Scope	\$150
Amphibian/Vernal Pool Field Package: (digital camera, GPS, thermometer, decon chlorine, waders, float tube, hand net, field microscope)	\$150
Remote Field Package, (digital camera, GPS, thermometer, binoculars, tablet and mifi, Delorme Satellite Beacon, 24-Hour Safety Phone)	\$125
Sound Level Metering Field Package: anemometer, tripod and digital camera.	\$100
Standard Field Package (digital camera, GPS, thermometer, binoculars, tablet, safety equipment, and botanic collecting equipment)	\$95
Fisheries Equipment Package: (waders, wetsuits, dip nets, seine nets, bubblers, buckets)	\$50
Water Quality Equipment (DO, pH, Turbidity, refractometer, temperature)	\$55
Large Block Nets	\$100
Minnow trap	\$85
Infrared Sensor Digital Camera or Computer Field Equipment	\$50
Scent Station	\$20
Laser Rangefinder/Altitude	\$10
Net, Hand/Large Seine	\$10/\$50
Pit-fall Traps, Spotlights, Anemometer, GPS Units, Sterilized Sample Jar	\$8
Mammal Trap, Large/Small	\$1.50/\$.50
Water & Marine Resources Equipment	
Refractometer (salinity) or Turbidity Meter	\$35
Multi Parameter Sonde (Temp, Cond, Turbidity, DO, pH) with GPS	\$150
Boat (20 ft. Boston Whaler or Similar)	\$300
Boat (26 ft. Radon or Similar)	\$550
Side Scan or Single Beam Sonar	\$700
Underwater & Marine Sampling Gear includes: U/W Photo/Video Camera, SCUBA Equipment (Tanks, BCD, Regulators, Wetsuits, etc.)	\$50/diver
Marine Field Package: (Personal Flotation Devices (PFDs), 100 ft. Reel Tapes w/ Stainless Carabiners, Pelican Floats, Underwater Slates, Thermometer, Refractometer, Anemometer, various Field Guides)	\$50
Insurance, Hazard & Safety Fees	
L & H Dive Insurance	\$50/diver
Hazard Premium (In or Underwater ONLY per/hour)	\$1.25 X hourly
Level C Health and Safety	\$60 person

**City of Watsonville
Public Works & Utilities Department**

M E M O R A N D U M



DATE: March 30, 2020

TO: Matthew D. Huffaker, City Manager

FROM: Steve Palmisano, Director of Public Works & Utilities
Maria Esther Rodriguez, Assistant Director
Murray A. Fontes, Principal Engineer

SUBJECT: Council approval of contract for design services with Bowman & Williams, A California Corporation, for the Lake Avenue Undergrounding project, in an amount not to exceed \$135,600 and appropriation of \$50,000 from the 349 Public Facilities Impact Fee Fund.

AGENDA ITEM: April 14, 2020 City Council

RECOMMENDATION:

Staff recommends that the City Council adopt a resolution approving a contract for design services with Bowman & Williams, Inc., A California Corporation, for the Lake Avenue Undergrounding Project, in an amount not to exceed \$135,600.

DISCUSSION:

On March 25, 2014, the City Council adopted Resolution No. 31-14 (CM), creating the Lake Avenue Undergrounding District and designating it as Utility District No. 21 (map attached and identified as Attachment 1). By creating the District, the City set a requirement that future electric, telephone and cable television facilities would need to be installed underground. It also allowed the City to enter into an agreement with PG&E to move the existing overhead facilities underground through the [Rule 20A Program](#). This is Watsonville's only [Rule 20A program and is in the Planning Phase](#).

Currently, the Rule 20A Program provides funding to assist cities and counties in converting existing overhead facilities to underground. PG&E administers the Program with funding provided by the utility companies throughout the State. The Program provides funding for design and construction. Because of the number of projects requested throughout the State and limited staffing on the part of PG&E, it can take many years for a project to move from creation of a district to construction. To expedite the project, the City will provide a base map of the existing area that PG&E will use when preparing improvement plans.

The area of the District includes East Lake Avenue from Union & Brennan Street to Main Street/State Route 152 and West Lake Avenue from Main Street/State Route 152 to Rodriguez (see attached Boundary Map) . Along with the undergrounding, the City plans to replace damaged or non-compliant sidewalk, curb ramps and driveways, install street lighting where none currently exists, remove and replace existing street lighting that does not conform with the downtown style, install lighting where none currently exists and remove and replace sidewalk that does not have the downtown style brick banding. These additional improvements are not financed through the Rule 20A Program, so the City will provide the design and pay PG&E's contractor to do the work.

The City proposes to hire Bowman & Williams, consulting civil engineers and land surveyors to prepare the base map for the Rule 20A work and improvement plans for the additional work. The cost to prepare these plans is \$135,600. Bowman & Williams was hired through a Request for Qualifications process following standard City procedures. Funding will be from the Underground Utility In-Lieu Fee fund and Gas Tax.

Preparation of the plans by Bowman and Williams will take six months. The plans will then be made available to PG&E to prepare construction plans for the Rule 20A portion of the work. PG&E will complete design and advance the City project in the Rule 20A as their schedule allows. Such work is subject to staff availability.

Recently, the California Public Utilities Commission proposed changes to the Rule 20A program that are currently going through a public review process. These revisions would alter the way future Rule 20A projects are implemented. It appears that the changes include requiring local agencies to pay a larger share of their project costs. Since the current project was already accepted into the program, it would follow the existing funding guidelines, so it is to the advantage of the City to move the project along.

STRATEGIC PLAN:

The project will address Strategic Plan Goals #3 - Infrastructure and #6 - Public Safety.

FINANCIAL IMPACT:

Funding for the project will include \$75,000 Underground Utility In-Lieu Fees and \$62,600 in Measure D Downtown Revitalization funds. The current City budget provides \$25,000 in Underground Utility In-Lieu Fees to this project and staff requests that an additional \$50,000 be appropriated from Fund 349 at this time.

Underground Utility In-Lieu Fees (Acct # 347-947-7837-14407)	\$ 25,000
Underground Utility In-Lieu Fees (Acct # 349)	\$ 50,000
Measure D Downtown Revitalization (Acct #0312-972-7837-14319)	<u>\$ 60,600</u>
Total	\$135,600

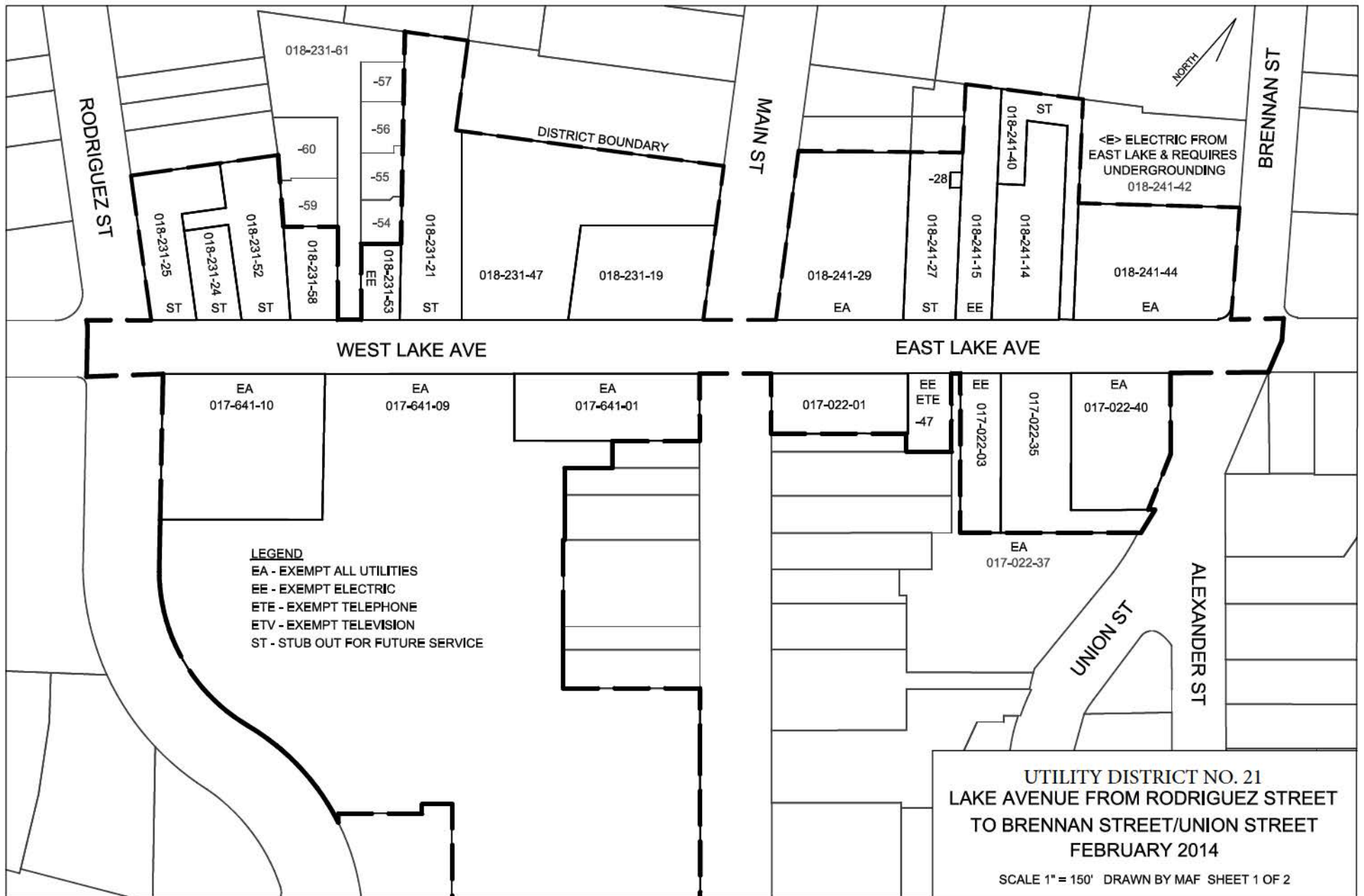
ALTERNATIVES:

None

ATTACHMENTS:

1. Utility District No. 21 Boundary Map

cc: City Attorney



PARCELS THAT REQUIRE LIMITED OR NO UNDERGROUNDING

<u>APN</u>	<u>LEGEND</u>	<u>REASON FOR LIMITED OR NO UNDERGROUNDING</u>
017-022-03	EE	ELECTRIC SERVICE FROM POLE BEHIND PARCEL
017-022-37	EA	ALL SERVICES FROM UNION ST & ALREADY UNDERGROUND
017-022-40	EA	ALL SERVICES FROM UNION ST & ALREADY UNDERGROUND
017-022-47	EE & ETE	ELECTRIC & TELEPHONE SERVICES FROM POLE BEHIND PARCEL
017-641-01	EA	ALL SERVICES FROM REAR OF PARCEL & ALREADY UNDERGROUND
017-641-09	EA	ALL SERVICES FROM REAR OF PARCEL & ALREADY UNDERGROUND
017-641-10	EA	ALL SERVICES FROM REAR OF PARCEL & ALREADY UNDERGROUND
018-231-21	ST	STUB OUT FOR FUTURE SERVICES AS PARCEL IS PARKING LOT
018-231-24	ST	STUB OUT FOR FUTURE SERVICES AS PARCEL IS SCHOOL PLAYGROUND
018-231-25	ST	STUB OUT FOR FUTURE SERVICES AS PARCEL IS SCHOOL PLAYGROUND
018-231-52	ST	STUB OUT FOR FUTURE SERVICES AS PARCEL IS SCHOOL PLAYGROUND
018-231-53	EE	ELECTRIC SERVICE FROM POLE ON ADJACENT PARCEL
018-241-15	EE	ELECTRIC SERVICE FROM REAR OF PARCEL & ALREADY UNDERGROUND
018-241-27	ST	STUB OUT FOR FUTURE SERVICES AS PARCEL IS PARKING LOT
018-241-28	EA	PARCEL TOO SMALL TO DEVELOP
018-241-29	EA	ALL SERVICES FROM REAR OF PARCEL & ALREADY UNDERGROUND
018-241-40	ST	STUB OUT FOR FUTURE SERVICES AS PARCEL IS DRIVEWAY & PARKING AREA
018-241-44	EA	ALL SERVICES FROM BRENNAN ST & ALREADY UNDERGROUND

LEGEND

EA - EXEMPT ALL UTILITIES

EE - EXEMPT ELECTRIC

ETE - EXEMPT TELEPHONE

ETV - EXEMPT TELEVISION

ST - STUB OUT FOR FUTURE SERVICE

UTILITY DISTRICT NO. 21
LAKE AVENUE FROM RODRIGUEZ STREET
TO BRENNAN STREET/UNION STREET
FEBRUARY 2014

SCALE: NONE DRAWN BY MAF SHEET 2 OF 2

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING CONTRACT FOR CONSULTANT SERVICES BETWEEN THE CITY OF WATSONVILLE AND BOWMAN & WILLIAMS, A CALIFORNIA CORPORATION, FOR THE LAKE AVENUE UNDERGROUNDING PROJECT, IN AN AMOUNT NOT TO EXCEED \$135,600; AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE SAME; AND AUTHORIZING BUDGET APPROPRIATION OF AN AMOUNT NOT TO EXCEED \$50,000 FROM UNDERGROUND UTILITY IN-LIEU FEES

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the Contract for Consultant Services between the City of Watsonville and Bowman & Williams, A California Corporation, a corporation in an amount not to exceed \$135,600, for the Lake Avenue Undergrounding Project, a copy of which Contract is attached hereto and incorporated herein by this reference, is fair and equitable and is hereby ratified and approved.
2. Consultant shall file FPPC form 700s and 805s pursuant to section 19 of the Contract.
3. That the City Manager be and is hereby authorized and directed to execute said Contract for and on behalf of the City of Watsonville.
4. That the budget appropriation of \$50,000 from the Underground Utility In-Lieu Fees [0357] is hereby authorized.

**CONTRACT FOR CONSULTANT SERVICES BETWEEN
THE CITY OF WATSONVILLE & BOWMAN AND WILLIAMS, A CALIFORNIA
CORPORATION**

THIS CONTRACT, is made and entered into this _____, by and between the **City of Watsonville**, a municipal corporation, hereinafter called "City," and **Bowman & Williams, A California Corporation**, hereinafter called "Consultant."

WITNESSETH

WHEREAS, the City needs to obtain certain professional, technical and/or specialized services of an independent contractor to assist the City in the most economical manner; and

WHEREAS, Consultant has the requisite skill, training, qualifications, and experience to render such services called for under this Contract to City.

Table of Contents

SECTION 1. SCOPE OF SERVICES.....	2
SECTION 2. TERM OF CONTRACT.	2
SECTION 3. SCHEDULE OF PERFORMANCE.	2
SECTION 4. COMPENSATION.	2
SECTION 5. METHOD OF PAYMENT.....	2
SECTION 6. INDEPENDENT CONSULTANT.	2
SECTION 7. ASSIGNABILITY.	2
SECTION 8. INDEMNIFICATION.....	2
SECTION 9. INSURANCE.	3
SECTION 10. NON-DISCRIMINATION.....	4
SECTION 11. TERMINATION.....	4
SECTION 12. COMPLIANCE WITH LAWS.	4
SECTION 13. GOVERNING LAW.....	4
SECTION 14. PRIOR CONTRACTS AND AMENDMENTS.....	4
SECTION 15. CONFIDENTIAL INFORMATION.	5
SECTION 16. OWNERSHIP OF MATERIALS.	5
SECTION 17. COVENANT AGAINST CONTINGENT FEES.....	5
SECTION 18. WAIVER.	5
SECTION 19. CONFLICT OF INTEREST.....	5
SECTION 20. AUDIT BOOKS AND RECORDS.	5
SECTION 21. NOTICES.	6
SECTION 22. EXHIBITS:.....	6

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THE PARTIES HEREBY AGREE AS FOLLOWS:

SECTION 1. SCOPE OF SERVICES.

Consultant shall perform those services as specified in detail in Exhibit "A," entitled "SCOPE OF SERVICES" which is attached hereto and incorporated herein.

SECTION 2. TERM OF CONTRACT.

The term of this Contract shall be from the date of execution of this contract to June 30, 2021, inclusive.

SECTION 3. SCHEDULE OF PERFORMANCE.

The services of Consultant are to be completed according to the schedule set out in Exhibit "B," entitled "SCHEDULE OF PERFORMANCE," which is attached hereto and incorporated herein. Consultant will diligently proceed with the agreed Scope of Services and will provide such services in a timely manner in accordance with the "SCHEDULE OF PERFORMANCE."

SECTION 4. COMPENSATION.

The compensation to be paid to Consultant including both payment for professional services and reimbursable expenses as well as the rate and schedule of payment are set out in Exhibit "C" entitled "COMPENSATION," which is attached hereto and incorporated herein.

SECTION 5. METHOD OF PAYMENT.

Except as otherwise provided in Exhibit "C," each month, Consultant shall furnish to the City a statement of the work performed for compensation during the preceding month. Such statement shall also include a detailed record of the month's actual reimbursable expenditures.

SECTION 6. INDEPENDENT CONSULTANT.

It is understood and agreed that Consultant, in the performance of the work and services agreed to be performed by Consultant, shall act as and be an independent Consultant and not an agent or employee of City, and as an independent Consultant, shall obtain no rights to retirement benefits or other benefits which accrue to City's employees, and Consultant hereby expressly waives any claim it may have to any such rights.

SECTION 7. ASSIGNABILITY.

Consultant shall not assign or transfer any interest in this Contract nor the performance of any of Consultant's obligations hereunder, without the prior written consent of City, and any attempt by Consultant to so assign this Contract or any rights, duties or obligations arising hereunder shall be void and of no effect.

SECTION 8. INDEMNIFICATION.

Consultant has the expertise and experience necessary to perform the services and duties agreed to be performed by Consultant under this Contract, and City is relying

upon the skill and knowledge of Consultant to perform said services and duties. Consultant shall defend, indemnify and hold harmless City, its officers and employees, against any loss or liability arising out of or resulting in any way from work performed under this Contract due to the willful or negligent acts (active or passive) or errors or omissions by Consultant or Consultant's officers, employees or agents.

SECTION 9. INSURANCE.

A. Errors and Omissions Insurance. Consultant shall obtain and maintain in full force throughout the term of this Contract a professional liability insurance policy (Errors and Omissions), in a company authorized to issue such insurance in the State of California, with limits of liability of not less than One Million Dollars (\$1,000,000.00) to cover all professional services rendered pursuant to this Contract.

B. Auto and Commercial General Liability Insurance. Consultant shall also maintain in full force and effect for the term of this Contract, automobile insurance and commercial general liability insurance with an insurance carrier satisfactory to City, which insurance shall include protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from any actual occurrence arising out of the performance of this Contract. The amounts of insurance shall not be less than the following:

(1) Commercial general liability insurance, or equivalent form, with a combined single limit of not less than \$1,000,000.00 per occurrence. If such insurance contains a general aggregate limit, such limit shall apply separately to each project Consultant performs for City. Such insurance shall (a) name City, its appointed and elected officials, and its employees as insureds; and (b) be primary with respect to insurance or self-insurance programs maintained by City and (c) contain standard separation of insured's provisions.

(2) Business automobile liability insurance, or equivalent form, with a combined single limit of not less than \$1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

C. Workers' Compensation Insurance. In accordance with the provisions of Section 3700 of the Labor Code, Consultant shall be insured against liability for Workers' Compensation or undertake self-insurance. Consultant agrees to comply with such provisions before commencing performance of any work under this Contract.

D. Proof of Insurance to City before Notice to Proceed to Work. Consultant shall satisfactorily provide certificates and endorsements of insurance to the City Clerk before Notice to Proceed to Work of this Contract will be issued. Certificates and policies shall state that the policy shall not be canceled or reduced in coverage without thirty (30) days written notice to City. Approval of insurance by City shall not relieve or decrease the extent to which Consultant may be held responsible for payment of damages resulting from services or operations performed pursuant to this Contract. Consultant shall not perform any work under this Contract until Consultant has obtained the required insurance and until the required certificates have been submitted to the City and approved by the City Attorney. If Consultant fails or refuses to produce or

maintain the insurance required by these provisions, or fails or refuses to furnish City required proof that insurance has been procured and is in force and paid for, City shall have the right at City's election to forthwith terminate this Contract immediately without any financial or contractual obligation to the City. As a result of such termination, the City reserves the right to employ another consultant to complete the project.

E. Written notice. Contractor shall provide immediate written notice if (1) any insurance policy required by this Contract is terminated; (2) any policy limit is reduced; (3) or any deductible or self insured retention is increased.

SECTION 10. NON-DISCRIMINATION.

Consultant shall not discriminate, in any way, against any person on the basis of age, sex, race, color, creed, national origin, or disability in connection with or related to the performance of this Contract.

SECTION 11. TERMINATION.

A. City and Consultant shall have the right to terminate this Contract, without cause, by giving not less than ten (10) days written notice of termination.

B. If Consultant fails to perform any of its material obligations under this Contract, in addition to all other remedies provided by law, City may terminate this Contract immediately upon written notice.

C. The City Manager is empowered to terminate this Contract on behalf of City.

D. In the event of termination, Consultant shall deliver to City copies of all work papers, schedules, reports and other work performed by Consultant and upon receipt thereof, Consultant shall be paid in full for services performed and reimbursable expenses incurred to the date of termination.

SECTION 12. COMPLIANCE WITH LAWS.

Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments. Consultant shall obtain and maintain a City of Watsonville business license during the term of this Contract.

SECTION 13. GOVERNING LAW.

City and Consultant agree that the law governing this Contract shall be that of the State of California. Any suit brought by either party against the other arising out of the performance of this Contract shall be filed and maintained in the Municipal or Superior Court of the County of Santa Cruz.

SECTION 14. PRIOR CONTRACTS AND AMENDMENTS.

This Contract represents the entire understanding of the parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Contract may only be modified by a written amendment.

SECTION 15. CONFIDENTIAL INFORMATION.

All data, documents, discussions, or other information developed or received by or for Consultant in performance of this Contract are confidential and not to be disclosed to any person except as authorized by the City Manager or his designee, or as required by law.

SECTION 16. OWNERSHIP OF MATERIALS.

All reports, documents or other materials developed or received by Consultant or any other person engaged directly by Consultant to perform the services required hereunder shall be and remain the property of City without restriction or limitation upon their use.

SECTION 17. COVENANT AGAINST CONTINGENT FEES.

The Consultant covenants that Consultant has not employed or retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure the Contract, and that Consultant has not paid or agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fees, commissions, percentage, brokerage fee, gift, or any other consideration contingent on or resulting from the award or making of this Contract, for breach or violation of this covenant, the City shall have the right to annul this Contract without liability, or in its discretion, to deduct from the contract price or consideration or otherwise recover, the full amount of such fee, commission, percentage fee, gift, or contingency.

SECTION 18. WAIVER.

Consultant agrees that waiver by City or any one or more of the conditions of performance under this Contract shall not be construed as waiver of any other condition of performance under this Contract.

SECTION 19. CONFLICT OF INTEREST.

A. A Consultant shall avoid all conflict of interest or appearance of conflict of interest in performance of this Contract. Consultant shall file a disclosure statement, if required by City Council Resolution, which shall be filed within thirty (30) days from the effective date of this Contract or such Resolution, as applicable.

B. No member, officer, or employee of the City, during their tenure, or for one (1) year thereafter, shall have any interest, direct or indirect, in this Contract or the proceeds thereof and Consultant agrees not to allow, permit, grant, transfer, or otherwise do anything which will result in such member, officer, or employee of the City from having such interest.

SECTION 20. AUDIT BOOKS AND RECORDS.

Consultant shall make available to City, its authorized agents, officers and employees, for examination any and all ledgers and books of account, invoices, vouchers, canceled checks and other records or documents evidencing or related to the expenditures and disbursements charged to the City, and shall furnish to City, its authorized agents and employees, such other evidence or information as City may require with respect to any such expense or disbursement charged by Consultant.

SECTION 21. NOTICES.

All notices shall be personally served or mailed, postage prepaid, to the following addresses, or to such other address as may be designated by written notice by the parties:

CITY

City Clerk
275 Main Street, Suite 400
Watsonville, CA 95076
(831) 768-3040

CONSULTANT

Bowman & Williams, A California
Corporation
3949 Research Park Court, Suite 100
Soquel, CA 95073
(831) 426-3560

SECTION 22. EXHIBITS:

Exhibit A: Scope of Services
Exhibit B: Schedule of Performance
Exhibit C: Compensation


WITNESS THE EXECUTION HEREOF, on the day and year first hereinabove written.

CITY

CONSULTANT

CITY OF WATSONVILLE

BY _____
Matthew D. Huffaker, City Manager

BY  _____
Joel Ricca, President

ATTEST:

BY _____
Beatriz Vázquez Flores, City Clerk

APPROVED AS TO FORM:

BY _____
Alan J. Smith, City Attorney

EXHIBIT “A”

SCOPE OF SERVICES

Scope of Work per “Exhibit A” as described in the attached February 14, 2020 letter from Joel Ricca to Murray Fontes with a subject of Proposal for Civil Design and Surveying, General On-Call Services for the City of Watsonville, Lake Avenue Underground District; Cost no-to-exceed \$113,000.

Additional Services: to be requested in writing and approved by the City, per (Exhibit C” Cost not-to exceed \$22,600.

EXHIBIT "B"

SCHEDULE OF PERFORMANCE

Services shall commence immediately upon execution of this Contract. All services performed under the provisions of this Contract shall be completed in accordance with the following schedule:

Work shall be completed no later than June 30, 2021.

EXHIBIT "C"

COMPENSATION

a. Total Compensation. The total obligation of City under this Contract shall not exceed \$135,600.

Per Scope of Work, See "Exhibit A" - \$113,000.

Additional Services: to be requested in writing and approved by the City, Cost not-to-exceed \$22,600.

b. Basis for Payment. Payment(s) to Consultant for services performed under this contract shall be made as follows and shall [not] include payment for reimbursable expenses:

As described in the Hourly Charges Rate in the attached February 14, 2020 letter from Joel Ricca to Murray Fontes with a subject of Proposal for Civil Design and Surveying, General On-Call Services for the City of Watsonville, Lake Avenue Underground District.

c. Payment Request. Consultant shall submit a request for payment for services on a monthly basis by letter to Director, or said Director's designated representative. Such request for payment shall cover the preceding monthly period during the term hereof, shall note the City's purchase order number for this contract, shall contain a detailed listing of the total number of items or tasks or hours for which payment is requested, the individual dates on which such services were rendered, and invoices for reimbursable expenses, if any. Upon receipt in the Office of Director of said payment request, Director shall cause payment to be initiated to Consultant for appropriate compensation.



BOWMAN & WILLIAMS

CONSULTING CIVIL ENGINEERS & LAND SURVEYORS

ESTABLISHED IN 1908, A CALIFORNIA CORPORATION SINCE 1974

3949 RESEARCH PARK COURT, SUITE 100 • SOQUEL, CA 95073

PHONE (831) 426-3560 FAX (831) 426-9182 www.bowmanandwilliams.com

February 14, 2020

Murray Fontes, Principal Engineer
City of Watsonville Department of Public Works and Utilities
250 Main Street
Watsonville, CA 95076

Subject: Proposal for Civil Design and Surveying, General On-Call Services for the City of Watsonville, Lake Avenue Underground District, Our File No. 27337-6

Dear Murray,

Based on our meeting on October 3, 2019, and the materials provided we understand that the City is moving forward with a Rule 20A undergrounding project with PG&E, the Lake Avenue Underground District project. The project is to place underground the overhead utilities along Lake Avenue, between and including the intersections with Rodriguez Street, Main Street and Brennan/Union Streets. We have included a map of the Project area.

Bowman and Williams proposes to prepare a base map, technical specifications and construction cost estimate for the Lake Avenue Underground District as described in the attachments.

The City has agreed with PG&E to underground existing overhead utilities on Lake Avenue between Union Street/Brennan Street and Rodriguez Street. While PG&E will prepare plans for the undergrounding of existing overhead facilities, they have asked the City to prepare a base map with existing utilities, traffic signals, conduit and boxes and topography, design street light replacement and upgrade existing pedestrian facilities, such as sidewalks and curb ramps to meet current ADA guidelines.

The work will also include streetscape Improvements as follows:

- Extend the City's unique downtown lights the length of the project. This will require installing fixtures on both sides of the street and in areas where none currently exist. We will retain the services of Fehr Engineering as a sub-consultant for Electrical Engineering. Their proposal is attached.
- Replace existing sidewalk that is uneven, cracked or broken. Modify or remove and replace existing trees to ensure that they won't damage the new sidewalk. We will rely on City Standard Street Tree Details and selection.
- Brick banding. Extend brick banding the length of the project. About half of East Lake Avenue has brick banding while none of West Lake Avenue has the banding. Installation of the brick banding will require removal and replacement of all the sidewalk. It will also require that we determine if cross-slope of the sidewalk which may be controlled by the elevation of existing doorways and the back of the existing curb. Which will also mean we need to examine the condition and height of the existing curb and gutter. We propose to include adequate survey to allow for this. We understand that the City has a detail for this.
- Pedestrian access improvements, curb ramps, and some door thresholds will need to be analyzed for conformance to the latest access compliance regulations.

We propose the following specific scope of services:

Survey/Base Sheet Preparation Phase

1. Attached is PG&E's R20A Electronic Base-map requirements. We propose to provide the items described therein, including part 2) I) Optional Items. Prior to the survey, we will perform utility research from available records. We understand that the City does not have as-built plans for Lake Avenue. The City has water, sanitary and storm sewer maps for the project area. The City also has plans for the traffic signals at the intersections. We would need these plans for our work. Survey monuments will be located as part of the survey for right of way and property line determination.
2. For aerial survey mapping we will be using Aerial Photomapping Services, Inc. from Clovis, CA. Their proposal is attached. The data collected from the survey field crew will then be used to enhance the aerial topographic survey map and be used as a base sheet for the design. During this phase an appropriate scale for the final design will be discussed and agreed upon with City staff and any other project stakeholders. Utilities will be shown on the survey, either from a combination of utility records with surface features (manholes, valve boxes etc.) located during the survey, or actual painted locations. If necessary, a private utility locating firm can be hired to provide utility locations. Both base sheet preparation and final design drawings will be prepared using AutoCAD Civil 3D.

Design Phase

3. After the base sheet and any additional work has been completed, the improvement plans, specifications, and estimate (PSE) preparation will begin. We anticipate working closely with City staff during this phase of work to ensure that the design meets the goals of the project.
 - a. At 60% drawing completion, we will submit the schematic design (SDs) for City review. After making any edits for the City, we will complete the design drawings (DDs) to a 95% level and submit these for a second review and coordination.
 - b. City review comments will be incorporated and the construction documents (CDs) will be submitted to the City at 100% completion.
4. In conjunction with the plan preparation, we will also prepare project specifications. We will provide specifications in book format (CSI format, Caltrans format Section 10 Specifications, or other format as specified by the City of Watsonville).
5. After schematic design completion, we will prepare an engineer's estimate of probable construction costs for the project. The engineer's estimate will be updated and resubmitted to the City at the 95% and 100% drawing completion levels.
6. Final construction documents will be submitted to the City on 24" x 36" bond and a hard copy of any stormwater reports or calculation packets will be bound and provided for the City's use and inclusion in the construction set.
 - a. AutoCAD project drawing files will be submitted to the City via our file sharing system, if requested. A pdf copy of all accompanying documents will be made available in our file sharing system, for download by City personnel.

We can summarize our fee estimate as follows:

A.	Topographic Bas Mapping	\$50,000.00
B.	Electrical Engineering	23,000.00
C.	Plans, Specifications and Estimates	<u>40,000.00</u>
Total		\$113,000.00

Construction Phase

7. We will provide support to the City during the construction phase of the work by reviewing submittals and shop drawings. We will be available to answer questions that arise regarding the plans and specifications. We will assist in responding to RFI's, preparing change orders, and if requested, make site visits to review the work in progress. At project completion we will prepare as-built drawings as required by the City.

Meeting Attendance

8. We will attend all meetings and hearings with either City staff or other governing bodies as required by the project. If needed, we will prepare meeting minutes and report any decisions made on major decisions.

Construction Phase Engineering and Meeting Attendance involve an unknown amount of work. For this work we will bill on an hourly basis.

Additional Services: We initially budget a particular amount of Engineer and Staff time for each of the tasks outlined. Unforeseen tasks may arise during the work that may cause us to exceed those estimates, and services not included in the above described scope of work are considered Additional Services. Examples of additional services include, retaining wall design, traffic control and construction management plans, and submittal of plans to the various reviewing/approving agencies. We anticipate one set of plan review comments from yourself, the design team and each reviewing agency. Traffic Engineering, Electrical and Geotechnical Engineering and Landscape and design shall be done by others.

We have estimated the fees, to provide the above-described services, based on our understanding of the proposed scope and work on similar past projects. If we find that our estimate is not sufficient due to circumstances beyond our control, we shall notify you of the status of the work and proceed, with your approval, on a time basis.

We thank you for this opportunity to participate with you in this project and hope you find this proposal satisfactory. If you would like to secure our services, please let us know. We are assuming that the City would issue a Purchase Order. Please give us a call if you have any questions or comments.

Very truly yours,



Joel F. Ricca, R.C.E. 53588,
Principal Engineer

Attachments

Project area map

PG&E's R20A Electronic Base-map requirements

Fehr Engineering, Inc. proposal

Aerial Photomapping Services, Inc. proposal

Hourly charge rates



REVISED			
BOWMAN & WILLIAMS CONSULTING CIVIL ENGINEERS AND LAND SURVEYORS 3949 RESEARCH PARK COURT, SUITE 100 SQUEL, CA 95073-2094 (831) 426-3560			SUGGESTED MAPPING COVERAGE
LAKE AVENUE UNDERGROUNDING DISTRICT WATSONVILLE, CALIFORNIA			
SCALE 1" = 50'	DRAWN	JOB NO.	SHEET
DATE	CHECKED	INDEX	
DESIGN	DWG NAME	FILE NO. 27337.01-06	OF

R20A ELECTRONIC BASE-MAP

As noted from R20A General Conditions

- 1) AutoCAD Drawing- (Preferred file format saved in 2010 or earlier)
 - a) Drawing files utilizing Xrefs encouraged.
- 2) What to Include
 - a) District Boundary (Should encompass entire lot of all lots fronting project & preferably in a bold line font)
 - b) Roads / Streets (Including names)
 - c) Power Poles / Communication Poles
 - d) Future Road Improvements (Including streetlight locations if apply)
 - e) Sidewalks (Where apply)
 - f) Curb / Gutter (Where apply)
 - g) Property Lines / Parcels with APN # / Addresses
 - h) Building Footprints
 - i) Existing Water / Sewer / Storm Drain
 - j) Existing Easements
 - i) Known Right Of Ways
 - ii) Known Public Utility Easements (PUE)
 - k) Other Known Obstacles
 - i) Underground Utilities
 - ii) Enclosures
 - iii) Pedestals
 - iv) Fire Hydrants
 - v) Street Lights
 - l) Optional Items (These would provide great value and save design time)
 - i) Aerial Map
 - ii) Topographic Map
 - iii) Electric Meter Locations
 - iv) Station Numbering
 - v) Survey Monuments

FEHR ENGINEERING COMPANY, INC.



November 23, 2019

Joel F. Ricca, RCE 53588
President,
Bowman & Williams
Civil Engineers and Land Surveyors
3949 Research Park Court, Suite 100
Soquel, CA 95073

Re: Watsonville Lake Street Lights
FE No. 19071.00

Dear Joel,

We are pleased to have this opportunity to provide a proposal for the Electrical Engineering portion of the referenced project. We propose to provide wet signed sets of complete electrical working drawings and an on sheet electrical specifications to facilitate installation of the project. We will provide plan submittals at 60% and 90% complete as well as the final construction documents. We base our proposal on the following:

Scope of Services:

- We are expecting to provide a lighting design along Lake Street in Watsonville between Rodriquez & Brennen Streets (approximately 1,300').
- We will complete our design based upon AutoCad project backgrounds provided by your office.
- The City currently has a standard decorative light fixture and pole which will be used for the new work. Our work will be based upon the standard fixture & pole.
 - We have reviewed the current pole layout and assume that our new layout will be similar. As such we are planning fixtures on both sides of the street with spacing approximately every 60'.
 - We assume that we will be designing our lighting levels based upon Illuminating Engineering Society of North America (IES) standards.
 - Our layout will be coordinated with any other work along the project area.

- We assume that power and control for the new lights will come from a metered service(s) and our work includes design and installation of said service(s).
- We are planning to make application to PG&E and to coordinate with PG&E for the required new service.
- We are planning to provide you with biddable electrical construction documents. Our work does not include providing design for other disciplines such as Structural Engineering design which may be required for installation of new lighting poles.
- Our work includes project coordination with City and the Civil Engineer.
- Our design fee for the above listed work is **\$20,000.00**.
- Our design fee does not include Construction Support Services (CSS). If CSS is required for installation of this project, we will provide those services on a time and material basis in addition to our stated design fee. We estimate that our CSS fee if require will be in the \$4,000.00 range.

Services not included in our scope:

- Drawings in addition to the final signed sets will be billed at cost plus 10%.
- Value Engineering
- Changes made to the plans after our 90% submittal will be billed at our discretion.
- Reimbursable expenses (including shipping additional prints, etc.) will be billed at cost.

These services are considered extras and unless otherwise noted, will be billed on a time and materials basis in addition to our stated design fee.

Once signed documents have been delivered to the Client, the project design is complete. The Client's receipt and acceptance of said documents is the Client's agreement of design completion. All requests beyond project completion will be billed on a time and materials basis in addition to our stated design fee.

Compensation:

All projects are billed monthly based upon the percentage of completion. Payment is due upon receipt of all monthly statements. Payments are considered delinquent after 45 days. At our discretion, work on delinquent projects may be suspended until payment is received.

This proposal offer expires in 60 days. Fehr Engineering Company, Inc. has the sole right to determine if an extension will be granted.

We trust the above agrees with your understanding of our participation in this project and meets with your approval. We are most interested in your input and if there is something about our proposal that needs further explanation or if you would like to adjust the scope of work, please contact me.

If the above meets with your approval, please provide us with your written authorization to begin work at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Pinkerton', written over a horizontal line.

Thomas E. Pinkerton, P.E.
Registration No. E 14906, Exp. 06/30/21
Project Manager

From: [Dan Dietrich](#)
To: [Bryan Happee](#)
Cc: [Joel Ricca](#)
Subject: RE: Request for Aerial Survey B&W Job 27337.01
Date: Wednesday, November 6, 2019 10:17:27 AM
Attachments: [watsonville.pdf](#)

Hi Bryan,

Our fee to map this area in Watsonville at 1"= 20' would be \$ 7,895.00. We will show all visible plan features as well as spot elevations. Our final delivery will be an acad.dwg as well as the TIN and DTM files. Included in our fee is a .1' color orthophoto, this image will be delivered as a .TIFF with .TFW world file.

The control diagram is attached. Let us know if we can assist further with this project.

Thanks,

Dan

From: Bryan Happee <bryan@bowmanandwilliams.com>
Sent: Wednesday, November 6, 2019 9:13 AM
To: Dan Dietrich <ddietrich@photomapping.com>
Cc: Joel Ricca <joel@bowmanandwilliams.com>
Subject: Request for Aerial Survey B&W Job 27337.01

Dan,

I am working on a proposal for the City of Watsonville for the undergrounding of utilities and sidewalk improvements in the area outlined on the attached map. I would like to request a proposal for a 20 scale map with 1 foot contour intervals/spot elevations and a color orthophoto background image. Can you please provide me with a cost estimate? I am trying to get the proposal to them by the beginning of next week.

Please let me know if you need any further information for the proposal and I will forward it to you.

Sincerely,

Bryan Happee, PLS 8229
Director of Land Surveying
Bowman & Williams Consulting Civil Engineers & Land Surveyors



BOWMAN & WILLIAMS

CONSULTING CIVIL ENGINEERS & LAND SURVEYORS

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3949 RESEARCH PARK COURT, SUITE 100 • SOQUEL, CA 95073

PHONE (831) 426-3560 FAX (831) 426-9182 www.bowmanandwilliams.com

EXHIBIT C HOURLY CHARGE RATES Effective July 26, 2019

OFFICE AND PROFESSIONAL

Court Appearance & Preparation	\$375.00
Principal Engineer (licensed)	\$190.00
Associate Engineer (licensed)	\$175.00
Assistant Engineer II	\$160.00
Assistant Engineer I	\$145.00
Engineering Assistant	\$130.00
Licensed Surveyor	\$190.00
Surveyor LSIT	\$155.00
Survey Coordinator LSIT2	\$165.00
Construction Manager	\$125.00
Technical Drafter	\$115.00
Administrative Assistant	\$ 95.00

<u>FIELD SURVEY CREW:</u>	<u>Construction Survey's 4 hour min.</u>
(One Man) Robotic Instrument or GPS & Operator	\$220.00
Survey Crew (<i>Prevailing Wage Rate</i>)	\$245.00
Three man Survey Crew	\$285.00

25% Surcharge is applied to hourly rates for overtime to meet Clients Schedule or Saturday work.

33% Surcharge is applied to hourly rates for Sunday and Holiday work.

EXPENSES

Sub-Consultant Charges x 1.15

Fees advance on behalf of Client x 1.25

Survey equipment, vehicle, stakes and mileage (*within 50 miles*) included in hourly rate

MISCELLANEOUS

Vellum or Bond Copy CADD Plot for counter requests 24 x 36	\$8.00ea
Vellum or Bond Copy CADD Plot for Active Projects 24 x 36	\$4.00ea
Mylar Copy CADD Plot 24 x 36	\$15.00ea
Color Copy CADD Plot 24 x 36	\$30.00ea
CD/DVD	\$25.00

<u>ELECTRONIC FILE CHARGES</u>	<u>AT COST</u>
File Conversion	At cost
Email CADD File	At cost
Research Archive Files	At cost
Electronic File Transfer	At cost

*All electronic files will need to have a "Agreement & Release of Liability" signed and pre-paid before files can be released for, for clients without a current agreement.



BOWMAND-01

SUMMANR

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

3/13/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0E67768 IOA Insurance Services 3875 Hopyard Road Suite 200 Pleasanton, CA 94588	CONTACT NAME: Dulce Mendoza-Martinez PHONE (A/C, No, Ext): (925) 660-1398 FAX (A/C, No): E-MAIL ADDRESS: Dulce.Mendoza-Martinez@ioausa.com	
	INSURER(S) AFFORDING COVERAGE INSURER A : RLI Insurance Company INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :	
INSURED Bowman and Williams, Inc. 3949 Research Park Court, Suite 100 Soquel, CA 95073	NAIC # 13056	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:			PSB0005689	9/1/2019	9/1/2020	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY			PSA0002090	9/1/2019	9/1/2020	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$			PSE0002502	9/1/2019	9/1/2020	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	PSW0003269	9/1/2019	9/1/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Professional Liab.			RDP0036811	7/1/2019	7/1/2020	Per Claim 2,000,000
A	Professional Liab.			RDP0036811	7/1/2019	7/1/2020	Aggregate 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: BW job# 27337.02 Lake Avenue Underground City of Watsonville

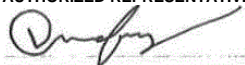
All operations of the Named Insured Including Referenced Project.

General Liability: The City of Watsonville is included as Additional Insured on Primary & Non-Contributory basis with Waiver of Subrogation included, as required by written contract.

Auto Liability: The City of Watsonville is included as Additional Insured with Waiver of Subrogation included, as required by written contract.

CERTIFICATE HOLDER

CANCELLATION

City of Watsonville City Clerk 275 Main Street, Ste 400 Watsonville, CA 95076	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
--	---

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RLIPack® FOR DESIGN PROFESSIONALS BLANKET ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM - SECTION II – LIABILITY

1. **C. WHO IS AN INSURED** is amended to include as an additional insured any person or organization that you agree in a contract or agreement requiring insurance to include as an additional insured on this policy, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused in whole or in part by you or those acting on your behalf:

- a. In the performance of your ongoing operations;
- b. In connection with premises owned by or rented to you; or
- c. In connection with "your work" and included within the "product-completed operations hazard".

2. The insurance provided to the additional insured by this endorsement is limited as follows:

- a. This insurance does not apply on any basis to any person or organization for which coverage as an additional insured specifically is added by another endorsement to this policy.
- b. This insurance does not apply to the rendering of or failure to render any "professional services".
- c. This endorsement does not increase any of the limits of insurance stated in **D. Liability And Medical Expenses Limits of Insurance**.

3. The following is added to **SECTION III H.2. Other Insurance – COMMON POLICY CONDITIONS (BUT APPLICABLE ONLY TO SECTION II – LIABILITY)**

However, if you specifically agree in a contract or agreement that the insurance provided to an

additional insured under this policy must apply on a primary basis, or a primary and non-contributory basis, this insurance is primary to other insurance that is available to such additional insured which covers such additional insured as a named insured, and we will not share with that other insurance, provided that:

- a. The "bodily injury" or "property damage" for which coverage is sought occurs after you have entered into that contract or agreement; or
- b. The "personal and advertising injury" for which coverage is sought arises out of an offense committed after you have entered into that contract or agreement.

4. The following is added to **SECTION III K. 2. Transfer of Rights of Recovery Against Others to Us – COMMON POLICY CONDITIONS (BUT APPLICABLE TO ONLY TO SECTION II – LIABILITY)**

We waive any rights of recovery we may have against any person or organization because of payments we make for "bodily injury", "property damage" or "personal and advertising injury" arising out of "your work" performed by you, or on your behalf, under a contract or agreement with that person or organization. We waive these rights only where you have agreed to do so as part of a contract or agreement with such person or organization entered into by you before the "bodily injury" or "property damage" occurs, or the "personal and advertising injury" offense is committed.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

A. Broad Form Named Insured

The following is added to the **SECTION II – LIABILITY Coverage**, Paragraph **A.1. Who Is An Insured** Provision:

Any business entity newly acquired or formed by you during the policy period, provided you own fifty percent (50%) or more of the business entity and the business entity is not separately insured for Business Auto Coverage. Coverage is extended up to a maximum of one hundred eighty (180) days following the acquisition or formation of the business entity.

This provision does not apply to any person or organization for which coverage is excluded by endorsement.

B. Employees As Insureds

The following is added to the **SECTION II – LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

C. Blanket Additional Insured

The following is added to the **SECTION II – LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

Any person or organization that you are required to include as an additional insured on this coverage form in a contract or agreement that is executed by you before the "bodily injury" or "property damage" occurs is an "insured" for liability coverage, but only for damages to which this insurance applies and only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in **SECTION II – LIABILITY COVERAGE**.

The insurance provided to the additional insured will be on a primary and non-contributory basis to the additional insured's own business auto coverage if you are required to do so in a contract or agreement that is executed by you before the "bodily injury" or "property damage" occurs.

D. Blanket Waiver Of Subrogation

The following is added to the **SECTION IV – BUSINESS AUTO CONDITIONS**, **A. Loss Conditions**, **5. Transfer Of Rights Of Recovery Against Others To Us**:

We waive any right of recovery we may have against any person or organization to the extent required of you by a contract executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of the operations contemplated by such contract. The waiver applies only to the person or organization designated in such contract.

E. Employee Hired Autos

1. The following is added to the **SECTION II – LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in that "employee's" name, with your permission, while performing duties related to the conduct of your business.

2. Changes In General Conditions:

Paragraph **5.b.** of the **Other Insurance Condition** in the **BUSINESS AUTO CONDITIONS** is deleted and replaced with the following:

b. For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

(1) Any covered "auto" you lease, hire, rent or borrow; and

(2) Any covered "auto" hired or rented by your "employee" under a contract in that individual "employee's" name, with your permission, while performing duties related to the conduct of your business. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

F. Fellow Employee Coverage

SECTION II – LIABILITY COVERAGE, **Exclusion B.5.** does not apply if you have workers compensation insurance in-force covering all of your employees.

G. Auto Loan Lease Gap Coverage

SECTION III – PHYSICAL DAMAGE COVERAGE, **C. Limit Of Insurance**, is amended by the addition of the following:

In the event of a total "loss" to a covered "auto" shown in the Schedule of Declarations, we will pay any unpaid amount due on the lease or loan for a covered "auto", less:

**City of Watsonville
Public Works Department**



M E M O R A N D U M

DATE: March 30, 2020

TO: Matthew D. Huffaker, City Manager

FROM: Steve Palmisano, Director Public Works & Utilities
Mike Rivera, Solid Waste Division Manager

SUBJECT: Authorization of budget appropriation from the Solid Waste Enterprise Fund in the amount of \$350,000 for Fiscal Year 2019-20 for current City Contract #996 with Monterey Regional Waste Management District (MRWMD) for processing and disposal services, and approval of a new recycling agreement with MRWMD

AGENDA ITEM: April 14, 2020

City Council

RECOMMENDATION:

It is recommended that City Council:

1. Appropriate \$350,000 from the FY 2019-2020 Solid Waste Enterprise Fund budget for municipal waste, food waste, and recyclable processing and disposal services.
2. Adopt a resolution approving a recyclable materials contract with MRWMD.

DISCUSSION:

Waste Disposal Services. With the upcoming closing of the City's landfill, the majority of the City's waste is now being hauled to Monterey Regional Waste Management District (MRWMD). The City and MRWMD entered into an agreement for solid waste disposal in 2007 and the City has been sending smaller amounts of waste to that facility over many years.

A previous appropriation for this service has been depleted, and an appropriation of \$350,000 is needed to accommodate the full amount of waste being sent to MRWMD. This amount includes the estimated costs for disposal of all of the City's regular municipal waste, food waste and recycling processing costs for the remainder of this fiscal year.

The City produces approximately 47,000 tons of waste per year, and the disposal fee for the waste is currently \$36.88 per ton, bringing the average annual disposal cost to approximately \$1,733,000. The cost will vary depending on the actual tons of waste disposed.

New Challenges with Recycling. The 2018 China National Sword Policy placed a ban on most recycled materials accepted by China. As much as one third of plastics

recycled in the United States were previously sent to China for processing. This new policy left our country with 1.4 million tons of plastic each year with no alternative buyers of those materials; this amount is expected to increase over time.

To address new recycling contamination limitations, and the fact that there is no longer a commodity value in those materials, MRWMD has experienced increased costs to upgrade their recycling sorting equipment and processes. As a result, MRWMD is now charging for processing recyclable materials.

New Recycling Agreement with MRWMD. MRWMD is requesting a service agreement for processing the City's recyclable materials with an end date of March 31, 2021, with two automatic renewals of 1-year thereafter (agreement attached). MRWMD will charge \$40/ton for all recyclable tons delivered plus a disposal fee of \$62/ton for the portion of all non-recyclable materials that are delivered in excess of an allowable contamination rate of 10%.

Based on the City's current contamination rate, the total cost to dispose of recyclable material is estimated to be \$47.44 per ton (\$40 per ton for recycling plus \$7.44 per ton for disposal of contaminated materials). Staff efforts including outreach, education, and a robust auditing program with residents and businesses to help minimize the amount of contamination in the recycling containers.

The City produces an average of 5,500 tons of recyclable materials per year, and the total annual cost for processing the City's recyclables is estimated to be approximately \$260,000. This will vary each year depending on the actual tonnages of recyclables processed.

Appropriation Request of \$350,000. Staff has determined that an additional \$350,000 will be needed to fund the total cost of waste disposal, food waste, and recycling for this fiscal year. Adequate funding is included in the upcoming proposed budget for future fiscal years.

STRATEGIC PLAN:

The budget appropriation and recycling agreement are consistent with the City Council's Strategic Plan in Focus Area 3, Infrastructure and Environment.

FINANCIAL IMPACT:

The annual waste disposal and recycling costs will be paid from the Solid Waste Enterprise Fund, under fund code 740-570-7361. There is adequate funding to support these costs. Funds for future years will be included in the budget.

ATTACHMENTS:

1. August 28, 2007 Staff Report for Resolution 199-07
2. Resolution 199-07 and October 11, 2007 Waste Disposal Contract with MRWMD

cc: City Attorney

Endorsed for presentation
to the City Council
Carlos J. Palacios*City of Watsonville***PUBLIC WORKS AND UTILITIES DEPARTMENT
MEMORANDUM**

DATE: August 28, 2007

TO: Carlos J. Palacios, City Manager

FROM: David A. Koch, Director of Public Works and Utilities *Dax*
Gabriel Gordo Solid Waste Division Manager

SUBJECT: Agreement with Monterey Regional Waste Management District for Solid Waste Disposal at Monterey Regional Waste Management District Marina Landfill

AGENDA ITEM: October 9, 2007 City Council

RECOMMENDATION: It is recommended that City Council adopt a resolution approving an agreement with Monterey Regional Waste Management District for solid waste disposal services at Marina Landfill.

DISCUSSION: In order to maximize the life of the City's landfill site, various programs have been implemented to divert and recycle as much material as possible. These efforts have been very successful, with the City achieving an overall waste diversion rate of 66% to 73% from 2000 to 2005 (the latest year State approved data is available). In addition to waste reduction and recycle efforts, the City has also been implementing numerous operational changes at the City landfill, such as the use of innovative cover techniques, that further maximize the facility's capacity. These combined efforts have extended the useful life of the current landfill cell by approximately eight years.

Despite the City's extensive diversion programs and operational enhancements, the current phase 3 landfill cell is expected to reach capacity within the next 6-10 years. Closure of the phase 3 cell and the design and construction of the new phase 4 cell will be multi-million dollar projects. In order to delay these costs as long as possible, staff has been seeking additional ways to extend the life of the current phase 3 cell. One option that recently became available is the disposal of waste at the Monterey Regional Waste Management District (MRWMD) Marina landfill.

On April 5, 2007, the County of Santa Cruz approved an out-of-county waste disposal agreement with Monterey Regional Waste Management District (MRWMD) for waste disposal services. This agreement enables the County to dispose of up to 120,000 tons/year of solid waste at the MRWMD facility at a very cost-effective rate of \$27/ton. According to MRWMD staff, this option would also be available to the City of Watsonville. The ability to dispose of a portion of the City's wastes to MRWMD would further extend the life of the City landfill, and thereby defer the high cost of future landfill closure and construction. The proposed agreement between the City and MRWMD would provide the City with essentially the same disposal rates and other provisions that were provided to the County of Santa Cruz in its recent agreement with MRWMD.

STRATEGIC PLAN: The recommended action supports the objective of maintaining infrastructure.

FINANCIAL IMPACT: There is no direct financial impact associated with approval of the contract with MRWMD as the agreement simply authorizes the City to dispose of solid waste at the MRWMD landfill and establishes the disposal rates that would apply should the City elect to use the MRWMD landfill for this purpose. Longer term, the contract approval could result in considerable savings to the City as the contract provides the City with an additional disposal alternative that could delay the expansion and closure of the City's landfill and all the costs associated with these projects.

ALTERNATIVES: Alternatives include not approving the recommended action at this time or pursuing other alternatives.

ATTACHMENTS: None

cc. City Attorney

RESOLUTION NO. 199-07 (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING WASTE DISPOSAL AGREEMENT BY AND BETWEEN THE CITY OF WATSONVILLE AND THE MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT FOR SOLID WASTE DISPOSAL AT THE MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT MARINA LANDFILL AND AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE AGREEMENT

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the Waste Disposal Agreement between the City of Watsonville and the Monterey Regional Waste Management District, attached hereto and incorporated herein by this reference, is fair and equitable and is hereby ratified and approved for solid waste disposal at the Monterey Regional Waste Management District Marina Landfill.
2. That the City Manager be and is hereby authorized and directed to execute such Agreement for and on behalf of the City of Watsonville.

The foregoing resolution was introduced at a regular meeting of the Council of the City of Watsonville, held on the 9th day of October, 2007, by Member Rivas, who moved its adoption, which motion being duly seconded by Member Skillicorn, was upon roll call carried and the resolution adopted by the following vote:

AYES: COUNCIL MEMBERS: **Caput, Din, Rios, Rivas, Skillicorn, Petersen, Bersamin**

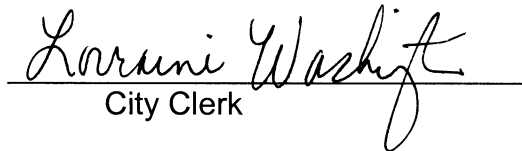
NOES: COUNCIL MEMBERS: **None**

ABSENT: COUNCIL MEMBERS: **None**



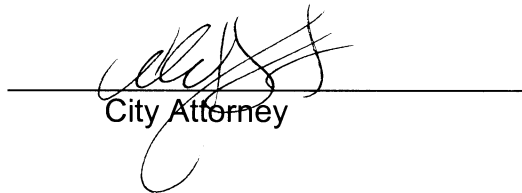
Manuel Bersamin, Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

WASTE DISPOSAL AGREEMENT
BY AND BETWEEN THE MONTEREY REGIONAL WASTE
MANAGEMENT DISTRICT AND THE CITY OF WATSONVILLE

THIS WASTE DISPOSAL AGREEMENT (hereinafter "Agreement") is made and entered into on, Oct. 11, 2007, by and between the Monterey Regional Waste Management District, a public entity duly organized pursuant to the provisions of California Health and Safety Code sections 4170 *et seq.* (the "District"), and the City of Watsonville, a Municipal Corporation (the "City") (collectively, the "Parties"), as follows:

RECITALS

A. The District owns, manages, and operates a Class III sanitary landfill for the disposal of municipal solid waste and other acceptable waste streams (the "Monterey Peninsula Landfill"). District jurisdictional boundaries include the cities of Carmel-by-the-Sea, Del Rey Oaks, Marina, Monterey, Pacific Grove, Sand City, Seaside and the unincorporated areas of Big Sur, Carmel Highlands, Carmel Valley, Castroville, Corral de Tierra, Laguna Seca, Moss Landing, Pebble Beach, San Benancio and Toro Park. Municipal solid waste generated within the District historically has been and currently is delivered by commercial waste haulers and by self-haulers on behalf of the residents of the District for disposal in the Monterey Peninsula Landfill.

B. In constructing, operating, and managing the Monterey Peninsula Landfill, the District is under regulatory obligation with the State of California pertaining to landfill closure, and post closure monitoring and maintenance, and long term debt obligations with related covenants which obligate the District to properly maintain and preserve the system and operate it in an efficient, economical and business-like manner.

C. Monterey County's Integrated Waste Management Plan ("CIWMP") provides for the continued use of the Monterey Peninsula Landfill by the cities and unincorporated areas within the County of Monterey for the disposal of municipal solid waste which is not reused, recycled, or otherwise diverted from landfills pursuant to The California Integrated Waste Management Act of 1989 (Division 30 of the California Public Resources Code) (the "Act").

D. The waste diversion requirements of the Act, together with changes in Applicable Law and other factors, have significantly reduced the tonnage of municipal solid waste delivered to the

Monterey Peninsula Landfill on behalf of residents within the District. The result of the shortfall in the volume of waste received is under-utilization of the Monterey Peninsula Landfill, which is designed and permitted to accept approximately 3500 tons per day and presently realizes less than 1000 tons per day.

E. The District has determined that by accepting municipal solid waste generated outside of the District ("Non-District Waste" or "Out-of-District Waste") the unused capacity in the Monterey Peninsula Landfill can be utilized to generate revenue to assist in rate stabilization for the member entities, and develop alternative waste diversion technologies and practices. Acceptance of Non-District Waste can be accommodated by the existing Monterey Peninsula Landfill without negatively impacting the commercial refuse haulers and self-haulers within the District who deliver waste to the Monterey Peninsula Landfill.

F. The City desires to deliver Non-District waste to the Monterey Peninsula Landfill. Parties intend that Non-District waste collected shall be disposed of under the provisions of this Agreement.

G. The District has determined that the acceptance for disposal of Non-District Waste would have a minimal impact on the cost of operating the Monterey Peninsula Landfill. The District has further determined that acceptance of Non-District Waste would have a minimal impact on the useful life of the Monterey Peninsula Landfill.

H. The District has determined that the execution by the District of this Agreement will serve the public health, safety, and welfare of the District by providing a more stable, predictable, and reliable supply of municipal solid waste to optimize the Monterey Peninsula Landfill; and that the resulting revenue will assist in the District's rate stabilization efforts and waste diversion programs.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises hereinafter set forth, District and City agree to the following Terms and Conditions:

TERMS AND CONDITIONS

1. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below.

1.1 "Acceptable Waste" means all garbage, refuse, rubbish, and other materials and substances discarded or rejected as being spent, useless, worthless, or in excess to the owners at the time of such

discard or rejection and which is normally disposed of or collected from residential (single family or multi-family), commercial, industrial, governmental, and institutional establishments by haulers, and which is acceptable at Class III landfills under Applicable Law. "Acceptable Waste" also means solid waste that has been source separated and/or processed with reasonable due diligence to remove the following: reusable and recyclable materials; Unacceptable Waste; Hazardous Substances or Hazardous Materials; Universal Waste (as defined by State law); and Hazardous Waste.

1.2 "Act" means the California Integrated Waste Management Act of 1989 (Division 30 of the California Public Resources Code), as amended, supplemented, superseded, and replaced from time to time.

1.3 "Applicable Law" means the Act, the Monterey County Code, CERCLA, RCRA, CEQA, any legal entitlement and any other rule, regulation, requirement, guideline, permit, action, determination, or order of any governmental body having jurisdiction, applicable from time to time, relating to the siting, design, permitting, acquisition, construction, equipping, financing, ownership, possession, management, operation, or maintenance of the Monterey Peninsula Landfill or the transfer, handling, transportation, and disposal of Acceptable Waste, Unacceptable Waste, or any other transaction or matter contemplated hereby (including any of the foregoing which concern health, safety, fire, environmental protection, labor relations, mitigation monitoring plans, building codes, non-discrimination and the payment of minimum wages).

1.4 "CEQA" means the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.) as amended or superseded, and the regulations promulgated under the statute.

1.5 "CERCLA" means the Comprehensive Environmental Responsibility Compensation and Liability Act (42 U.S.C. Section 9601 *et seq.*) as amended or superseded, and the regulations promulgated under the statute.

1.6 "Disposal Services" means the solid waste disposal services to be provided to the City by the District under this Waste Disposal Agreement.

1.7 "Hazardous Material" or "Hazardous Substance" has the meaning given such terms in CERCLA, the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code Section 25300 et seq.), and Titles 22 and 26 of the California Code of Regulations, as well as other regulations promulgated under these statutes, as they exist now and as they may be amended from time to time.

1.8 "Hazardous Waste" means (a) any waste which by reason of its quality, concentration, composition or physical, chemical, or infectious characteristic may do any of the following: cause, or significantly contribute to, an increase in mortality or an increase in serious irreversible, or incapacitating reversible illness, or pose a substantial threat or potential hazard to human health or the environment when improperly treated, stored, transported or disposed of or otherwise mismanaged; or any waste which is defined or regulated as a hazardous waste, toxic substance, hazardous chemical substance or mixture, or asbestos under Applicable Law, as amended from time to time including, but not limited to: (1) the Resource Conservation and Recovery Act (RCRA) and the regulations contained in 40 CFR Parts 260-281; (2) the Toxic Substances Control Act (15 U.S.C. Sections 2601 et seq.) and the regulations contained in 40 CFR Parts 761-766; (3) the California Health and Safety Code, Section 25117; (4) the California Public Resources Code, Section 40141; and (5) future additional or substitute Applicable Law pertaining to the indemnification, treatment, storage, or disposal of toxic substances or hazardous wastes; or (b) radioactive materials which are source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954 (42 U.S.C. Section 2011 et seq.) and the regulations contained in 10 CFR Part 40.

1.9 "Household Hazardous Waste Element" or "HHWE" means a solid waste planning document prepared by each city and unincorporated county pursuant Division 30, Section 41000 et seq. of the Act.

1.10 "Non-District Waste" also "Out-of- District Waste," means solid waste originating outside the jurisdictional boundaries of the District.

1.11 "RCRA" means the Resource Conservation and Recovery Act, 42 USC Section 6901 *et seq.*, as amended and superseded.

1.12 "Self-Hauler" means any person not engaged commercially in waste cartage that collects and hauls to the Monterey Peninsula Landfill Acceptable Waste generated from residential or business activities.

1.13 "Source Reduction and Recycling Element" or "SRRE" means a solid waste planning document prepared by each city and unincorporated county pursuant to Division 30, Section 41000 et seq. of the Act.

1.14 "Unacceptable Waste" means Hazardous Waste; Hazardous Substances; Hazardous Materials; untreated medical waste; Household Hazardous Waste that has been separated from Acceptable Waste; explosives; bombs; ordnance, such as guns and ammunition; highly flammable substances; noxious

materials; drums and closed containers; liquid waste, including liquid concrete; oil; human wastes and sewage sludge; machinery and equipment from commercial or industrial sources, such as hardened gears, shafts; motor vehicles or major components thereof; agricultural equipment; trailers; marine vessels and steel cable; hot loads, including hot asphalt, and hot liquid sulfur; loads of whole tires; friable asbestos; and any waste which the Monterey Peninsula Landfill is prohibited from receiving under Applicable Law.

1.15 "Uncontrollable Circumstances" means only the following acts, events or conditions, whether affecting the City, or the District, to the extent that it materially and adversely affects the ability of either party to perform any obligation under the Agreement, if such act, event or condition is beyond the reasonable control and is not also the result of the willful or negligent act, error or omission or failure to exercise reasonable diligence on the part of the party relying thereon as justification for not performing an obligation or complying with any condition required of such party under this Agreement:

1. an act of nature, hurricane, landslide, lightning, earthquake, fire, explosion, flood, sabotage or similar occurrence, acts of a public enemy, extortion, war, blockade or insurrection, riot or civil disturbance;
2. a change in law affecting either party's ability to perform an obligation or complying with any condition required of such party under this Agreement;
3. pre-emption of materials or services by a Governmental Body in connection with a public emergency or any condemnation or other taking by eminent domain.

Provided, however, that the contesting in good faith or the failure in good faith to contest such action or inaction shall not be construed as willful or negligent action or a lack of reasonable diligence of either party.

2. TERM OF AGREEMENT

2.1 Term of Agreement

The term of this Agreement shall commence on the date first written above and shall continue for thirty years thereafter.

3. DELIVERY OF WASTE

3.1 Commitment to Deliver Waste

The City shall be permitted to annually deliver up to 80,000 tons of Acceptable Waste to the Monterey Peninsula Landfill during the term of this Agreement. Annual deliveries in excess of 80,000 tons require the District's prior written consent. At no time shall the delivered waste exceed 1,700 tons per day. Prior to delivering over 200 tons on any one day, the City shall give the District General Manager 24-hours advance notice by telephone, and obtain his or her agreement to any daily delivery in excess of 200 tons, unless the District General Manager waives such notice.

The parties may, by January 1 of any year, mutually agree to a higher or lower maximum daily tonnage of Acceptable Waste for the next fiscal year, beginning on July 1.

Waste shall generally be delivered by refuse collection vehicles. Up to twenty-five percent of Acceptable Waste may be direct hauled by Self-Haulers to the District.

Waste shall be delivered to the Monterey Peninsula Landfill during the hours of 5:30 A.M. TO 5:00 P.M. Monday through Friday, and 8:00 A.M. to 4:30 P.M. on Saturdays.

3.2 City's Authority to Deliver Waste

The City warrants that it has and shall maintain during the term of this Agreement the right, power, and authority to deliver the waste to the District through contracts, permits, licenses or other arrangements.

4. PROVISION OF DISPOSAL SERVICES

4.1 Commitment to Provide Disposal Services

The District agrees to provide Disposal Services to the City for the term of the Agreement under the conditions specified in the Agreement. The District warrants that it can receive City's Acceptable Waste at the designated Monterey Peninsula Landfill, under the facility permit for the term of this Agreement.

4.2 Fee for Disposal Services

For the Term of this Agreement, the District shall charge City for provision of Disposal Services at the rate listed on the Rate Schedule in Exhibit A under the conditions of this Agreement.

4.3 Payment for Disposal Services

The disposal fee may be paid in cash in advance for each load at the time of delivery, or the District may elect to establish a deferred billing account under a process mutually agreed upon.

4.4 Annual Disposal Fee Increase Adjustment for Provision of Disposal Services

The rate specified in Exhibit A shall be increased annually in proportion to any annual increase in the Consumer Price Index (CPI) for All Urban Consumers for the San Francisco Bay Area (All Consumers-All Items - 1982-1984 Base Year) promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor. Any such rate increase will be effective on July 1 of each year and will be calculated by means of the following formula:

$$A = \$ (\text{initial fee}) \times (B/C) = \text{Adjusted fee}$$

B = Monthly index for the month of April of the current year

C = Monthly index for the month of April of the previous year

Notwithstanding the foregoing, in no event shall the annual disposal fee be reduced by reason of any such adjustment, or increased by more than 6% by reason of any such adjustment. In the event that the CPI is not issued or published for the period for which the annual disposal fee is to be adjusted and computed hereunder, or in the event that the Bureau of Labor Statistics of the U.S. Department of Labor should cease to publish said index figures, then any similar index published by any other branch or department of the U.S. Government shall be used, and if none is so published, then another index generally recognized and authoritative shall be substituted by mutual agreement.

4.5 Increase in Governmental Fees

If any new or increased fees are levied on the District by any local, state, or federal government or a LEA (Local Enforcement Agency), the District shall have the right to increase the then current fee charged to the City hereunder to enable the District to recover its increased cost. Increased costs that are not subject to some form of regulatory or statutory increase shall be borne by the District.

5. **PROCEDURES FOR DELIVERY AND ACCEPTANCE OF WASTE**

5.1 Procedures for Delivery and Acceptance of Out-of-District Waste

City shall deliver Acceptable Waste to the Monterey Peninsula Landfill according to the conditions and procedures in **Exhibit B.**) The General Manager of the District and the City's designee may mutually agree to modify **Exhibit B**, provided such modifications are made in a writing signed by both parties and subject to the terms and conditions of this Agreement.

The City shall bear all costs of collection, processing, transfer, transportation, taxes, permits, or impositions assessed by any governmental body related to the delivery of waste to the Monterey Peninsula Landfill. The District assumes all costs incurred as a result of the acceptance of the City's Acceptable Waste.

5.2 Unacceptable Waste

The City shall act with reasonable due diligence to prevent the delivery of any waste to the Monterey Peninsula Landfill that is defined as Unacceptable Waste under this Agreement.

5.3 Out of City Waste

Only waste originating inside of the City (with the exception of up to 5% of out-of-City waste per Section 8.4) may be delivered to the Monterey Peninsula Landfill pursuant to this Agreement. City shall maintain records and supporting source documents that adequately identify the origin of all "Acceptable Waste" delivered by the City to the Monterey Peninsula Landfill pursuant to this Agreement. All records and source documentation shall be maintained by the City for a minimum of five years following the termination of this Agreement. Documents shall be maintained in a location mutually acceptable to District and City.

District shall, through its duly authorized agents or representatives, have the right to examine and audit records and supporting source documents maintained by City concerning the origin of waste delivered to the Monterey Peninsula Landfill at any and all reasonable times, upon thirty (30) days written notice, for purposes of determining the accuracy of those records and of the reports provided to District pursuant to this Agreement and of the accuracy of City payments to District pursuant to this Agreement. The cost of such an audit, incurred by District, shall be borne by City if the City has failed substantially to maintain true and complete books, records, accounts and supporting source documents in accordance with this Section. Otherwise District shall bear the cost of said audit.

5.4 Hazardous Materials, Substances or Waste

The City shall act with reasonable due diligence to prevent the delivery of Hazardous Materials, Hazardous Substances, or Hazardous Waste to the Monterey Peninsula Landfill.

The City shall notify the General Manager of the District, in writing, at least 30-days prior to making any significant modifications in City's Hazardous Materials Removal Program. The District may object to any such modification in writing within 15-days of receipt. The City shall give reasonable consideration to any District objections. The intentional delivery of Hazardous Waste shall

constitute a material breach of this Agreement. The intentional delivery of any quantity of industrial or commercial Hazardous Waste shall constitute a material breach of this Agreement.

5.5 Emergency Re-Designation of Facility

The District shall have the right to suspend acceptance of Acceptable Waste to the Monterey Peninsula Landfill at any time for up to 45-days upon the occurrence of a natural disaster or other Uncontrollable Circumstances which affect the ability of the District to accept, under Applicable Law, City's otherwise Acceptable Waste at the Monterey Peninsula Landfill.

The District will make every reasonable effort to provide advance notice; however, exigent circumstances may require re-designation of Acceptable Waste on a temporary basis without prior notice. There will be no adjustment in the disposal fee of waste redirected due to an emergency.

If the District is unable to accept Acceptable Waste for disposal for more than 45-days, District may seek modification of this Agreement for the purpose of addressing any increased costs being incurred, or which will be incurred as a result of District's inability to accept Acceptable Waste at the Monterey Peninsula Landfill.

5.6 Mutual Aid

In the event of an emergency, the parties may provide mutual aid to one another through the sharing of resources.

5.7 Weights for Payment

Payment shall be based upon weight provided by the Districts' regular vehicle weighing scale system.

6. **REGULATORY COMPLIANCE**

6.1 Applicable Law

Both parties shall comply with Applicable Law at all times, throughout the term of this Agreement; and shall obtain and maintain any permits, licenses, or approvals which are required for the performance of the party's respective obligations under this Agreement.

6.2 Compatibility with The Act

The actions of the City in entering into this Agreement shall be compatible with the goals, policies, and agreements of the Source Reduction and Recycling Element(s) (SRREs) of the

jurisdiction(s) generating the waste which is accepted in the Monterey Peninsula Landfill, and conform generally and specifically with the conditions outlined in, the "Guiding Principles for Acceptance of Regional Waste for Disposal at the Monterey Peninsula Landfill".

6.3 Disposal Reporting

The City shall supply all information necessary to comply with the District's Disposal Reporting System and any other information required by the District to comply with the Act, or any other Applicable Law.

7. **TERMINATION, DEFAULT AND REMEDIES**

7.1 Termination for Convenience

Either party may terminate this Agreement for convenience during the terms hereof by giving a 90-day's written notice to the other party. If such notice of termination is given, there shall then immediately commence a 5-year final term on the same terms and conditions set forth herein.

7.2 Termination for Cause

Either party may terminate this Agreement for cause for the reasons set forth below, without the commencement of a final 5-year term (as provided in paragraph 7.1). In the case of termination for cause, the terminating party shall not be liable to the non-terminating party for any damages incurred due to early termination, including, but not limited to, consequential damages.

A. Termination for Cause by District

The District may terminate for cause if:

- i. The City delivers waste originating outside the City in excess of 5% (paragraph 5.3);
- ii. The City intentionally delivers and attempts to deliver Unacceptable Waste; Hazardous Substances or Hazardous Materials or Universal Waste (as defined by State law) (paragraph 5.4); or
- iii. The City fails to maintain a Household Hazardous Waste Program that complies with state law (paragraph 8.4).

B. Termination for Cause by City

The City may terminate for cause if the District is unable to accept Acceptable Waste for more than 45-days and the parties are unable to reach a mutually acceptable resolution through modification of this Agreement (paragraph 5.5).

C. Termination for Cause by Either Party

Either party may terminate for cause if:

- i. The District is ordered by court of competent jurisdiction to cease providing Disposal Services under the terms and conditions of this Agreement. In such event District will not be liable for actual or consequential damages due to the inability to provide Disposal Services.
- ii The other party is determined to be in violation of Applicable Law, despite reasonable due diligence.

D. Opportunity for Cure

If either party fails to perform any of its obligations hereunder, that party shall have 30 business days' from receipt of written notice of default from the other party within which to cure such default. However, the City's intentional delivery of industrial or commercial hazardous waste (pursuant to paragraph 5.4) or failure to maintain a Household Hazardous Waste (HHW) Management Program that complies with state law (pursuant to paragraph 8.4) may be grounds for termination in the District's discretion. Such default may be subject to termination pursuant to paragraph 7.2. In the case of a default involving HHW under paragraph 5.4 by City, City must cure the default within 24 hours of written notice of the default in compliance with applicable laws and regulations, including District ordinances and established procedures.

7.3 Dispute Resolution

If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties must and confer in a good faith attempt to resolve the matter between themselves. If a dispute concerns any amounts to be paid to the District by the City, then the City shall pay the amount demanded on time, under protest, notwithstanding that the City has commenced or proposes to commence the dispute resolution procedures specified herein. If a dispute is not resolved by meeting and conferring, the matter may be submitted for formal mediation to a mediator mutually agreed by the parties. The expenses of such mediation will be shared equally between the parties. If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of matters not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have arbitration proceed on an informal basis; however, if the parties are unable to so agree, then the arbitration may be conducted in accordance with Code of Civil Procedure §§1280 *et seq.*, and to the extent that procedural issues are

not there resolved, in accordance with the rules of the American Arbitration Association. The decision of the arbitrator will be binding, unless within 30-days after issuance of the arbitrator's written decision, any party files an action in court.

8. GENERAL CONDITIONS

8.1 Uncontrollable Circumstances

Each party will excuse performance by the other in the event of Uncontrollable Circumstances.

8.2 Indemnification and Hold Harmless

(A) City and District agree that District, its Board of Directors, officers, employees and agents, should to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorney's fees, litigation cost, defense cost, court cost or any other cost arising out of or in any way related to the performance of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to the District. City acknowledges that District would not enter into this agreement in the absence of this commitment to indemnify and protect District as set forth herein.

To the full extent permitted by law, the City shall defend, indemnify and hold harmless District, its Board of Directors, officers, employees and agents from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, actual attorneys' fees incurred by District, court costs, interest, defense costs, including expert witness fees, and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part to the performance of this Agreement. All obligations under this provision are to be paid by the City as they are incurred by the District.

Without affecting the rights of the District under any provision of this Agreement or this section, the City shall not be required to indemnify and hold harmless District as set forth above for liability attributable to the active negligence or willful acts of the District, its officers, employees or agents, provided such active negligence or acts are determined by agreement between the parties or the findings of a court of competent jurisdiction. This exception will apply only in instances where the District is shown to have been actively negligent or to have acted willfully to cause the injury and not in instances where the City is solely or partially at fault or in instances where District's active

negligence or willful misconduct accounts for only a percentage of the liability involved. In those instances, the obligation of the City will be for that portion or percentage of liability not attributable to the active negligence of the District, as determined by written agreement between the parties or the findings of a court of competent jurisdiction.

The City agrees to obtain executed indemnity agreements from any contractor or any other person or entity involved by, for, with or on behalf of the City in the performance or subject matter of this Agreement. In the event the City fails to obtain such indemnity obligations from others as required here, the City agrees to be fully responsible according to the terms of this section.

Failure of the District to monitor compliance with these requirements imposes no additional obligations on District and will in no way act as a waiver of any rights hereunder and shall survive the termination of this Agreement or this section.

(B) Notice of Claims

A party seeking indemnification shall promptly notify the other party of the assertion of any claim against it for which it seeks to be indemnified, shall give the other party the opportunity to defend such claim, and shall not settle the claim without the approval of the other party. These indemnification provisions are for the protection of the Parties only and shall not establish, of themselves, any liability to third parties. The provisions of this subsection shall survive termination of this Agreement.

8.3 Insurance

City shall maintain, and require any of its subcontractors or others hired for this Agreement to maintain, insurance coverage as described hereunder effective the date first written above and such insurance shall remain in full force at all times throughout the full term of this Agreement. Insurers providing coverage as required by this Agreement shall be acceptable to District and must be authorized to do business in the State of California.

Certificates of insurance shall be furnished in duplicate, evidencing City coverage of Workers' Compensation Insurance, Commercial General Liability, and Comprehensive Auto Liability; such certificates shall show the insurer's name, policy number, limit of coverage, and the period of the policy and cancellation conditions of these specifications. Such certificates shall state that coverage there under shall not be terminated or reduced in coverage until 30 days' written notice is given to General

Manager of the District, of cancellation or reduction in coverage; allow for severability of interest of District; and be primary and non-contributing with insurance maintained or self-insured by the District.

The District shall be added, by endorsement to the policy for Commercial General Liability, Auto Liability and Employer's Liability coverage, as an additional named insured on the above-described policies, as they pertain to the operations of the named insured performed under this Agreement for the District. Entire limits of liability maintained must be certified but in no event shall limits be less than specified herein below:

<u>Coverage</u>	<u>Minimum Limit</u>
Workers' Compensation	Statutory
Employer's Liability	\$1,000,000 per accident or disease
Comprehensive General Liability	\$1,000,000 Combined
General Aggregate	\$2,000,000
	Single limit each occurrence
Commercial General Liability Pollution Liability Coverage Endorsement	
Comprehensive Auto Liability	\$1,000,000 Combined
(Including owned, non-owned And hired vehicles)	Single limit each occurrence

Workers' Compensation Insurance Policy shall include a waiver of all rights of subrogation against the District.

8.4 Solid Waste Origin

City may deliver solid waste collected by City or any other entity under subcontract to City. The District understands and agrees that up to 5% of the City's waste may originate outside the City. Waste originating outside City, over that 5% cap, may not be delivered without the express prior written consent of the District General Manager. All waste delivered must originate from a municipality or district that has implemented an approved Household Waste Collection Program and has fully implemented its SRRE.

municipality or district that has implemented an approved Household Waste Collection Program and has fully implemented its SRRE.

8.5 Non-Assignment of Agreement

City may not assign this Agreement or any of the rights or obligations under this Agreement without the prior written consent of the District, which may be withheld at the District's sole discretion. Any person or entity to whom this Agreement is assigned shall expressly agree to be bound by all provisions of this Agreement. City will remain liable to District for all obligations under this Agreement notwithstanding any assignment made pursuant to this clause.

8.6 Notices

Any notice required or permitted by this Agreement shall be in writing and sufficiently given if delivered in person or sent by certified or registered mail, postage prepaid, to the notice address of the respective parties set forth in this Agreement. Any changes to the respective addresses to which notices may be directed, may be made from time to time by any party by notice to the other party. The present addresses of the parties are:

District Monterey Regional Waste Management District
Attn: General Manager
Location for Direct Deliveries and Certified Mail:
14201 Del Monte Blvd.
P.O. Box 1670
Marina, CA 93933-1670

City City Of Watsonville.
Attn: City Clerk
P. O. Box 50000
Watsonville, California 95077-5000

8.7 Indemnification for Taxes and Contributions

Each party shall exonerate, indemnify, defend, and hold harmless the other (which for the purpose of this paragraph shall include, without limitation, its officers, agents, employees, and volunteers) from and against:

Attachment/Exhibit to:
Resolution No. 199-07 (CM)

performance of this Agreement (including, without limitation, unemployment insurance, social security, and payroll tax withholding).

8.8 Non-Discrimination

During and in relation to the performance of this Agreement, both parties agree as follows:

A. Neither party shall discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, physical or mental disability, medical condition (cancer related), marital status, sexual orientation, age (over 18), veteran status, gender, pregnancy, or any other non-merit factor unrelated to job duties. Such action shall include, but not be limited to, the following: recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training (including apprenticeship), employment, upgrading, demotion, or transfer. Both parties agree to post in conspicuous places, available to employees and applicants for employment, notice setting forth the provisions of this non-discrimination clause.

B. If this Agreement provides compensation in excess of \$50,000 to District and District employs fifteen (15) or more employees, the following requirements shall apply:

(1) District shall, in all solicitations or advertisements for employees placed by or on behalf of the District, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, physical or mental disability, medical condition (cancer related), marital status, sexual orientation, age (over 18), veteran status, gender, pregnancy, or any other non-merit factor unrelated to job duties. Such action shall include, but not be limited to, the following: recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training (including apprenticeship), employment, upgrading, demotion, or transfer.

(2) In the event of District's non-compliance with the non-discrimination clauses of this Agreement or with any of the said rules, regulations, or orders said District may be declared ineligible for further agreements with City.

(3) City shall cause the foregoing provisions of this Subparagraph 7B to be inserted in all subcontracts for any work covered under this Agreement by a subcontractor compensated more than \$50,000 and employing more than fifteen (15) employees, provided

that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

8.9 Independent Contractor Status

The District and City have reviewed and considered the principal test and secondary factors for determining independent contractor status and agree that this is an independent contractor arrangement and that neither party is an employee of the other. Each party is responsible for its own insurance (workers' compensation, unemployment, etc.) and all payroll-related taxes. Neither party is entitled to any employee benefits from the other. Each party shall have the right to control the manner and means of accomplishing the result contracted for herein.

8.10. Amendment or Modification

This Agreement may be amended, altered or modified only by a writing, specifying such amendment, alteration or modification, executed by authorized representatives of both of the parties hereto.

8.11. Further Actions

Each of the parties agrees to execute and deliver to the other such documents and instruments, and to take such actions, as may reasonably be required to give effect to the terms and conditions of this Agreement.

8.12. Interpretation

This Agreement has been negotiated by and between the general managers and engineers or principals of both parties, all persons knowledgeable in the subject matter of this Agreement, which was then reviewed and drafted by attorneys representing both parties, in joint consultation with both general managers and engineers or principals. Accordingly, any rule of law (including Civil Code §1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the purpose of the parties and this Agreement.

8.12 Captions

Titles or captions of sections and paragraphs contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision of it.

8.13 Severability

If any of the provisions of this Agreement are determined to be invalid or unenforceable, those provisions shall be deemed severable from the remainder of this Agreement and shall not cause the invalidity or unenforceability of the remainder of this Agreement, unless this Agreement without the severed provision would frustrate a material purpose of either party in entering into this Agreement.

8.14 Attorneys' Fees and Costs

In the event it should become necessary for either party to enforce any of the terms and conditions of this Agreement by means of arbitration, court action or administrative enforcement, the prevailing party, in addition to any other remedy at law or in equity available to such party, shall be awarded all reasonable costs and reasonable attorney's fees in connection therewith, including the fees and costs of experts reasonably consulted by the attorneys for the prevailing party.

8.15 Relationship of Parties

Nothing in this Agreement shall create a joint venture, partnership or principal-agent relationship between the parties.

8.16 Waiver

No waiver of any right or obligation of either party hereto shall be effective unless made in writing, specifying such waiver, executed by the party against whom such waiver is sought to be enforced. A waiver by either party of any of its rights under this Agreement or any other right at any time shall not be a bar to exercise of the same right on any subsequent or any other right at any time.

8.17. Counterparts

This Agreement may be executed in two counterparts, each of which shall be deemed an original, but both of which shall be deemed to constitute one and the same instrument.

8.18. Entire Agreement

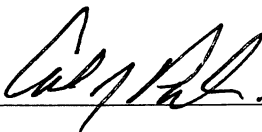
This Agreement constitutes the entire and complete agreement between the parties regarding the subject matter hereof, and supersedes all prior or contemporaneous negotiations, understandings or agreements of the parties, whether written or oral, with respect to such subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates opposite their respective signatures:

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

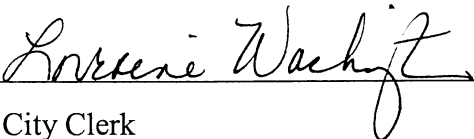
Date: _____ By _____
Chairperson of the Board of Directors

CITY OF WATSONVILLE

Date: 10/11/07 By 
City Manager

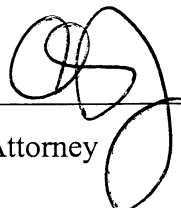
ATTEST:

Date: Oct., 2007 By _____
MRWMD Board Secretary

Date: Oct. 11, 2007 By 
City Clerk

APPROVED AS TO FORM:

By _____ Date: _____
District Legal Counsel

By  Date: _____
City Attorney

APPROVED AS TO INSURANCE:

By _____ Date: _____
City Risk Manager

EXHIBIT A
RATE SCHEDULE

TONS PER YEAR	RATES: 2006-2036	REQUIRED NOTICE OF NON-RENEWAL
120,000	\$27/ton	5 years

Rate is based on a calendar year. Waste may be delivered to the landfills on a 6-day schedule.
Rates are subject to indices stated in Section 4.4

GUIDING PRINCIPLES FOR ACCEPTANCE OF REGIONAL WASTE**September 16,2005**

The "Guiding Principles for the Acceptance of Regional Waste" were developed to address the parameters for offering certain limited, excess landfill capacity to public agencies for the disposal of regional ("Out-of-District") waste at the Monterey Peninsula Landfill. Two potential buyers of this excess landfill capacity include the Salinas Valley Solid Waste Authority (SVSWA) and the County of Santa Cruz. The purpose of the sale of excess capacity is to stabilize disposal rates to the Monterey Regional Waste Management District (MRWMD) member agencies, provide funding for future expansion of the MRWMD's diversion and recycling programs, and to permit the SVSWA and the County of Santa Cruz adequate time to identify and develop additional long-term disposal capacity within their respective jurisdictions.

Guiding Principles for Acceptance of Regional (Out-Of-District) Waste

1. Regional waste received will be from public agencies only, by written agreement.
2. The primary need of the public agency will be for short to intermediate-term landfill space while they work to find a long-term solution to their solid waste disposal needs.
3. The sale of the MRWMD excess landfill capacity will be subject to a contract approved by the MRWMD Board of Directors.
4. A "reserve landfill capacity" shall be established to provide an initial 75-year landfill life which will serve projected waste streams generated by the MRWMD member agencies to at least the year 2080. In other words, the amount of regional waste to be accepted will not reduce the MRWMD's certified landfill capacity below 75 years (to 2080). Certified landfill capacity exceeding 75 years would be considered to be "excess landfill capacity", which could be made available for sale to public agencies, such as the County of Santa Cruz and the SVSWA.
5. The regional waste brought to the MRWMD will have been subject to recycling and diversion programs acceptable to meet the State-mandated diversion goals.
6. The MRWMD will have the ability to shorten the contract term should the public agency not demonstrate adequate progress in meeting its long-term solution to solid waste disposal.
7. The acceptance of regional waste will utilize only MRWMD landfill operations and airspace. The regional waste will not require the use of any of the following MRWMD services: materials recovery facility, public recycling drop-off facility, Last Chance Mercantile reuse facility, household hazardous waste collection program, composting facility, and public awareness program.
8. The negotiated landfill disposal fee will include an escalation clause to compensate the MRWMD for future annual increases in costs.
9. The regional waste will be transported to the MRWMD in large transfer-trailer-type loads to minimize the impact on public roads and maximize the efficiency of transportation and landfill operations.



EXHIBIT B

Page 2 of 2

**PROCEDURES FOR DELIVERY AND ACCEPTANCE
OF OUT-OF-DISTRICT WASTE**

1. The City will not deliver any acceptance waste to the Landfill after 4:00 P.M. Monday-Friday except in the case of an emergency, or with prior approval of the District General Manager or his/her designee.
2. The types of vehicles to deliver acceptable waste will be transfer vehicles or trucks or collection vehicles only.
3. The City will have on file with the District its waste screening policy – “Hazardous Materials Removal Program”.
4. City delivery vehicles will provide weight records upon arrival at the Monterey Peninsula Landfill for all loads accepted. District staff will invoice the based on reconciled weight records on a monthly basis. Terms will be net 30 days receipt of invoice by the District.

Attachment/Exhibit to:

Resolution No. 199-07 (CM)

**Attachment 2
Page 24 of 24**

RESOLUTION NO. _____ (CM)

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WATSONVILLE APPROPRIATING \$350,000 IN FY 2019-2020 FROM
THE SOLID WASTE ENTERPRISE FUND TO PAY FOR DISPOSAL OF
MUNICIPAL WASTE, FOOD WASTE, RECYCLABLE PROCESSING
AND DISPOSAL SERVICES**

WHEREAS, food waste and recyclable and recyclable waste have since July 1, 2018 been hauled to the Monterey Regional Waste Management District (MRWMD) in Marina; and

WHEREAS, a previous appropriation for this service has been depleted, and an appropriation of \$350,000 is needed to accommodate the full amount of waste being sent to MRWMD.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

That the Council hereby authorizes a \$350,000 budget appropriation in FY 2019-2020 from the Solid Waste Enterprise Fund [0740], to fund the total cost of waste disposal, food waste and recycling for this fiscal year.

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING RECYCLING AGREEMENT BETWEEN THE CITY OF WATSONVILLE AND MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT, FOR PROCESSING OF THE CITY'S RECYCLABLE MATERIALS, IN AN APPROXIMATE AMOUNT OF \$260,000 PER YEAR BASED ON THE CITY'S ANNUAL RECYCLING TONNAGE AND A RATE OF \$47.44 PER TON, FUNDED FROM THE SOLID WASTE ENTERPRISE FUND; AND AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE SAME

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the Recycling Agreement between the City of Watsonville and Monterey Regional Waste Management District, in an approximate amount of \$260,000 per year to be determined by the City's annual recycling tonnage and at a rate of \$47.44 per ton, for processing of the City's recyclable materials, a copy of which Agreement is attached hereto and incorporated herein by this reference, is fair and equitable and is hereby ratified and approved.

2. That the City Manager be and is hereby authorized and directed to execute said Agreement for and on behalf of the City of Watsonville.

RECYCLING CONTRACT

THIS RECYCLING AGREEMENT (the "Agreement") is made this ____ day of _____, 201_, by and between The City of Watsonville ("CITY") and Monterey Regional Waste Management District ("Recycler") with a location at 14201 Del Monte Blvd., Marina, CA 93933 (the "Facility".)

WHEREAS, Recycler owns and operates the Facility for the processing of recyclables; and

WHEREAS, CITY desires to sell to Recycler certain recyclable materials and Recycler wants to buy such materials.

NOW, THEREFORE, the parties, for themselves, their successors and assigns, in consideration of their respective undertakings and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby covenant and agree as follows:

1.0 Term:

- 1.1 The term of this Agreement shall be retroactive to commence February 5, 2018 and end on June 30, 2021.
- 1.2 This Agreement shall automatically renew for two (2) consecutive one (1) year terms thereafter if the City provides Recycler written notice at least ninety (90) days (i.e. by April 1, 2021 and April 1, 2022) before the expiration of the then current term.

2.0 Services and Rebates.

- 2.1 CITY shall deliver (or cause to be delivered) to Recycler at the Facility, and Recycler shall purchase from City, the entire quantity of loose single stream material ("Recyclables") received from CITY's route collections.
- 2.2 CITY shall pay the Recycler for the Recyclables as stated below:
 - 2.2.1 Recycler will charge the City \$40 per ton for Recyclables retroactively from July 1, 2019 through and including December 31, 2020.
 - 2.2.2 The "Recycler" will charge a disposal fee of \$62 per ton for that portion of all in-bound, non-recyclable materials delivered in excess of an allowable contamination rate of 10%.
 - 2.2.3 The contamination rate will be determined annually through a Waste Characterization Study conducted by an independent third-party consulting firm, SCS Engineers.
 - 2.2.3 The "Recycler" will provide a Rebate/Credit of \$5 per ton for all tons delivered to "CITY" to encourage the expanded educational efforts and initiatives to improve the quality of SSR collected and delivered.
 - 2.2.4 Before October 30, 2020, CITY and Recycler will meet and confer to agree upon the price (rebate or charge) of the Recyclables going forward. If CITY and Recycler cannot agree on a price for the Recyclables before October 30, 2020, the Recyclables price will remain \$40.00 per ton on a month-to-month basis until a price is either agreed upon or the Agreement is terminated.

- 2.2.5 This contract will be amended if a price for the Recyclables is agreed.
- 2.2.6 If Recycler and City a price cannot be agreed upon, before October 30, 2020. either party may, terminate this Agreement with thirty (30) days written notice. Such termination however shall not take effect before December 31, 2020. .
- 2.3 By the 5th of each month, Recycler will provide a detailed summary of all deliveries of Recyclables delivered by or on behalf of CITY in the previous month. Such detailed summary shall include an itemized listing of receipts showing date and time of delivery, truck number, net weight, price per ton and extended amount payable.
- 2.4 Recycler shall pay CITY the amount owed on or before the 15th of the month following the month of delivery.
- 2.5 Title and risk of loss shall transfer to Recycler at time of delivery.
- 2.6 Recycler will make all reports required by the State of California for all jurisdictions from which Recyclables are collected by CITY.

3.0 Quality.

- 3.1 CITY warrants that at the time of delivery to Recycler, all Recyclables shall be of the type of single stream material generally collected from residential and commercial locations (“Specifications”). If a load of Recyclables fails to meet such Specifications, then Recycler shall promptly notify CITY. Prior to rejecting or downgrading any Recyclables, Recycler shall immediately notify CITY of such rejection, and hold such load (the “Questioned Load”) for two (2) business days after such notification for CITY’s visual inspection. Recycler shall also digitally photograph the Questioned Load, forward such photographs to CITY via email. If a Questioned Load is determined by Recycler and CITY not to meet the Specifications, and the parties are unable to reach agreement as to an adjustment in price, CITY shall, at its own cost and expense, cause the rejected load to be either transported to a location designated by CITY or be disposed of by Recycler by the least costly means reasonably available to Recycler. If the parties are unable to agree or CITY fails to respond in a timely manner, Recycler may reject the load and CITY shall, at its own cost and expense, cause the rejected load to be either transported to a location designated by CITY or be disposed of by Recycler by the least costly means reasonably available to Recycler. If a Questioned Load was improperly rejected, all transportation and other fees or costs incurred by CITY to transfer and dispose of the Questioned Shipment shall be borne by Recycler. Failure to timely provide such notification, provide photographs, or processing of the Recyclables shall be deemed acceptance and the amount owed as set forth above shall be paid in full with no deductions.
- 3.2 EXCEPT AS SET FORTH ABOVE, CITY HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED WITH RESPECT TO THE RECYCLABLES, THEIR MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE. CITY SHALL NOT BE LIABLE FOR DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS OR LOST SALES, OR ANY DUTY TO DEFEND, BY

REASON OF ANY DEFECTS IN THE RECYCLABLES, OR BREACH BY WM OF ITS WARRANTY. Recycler's sole remedy for claims related to quality of the Recyclables shall be as set forth in Section 3.1 above.

4.0 Operations.

- 4.1 CITY shall deliver (or cause to be delivered) the Recyclables to Recycler. Recycler guarantees that the wait time at its facility for deliveries shall be no more than fifteen (15) minutes. Facility shall accept Recyclables delivered by CITY Monday through Friday during its normal receiving hours or as otherwise agreed by the parties. The Facilities will be closed for the following Holidays: New Year's Day, July 4th, Thanksgiving and Christmas.
- 4.2 Recycler will provide all necessary equipment and supplies associated with weighing trucks under this Agreement. Recycler agrees to weigh all inbound deliveries and outbound trucks on a State Certified Scale with a current State Certified Seal.
- 4.3 Recycler assumes the legal obligation to ensure that all of its employees are legally authorized to work in the United States pursuant to all applicable immigration laws, child labor laws, and any other applicable labor or employment law. Recycler warrants that it operates in accordance with and complies with the Immigration Reform and Control Act of 1986, and all other citizenship and immigration laws and regulations and also complies with all other state and federal employment laws. Specifically, Recycler warrants that all its employees have validated identity and authorization-to-work documents pursuant to U.S. Immigration and Naturalization laws and to maintain Employment Eligibility Verification Forms ("I-9's") on all its employees.
- 4.4 Recycler shall handle, store and process the Recyclables in accordance with all applicable laws, rules and regulations promulgated by any government authority having jurisdiction over Recycler as it relates to Recycler's obligations set forth herein, including, but not limited to all health and environmental laws, 40 CFR parts 257 and 258 (Subtitle D. Regulations), 49 CFR (Federal Transportation Regulations), and 29 CFR (OSHA Regulations). Recycler shall obtain and keep in effect any and all governmental licenses or permits required by law and provide CITY copies evidencing compliance with those laws upon request.
- 4.5 CITY makes no commitment or guarantee to the minimum or maximum quantity of Recyclables to be delivered under this Agreement.
- 4.6 Recycler shall recycle the Recyclables for reuse and shall not deposit any Recyclables in landfills, except such residue left after appropriate processing of such Recyclables. Unless specifically authorized in writing, all material shall be Recycled and not Remarketed. "Recycled" means prior to resale or reuse all materials are (a) rendered unfit for their original use or (b) dismantled into component materials such as plastic, steel, aluminum and glass. "Remarketed" means the resale as a product or as an operating component of a product or reuse of the material for use as it was originally intended. Recycler shall sell 100% of the Recyclables for use by pulp processing mills and other markets for non-fiber Recyclables and shall not sell for any other purpose, including but not limited to use as animal bedding.

5.0 Insurance.

Recycler shall procure and maintain at its own expense, during the term of this Agreement at least the following insurance covering activities performed under this Agreement.

<u>Coverage</u>	<u>Limits</u>
Workers' Compensation	Statutory
Employer's Liability	\$1 Million each occurrence
Commercial Gen. Liability	\$2 Million per occurrence
(Including Completed Operations, Contractual Liability, Broad Form Property Damage)	\$3 Million annual aggregate
Automobile Liability	\$2 Million per occurrence \$3 Million annual aggregate
Umbrella/Excess Liability	\$5 Million per occurrence

The policy shall be endorsed to name CITY, its appointed and elected officials and employees as additional insureds to the extent of liability assumed hereunder and shall provide for thirty (30) days prior written notice of termination, cancellation or material change in coverage.

6.0 Indemnification.

Each party agrees to indemnify, save harmless, and defend the other, its appointed and elected officials, affiliates, officers, directors, shareholders, employees and agents (each an "indemnitee") from and against any and all liabilities, claims, penalties, forfeitures, suits, and the costs and expenses incident thereto (including costs of defense, settlement, and reasonable attorney's fees), which an indemnitee may hereafter incur, become responsible for, or pay out as a result of death or bodily injuries to any person, destruction or damage to any personal property, or any violation of governmental laws, regulations, or order to the extent caused by the other's breach of this Agreement or by any negligent act, negligent omission or willful misconduct of the other, its agents, employees or subcontractors in the performance of this Agreement. The obligations described in this paragraph shall survive termination/expiration of this Agreement.

7.0 Default.

If a party defaults in the performance of any warranty, representation, term, condition or provisions contained in this Agreement, the non-defaulting party shall notify the defaulting party of the default. The defaulting party shall have thirty (30) days to remedy the default, except that if the default is in the payment of money, the defaulting party shall have ten (10) days to remedy the default. In the event of an uncured default, in addition to any other remedies available under law, the non-defaulting party may terminate this Agreement immediately upon written notice. In addition, if a party fails to pay any sums when due hereunder more than two (2) times during the term hereof, the other party shall not be required to allow the defaulting party to remedy the default and can terminate the Agreement immediately upon written notice.

8.0 Insolvency.

If a party or if any company owning more than fifty (50%) percent of such party: (i) does not pay its debts as they become due; or (ii) admits in writing its inability to pay its debts; or (iii) becomes insolvent; or (iv) makes a general arrangement or assignment for the benefit of creditors; or (v) undertakes any action or other proceedings seeking relief as a debtor or otherwise under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors or any such action or

proceedings is brought against it; or (vi) seeks appointment of a receiver, liquidator, trustee, custodian or similar official for it or for all or any substantial part of its property or such a receiver, trustee, custodian, or similar official is appointed, whether sought by it or not, in addition to any other remedies available to it at law or otherwise, the other party may immediately terminate this Agreement by giving written notice to such party.

9.0 Notices.

All notices, requests, demands and other communications hereunder (including notices of all asserted claims or liabilities) shall be in writing and shall be either delivered personally, or mailed by certified U.S. Mail, postage prepaid, return receipt requested, or sent by reputable overnight courier to the addresses herein designated or such other address as may be designated in writing by notice given in the manner provided herein, and shall be effective upon personal delivery thereof or upon receipt if sent by certified mail or 24 hours after deposit with an overnight courier.

If to CITY:
City Clerk
City of Watsonville
275 Main Street
4th Floor
Watsonville, CA 95076

If to Recycler:
To the address set forth above,
Attn.: General Manager

Either party may change its contract person or address by giving the other notice thereof in the manner provided in this Section.

10.0 Miscellaneous.

10.1 Assignment. This Agreement is not assignable by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld. A transfer by a party of substantially all of its assets to another entity (whether in one transaction or a series of transactions), or the merger or consolidation of a party with another entity, or the transfer of a controlling ownership interest of such party, will be deemed to constitute an assignment of this Agreement. Subject to the foregoing, this Agreement is binding upon the successors and assigns of each party

10.2 Force Majeure. Neither party to this Agreement shall be responsible for any delays, losses, damages or failures of performances of any of its obligations under this Agreement where such delays, losses, damages or failures are due to causes beyond the control of either party. Force Majeure events include, without limitation, acts of God, act of public enemy, riot, disorder, epidemic, pandemic, landslide, lightning, earthquake, fire, storm, flood, civil disturbance, explosion, interference by civil or military authorities, strike, statute, ordinance, government order or ruling or similar cause beyond the control of either party. Force Majeure shall not include financial inability to perform.

10.3 Relationship of Parties. Nothing contained in this Agreement shall be intended to create, or does create, a partnership, joint venture, fiduciary or agency relationship.

10.4 Waiver. Except as otherwise provided herein, neither party's waiver of any default or failure to enforce, the observance and performance of any term or condition of this Agreement at any

time shall in any way affect, limit or waive such party's right thereafter to enforce or compel strict compliance herewith and with every such term and condition. No course of dealings between the parties, no waiver by CITY or Recycler, and no refusal or neglect of CITY or Recycler to exercise any right hereunder or to enforce compliance with the terms of this Agreement shall constitute a waiver of any provision herein with respect to any prior or subsequent breach, actions or omissions hereunder, unless such waiver is expressed in writing and signed by the waiving party.

- 10.5 **Rights and Remedies.** Any specific right or remedy provided in this Agreement shall not be exclusive but will be cumulative of all other rights and remedies set forth herein or allowed by law.
- 10.6 **Litigation.** If there is any litigation between the parties with respect to this Agreement, then the prevailing party (the party entitled to recover costs of suit at such time as all appeals have been exhausted or the time for making such appeals has expired) shall be entitled to recover court costs and reasonable attorneys' and experts' fees in addition to such other relief as the court may award. These rights and obligations will survive the expiration and termination hereof.
- 10.7 **Survival.** Any term or condition of this Agreement intended by its terms to be observed or performed by either party after the expiration or termination hereof shall survive such expiration or termination and continue thereafter in full force and effect.
- 10.8 **Governing Law.** This Agreement shall be governed by and construed according to the laws of the state of California.
- 10.9 **Counterparts.** This Agreement may be executed simultaneously in one or more counterparts, each of which together shall be deemed an original, and all of which together shall constitute one and the same instrument.
- 10.10 **Entirety of Agreement; Modification.** This Agreement constitutes the entire agreement and understanding between the parties with respect to the matters contained herein. This Agreement may be modified or amended by a written instrument executed by both parties hereto. If any provision of this Agreement is declared invalid or unenforceable, then such provision shall be severed from and shall not affect the remainder of this Agreement, however, the parties shall amend this Agreement to give effect, to the maximum extent allowed, to the intent and meaning of the severed provision.
- 10.11 **Confidentiality.** Neither party shall disclose the terms of this Agreement or any proprietary and other confidential information in connection with this Agreement (including without limitation financial, volume or pricing data) to a third party (other than such party's employees, lenders, attorneys, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential), except in order to comply with any applicable law, regulation or rule or in connection with any court or regulatory proceeding; provided, however, each party shall, to the extent practicable, use reasonable efforts to prevent or limit any such required disclosure. The parties shall be entitled to all remedies available at law or in equity to enforce, or to seek relief regarding, this confidentiality obligation.

Recycler	City
Monterey Regional Waste Management District, a subdivision of the State of California	City of Watsonville, a municipal corporation
By: _____	By: _____
Name: _____	Matthew D. Huffaker, City Manager
Title: _____	

**City of Watsonville
Parks and Community Services**



M E M O R A N D U M

DATE: April 7, 2020

TO: Matthew D. Huffaker, City Manager

FROM: Nick Calubaquib, Director of Parks and Community Services
Ben Heistein, Assistant Director of Park & Community Services

SUBJECT: Adopt a Resolution Approving the Application for a Grant of \$894,476.80 from the California Department of Forestry and Fire Protection Community Forestry Grant Program and Authorize the City Manager to Execute all Necessary Documentation

AGENDA ITEM: April 14, 2020 **City Council**

RECOMMENDATION:

It is recommended that the City Council adopt a resolution authorizing the application for a grant for funding of \$894,476.80 from the Urban and Community Forestry Grant Program of the California Department of Forestry and Fire Protection as provided through the Greenhouse Gas Reduction Fund and appoint the City Manager, or designee, as agent to conduct all negotiations and to execute and submit all documents including, but not limited to, applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the aforementioned project.

DISCUSSION:

Background

The CAL FIRE Urban & Community Forestry Program works to optimize the benefits of trees and related vegetation through multiple objective projects as specified in the California Urban Forestry Act of 1978 (Public Resources Code 4799.06-4799.12). This grant program uses funds provided by Greenhouse Gas Reduction Fund (GGRF) for California Climate Investments (CCI) and projects that further the goals of the California Global Warming Solutions Act of 2006 (AB 32), result in a net greenhouse gas (GHG) benefit, and provide environmental services and cost-effective solutions to the needs of urban communities and local agencies. Co-benefits of the projects include increased water supply, clean air and water, reduced energy use, flood and storm water management, recreation, urban revitalization, improved public health, and producing useful products such as bio-fuel, clean energy, and high quality wood. Projects may provide a combination of these co-benefits or other co-benefits not mentioned, or even benefits that are not yet clearly defined. Urban and Community Forestry

efforts play a significant role in meeting the State's GHG emission reduction targets. Cal Fire encourages resident participation in the development and implementation of each project, although due to the size and complexity of projects, applicants are limited to local agencies and non-profit organizations.

Expansion and improved management of urban forests is greatly needed in the City of Watsonville. The City is significantly deficient in urban forest resources, with a current 7.8% canopy coverage. This severe lack of urban trees directly impacts the City's public health and well-being and the freshwater wetlands that underlie the City. Watsonville is a predominately low income community, where for example among the approximately 20,000 students in the Pajaro Valley Unified School District, over 75% qualify for free and reduced lunch and unemployment rates are the highest in Santa Cruz County. The entire City qualifies as either SB 535 or AB 1550 under the CA ARB designation, and has a combination of high pollution burden and low income. Watsonville exemplifies the type of community in California that will benefit most from urban forest development.

The City of Watsonville and Watsonville Wetlands Watch are currently collaborating on an Urban and Community Forestry grant, which will install 300 trees throughout the City's highest need areas by the end of 2020. This very successful project represents the first major collaboration in urban forest expansion and to date has supported over 1,500 youth and family volunteer hours in tree plantings and care. Both the City and Watsonville Wetlands Watch have extensive experience in regional plan development, including the City's Urban Greening Plan (2012), the Climate Action Plan (2014), as well as in the design and implementation of new ordinances.

Watsonville Community Forest Grant Project

The proposed Watsonville Community Forest Grant Project represents a second phase of urban forestry revitalization and expansion efforts based on a collaborative partnership between the City of Watsonville and Watsonville Wetlands Watch. The proposed project will build off the success of prior work while addressing the lack of tree protection policies and an urban forest management plan needed to develop and sustain public and environmental benefits. This project will also pilot new neighborhood tree planting events and community engagement strategies important to urban forest expansion in Watsonville.

The proposed project will develop and implement comprehensive urban forest management activities designed to evaluate current urban forest resources, identify locations, opportunities, and needs for urban forest expansion activities, develop appropriate policies to sustain and enhance urban forest resources within the City of Watsonville over time, and implement urban forest expansion activities in a way that advances these efforts.

Specific project objectives include:

1. Develop an urban forest inventory for the City of Watsonville;
2. Develop an urban forest management plan, per CalFire guidelines;
3. Develop project designs and plans for at least 50 future street, neighborhood, and school tree plantings that can be implemented following the urban forest management plan creation;

4. Develop a City of Watsonville tree preservation ordinance;
5. Complete a resident survey to support the urban forest management plan and ordinance development;
6. Establish a tree canopy cover goal for the City;
7. In partnership with Watsonville Wetlands Watch, Install 260 trees on City streets, parks, and neighborhoods during 20 public and local student education and outreach events that will also include surveying of residents;
8. In partnership with Watsonville Wetlands Watch, pilot resident neighborhood tree planting events and an adopt-a-tree tree stewardship program to engage City residents in urban forest stewardship and foster public interest and appreciation for urban forest expansion.

Grant applications for the CalFire Urban & Community Forestry Program grant are due April 16th, 2020 and will fund competitive projects in an amount between \$150,000 and \$1,500,000. Projects must be completed by March 30, 2024. For 2019/2020, 80% of the appropriation for this grant program will be expended on projects meeting the ARB criteria for being located within AB 1550 disadvantaged communities such as Watsonville. Grant funds must be applied toward the development and implementation of urban forest management activities to reduce GHG emissions and be carried out by a local government jurisdiction to optimize the multiple benefits of its urban forest. Such activities must be comprehensive, long term, include the entire jurisdiction, take an ecosystem management approach and include an inventory, analysis, training and/or educational component. A tree planting component is required during the grant performance period. Any management plan funded by this grant type must include the setting of a tree canopy cover goal for the jurisdiction.

We believe the proposed project is eligible to competitively apply for grant funding from the Urban and Community Forestry Grant Program and we ask that City Council approve this recommendation.

STRATEGIC PLAN:

The proposed grant application supports the Council's Strategic Plan goals of Infrastructure & Environment, Economic Development and Community Engagement & Well-Being.

FINANCIAL IMPACT:

The City will request \$894,476.80 in grant funds for The Watsonville Community Forestry Project for the aforementioned development and implementation of urban forest management and tree planting activities including tree establishment. Additionally, City staff anticipate an in-kind contribution of approximately 1100 personnel hours over the grant performance period for project management and implementation of awarded grant funds.

ALTERNATIVES:

The Council can choose to not apply for grant funding for this project.

ATTACHMENTS:

None.

cc: City Attorney

RESOLUTION NO. _____ (CM)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WATSONVILLE AUTHORIZING AND DIRECTING THE CITY MANAGER
TO SUBMIT AN APPLICATION FOR FUNDING OF \$894,476.80 FROM
THE URBAN AND COMMUNITY FORESTRY GRANT PROGRAM OF THE
CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION
AS PROVIDED THROUGH THE GREENHOUSE GAS REDUCTION FUND
FOR THE WATSONVILLE COMMUNITY FOREST GRANT PROJECT**

WHEREAS, the Governor of the State of California in cooperation with the California State Legislature has enacted State of California Greenhouse Gas Reduction Funding, which provides funds to the State of California and its political subdivisions for urban forestry programs; and

WHEREAS, the State Department of Forestry and Fire Protection has been delegated the responsibility for the administration of the program within the State, setting up necessary procedures governing application by local agencies and non-profit organizations under the program; and

WHEREAS, said procedures established by the Department of Forestry and Fire Protection require the applicant to certify by resolution the approval of application before submission of said application to the State; and

WHEREAS, the applicant will enter an agreement with the State of California to carry out an urban forestry project.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. Approved the filing of an application for "State Greenhouse Gas Reduction Funding" Urban and Community Forestry grant program funds.
2. Certifies that said applicant has or will have sufficient funds to operate and maintain the project.

3. Certifies that funds under the jurisdiction of the City of Watsonville City Council are available to begin the project.

4. Certifies that said applicant will expend grant funds prior to March 30, 2024.

5. Appoints the City Manager, or a designee, as agent of the City of Watsonville City Council to conduct negotiations, execute and submit all documents including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the aforementioned project.

**City of Watsonville
Public Works and Utilities**

M E M O R A N D U M



DATE: April 7, 2020

TO: Matthew D. Huffaker, City Manager

FROM: Steve Palmisano, Director of Public Works & Utilities
Jackie McCloud, Senior Utilities Engineer

SUBJECT: Adoption of the 2019 Pajaro River Watershed Integrated Regional Water Management (IRWM) Plan

AGENDA ITEM: April 14, 2020 City Council

RECOMMENDATION:

It is recommended that the City Council by Resolution adopt the draft October 2019 Pajaro River Watershed Integrated Regional Water Management (IRWM) Plan that was recently approved by the State Department of Water Resources. The 257 page October 2019 draft [Pajaro River Watershed Integrated Regional Water Management Plan is available here](#).

DISCUSSION:

An adopted Integrated Regional Water Management Plan (IRWMP) is required to qualify for current and future grant opportunities. The City is actively pursuing a Department of Water Resources Proposition 1 implementation grant through the Pájaro River IRWM for the Upper Struve Slough Restoration project in the amount of \$550,000. All agencies identified with an active grant application are required to adopt the Plan.

Overview

The City of Watsonville participates in the Pajaro River Watershed region's Integrated Regional Water Management (IRWM) Program. The IRWM Program was initiated by the State in 2002 to encourage local agencies to work collaboratively to manage water resources in a region. The State, through the Department of Water Resources (DWR), encourages IRWM efforts by providing grant funding. As a condition of continued eligibility for grant funding, IRWM regions need to maintain and periodically update their IRWM Plans to meet current standards.

The draft 2019 Pajaro River Watershed IRWM Plan update is complete and ready for adoption. The Plan is also being considered for adoption by the San Benito County Water District (SBCWD), the Pajaro Valley Water Management Agency (PVWMA), and the Santa Clara Valley Water District (SCVWD).

The Pajaro River Watershed Integrated Regional Water Management Program website is here <https://www.pajaroirwmp.org>.

The key updates to the 2019 draft Pajaro River Watershed IRWM Plan include 1) an improved project review process to better reflect regional goals, 2) updated groundwater quality information, 3) expanded Native American information, and 4) updated climate change information to include the most recent science.

Future Water Planning Efforts

The 2019 Pajaro River Watershed IRWM Plan builds on and integrates existing local, sub-regional, and regional water management plans, projects, and programs. Key issues and needs identified in the 2019 IRWM Plan include water supply reliability, recycled water expansion, groundwater and surface water quality, flood protection and risk management, and environmental protection and enhancement opportunities. IRWM Plan development and implementation provides a framework for agency collaborating in the watershed on such issues as agricultural water quality management, water transfers, and flood protection strategies.

STRATEGIC PLAN:

This action would be supportive of Strategic Plan Goal 3: Infrastructure and Environment.

FINANCIAL IMPACT:

There is no financial impact associated with adopting this plan. This plan allows the City to be eligible to apply for grants through the Pajaro River Watershed IRWM.

ALTERNATIVES:

The alternative is to not adopt the plan and not apply for grants through the Pajaro River Watershed IRWM.

ATTACHMENTS:

1. Goals and Objectives of 2019 Pájaro River IRWM Plan Update

cc: City Attorney



Pajaro River Watershed Integrated Regional Water Management Plan

Goals and Objectives

Updated October 2019

Water Supply Goal: Protect and improve regional water supply reliability, protect groundwater resources from overdraft, reduce dependence on imported water, and protect watershed communities from drought now and in a changed climate.

Objectives:

1. Meet 100% of M&I and agriculture demands (both current and future conditions) in wet to dry years including the first year of a drought
2. Meet 85% M&I and 75% agriculture demands (both current and future conditions) in second and subsequent years of a drought
3. Identify and address water supply needs of disadvantaged communities in the Pajaro River Watershed
4. Implement water conservation programs to reduce M&I and agricultural water uses consistent with SB 606 and AB 1668
5. Maximize the use of recycled water during the irrigation season and expand other uses of recycled water
6. Optimize the use of groundwater and aquifer storage
7. Maximize conjunctive use opportunities including interagency conjunctive use.
8. Optimize use of existing import surface water entitlements from the San Felipe Division
9. Maximize the beneficial use of existing local water supplies while protecting existing surface water rights.

Water Quality Goal: Protect and improve water quality for beneficial uses now and in a changed climate consistent with regional community interests and the RWQCB basin plan objectives through planning and implementation in cooperation with local and state agencies and regional stakeholders.

Objectives:

1. Meet or exceed all applicable groundwater, surface water, wastewater, and recycled water quality regulatory standards
2. Identify and address the drinking water quality of disadvantaged communities in the Pajaro River Watershed.
3. Protect groundwater resources from contamination including salts, seawater intrusion, and nutrients.

4. Address impacts from surface water runoff through implementation of Best Management Practices or other surface water management strategies
5. Meet or exceed delivered water quality targets established by recycled water users.

Flood Management Goal: Ensure flood management strategies are developed and implemented through a collaborative and watershed-wide approach and are designed to maximize opportunities for comprehensive management of water resources and adapt to climate change.

Objectives:

1. Implement flood management strategies throughout the watershed that provide multiple benefits
2. Reach consensus on the Pajaro River Risk Reduction Project necessary to protect existing urban areas and infrastructure from flooding and erosion from the 100-year event and to maximize opportunities to protect agricultural land uses
3. Work with stakeholders to preserve existing flood attenuation by implementing land management and conservation strategies throughout the watershed
4. Develop approaches for adaptive management to minimize maintenance requirements and protect quality and availability of water while preserving ecologic and stream functions, and enhancing when appropriate
5. Provide community benefits beyond flood protection such as public access, open space, recreation, agriculture preservation and economic development

Environmental Protection and Enhancement Goal: Preserve the environmental wealth and well-being of the Pajaro River watershed now and under a changed climate by identifying opportunities to sustain, restore and enhance natural resources of streams, watersheds, wetlands, and the Monterey Bay when developing and implementing water management strategies.

Objectives:

1. Address opportunities to enhance the local environment and protect and/or restore natural resources, in cooperation with landowners, when developing water management strategies
2. Improve biological and cultural resources, including riparian habitats, habitats supporting sensitive plant or animal species and archaeological/historic sites when implementing strategies and projects
3. Address opportunities to protect, enhance, or restore habitat to support Monterey Bay National Marine Sanctuary marine life in conjunction with water management strategies
4. Address opportunities for open spaces, trails, parks along creeks and other recreational projects in the watershed that can be incorporated with water management strategies, consistent with public use and property rights



Pajaro River Watershed Integrated Regional Water Management Plan

Goals and Objectives

Updated October 2019

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4. Address opportunities for open spaces, trails, parks along creeks and other recreational projects in the watershed that can be incorporated with water management strategies, consistent with public use and property rights

RESOLUTION NO. _____ (CM)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WATSONVILLE CONFIRMING AND APPROVING THE CANVASS OF
RETURNS AND RESULT OF SPECIAL MUNICIPAL ELECTION HELD
ON MARCH 3, 2020, ON WHETHER TO RENEW EXISTING ONE-HALF
OF ONE PERCENT SALES TAX FOR PUBLIC SAFETY BY AMENDING
ARTICLE 11 (TRANSACTIONS AND USE TAX: PUBLIC SAFETY
SALES TAX MEASURE) OF CHAPTER 6 (TAXATION) OF TITLE 3
(FINANCE) OF THE WATSONVILLE MUNICIPAL CODE**

WHEREAS, the Council of the City of Watsonville, by Resolution No. 181-19 (CM), called a Special Municipal Election to be held in the City on March 3, 2020, as required by law, for the purpose of submitting to the qualified electors of the City a measure on whether to renew existing one-half of one percent sales tax for public safety by amending Article 11 (Transactions and Use Tax: Public Safety Sales Tax Measure) of Chapter 6 (Taxation) of Title 3 (Finance) of the Watsonville Municipal Code requiring a Special Municipal Election to maintain adequate staffing levels of firefighters and police, continue funding of youth prevention and development programs, and include the Parks and Community Services Department as a new partner to the Police and Fire Departments; and

WHEREAS, the General Municipal Election was held on March 3, 2020, in accordance with law, and the votes received and canvassed and the returns thereof ascertained, determined, and declared in all respects as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the City Clerk of the City of Watsonville be and is hereby instructed to enter this Resolution on the minutes of this Council as a statement of the results of the Special Municipal Election.

2. That the whole number of votes cast in the City at the Special Municipal Election was 8,682 votes.

3. That at the Special Municipal Election the following measure was submitted to the electors of the City and the number of votes given in the City for and against the measure (including absentee votes) were as follows:

Measure No. Y:

To fight crime, save lives, ensure rapid 911 response to medical emergencies and fires and keep Watsonville safe by maintaining and increasing: after-school youth programs and safe places to keep teens out of trouble, neighborhood patrols, police officers, firefighters and paramedics and lifesaving public safety equipment; shall Watsonville continue its existing one-half-cent sales tax until repealed by voters, restricted to specific uses, subject to independent citizens' oversight and audits, providing \$4 million annually?

Yes 6,343

No 1,727

4. That the total number of votes cast in each precinct in favor of and against the measure is set forth in the County Clerk's Certification of the Votes Cast, marked Exhibit "A" and attached hereto and incorporated herein by reference.

5. That all absent voter ballots have been duly received and canvassed in the time, form and manner as required by law.

6. That a majority of all of the votes cast at the Special Municipal Election on Measure Y, were in favor of said measure, and the measure passed.

Statement of Vote



March 3, 2020 Presidential Primary Election



Gail L. Pellerin, Santa Cruz County Clerk
701 Ocean St., Room 310
Santa Cruz, CA 95060
831-454-2060 / 1-866-282-5900
831-454-2445 (FAX)
www.votescount.com

Certification of County Clerk of the Results of the Canvass of the March 3, 2020 Presidential Primary Election

I, Gail L. Pellerin, County Clerk of the County of Santa Cruz, do hereby certify that, in pursuance to the provisions of Elections Code Section 15300, et. seq., I did canvass the results for the votes cast in the Presidential Primary Election held in Santa Cruz County on March 3, 2020, for measures and contests that were submitted to the vote of the voters, and that the Statement of Votes Cast to which this certificate is attached, is true and correct.

I hereby set my hand and official seal this 1st day of April, 2020 at the County of Santa Cruz.



Gail L. Pellerin

Gail L. Pellerin
Santa Cruz County Clerk

1 Y - Watsonville Sales Tax For Public Safety - 2/3						
		Registered Voters	Voters Cast	Turnout (%)	1 Yes	1 No
23190	Vote by Mail	0	0			
23190	Polling Place	0	0			
23190	Total	0	0			
23311	Vote by Mail	2057	719	34.95 %	543	138
23311	Polling Place	2057	172	8.36 %	129	33
23311	Total	2057	891	43.32 %	672	171
23312	Vote by Mail	1407	410	29.14 %	315	76
23312	Polling Place	1407	156	11.09 %	98	38
23312	Total	1407	566	40.23 %	413	114
23492	Vote by Mail	0	0			
23492	Polling Place	0	0			
23492	Total	0	0			
23660	Vote by Mail	1	0	0.00 %		
23660	Polling Place	1	0	0.00 %		
23660	Total	1	0	0.00 %		
43100	Vote by Mail	2034	586	28.81 %	423	126
43100	Polling Place	2034	179	8.80 %	137	32
43100	Total	2034	765	37.61 %	560	158
43200	Vote by Mail	2191	615	28.07 %	478	108
43200	Polling Place	2191	215	9.81 %	145	43
43200	Total	2191	830	37.88 %	623	151
43410	Vote by Mail	1765	511	28.95 %	380	106
43410	Polling Place	1765	203	11.50 %	147	32
43410	Total	1765	714	40.45 %	527	138
43441	Vote by Mail	1041	342	32.85 %	259	62
43441	Polling Place	1041	182	17.48 %	132	36
43441	Total	1041	524	50.34 %	391	98
43501	Vote by Mail	1292	398	30.80 %	304	65
43501	Polling Place	1292	180	13.93 %	132	38
43501	Total	1292	578	44.74 %	436	103
43540	Vote by Mail	1226	307	25.04 %	229	50
43540	Polling Place	1226	152	12.40 %	95	32
43540	Total	1226	459	37.44 %	324	82
43610	Vote by Mail	2061	601	29.16 %	436	135
43610	Polling Place	2061	236	11.45 %	165	43
43610	Total	2061	837	40.61 %	601	178
43621	Vote by Mail	1043	395	37.87 %	284	91
43621	Polling Place	1043	125	11.98 %	75	30
43621	Total	1043	520	49.86 %	359	121
43710	Vote by Mail	1578	515	32.64 %	370	108
43710	Polling Place	1578	198	12.55 %	144	45
43710	Total	1578	713	45.18 %	514	153
43731	Vote by Mail	1276	486	38.09 %	353	97
43731	Polling Place	1276	163	12.77 %	106	39
43731	Total	1276	649	50.86 %	459	136
43741	Vote by Mail	897	502	55.96 %	374	96
43741	Polling Place	897	134	14.94 %	90	28
43741	Total	897	636	70.90 %	464	124

1 Y - Watsonville Sales Tax For
Public Safety - 2/3

					1	1
		Registered Voters	Voters Cast	Turnout (%)	Yes	No
Total - Vote by Mail		19869	6387	32.15 %	4748	1258
Total - Polling Place		19869	2295	11.55 %	1595	469
Contest Total		19869	8682	43.70 %	6343	1727

1 Y - Watsonville Sales Tax For Public Safety - 2/3

				1	1
	Registered Voters	Voters Cast	Turnout (%)	Yes	No
Electionwide	19869	8682	43.70 %	6343	1727
20th Congressional District	19869	8682	43.70 %	6343	1727
17th Senatorial District	19869	8682	43.70 %	6343	1727
29th Assembly District	0	0			
30th Assembly District	19869	8682	43.70 %	6343	1727
State Board of Equalization - District 2	19869	8682	43.70 %	6343	1727
2nd Supervisorial District	3465	1457	42.05 %	1085	285
4th Supervisorial District	16404	7225	44.04 %	5258	1442
City of Watsonville	19869	8682	43.70 %	6343	1727
City of Watsonville - District 1	2034	765	37.61 %	560	158
City of Watsonville - District 2	2191	830	37.88 %	623	151
City of Watsonville - District 3	1407	566	40.23 %	413	114
City of Watsonville - District 4	4863	2129	43.78 %	1590	407
City of Watsonville - District 5	2518	1037	41.18 %	760	185
City of Watsonville - District 6	3105	1357	43.70 %	960	299
City of Watsonville - District 7	3751	1998	53.27 %	1437	413
Unincorporated - Unincorporated	19869	8682	43.70 %	6343	1727

1 Y - Watsonville Sales Tax For Public Safety - 2/3					
				1	1
	Registered Voters	Voters Cast	Turnout (%)	Yes	No
Electionwide	19869	2295	11.55 %	1595	469
20th Congressional District	19869	2295	11.55 %	1595	469
17th Senatorial District	19869	2295	11.55 %	1595	469
29th Assembly District	0	0			
30th Assembly District	19869	2295	11.55 %	1595	469
State Board of Equalization - District 2	19869	2295	11.55 %	1595	469
2nd Supervisorial District	3465	328	9.47 %	227	71
4th Supervisorial District	16404	1967	11.99 %	1368	398
City of Watsonville	19869	2295	11.55 %	1595	469
City of Watsonville - District 1	2034	179	8.80 %	137	32
City of Watsonville - District 2	2191	215	9.81 %	145	43
City of Watsonville - District 3	1407	156	11.09 %	98	38
City of Watsonville - District 4	4863	557	11.45 %	408	101
City of Watsonville - District 5	2518	332	13.19 %	227	70
City of Watsonville - District 6	3105	361	11.63 %	240	73
City of Watsonville - District 7	3751	495	13.20 %	340	112
Unincorporated - Unincorporated	19869	2295	11.55 %	1595	469

1 Y - Watsonville Sales Tax For Public Safety - 2/3

				1	1
	Registered Voters	Voters Cast	Turnout (%)	Yes	No
Electionwide	19869	6387	32.15 %	4748	1258
20th Congressional District	19869	6387	32.15 %	4748	1258
17th Senatorial District	19869	6387	32.15 %	4748	1258
29th Assembly District	0	0			
30th Assembly District	19869	6387	32.15 %	4748	1258
State Board of Equalization - District 2	19869	6387	32.15 %	4748	1258
2nd Supervisorial District	3465	1129	32.58 %	858	214
4th Supervisorial District	16404	5258	32.05 %	3890	1044
City of Watsonville	19869	6387	32.15 %	4748	1258
City of Watsonville - District 1	2034	586	28.81 %	423	126
City of Watsonville - District 2	2191	615	28.07 %	478	108
City of Watsonville - District 3	1407	410	29.14 %	315	76
City of Watsonville - District 4	4863	1572	32.33 %	1182	306
City of Watsonville - District 5	2518	705	28.00 %	533	115
City of Watsonville - District 6	3105	996	32.08 %	720	226
City of Watsonville - District 7	3751	1503	40.07 %	1097	301
Unincorporated - Unincorporated	19869	6387	32.15 %	4748	1258

**City of Watsonville
Finance Department**



M E M O R A N D U M

DATE: April 9, 2020

TO: Matthew D. Huffaker, City Manager

FROM: Cynthia Czerwin, Administrative Services Director

SUBJECT: Purchasing Ordinance

AGENDA ITEM: April 14, 2020 **City Council**

RECOMMENDATION:

Recommendation to approve an ordinance replacing Title 3 chapter 5 of the Watsonville Municipal Code entitled Purchasing Procedure

DISCUSSION:

Watsonville purchases are controlled by two ordinances found in two different titles and chapters of the Municipal Code. Non-public works purchasing is controlled by [Chapter 5 of Title 3](#) (Finance). Public works purchasing is controlled by [Chapter 14 of Title 7](#) (Public Works).

This proposed ordinance is for non-public works purchasing. It does not apply to public works purchasing. The Council adopted the current purchasing ordinance on February 22, 1960 by Ordinance 617 NCS). Although amended in 1973, 1986, 1996, 1997, and 2006, six of the fourteen original sections adopted in 1960 are the same as 1960.

It is good practice to periodically review and update purchasing ordinances to determine if 1) they are easily understood by staff 2) they remain in line with best practices and 3) they meet the City's needs for transparency and accountability. After review, it was decided that the ordinance could be improved. The City therefore embarked on a process to update the ordinance led by Finance Department but inclusive of all departments.

The Process

The review began in November 2018 when the Finance Department engaged a consultant to interview City staff and survey other cities. The Consultant interviewed representatives of each department and found that generally City employees wanted an ordinance that is easy to understand and consistent with City policies and practices. They wanted an ordinance that was "short, simple, accessible and accurate."

Our consultant then surveyed other cities. Cities were chosen based on similarity to Watsonville. He focused on full-service cities (generally those with their own police, fire, public works, finance, parks and recreation departments and public utilities) with populations between 30,000 and 75,000 and located in an agricultural area. We found Watsonville was an outlier in terms of our purchasing limits. See the Table below.

Supplies and Equipment			
Typical Features	No Bidding Required	Informal Bidding	Formal
Process	None	3 Verbal / Written Quotes	Detailed IFB; Sealed Bids
Award Authority	Department / Staff	Finance / Purchasing	Council
Award Documentation	Voucher / Check Request	Purchase Order	Formal Contract
Insurance Requirements	No	No	Yes
Gilroy: 2016 (1)	Less than \$1,000	\$1,000 to \$100,000	More than \$100,000
Hollister: 2008	Less than \$1,000	\$1,000 to \$20,000	More than \$20,000
Lompoc: 2017	Less than \$45,000	\$45,000 to \$175,000	More than \$175,000
Monterey: 2012	Less than \$4,000	\$4,000 to \$40,000	More than \$40,000
Morgan Hill: 2015 (2)	Less than \$5,000	\$5,000 to \$25,000	More than \$25,000
Paso Robles: 2009	Less than \$10,000	\$10,000 to \$20,000	More than \$20,000
Petaluma: 2018	Less than \$5,750	\$5,750 to \$27,900	More than \$27,900
San Luis Obispo: 2018 (3)	Less than \$10,000	\$10,000 to \$40,000	More than \$40,000
Santa Cruz: 2007	Less than \$10,000	\$10,000 to \$100,000	More than \$100,000
Seaside: 2017	Less than \$5,000	\$5,000 to \$25,000	More than \$25,000
Watsonville: 2017	Less than \$35,000	\$35,000 to \$100,000	More than \$100,000
1) City Manager approval required for informal bids of \$50,000 to \$99,999			
2) City Manager can award formal bids of \$25,000 to \$45,000			
3) Purchasing Analyst can award form contracts to \$70,000 and the City Manager to \$200,000			
Consultant Services			
Typical Features	No Bidding Required	Informal Bidding	Formal
Process	None	3 Verbal / Written Quotes	Detailed RFP
Award Authority	Department / Staff	City Manager	Council
Award Documentation	Voucher / Check Request	Purchase Order	Formal Contract
Insurance Requirements	No	No	Yes
Gilroy: 2016 (1)	Less than \$1,000	\$1,000 to \$100,000	More than \$100,000
Hollister: 2008 (2)	Less than \$1,000	\$1,000 to \$20,000	More than \$20,000
Lompoc: 2017 (2)	Less than \$45,000	\$45,000 to \$175,000	More than \$175,000
Monterey: 2012 (2)	Less than \$4,000	\$4,000 to \$40,000	More than \$40,000
Morgan Hill: 2015 (3)	Less than \$5,000	\$5,000 to \$25,000	More than \$25,000
Paso Robles: 2009 (4)	Less than \$20,000		More than \$20,000
San Luis Obispo: 2018 (5)	Less than \$7,500	\$7,500 to \$15,000	More than \$15,000
Santa Cruz: 2007 (2)	Less than \$10,000	\$10,000 to \$100,000	More than \$100,000
Seaside: 2017 (2)	Less than \$5,000	\$5,000 to \$25,000	More than \$25,000
Watsonville: 2017 (6)	Less than \$100,000		More than \$100,000
1) RFQ/RFP from at least 3 proposers required for less than \$1,000; Formal RFP required for more than \$50,000; City Manager can award up to \$100,000; Formal agreement always required			
2) Same as materials, supplies, equipment and O&M services			
3) City Manager approval required for \$10,000 to \$45,000			
4) City Manager approval required for up to \$20,000			
5) Purchasing Analyst can award formal contracts to \$40,000; and the City Manager to \$100,000			
6) City Manager approval for all services to \$100,000; formal agreement always required			

With this information, a committee was formed to review an ordinance proposed by the consultant. The Committee consisted of Administrative Services Director Cindy Czerwin, City Clerk Beatriz Flores, City Attorney Alan Smith, and department representatives Parks and Community Services Director Nick Calubaquib and Administrative Services Manager Gabe Gordo. We reviewed the proposed new ordinance line by line and recommended changes. These changes were presented to the original City stake-holders group and department heads for review and comment. What is being presented today is a result of that very collaborative effort. The primary objectives of this process were to craft an ordinance that would be easily understood by department staff, feasible to implement, consistent with current practices whenever appropriate and as transparent as possible for the public and Council, and that would mitigate risk for the City.

Organization

The new ordinance is organized into six parts:

1. General Provisions.
2. Purchases of equipment and supplies less than \$10,000 and non-professional services less than \$20,000; Exemptions.
3. Informal Bid Procedures for Equipment, Supplies costing \$20,000 to \$100,000 and Non-professional Services Costing from \$10,000 to \$100,000.
4. Formal Bid Procedures for Equipment, Supplies and Non-professional Services Costing more than \$100,000.
5. Professional Services Procedures.
6. Surplus Equipment and Supplies.

Major Changes

While some changes are minor and simply modernize and clarify, some major changes are requested.

Purchasing Limits

The recommended new purchasing limits are summarized below.

	No Bid Required	Informal Bid	Formal Bid
Equipment Materials and Supplies	0-\$19,999	\$20,000-\$99,999 Purchase Order Finance	\$100,000 and greater Contract City Council
Non-Professional Services	0-\$9,999	\$10,000-\$99,999 Contract City Manager	\$100,000 and greater Contract City Council
Professional Services	0-\$9,999	\$10,000-\$99,999 Contract City Manager	\$100,000 and greater Contract City Council

We recommend reducing the current no bid limits from \$35,000 to \$20,000 for equipment, and supplies and to \$10,000 for non-professional services and professional services. Purchases below these amounts will continue to not require a contract or a purchase order.

Purchase Price Determination

Sections 3.5-140 and 3.5-150 focus on clarifying the determination of purchasing price. These sections require departments to examine their relationships with vendors. Where that

relationship is expected to be recurring, they will be asked to create a contractual relationship with that vendor.

Requiring Purchase Orders before a purchase for informal bidding

Purchases of equipment and supplies will follow informal bidding processes between \$20,000 and \$99,999. The proposed ordinance would change current practice to require departments to process a purchase order prior to the purchase to be approved by the finance department.

Changes to Contracts or Purchase orders

The proposed ordinance recommends requiring a change go back to the original signing authority or go to the next level authority should the cumulative dollar amount of the purchase now change into the next level's threshold. For example, any changes to a contract under \$100,000 shall go back to the City Manager to review and approve. Once the cumulative value of the changes means that total contract is now over \$100,000, the change and the contract will have to go to council for review.

Local Sales Preference

We are proposing to increase the local preference from 1 to 2%, recognizing that with special sales and use taxes, the City's share of local taxes exceeds 1%. The existing §1120 Charter provision giving preference to local merchants, all else being equal, is repeated in the Ordinance.

Next Steps:

The Municipal Code allows the City Manager to promulgate administrative regulations to implement the Municipal Code. The Administrative Services Director may recommend forms and regulations to the City Manager from time to time for adoption to implement this ordinance.

The Administrative Services Director will also meet with departments to review their current purchasing practices and recommend changes to or creation of appropriate contractual relationships with vendors. We will look for areas of efficiency City-wide and make recommendations for Citywide contracts and / or purchase orders.

STRATEGIC PLAN: The proposed ordinance meats Strategic Plan goal #2, Fiscal Health, by providing a purchasing policy that is clear, transparent, and mitigates risk for the City.

FINANCIAL IMPACT: None

ALTERNATIVES: The Council may reject the proposed purchasing ordinance and retain what currently exists or may adopt portions.

ATTACHMENTS:

None.

cc: City Attorney

ORDINANCE NO. Introduction (CM)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE REPEALING EXISTING CHAPTER 5 (PURCHASING PROCEDURES) OF TITLE 3 (FINANCE) IN ITS ENTIRETY AND ADDING A NEW CHAPTER 5 ENTITLED (PURCHASING PROCEDURES) OF TITLE 3 (FINANCE) OF THE WATSONVILLE MUNICIPAL CODE

**Repeals Ordinance No's 617 NCS, 320-73 (CM), 702-86 (CM),
1017-96 (CM), 1028-97 (CM), 1206-06 (CM)**

EFFECTIVE DATE: JULY 1, 2020

**THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, DOES
HEREBY ORDAIN AS FOLLOWS:**

SECTION 1. ENACTMENT.

Title 3 (Finance) is hereby amended by repealing existing Chapter 5 (Purchasing Procedures) in its entirety and adding a new Chapter 5 (Purchasing Procedures) of the Watsonville Municipal Code to read in words and figures as follows:

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Table of Contents

SECTION 1. ENACTMENT.....	1
Article 1. General Provisions	2
Sec. 3-5.100 Applicability of provisions.....	2
Sec. 3-5.110 Definitions.....	3
Sec. 3-5.120 Purpose and adoption of purchasing system.....	5
Sec. 3-5.130 Purchasing Authority.....	5
Sec. 3-5.140 Bidding and proposal limits.....	6
Sec. 3-5.150 Staging or splitting purchases prohibited.....	6
Sec. 3-5.160 Local vendor preference.....	6
Sec. 3-5.170 Contract changes.....	7
Sec. 3-5.180 Defects, irregularities, and informalities.....	7
Sec. 3-5.190 Unlawful purchasing practices; misdemeanor.....	8
Sec. 3-5.195 Best qualified vendor.....	8
Sec. 3-5.196 Contract execution.....	9
Article 2. Purchases of Equipment and Supplies less than \$20,000, and Non- Professional Services Less than \$10,000; Exemptions from Chapter 5	10

Sec. 3.5-200 Small purchases of Equipment and Supplies.....	10
Sec. 3.5-210 Exemptions from Chapter 5.	10
Article 3. Informal Bid Procedures for Equipment, Supplies from \$20,000 to \$100,000 and Non-professional Services costing from \$10,000 to \$100,000.....	12
Sec. 3.5-300 Purchase authorization.	12
Sec. 3.5-310 Quotations - notice of invitation - Responses.....	12
Sec. 3.5-320 Quotations - Submission in writing - Recordkeeping.	12
Sec. 3.5-330 Quotations - Rejection.	13
Sec. 3.5-340 Award of purchase.	13
Sec. 3.5-350 Form of contract.....	13
Article 4. Formal Bidding Procedures for Equipment, Supplies and Non-Professional Services costing more than \$100,000	14
Sec. 3-5.400 Purchase requirements.....	14
Sec. 3-5.410 Bids - Notice of invitation and submission.....	14
Sec. 3-5.420 Bids - Security requirement.....	15
Sec. 3-5.430 Bids - Opening and retention.	15
Sec. 3-5.440 Bids - Rejection.....	15
Sec. 3-5.450 Contract award.	16
Sec. 3-5.460 Purchase authorization.	16
Sec. 3-5.470 Requiring bond of successful bidder.	16
Sec 3-5.480 Determining lowest responsible, responsive bidder.	16
Article 5. Professional Services	17
Sec. 3-5.500 Request for proposals and request for qualifications.	17
Sec. 3-5.510 Form of contract.....	17
Sec. 3-5.520 Professional services purchases less than \$10,000; RFP and RFQ not required.	17
Sec. 3-5.530 Professional services contracts between \$10,000 and \$100,000; RFP or RFQ required.	18
Sec. 3-5.540 Professional services contracts exceeding \$100,000; RFP or RFQ and Council approval required.	18
Sec. 3-5.550 Competitive bidding instead of RFQ or RFP.	19
Article 6. Surplus Supplies and Equipment.....	19
Sec. 3-5.600 Disposition of surplus equipment and supplies.	19
SECTION 2. PUBLICATION.....	19
SECTION 3. EFFECTIVE DATE.....	20

CHAPTER 5 PURCHASING PROCEDURES

Article 1. General Provisions

Sec. 3-5.100 Applicability of provisions.

(a) Except for public works and purchases involving the expenditure of state or federal grant funds, all purchases or expenditures of equipment and supplies, professional and non-professional services shall be pursuant to this Chapter.

(b) Purchases involving the expenditure of state or federal grant funds *shall* comply with the granting agency's requirements.

Sec. 3-5.110 Definitions.

The following definitions apply to this Chapter

(a) "Equipment" shall mean machinery, rolling stock, vehicles, implements, computers, servers, switches, printers and other computing apparatus, tools, devices, kits, software, appliances, fittings, and all other all fixed assets other than land or buildings.

(b) "Non-professional services" shall mean providing work or labor that primarily entails manual effort and trade skills learned through an apprenticeship or training program, including but not limited to, craftspeople, building and construction trades, installers, food service workers, building maintenance, janitorial, landscaping maintenance, equipment maintenance and repair, automotive mechanics maintenance and repair, building maintenance, uniform cleaning, pest control, alarm and security services, tree trimming, automotive maintenance and repair and laboratory testing services.

(c) "Professional Services" shall mean any service, labor or work which is generally characterized as a "profession" rather than a "business," "industry," "occupation" or "trade" under California State law or requires a specific level of college education, typically a bachelor's degree or higher, to perform its duties and

responsibilities. Examples of professional jobs include design professionals, architects, auditors, appraisers, landscape architects, attorneys, engineers, surveyors, construction managers, municipal planners, real estate managers, leasing, or sales services, environmental planners and analysts, financial advisors, financial analysts, doctors, teachers, accountants, scientists, and authors.

(d) Public Works are defined in Section 1117 of the City Charter. This Chapter does not apply to public works. Public works purchasing is governed by Chapter 14 of Title 7 of this Code.

(e) A “request for proposals” (RFP) is the process used for one-time project-based professional services procurement where the work scope is known; a lump sum price for the specified design or other professional services is primary and experience and qualifications are known.

(f) A “request for qualifications” (RFQ) is the process used for recurring, ongoing or on-call non-project based professional services procurement, where the work scope is unknown, unit pricing for the specified design and other professional services is desired and no specific design exists and experience and qualifications are unknown.

(g) “Supplies” shall mean consumables, commodities, materials, parts, inventory and like items. Supplies have a shorter use or life span than equipment and are stocked for recurring use and typically of low cost charged to expenditure as incurred. Supplies are incidental to the production process and include such items as appropriate for the utility enterprises and the City’s general operations such as fuel, chemicals, pipe, sand, gravel and other building materials, paper and toner.

Sec. 3-5.120 Purpose and adoption of purchasing system.

A purchasing control system for the City is hereby adopted to:

- (a) Obtain equipment, supplies, professional and non-professional services at the most economical cost commensurate with quality requirements by ensuring as full and open competition as possible on all purchases;
- (b) Obtain effective financial control over expenditures;
- (c) Clearly define authority and accountability for purchases;
- (d) Minimize administrative actions and expense of processing purchase transactions while obtaining effective internal control; and
- (e) Assure the quality of purchases made on behalf of the City.

Sec. 3-5.130 Purchasing Authority.

The Administrative Services Director is hereby designated as the Purchasing Officer. The Purchasing Officer shall have following duties and authority to:

- (a) Seek as full and open competition as possible on all purchases;
- (b) Recommend consolidation of department orders for like items, ensuring quantity discount pricing whenever possible;
- (c) Keep informed of and maintain department awareness of current developments in the field of purchasing, pricing principles and marketing conditions;
- (d) Prepare and recommend forms, administrative regulations and or periodic updates of this Chapter to the City Manager.
- (e) Facilitate the transfer of surplus or unused equipment and supplies between departments as needed and the sale of all supplies and equipment that cannot be used by any department or which have become unsuitable for City use; and

(f) Maintain files and records needed for the efficient operation of the purchasing function.

Sec. 3-5.140 Bidding and proposal limits.

Competitive bidding and proposal categories, authorization limits or contract award procedures will be based on

- (a) unit cost,
- (b) total purchase cost for consolidated bid items or
- (c) fiscal year aggregates in the case of blanket purchase orders or similar ongoing purchasing arrangements.

Sec. 3-5.150 Staging or splitting purchases prohibited.

Purchases shall not be knowingly staged, or bids split or separated into smaller units or segments to evade the competitive formal or informal procurement procedures of this Chapter. No person may

- (a) knowingly pay or request smaller invoices of what is a larger purchase or ongoing relationship, to avoid competitive bidding procedures or authorization limits.
- (b) knowingly phase, delay or divide purchases to avoid competitive bidding or authorization limits.

Sec. 3-5.160 Local vendor preference.

- (a) For retail sales occurring within the City limits, the City receives sales tax revenues. Therefore, for bids from retail firms located in the City at the time of proposal closing for which sales tax is allocated to the City, two percent (2%) of the taxable

amount of the bid will be deducted from the proposal by the City in calculating and determining the lowest responsible, responsive bidder.

(b) Pursuant to City Charter § 1120, merchants with places of business located within the City shall be given preference if service, quality and prices are equal.

Sec. 3-5.170 Contract changes.

All contract changes (i.e. amendments to contracts, amended contracts, addenda, additive or deductive change orders, changes in scope of work or changes to contract expiration date) shall reasonably relate to the scope of the original contract and be based on post-award information that requires modification of the contract based on unforeseen conditions or by mutual agreement of the parties and must return to the original signing authority for approval unless:

(a) the cumulative result of changes pushes the total contract or purchase order amount into the next level approver's authority. i.e. if the cumulative result of the changes goes from under \$100,000 to over \$100,000 it must be approved by Council, even if the original contract was not required to be approved by the Council

(b) an emergency requires that action be taken immediately in which case approval by the signing authority should occur at the next possible date.

Sec. 3-5.180 Defects, irregularities, and informalities.

The City Council may, in its sole discretion, waive any defect, irregularity, or informality in bids or proposals or in the competitive procedures established in this Chapter as long as no unfair advantage results, and no such defect, irregularity, or informality shall void any contract entered into by the City once executed.

Sec. 3-5.190 Unlawful purchasing practices; misdemeanor.

(a) It is unlawful and a misdemeanor (pursuant to §1-2.01) for any person to engage in practices which might result in unlawful contract related activity including, but not limited to, personal rebates, kickbacks, or any other unlawful consideration.

(b) City employees shall not participate in the selection process when they have a relationship with a person or business entity seeking a contract.

Sec. 3.5.195 Best qualified vendor.

In determining the best qualified vendor, consideration is to be given to quality and performance of the equipment or supplies to be purchased or non-professional services or professional services to be provided. Criteria for determining the best qualified vendor shall include but not be limited to the following:

(a) The cost or best value of the equipment and supplies, or non-professional services or professional services;

(b) The ability, capacity, and skill of the vendor to perform the contract and to provide the equipment and supplies, or non-professional services or professional services requested;

(c) The ability of the vendor to provide the equipment and supplies or non-professional services or professional services requested promptly or within the time specified, without delay or interference;

(d) the ability of the vendor to demonstrate the attributes of trustworthiness, quality, fitness, capacity, and experience to satisfactorily perform the contract;

(e) The character, integrity, reputation, judgment, experience, and efficiency of the vendor;

(f) The quality of vendor's previous services to the City

(g) The ability of the vendor to provide future maintenance, repair parts, and services for the use of equipment and supplies purchased;

(h) The ability of the vendor to demonstrate its prior, current, and continued compliance during the contract term with all applicable federal, state, and local laws, statutes, ordinances and all lawful orders, rules, and regulations promulgated thereunder;

(i) The ability of the vendor to timely produce a complete and accurate IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Sec. 3-5.196 Contract execution.

(a) Only the City Manager and in the City Manager's absence, the Assistant or Deputy City Manager authorized by the City Manager may sign contracts on behalf of the City. No other employee is authorized to sign a contract binding the City, and any other contract is voidable.

(b) Before a contract is signed by the City Manager or placed on a City Council agenda for approval, the contract must:

(1) include appropriate insurance and indemnification provisions reviewed by and approved by the City's Risk Manager or City Attorney;

(2) be approved as to form by the City Attorney;

(3) be approved as to budget availability and purchasing procedural compliance by the Finance Director; and

(4) be executed by the other party (except in the instance of a public entity)

Article 2. Purchases of Equipment and Supplies less than \$20,000, and Non-Professional Services Less than \$10,000; Exemptions from Chapter 5

Sec. 3.5-200 Small purchases of Equipment and Supplies.

Purchases of equipment and supplies for less than \$20,000 and non-professional services for less than \$10,000, if authorized by a department head, may be purchased without the bidding procedures of this Chapter and without a written contract with the vendor. Although no specific purchasing process or form of contract is established for this level of purchase, competitive bidding, RFQs or RFPs are recommended when practical.

Sec. 3.5-210 Exemptions from Chapter 5.

Purchases are exempt from the requirements of this Chapter if:

- (a) An emergency requires that an order be placed with the nearest available source of supply, service or equipment;
- (b) Reasonable attempts have been made to obtain informal bids or proposals, and less than three proposals can be obtained.
- (c) Equipment, supplies or non-professional services are unique, available only from one source, or sought to match existing equipment or supplies already in use, (also known as a sole source purchase);
- (d) Equipment, supplies or non-professional services have been uniformly adopted or otherwise standardized in the City. In this case, evidence for the

standardization shall be documented and maintained as a public record and approved by the Purchasing Officer before the purchase and then at least once every five (5) years;

(e) The purchase is made cooperatively with one, or more, other units of government through cooperative purchasing programs substantially the same as the City of Watsonville;

(f) When in the opinion of the Purchasing Officer the equipment, supplies and non-professional services are available from a vendor who has been selected as the lowest bidder within the prior 12 months by another public entity using competitive bidding procedures substantially the same as those used by the City for the acquisition of such equipment or supplies, (sometimes called “piggybacking”);

(g) The purchase of used supplies or equipment;

(h) Contracts for professional witness services if the purpose of such contracts is to provide for professional advice services or testimony relating to an existing or probable judicial proceeding in which the City is or may become a party, including contracts for special investigative services for law enforcement purposes;

(i) Agreements negotiated and/or prepared by the City Attorney or special counsel in connection with the settlement of a dispute, claim, or matter of litigation or threatened litigation;

(j) Contracts to commission original works of art, and for fine art or entertainment;

(k) The purchase of books, magazines, newspapers, subscriptions, online library reference services, film, videos, and assorted materials for which contracts by competitive bid solicitation are not practical;

(l) Specialized seminar, training, and educational classes;

(m) Contracts for election services;

(n) Contracts for legal services;

(o) Franchise agreements; and

(p) Contracts for procuring and maintaining insurance policies

Article 3. Informal Bid Procedures for Equipment, Supplies from \$20,000 to \$100,000 and Non-professional Services costing from \$10,000 to \$100,000

Sec. 3.5-300 Purchase authorization.

Purchases of supplies, equipment estimated to cost between \$20,000 and \$100,000 and non-professional services estimated to cost between \$10,000 to \$100,000, shall be made pursuant to the procedures in this Article 3 (Informal Bid Procedures) .

Sec. 3.5-310 Quotations - notice of invitation - Responses.

Invitations for quotations shall be made, either by verbal or written request, quotations from at least three (3) prospective sellers, vendors, suppliers or contractors shall be requested.

Sec. 3.5-320 Quotations - Submission in writing - Recordkeeping.

Written quotations, received via mailed letter, fax or email, are required and a record of open market quotations and orders shall be kept in accordance with the City's record retention policy after the receipt of such quotations.

Sec. 3.5-330 Quotations - Rejection.

Quotations or proposals may be rejected if:

- (a) They fail to meet the specific purchase requirements in any respect; or
- (b) All quotations, for any reason whatsoever, and a new request quotations or proposals may be invited.

Sec. 3.5-340 Award of purchase.

Purchases shall be awarded to the person submitting the lowest responsive, and responsible quotation, except as follows:

- (a) If two or more quotations are received for the same total amount or unit price, quality and service being equal, and if, the public interest will not permit the delay of inviting new quotations, then the lower quotation obtained through negotiation with the persons submitting the tie quotations may be accepted;
- (b) If no quotations are received, the required purchase may be made for the best price and terms available without further notice to bidders.
- (c) As required by City Charter Section 1140, bids shall be awarded to merchants with places of business located within the City if service, quality and prices are equal.

Sec. 3.5-350 Form of contract.

Purchase orders shall be used and approved by the Purchasing Officer to award the purchase of equipment and supplies costing between \$20,000 and \$100,000. Either the Purchasing Officer or City Attorney may however require a different form of contract depending on unique circumstances. Contracts shall be used to award the purchase of non-professional services costing between \$10,000 and \$100,000 and shall be signed by the City Manager.

Article 4. Formal Bidding Procedures for Equipment, Supplies and Non-Professional Services costing more than \$100,000

Sec. 3-5.400 Purchase requirements.

Purchases of equipment, supplies, and non-professional services estimated to be more than \$100,000 shall be by written contract with the lowest responsible, responsive bidder pursuant to the procedures prescribed in this article.

Sec. 3-5.410 Bids - Notice of invitation and submission.

(a) Notices inviting bids or requesting proposals shall include, but not be limited to, the following:

- (1) General description of the equipment, supplies or non-professional services to be purchased;
- (2) Location where bid form blanks and specifications may be obtained;
- (3) Time and place assigned for the opening of sealed bids;
- (4) Type and character of bidder's security required, if any; and
- (5) Location and deadline for submission of bids.
- (6) Form of contract

(7) Insurance requirements

(b) Notices inviting bids or requesting proposals shall be published on the City's web site, ebid or other recognized bidding sites or listserves.

(c) Sealed bids or proposals shall be identified as such and submitted by the closing date and time.

Sec. 3-5.420 Bids - Security requirement.

Bidder's security may be required when deemed necessary by the Purchasing Officer. Unsuccessful bidders shall be entitled to return of bid security. A successful bidder shall forfeit bid security upon refusal or failure to execute a contract within fifteen (15) days after notice of award of that contract, unless the City is responsible for the delay. The contract may be awarded to the next lowest responsible, responsive bidder upon the refusal or failure of the successful bidder to execute the contract within such time.

Sec. 3-5.430 Bids - Opening and retention.

Sealed bids shall be opened at the date and time stated in the notice inviting bids or requesting proposals. A tabulation of all bids received shall be available for public inspection until the award of a contract. All bids and tabulation shall be retained on file in accordance with the City's records retention policy.

Sec. 3-5.440 Bids - Rejection.

Rejections may occur for:

- (a) Any bid that fails to meet the bidding requirements in any respect; or
- (b) All bids, for any reason whatsoever, and may re-advertise for new bids.

Sec. 3-5.450 Contract award.

Contracts shall be awarded to the lowest responsible, responsive bidder, except that if at the time of bid opening, two or more bids received are for the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of re-noticing for bids, then the lowest bid obtained through subsequent negotiation with the tie bidders may be accepted.

Sec. 3-5.460 Purchase authorization.

For purchases in excess of \$100,000, Council award of the contract by resolution is required.

Sec. 3-5.470 Requiring bond of successful bidder.

A performance bond or a labor and material bond, or both may be required as a condition to executing a contract with the City, in such amounts as the purchasing authority shall determine appropriate to protect the best interests of the City. The form and amounts of such bond(s) shall be described in the notice inviting bids.

Sec 3-5.480 Determining lowest responsible, responsive bidder.

In addition to the bid or quotation price, criteria for determining the lowest responsible and lowest responsive bid or quotation, may include, but not limited to, the following:

- (a) Character, integrity, reputation, judgment, experience and efficiency of the bidder (this may include an analysis of previous work performed for the City or others);
- (b) Ability of the bidder to provide the supplies, equipment or services as specified, within the time specified, without delay or interference, and in a satisfactory manner;

(c) Ability of the bidder to provide future maintenance, service, repair parts and replacement of purchased equipment or supplies;

(d) Compliance by the bidder with federal laws, executive orders and state statutes governing nondiscrimination in employment; and

(e) Results of any evaluation relating performance or price, such as testing, life-cycle costing, and analysis of service, maintenance and technical data.

Article 5. Professional Services

Sec. 3-5.500 Request for proposals and request for qualifications.

An RFP or RFQ process is found to be an effective and efficient way to procure professional services. Procurement of professional services shall be based on proposals solicited from capable professionals and be evaluated based on a combination of factors including education, training, experience and demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required.

Sec. 3-5.510 Form of contract.

All contracts for professional services shall be in the form of consulting contract for professional services prescribed by the City Attorney.

Sec. 3-5.520 Professional services purchases less than \$10,000; RFP and RFQ not required.

Purchases of professional services estimated to cost less than \$10,000 are encouraged but not required to comply with the RFP or RFQ process and do not require a contract.

Sec. 3-5.530 Professional services contracts between \$10,000 and \$100,000; RFP or RFQ required.

Contracts for Professional services estimated to cost between \$10,000 and \$100,000 may be awarded by the City Manager. Proposals from at least three firms shall be requested. In specific circumstances, it may be determined that services will best be provided by a specific consultant or contractor with contract terms, work scope and compensation to be determined based on direct negotiations. These instances must be justified in writing and approved by the City Manager.

Sec. 3-5.540 Professional services contracts exceeding \$100,000; RFP or RFQ and Council approval required.

Contracts for professional services estimated to cost more than \$100,000 will be awarded pursuant to the following procedures;

- (a) Council award of the contract is required.
- (b) Cost will not be the sole criterion in selecting the successful bidder.
- (c) Contracts for professional services shall use a qualifications-based selection process as described in subdivision (a) of Government Code § 4527 and negotiated as described in Government Code § 4538.
- (d) Service proposals will be evaluated based on a combination of relevant factors including those in subdivision (a) of Government Code § 4527 and that result in the best value to the City.
- (e) The selection will be based on demonstrated competence and on the education, training and experience and professional qualifications necessary for the satisfactory performance of the services required.

(f) If it is determined that it is in the best interest of the City for services to be provided by a specific consultant or contractor—with contract terms, work scope and compensation to be determined based on direct negotiations—justification shall be made in writing and the contract shall be approved only by the Council.

Sec. 3-5.550 Competitive bidding instead of RFQ or RFP.

An RFQ or RFP is not required where the Purchasing Officer determines that the professional services needed are more of a technical nature and involve little professional judgment and that requiring bids would be in the public interest.

Article 6. Surplus Supplies and Equipment

Sec. 3-5.600 Disposition of surplus equipment and supplies.

All City departments shall submit to the Purchasing Officer, at such times and in such form as the Purchasing Officer shall prescribe, reports showing all supplies and equipment that are no longer used or that have become obsolete or worn out. The Purchasing Officer shall have the authority to dispose of all supplies and equipment which cannot be used by any City department or that have become unsuitable for City use and shall have the authority to exchange the same for, or trade in the same on, new supplies and equipment. Disposition of such surplus supplies and equipment shall be made in a commercially reasonable manner as approved by the Purchasing Officer using reasonable discretion. Surplus supplies and equipment may also be donated to nonprofit, charitable or governmental agencies.

SECTION 2. PUBLICATION.

This ordinance shall be published in the Watsonville Register-Pajaronian and/or Santa Cruz Sentinel in compliance with the provisions of the Charter of the City of Watsonville.

SECTION 3. EFFECTIVE DATE.

This ordinance shall be in force and take effect thirty (30) days after its final adoption.

**City of Watsonville
Finance Department**



M E M O R A N D U M

DATE: April 1, 2020

TO: Matt Huffaker, City Manager

FROM: Cynthia Czerwin, Administrative Services Director
Marissa Duran, Assistant Finance Director

SUBJECT: Receive the Comprehensive Annual Financial Report and the Measure G and Airport Audit Reports for Fiscal Year Ended 2018/19, Impact Fees Report for Fiscal Year Ended 2018/19, and Approve Resolutions Adopting a deposit into the emergency reserve and the Advance Payables Schedule

AGENDA ITEM: April 14, 2020 **City Council**

RECOMMENDATION:

It is recommended that the City Council:

- I. Accept by motion, the City's Comprehensive Financial Report (CAFR) for FY 2018-19, and
- II. Accept by motion, the Annual Measure G Audit Report for FY 2018-19
- III. Accept by motion the Airport Audit Report for FY 2018-19
- IV. Accept by motion, the Impact Fee Report for FY 2018-19, and
- V. Accept by resolution an additional commitment of \$1,250,000 into the City's Emergency Reserve
- VI. Approve a resolution adopting the advance payables (long term loans) schedules identified in the Audited Financial Statements in accordance with the City's Interfund Loan Policy and presented in Exhibit "A",

Overview:

Watsonville had a generally positive FY 2018-19. Economic instability caused by the coronavirus will disrupt what had been several positive years for Watsonville. Fiscal Year 2018-19 had positive General Fund revenue growth that was largely absorbed by a settlement with the Pilots Association which left the General Fund's overall position largely unchanged from the year before. Enterprise funds generally added to their cash balances in FY 2018-19. These balances will be needed as we navigate the new financial landscape created by the coronavirus pandemic.

DISCUSSION:

I. Review of Fiscal Year 2018-19

Section 1115 of the City Charter requires that a final audit and report (aka CAFR) be submitted to the Council, “one (1) copy thereof to be distributed to each member thereof, one (1) copy to the City Manager and City Attorney, respectively, three (3) copies to be placed on file in the office of the City Clerk where they shall be available for public inspection.”

State law requires all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP). Upon its completion, the City prepared the CAFR and submitted it to the Government Finance Officers Association (GFOA) for consideration in receiving the “Certificate of Achievement for Excellence in Financial Reporting”.

The CAFR was prepared by Maze and Associates, an independent firm of certified public accountants (CPA), who issued an unqualified opinion. Some of the highlights presented in the CAFR include (all figures are in thousands unless otherwise indicated):

- The assets of the City of Watsonville exceeded its liabilities at the close of the most recent fiscal year by \$240,392.
- The City’s total net position increased by \$6,309. Governmental activities net position decreased by \$1,127, most of which is attributable to a lawsuit settlement in which the advance payable from the Airport Enterprise Fund was written off. That write off was offset partially by increases in property and sales taxes. Business type activities net position increased by \$7,486. Most of this increase was from the Water Enterprise Fund ending with positive change in net position.
- The City’s governmental funds reported combined ending fund balances of \$33,388 an increase of \$137 in comparison with the prior fiscal year’s balances. The non-spendable portion of the fund balance was \$123, the restricted portion was \$20,736 and the unassigned amount was \$12,511.

Table 1:
City of Watsonville's Net Position
June 30, 2019
(in thousands)

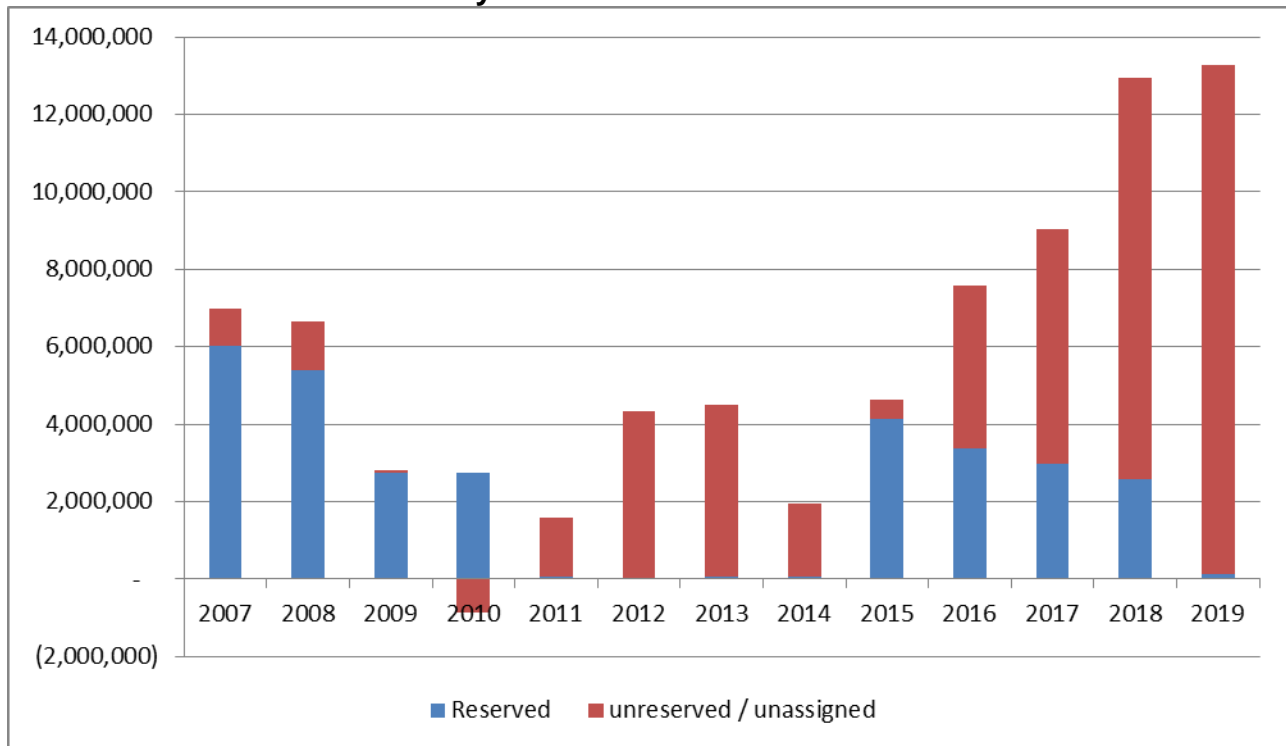
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Revenues:						
Program Revenues:						
Charges for services	16,222	14,302	49,935	42,886	66,157	57,188
Operating grants and contributions	2,501	2,019	2,016	1,430	4,517	3,448
Capital grants and contributions	-	-	94	311	94	311
General Revenues						
Property taxes	15,669	13,436	-	-	15,669	13,436
Other taxes	26,965	24,908	-	-	26,965	24,908
Others	4,050	3,708	1,014	352	5,064	4,060
Total Revenues and Transfers	65,407	58,372	53,059	44,979	118,466	103,351
Expenses:						
General government	15,143	7,032	-	-	15,143	7,032
Public safety	31,221	30,971	-	-	31,221	30,971
Housing	2,289	1,158	-	-	2,289	1,158
Streets	8,560	5,974	-	-	8,560	5,974
Culture and recreation	9,152	8,591	-	-	9,152	8,591
Interest on debt	491	158	-	-	491	158
Water	-	-	13,996	12,038	13,996	12,038
Sewer	-	-	14,195	13,175	14,195	13,175
Solid waste	-	-	11,926	12,758	11,926	12,758
Airport	-	-	5,117	3,382	5,117	3,382
Fiber optic	-	-	67	46	67	46
Total Expenses	66,856	53,885	45,301	41,399	112,157	95,284
Increase in net position before transfers	(1,449)	4,488	7,758	3,579	6,309	8,067
Internal balances	272	270	(272)	(270)	-	-
Change in net position	(1,177)	4,758	7,486	3,309	6,309	8,067
Net position - beginning	129,216	124,458	104,867	101,558	234,083	226,016
Prior year adjustments	-	-	-	-	-	-
Net position - beginning restated	129,216	124,458	104,867	101,558	234,083	226,016
Net position ending	128,039	129,216	112,354	104,867	240,392	234,083

General Fund

In Fiscal Year 2018-19 the General Fund ended with a Fund Balance of \$13,267K, a \$337k increase from FY 2017-18. This is in spite of tax revenue increases of \$3,056K. Increased revenues were offset by a settlement with the Pilots Association which cost the City \$3,218K. The upside is that the written off receivable from the Airport had been

part of an unavailable fund balance. The General Fund's fund balance while essentially the same dollar amount is now a nearly entirely unassigned fund balance and equates to 30% of FY 2019-20 budgeted operating expenses. This exceeds the Council's approved policy goal of 20%.

**Table 2:
History of General Fund Balance**



I am therefore recommending that the City Council fulfill its policy goal of having a 10% emergency reserve by depositing \$1,250,000 into the existing emergency reserve. Fund balance and reserve levels now exceed the City's adopted policy goal and minimum GFOA reserve levels. However, they are still low for a city of our size, in an area prone to natural disasters, with a backlog of serious capital projects, and a history of economic volatility. Considering the new economic circumstances it is likely that the Council will review recommendations to use some of these reserves in the upcoming FY 2020-21 Budget.

Property Tax in FY 2018-19 was \$12,305, 19% higher than the prior year. That was mainly due to two main factors. One, the prior year had included a correction of nearly \$1 million for prior years, and two, a residual payment coming from former redevelopment zones. As those areas are developed and reassessed, combined with the paying off of former redevelopment debt led to nearly \$700,000 unbudgeted for payment. Base property tax rolls are also increasing faster than expected and allowed for under Prop 13 which indicates strong property turnover, reassessed values, and continued Prop 8 catch up.

Sales Tax Sales tax has seen some fluctuations in recent years partially due to the States' transition to a new reporting system and department. However, as a whole, we saw these receipts rise faster than projected. We have seen some shifts in the revenue

as the City's share from the 'pool' of online purchases grows while traditional general retail and other areas are slightly declining. Watsonville's sales tax base also had been supported by a high volume of auto sales. FY 2018-19 saw this revenue come in at \$10,919K, 6.8% higher than the prior year.

Sales tax is an extremely important revenue source for the City of Watsonville and affects multiple funds and departments. We collect sales tax in our General Fund through the 1% City Bradley Burns allocation, we also have a 0.25% allocation that flows into the General Fund to fund pensions; we receive 0.50% in Measure G Fund, and an additional 0.25% goes to the County Library System of which our library receives a portion.

Other General Fund Revenues Other tax and departmental revenues did not vary much in FY 2018-19 aside from a one-time payment of \$830K we received from a previously negotiated developer agreement. We also had larger cash balances that significantly improved our interest earnings resulting in \$346K better than budget in FY 2018-19.

Overall General Fund Revenues were \$3,593K better than budgeted in FY 2018-19.

Expenditures On the expenditure side, departments are doing a great job of staying within their budget. In 2018-19 we saw some savings in departments resulting from turnover in positions and the vacancies that occurred between hiring. Overall FY 2018-19 saw expenditure savings of \$1,168K.

Capital As you recall Watsonville restarted its General Fund capital program in FY 2017-18 and it did take some time to get the design and contracting in place to take advantage of the appropriated money. Over the last few years we have appropriated approximately \$500-600K each year. The revised budget in FY 2019-20 of \$1,573K is reflective of delays in the start of those projects and carrying forward the appropriations.

Table 3
Actual General Fund Activity for FY 2018-19

	FY 2018-19		
Revenues	Revised Budget	Actual	Over / (Under)
Property Tax	11,181,750	12,305,479	1,123,729
Sales Tax	10,194,028	10,910,991	716,963
Utility	3,661,110	4,010,802	349,692
Hotel	1,220,000	1,173,440	(46,560)
Transfer In	4,476,483	4,335,475	(141,008)
Other Revenues	3,805,822	5,078,608	1,272,786
	34,539,193	37,814,795	3,275,602
CDD	1,260,917	1,411,780	150,863
Police	1,643,500	1,633,898	(9,602)
Fire	301,000	441,245	140,245
PCS	858,292	992,402	134,110
PW	2,101,388	2,003,122	(98,266)
Cost Allocation	2,712,660	2,712,678	18
Total GF Revenue	43,416,950	47,009,920	3,592,970
Expenditures	Revised Budget	Actual	Over / (Under)
CDD	2,075,959	2,011,504	64,455
IT	1,522,012	1,286,457	235,555
Finance	1,717,708	1,529,339	188,369
Police	17,882,605	17,605,395	277,210
General Gov't	2,996,487	3,089,183	(92,696)
Non Dept	4,604,375	4,534,847	69,528
Library	540,471	541,599	(1,128)
Fire	7,431,627	7,277,545	154,082
PCS	4,527,611	4,485,844	41,767
PW	3,176,573	2,945,848	230,725
Total Depts	46,475,428	45,307,561	1,167,867
Capital	1,137,864	1,125,081	12,783
Total Expenditures	47,613,292	46,432,642	1,180,650
Projected YE change to Fund Balance			

Measure G

The Measure G Annual Financial Statements for the Fiscal Year Ending June 30, 2019 is being presented as attachment 1. Our auditors, Maze and Associates, performed the required Independent review of the financial transactions of the Measure G funds for the fiscal year 2018-19 to verify that the funds were spent as required by Measure G. They

have issued an Unqualified Opinion for both the financial data and the special compliances testing required by the Measure.

Measure G has had similar revenue trends as the General Fund; receipts have outperformed budgeted projections in sales tax and interest revenue for FY 2018-19. Both Police and Fire departments also saw expenditure savings in operations and capital. In operations, savings were due to turnover in positions and the vacancies while waiting to fill those positions. In Capital, in FY 2018-19 the Police Department was not able to complete the updates to the women's locker room, but did so in FY 2019-20. They also had some difficulty in finding vehicles available to purchase but carried that money forward and are expected to spend it in FY 2019-20. The Fire Department both years has had some facilities maintenance and improvement projects budgeted for that they have found the budget is not sufficient to complete.

At the end of FY 2018-19, the Measure G Fund added \$202K to its reserves and fund balance.

Table 4
Measure G Summary for Fiscal Year 2018-19

	BUDGET	ACTUAL	Variance Positive / (Negative)
Tax Revenue - Police	2,403,054	2,448,303	45,249
Interest Revenue - Police	1,000	50,106	49,106
Tax Revenue -Fire	1,526,466	1,632,202	105,736
Interest Revenue - Fire	1,440	39,002	37,562
Other Revenue - Police		319	319
Total Revenues	3,931,960	4,169,932	237,972
Police	1,677,258	1,459,400	217,858
Gang Prevention	335,452	272,573	62,879
Equipment / Facilities (police)	919,455	592,768	326,687
Fire Services	1,122,298	924,470	197,828
Equipment / Facilities (Fire)	852,601	717,798	134,803
Totals	4,907,064	3,967,009	940,055
Change in Fund Balance	(975,104)	202,923	1,178,027
Reserve Police as of July 1	2,171,900	2,171,900	
Reserve Fire as of July 1	1,029,940	1,029,940	
Reserve Police as of June 30	1,643,789	2,345,887	702,098
Reserve Fire as of June 30	582,947	1,058,876	475,929

Cannabis Fund

The Cannabis Fund ended FY 2018-19 with \$461K in revenue. Expenditures for Cannabis had been frozen for the better part of FY 2017-18 and FY 2018-19. We are now allowing departments to begin budgeting for and planning for those revenues. As it had been frozen some departments have accumulated balances which they will be encouraged to use on one-time expenses. Furthermore, with anticipated changes to the Cannabis Ordinance changing both permitting restrictions and taxation we will continue to budget this revenue cautiously until revenue levels are predictable.

Table 5
Cannabis FY 2018-19 Balances

	FY 2018-19 Balance
CDD	42,176
Police	31,945
Soc Svc Grants	(2,536)
Library	48,070
Fire	117,487
Parks	79,710
Total	316,852

Enterprise and Special Revenue Funds

Table 6 shows the FY 2018-19 ending balance for a selection of our Enterprise and Special Revenue Funds discussed in more detail below.

Table 6
Other Funds FY 2018-19 Balances

	FY 2018-19 Ending Balance
Water	14,872,208
Sewer	10,572,731
Solid Waste	8,184,895
Airport	300
Library	1,225,730

The **Water Enterprise Fund's** ended FY 2018-19 with \$14.872 in cash, \$5.419 million more than the prior year. This represents 7.3 months of working capital for this fund. This level of reserves and cash is more than standard for a water utility and the projected balance is being taken into account in developing rate and capital plans for this fund.

The **Sewer Enterprise Fund's** ended FY 2018-19 with \$10.572 million in cash balance, \$950K more than the prior year and the equivalent of 4 months of working capital.

The **Solid Waste Enterprise Fund's** ended FY 2018-19 with \$8.184 million in cash, 763K more than the prior year and the equivalent of 6 months of working capital. Operations have been shifting in recent years as recycling becomes more expensive, operations shift away from our own landfill with its closure scheduled for December 31, 2020, and as the Department plans for the implementation of organics collections.

The **Airport Enterprise Fund's** ended FY 2018-19 with \$300 in cash, essentially 0 reserves. The Airport has gone through several years of major construction and capital projects and is now entering a planning phase. The Airport and the Finance Department are working closely together to create a plan and target reserve goals to ensure that the Airport Enterprise Fund builds up healthy cash reserves that will allow them to have positive cash for future construction projects.

The **Library Fund** ended FY 2018-19 with \$1.225 million in fund balance. The Library had also benefitted from sales tax and property tax growth similar to the General Fund. It also means the Library Fund would be at risk of economic fluctuations in these revenue streams. This balance represented 4 months of operating reserves.

II. Approval of Long Term (Advances Payable) Interfund Loans

Staff recommends approval of the interfund loans as shown in Attachment 2 of this Staff Report to comply with the Council adopted Interfund Loan Policy. These transactions occur as the normal course of business in any organization and have previously been adopted by Council.

III. Impact Fees Report

Development Impact Fees, also known as impact fees, are one-time charges paid by developers and builders to offset the additional public service costs of new development. Impact fees are usually collected at the time a building permit is issued and are held in the Fund and dedicated exclusively to the provision of additional subject services allowed for that Fund, such as- roads, storm drains, affordable housing, public facilities, public safety and equipment, and parks and recreation facilities. The funds collected cannot be used for operation, maintenance, repair, alteration, or replacement of existing capital facilities and cannot be added to general revenue.

Once the fees are established and funds are received, the local government is required to deposit these funds into a separate fund avoiding any commingling of the impact fees with other revenues, except for temporary investments. Governments are also required to make available to the public specified information relating to the impact fee (amount and description), interest, other income, expenditures and refunds for each separate impact fee fund on an annual basis. The Statement of Revenues, Expenditures and Amount Needed to Fund Future Projects (attachment 3) fulfills that requirement for Fiscal Year 2018-19. The Statements also show ending fund balances, planned future projects and amount of impact fees/interest income required in the future to fully fund future projects.

STRATEGIC PLAN:

The above report and recommended actions reflects the financial activity for the fiscal year that ended June 30, 2019, information that will be used in future financial planning.

FINANCIAL IMPACT:

There is no financial impact of this report

ALTERNATIVES:

Council may choose to not accept the reports before them.

ATTACHMENTS:

1. Measure G Audit Report
2. Airport Audit Report
3. Advance Payables Schedule
4. Annual Development Impact Fees Report FY 2018-19

cc: City Attorney

City of Watsonville, California

**Measure G Fund
Financial Statements**

For the Year Ended June 30, 2019

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**CITY OF WATSONVILLE
MEASURE G FUND
FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

Table of Contents

Financial Statements:

Independent Auditor's Report	1
Balance Sheet	3
Statement of Revenues, Expenditures, and Changes in Fund Balance	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	5
Notes to the Basic Financial Statements	7

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance with Applicable Requirements and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
of the City of Watsonville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure G Fund (Measure G) of the City of Watsonville, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing such an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above fairly, in all material respects, the financial position of the Measure G Fund as of June 30, 2019, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Measure G Fund and do not purport to, and do not present fairly the financial position of the City of Watsonville as of June 30, 2019, the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

February 5, 2020
Pleasant Hill, California

CITY OF WATSONVILLE
MEASURE G FUND
BALANCE SHEET
June 30, 2019

ASSETS

Cash and investments	\$ 3,005,060
Accounts receivable	<u>610,612</u>
Total Assets	<u>\$ 3,615,672</u>

LIABILITIES

Accounts payable	\$ 131,045
Accrued liabilities	<u>79,864</u>
Total Liabilities	<u>210,909</u>

FUND BALANCE

Restricted for:	
Fire services	1,058,876
Police services	<u>2,345,887</u>
Total Fund Balance	<u>3,404,763</u>

TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	<u>\$ 3,615,672</u>
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See accompanying Notes to Basic Financial Statements.

**CITY OF WATSONVILLE
MEASURE G FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
For The Year Ended June 30, 2019**

REVENUES

Sales tax - Fire	\$ 1,632,202
Sales tax - Police	2,448,303
Interest - Fire	39,002
Interest - Police	50,106
Other revenue - police	319

Total Revenues	<u>4,169,932</u>
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EXPENDITURES

Fire	1,355,961
Police	<u>2,324,741</u>

Total Expenditures	<u>3,680,702</u>
---------------------------	------------------

Excess (deficiency) of revenues over expenditures	<u>489,230</u>
--	----------------

OTHER FINANCING SOURCES (USES):

Transfers out for debt services payments	<u>(286,307)</u>
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NET CHANGE IN FUND BALANCE	202,923
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FUND BALANCE

Beginning Fund Balance	<u>3,201,840</u>
Ending Fund Balance	<u><u>\$ 3,404,763</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF WATSONVILLE
MEASURE G FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Sales tax - Fire	\$ 1,571,808	\$ 1,632,202	\$ 60,394
Sales tax - Police	2,357,712	2,448,303	90,591
Interest - Fire	976	39,002	38,026
Interest - Police	1,464	50,106	48,642
Other revenue - Police		319	319
Total Revenues	3,931,960	4,169,932	237,972
EXPENDITURES			
Fire:			
Salaries and Wages	905,870	771,540	134,330
Operations	216,428	152,929	63,499
Capital Outlay	852,601	431,492	421,109
Total Fire	1,974,899	1,355,961	618,938
Police:			
Salaries and Wages	1,401,297	1,165,246	236,051
Operations	611,413	566,727	44,686
Capital Outlay	919,455	592,768	326,687
Total Police	2,932,165	2,324,741	607,424
Total Expenditures	4,907,064	3,680,702	1,226,362
Excess (deficiency) of revenues over expenditures	<u>\$ (975,104)</u>	489,230	<u>\$ (988,390)</u>
Other financing sources (uses):			
Transfers out for debt services payments		(286,307)	
FUND BALANCE			
Beginning Fund Balance		3,201,840	
Ending Fund Balance		<u>\$ 3,404,763</u>	

See accompanying Notes to Basic Financial Statements

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**CITY OF WATSONVILLE
MEASURE G FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

In the June 3, 2014 election, City of Watsonville (City) voters approved Measure G, establishing a temporary half-cent transaction sales and use tax. The Measure G Fund (Fund) was established to accumulate revenues transmitted by the State Board of Equalization (BOE), the agency responsible for administering and collecting the transactions and use taxes for the City, and apportion them to essential services outlined within the approved expenditure plan.

The financial statements presented only the activities of the Measure G Fund, and are not intended to present the financial position and changes in financial position of the City of Watsonville, in accordance with accounting principles generally accepted in the United States of America.

B. Basis of Accounting

The Measure G Fund of the City is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

C. Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2019, consist of the following:

Pooled cash and investments with the	
City of Watsonville	\$3,005,060

Please refer to the notes of the City's June 30, 2019 Comprehensive Annual Financial Report regarding cash and investments for additional detail.

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE WITH THE APPLICABLE REQUIREMENTS
AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Members of City Council
of the City of Watsonville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the City of Watsonville Measure G Fund (Measure G) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the Measure G financial statements, we considered the Measure G's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Measure G's internal control. Accordingly, we do not express an opinion on the effectiveness of Measure G's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Measure G's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure G's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our procedures included the applicable audit procedures and tests of compliance with the applicable provisions of City Ordinance No. 1301-14 Section. 3- 6.1102 Program Restrictions. Section 3-6.1102 requires that an independent auditor shall perform at least the following tasks: (a) test expenditures to ensure Measure G revenue was being spent on hiring more police officers, helping improve police emergency response times, increase neighborhood patrols, maintain anti-gang and youth violence prevention, intervention and suppression efforts, including the Caminos and Police Activities League programs, upgrade equipment and technology to help solve crimes, catch criminals and fight gangs, expand programs to identify and shutdown gang houses, hire more firefighters to ensure enough are on duty, maintain fire and paramedic emergency response times, and replace inadequate and outdated life-saving equipment, (b) ensure that the city has created a Measure G fund with two separate divisions for Police and Fire into which new monies was deposited in the proportion of 60% to Police and 40% to Fire, (c) ensure that the City maintains a maintenance of effort from General Fund monies of at least the fiscal year 2013-2014 adopted General Fund budgeted amounts for Police and Fire operations, (d) ensure that no more than 2% of the annual budgeted revenues were spent on administrative overhead for accounting, payroll, and human resources, (e) ensure that the City has established a contingency fund that holds no less than 10% of annual budgeted revenues.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Measure G's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure G's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the City Council, others within the City, and is not intended to be and should not be used by anyone other than these specified parties; however, this restriction is not intended to limit the distribution of the report, which is a matter of public records.



Pleasant Hill, California
February 5, 2020

City of Watsonville, California
Airport Enterprise Fund Financial Statements
For the Fiscal Year Ended June 30, 2019

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City of Watsonville
Airport Enterprise Fund Financial Statements
For the Fiscal Year Ended June 30, 2019

Table of Contents

Independent Auditor's Report	5
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flow	9
Notes to Financial Statements	10

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Watsonville, California

We have audited the accompanying financial statements of the Airport Enterprise Fund (the Fund) of the City of Watsonville, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund of the City as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Airport Enterprise Fund and do not purport to, and do not present fairly the financial position of the City as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Maze & Associates

Pleasant Hill, California
February 25, 2020

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019**

ASSETS	\$
Current Assets:	
Cash and investments	300
Receivables:	
Accounts	35,428
Intergovernmental	670,206
Inventories	76,707
Total Current Assets	<u>782,641</u>
Noncurrent Assets	
Advances receivable	21,465
Capital assets:	
Land and improvements	3,282,895
Construction in progress	105,910
Buildings & Improvements	9,160,742
Machinery and equipment	311,276
Infrastructure	7,966,694
Accumulated depreciation	<u>(10,910,398)</u>
Total Capital Assets (Net of accumulated depreciation)	<u>9,938,584</u>
Total Noncurrent Assets	<u>9,938,584</u>
Total Assets	<u>10,721,225</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources - pension	292,175
Total deferred outflow of resources	<u>292,175</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	246,147
Accrued personnel costs	50,746
Retention payable	37,695
Unearned revenue	9,301
Current maturities of long term debt:	
Notes Payable	22,903
Compensated absences	1,533
Total Current Liabilities	<u>368,325</u>
Noncurrent Liabilities:	
Compensated absences	24,020
Net OPEB liabilities	99,566
Notes Payable	131,694
Net pension liability	1,451,042
Total Noncurrent Liabilities	<u>1,706,322</u>
Total Liabilities	<u>2,074,647</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources - pension	44,201
Total deferred inflow of resources	<u>44,201</u>
Net Position	
Net investment in capital assets	9,762,522
Unrestricted	<u>(867,970)</u>
Total Net Position	<u>8,894,552</u>

See accompanying notes to financial statements

CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OPERATING REVENUES:	\$
Charges for services	2,683,918
Total Operating Revenues	2,683,918
OPERATING EXPENSES:	
Costs of sales and services	4,797,811
Depreciation	319,829
Total Operating Expenses	5,117,640
Operating Income (Loss)	<u>(2,433,722)</u>
NONOPERATING REVENUES	
(EXPENSES)	
Forgiveness of advance from City	2,911,319
Lease revenues	904,292
Grant revenues	1,066,566
Interest revenues	<u>9,785</u>
Total Nonoperating Revenues	
(expenses)	<u>4,891,962</u>
Income Before Contributions and	
Transfers	<u>2,458,240</u>
Transfers out	(5,056)
Changes in Net Position	<u>2,453,184</u>
Total Net Position- Beginning	6,441,368
Total Net Position - Ending	<u>8,894,552</u>

See accompanying notes to financial statements

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	\$
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	3,040,753
Payments to suppliers	(3,259,116)
Payments to employees	(1,477,965)
Payment for interfund services used	(309,312)
Net cash provided (used) by operating activities	<u>(2,005,640)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
Grant revenue	
Transfers from (to) other funds	(5,056)
Net cash provided (used) by noncapital financing activities	<u>(5,056)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(411,526)
Grant revenue	1,066,566
Net cash provided (used) by capital and related financing activities	<u>655,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Lease revenue	904,292
Interest received	9,785
Net cash provided (used) by investment activities	<u>914,077</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(441,579)
CASH AND CASH EQUIVALENTS, JULY 1	<u>441,879</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>300</u></u>
Reconciliation of operating income (loss) to net cash	
provided (used) by operating activities:	
Operating Income (loss)	(2,433,722)
Adjustments to reconcile operating income (loss) to net cash	
provided (used) by operating activities:	
Depreciation	319,830
(Increase) decrease in receivables	43,170
(Increase) decrease in inventories	1,347
(Increase) decrease in due from other governments	(434,434)
(Increase) decrease in deferred outflows	48,021
(Increase) decrease in notes payable	154,597
Increase (decrease) in pension liability	188,999
Increase (decrease) in accounts payable	123,297
Increase (decrease) in accrued personnel costs	(1,899)
Increase (decrease) in retentions payable	27,806
Increase (decrease) in compensated absences	(11,153)
Increase (decrease) in deferred revenue	(34,426)
Increase (decrease) in deferred inflows	2,927
Total adjustments	<u>428,082</u>
Net cash provided (used) by operating activities	<u><u>(2,005,640)</u></u>
Non-cash Transaction	
Forgiveness of advances from City	2,911,319

See accompanying notes to financial statements

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The Airport Enterprise Fund represents the activities at the airport and the receipts of Federal Aviation Agency (FAA) grants. The fund is supported by the fees the airport collects from fuel sales and facility use fees. The FAA provides substantial grant income for general airport improvements.

The financial statements present only the activities of the Airport Enterprise Fund, and are not intended to present the financial position and changes in financial position of the City of Watsonville, in accordance with accounting principles generally accepted in the United State of America.

B. Basis of Accounting

The Airport Enterprise Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Airport Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with its principal ongoing operation. The principal operating revenues of the Airport Fund are charges to customers for sales and services.

Operating expenses for Airport Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Cash and Cash Equivalents

The cash flow statements require presentation of "cash and cash equivalents". For the purposes of the statement of cash flows, the government considers all proprietary funds pooled cash and investments and cash and investments with fiscal agent as "cash and cash equivalents".

D. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method.

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

E. Capital Assets

Capital assets, include property, plant and equipment, and infrastructure, (e.g., bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems), and construction in progress. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are valued at their estimated acquisition value on the date donated.

The costs for normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20 to 50 years
Buildings & Improvements	20 to 50 years
Machinery and Equipment	3 to 10 years

F. Compensated absences

It is the City's policy to allow employee groups to accumulate sick leave to a maximum of 1,000 hours. Sick leave accumulated above this maximum is paid to employees at 50% of such excess in December. The balance of such unused sick leave is lost and the sick leave accrual is reduced to 1,000 hours at January 1 of each year. Earned vacation time is accumulated up to two times the employee's annual accrual rate and unused vacation is paid at the employee's hourly rate upon termination.

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

The City accrues for compensated absences in the Airport Enterprise Fund financial statements for which they are liable to make payment directly.

G. Long term obligations

Long-term debt and other long-term obligations are reported as liabilities in the Airport fund statement of net position.

H. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the City recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period.

I. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is *net investment in capital assets* consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. *Restricted net position* is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. *Unrestricted net position* consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

2. CASH AND INVESTMENTS:

Cash and investments of June 30, 2019, consisted of the following:

Pooled cash and investments with the

City of Watsonville	\$300
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Please refer to the notes of the City's June 30, 2019 Comprehensive Annual Financial Report regarding cash and investments for additional detail.

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

3. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not being depreciated:	\$	\$	\$	\$
Land and Improvements	3,282,895	-	-	3,282,895
Construction in Progress	31,021	74,889	-	105,910
Total Capital Assets not depreciated	3,313,916	74,889	-	3,388,805
Capital Assets, being depreciated:				
Building and Improvements	9,160,742	-	-	9,160,742
Machinery and Equipment	288,682	22,594		311,276
Infrastructure	7,652,652	314,042	-	7,966,694
Total Capital Assets being depreciated	17,102,076	336,636	-	17,438,712
Less accumulated depreciation for:				
Buildings and Improvements	(5,087,550)	(208,852)	-	(5,296,402)
Machinery and Equipment	(269,635)	(8,123)	-	(277,758)
Infrastructure	(5,233,384)	(102,854)	-	(5,336,238)
Total Accumulated depreciation	(10,590,569)	(319,829)	-	(10,910,398)
Total Capital Assets being depreciated, net	6,511,507	16,807	-	6,528,314
Business Type activities, Capital Assets, net	9,825,423	91,696	-	9,917,119

4. INTERFUND RECEIVABLES AND PAYABLES:

Advances receivable/payable

Long-term interfund balances arise in the normal course of business and are not expected to be repaid during the next fiscal year. Advances receivable/payable funds balances at June 30, 2019 were as follows:

	<u>Receivable</u>	<u>Payable</u>
	\$	\$
Airport Enterprise Fund	21,465	
City Fiber Optic Enterprise Fund	-	21,465
Total Government	<u>21,465</u>	<u>21,465</u>

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

The City entered into an agreement with the Watsonville Pilot Association in July of 2018 to forgive an Advance Payable from the Airport Fund payable to the City's General Fund in the amount of \$2,461,319. This will also remove the Due to the City's General Fund of \$450,000 which is the current portion of the internal loan.

5. LONG TERM DEBT:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
	\$	\$	\$	\$	\$
Compensated absences	36,706	6,834	(17,987)	25,553	1,533
Net OPEB liabilities	99,566	-	-	99,566	-
Notes	-	160,323	(5,726)	154,597	22,903
Net pension liabilities	<u>1,262,043</u>	<u>331,811</u>	<u>(142,812)</u>	<u>1,451,042</u>	<u>-</u>
Total	<u>1,398,675</u>	<u>348,645</u>	<u>(166,525)</u>	<u>1,730,758</u>	<u>24,436</u>

6. DEFINED BENEFIT PENSION PLAN:

1. CALPERS miscellaneous employees plan

A. General Information about the Miscellaneous Pension Plan

Plan Description

All qualified permanent and probationary miscellaneous employees are eligible to participate in the City's Miscellaneous Employee Pension Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employees. Benefit provisions under the Plan is established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

		<u>Miscellaneous</u>	
	Prior to	After	After
Hire Date	July 1, 2011	July 1, 2011	January 1, 2013
Benefit Formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.09% to 2.42%	1% to 2.5%
Required employee contribution rates	7%	7%	5.5%
Required employer contribution rates	6.842%	6.842%	6.842%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the City were \$3,756,236 for the fiscal year ended June 30, 2019.

B. Net Pension Liability

The City's net pension liability for the plan is measured as the total pension liability less the pension plan's fiduciary net pension. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.5%
Payroll Growth	Varies by Entry Age & Service
Projected Salary Increase	3.3% - 14.2 (1)
Investment Rate of Return	7.5 % (2)2

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

Mortality	Derived using CALPERS Membership Data for all funds
(1) Depending on age, service and type of employee	
(2) Net pension plan investment expenses, including inflation	

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, valuation were based on the results of a 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

GASB No. 68, paragraph 68 states that the long term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expenses.

Change in Assumption:

For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

Discount Rate:

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28	1.00	2.62
Inflation Sensitive	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate	13	3.75	4.93
Liquidity	1	-	(0.92)

(a) An expected inflation of 2.0% was used for this period.

(b) An expected inflation of 2.92% was used for this period.

C. Changes in the Net Pension Liability

Airport Fund reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

<u>Miscellaneous Plan:</u>	<u>Proportionate Share of Net Pension Liability</u>
Balance at June 30, 2017	\$1,262,043
Balance at June 30, 2018	\$1,451,042

Airport Fund pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. Airport Fund's proportionate of the net pension liability was based on a projection of Airport Fund's long-term share of contributions to the net pension plan relative to the projected contributions of all funds of the City.

**CITY OF WATSONVILLE
AIRPORT ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

For the fiscal year ended June 30, 2019, Airport Fund recognized pension expense of \$130,880. At June 30, 2019, the Airport Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$142,777	\$ -
Changes in assumptions	137,287	(17,125)
Difference between expected and actual experience	-	(27,076)
Net difference between projected and actual earnings on plan investments	<u>12,110</u>	<u>-</u>
Total	<u>\$292,175</u>	<u>\$(44,201)</u>

The amount of \$142,777 was reported as deferred outflows of resources related to contributions subsequent to the measurement date of the net pension liability/collective net pension liability but before the end of the employer's governmental nonemployer contribution entity's reporting

period will be recognized as a reduction of the net pension liability/collective net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized as pension expense as follows:

Fiscal Year ended <u>June 30</u>	Deferred Outflows/(Inflows) of <u>Resources</u>
2020	\$113,895
2021	49,263
2022	(47,574)
2023	(10,387)

E. Payable to Pension Plan

At June 30, 2019, the Airport Fund had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2019.

**City of Watsonville
6/30/2019**

Advance Payables (Long Term Loans)

Lending Fund	Advances Receivable (Loan Amount)	Advance Payable (Paying Fund)	Reason	Notes
General Fund	\$ 101,674	Fiber Optic	Fiber Optic Project	Previously Approved by Resolution CM 47-17
Impact Fees	262,074	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Inclusionary Housing	105,532	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Library	80,468	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Library	192,227	Fiber Optic	Fiber Optic Project	Previously Approved by Resolution CM 47-17
Parks Development	68,167	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Airport	\$ 21,465	Fiber Optic	Fiber Optic Project	Previously Approved by Resolution CM 47-17
Sewer	\$ 198,223	Fiber Optic	Fiber Optic Project	Previously Approved by Resolution CM 47-17
Sewer	639,026	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Solid Waste	224,788	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Water	\$ 193,340	Fiber Optic	Fiber Optic Project	Previously Approved by Resolution CM 47-17
Water	676,690	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Water	\$ 2,743,129	General Fund	RDA Loan	Previously Approved by Resolution CM 147-13
Totals	\$ 5,506,804			

City of Watsonville, California
Annual Development Impact Fees Report
Statements of Revenues, Expenditures and Amount Needed to Fund Future Projects
For the Fiscal Year Ended June 30, 2019

	Airport Blvd.	City-wide	Pennsylvania Dr.	Crest View Area	Green Valley Corridor	East Highway 1
Revenues:						
Impact Fees	\$ -	\$ 162,906	\$ -	\$ -	\$ -	\$ -
Interest Income	-	29,152	2,749	-	4,363	83,719
Other Revenue	-	-	-	-	-	-
Total Revenues	-	192,058	2,749	-	4,363	83,719
Expenditures:						
Interest Expense	7,399	-	-	424	-	-
Loans & Grants	-	-	-	-	-	-
Capital Outlay:		1,575				
Project Specific Outlay	-	-	-	-	-	116,340
Total Expenditures	7,399	1,575	-	424	-	116,340
Excess of Revenues over (under) Expenditures	(7,399)	190,483	2,749	(424)	4,363	(32,621)
Beginning Fund Balance (7-1-18)	(190,708)	877,257	95,471	(14,730)	151,469	2,950,849
Ending Fund Balance (6-30-19)	(198,107)	1,067,740	98,220	(15,154)	155,832	2,918,228
Less Future Projected Projects:						
Freedom Blvd Project	-	(350,000)	-	-	-	-
Pennsylvania and Clifford	-	-	-	-	-	-
Highway 1 at Harkins Slough	-	-	-	-	-	(356,298)
Highway 1 Ramp	-	-	-	-	-	-
Beach/Ohlone Prky	-	-	-	-	-	-
Underground Utilities Project	-	-	-	-	-	-
Annual Debt Service	-	-	-	-	-	-
Senior Center Project	-	-	-	-	-	-
Non Structural Improvement Project	-	-	-	-	-	-
Coolidge Ave, Pump Station	-	-	-	-	-	-
Lincoln St. Pup Street	-	-	-	-	-	-
Marchant St. Pump Station	-	-	-	-	-	-
Housing Programs and Projects	-	-	-	-	-	-
Park Development Plan	-	-	-	-	-	-
Contract Agreement	-	-	-	-	-	-
Transfer to Impact Fee Funds	-	-	-	-	-	-
Budgeted Projects	-	-	-	-	-	-
Total Future Projected Projects	-	(350,000)	-	-	-	(356,298)
Amount (to Fund)/to Allocate for Future Projects	\$ (198,107)	\$ 717,740	\$ 98,220	\$ (15,154)	\$ 155,832	\$ 2,561,930

City of Watsonville, California
Annual Development Impact Fees Report
Statements of Revenues, Expenditures and Amount Needed to Fund Future Projects
For the Fiscal Year Ended June 30, 2019

	Struve Bridge	Errington/Clifford Area	Fire Capital Improvement	Public Facility	Storm Drain	Watsonville Slough Area
Revenues:						
Impact Fees	\$ -	\$ -	\$ 58,494	\$ 20,120	\$ 4,925	\$ -
Interest Income	-	8,332	-	5,823	40,163	-
Other Revenue	-	-	-	-	-	-
Total Revenues	-	8,332	58,494	25,943	45,088	-
Expenditures:						
Interest Expense	5,424	-	2,948	-	-	69,067
Loans & Grants	-	-	-	-	-	-
Capital Outlay:						
Project Specific Outlay	-	15,187	-	69,850	-	-
Total Expenditures	5,424	15,187	2,948	69,850	-	69,067
Excess of Revenues over (under) Expenditures	(5,424)	(6,855)	55,546	(43,907)	45,088	(69,067)
Beginning Fund Balance (7-1-18)	(188,351)	289,329	(129,327)	231,476	1,390,641	(1,780,210)
Ending Fund Balance (6-30-19)	(193,775)	282,474	(73,781)	187,569	1,435,729	(1,849,277)
Less Future Projected Projects:						
Freedom Blvd Project	-	-	-	-	-	-
Pennsylvania and Clifford	-	-	-	-	-	-
Highway 1 at Harkins Slough	-	-	-	-	-	-
Highway 1 Ramp	-	-	-	-	-	-
Beach/Ohlone Prky	-	(129,604)	-	-	-	-
Underground Utilities Project	-	(25,000)	-	-	-	-
Annual Debt Service	-	-	-	-	-	-
Senior Center Project	-	-	-	(45,000)	-	-
Non Structural Improvement Project	-	-	-	(138,016)	-	-
Coolidge Ave, Pump Station	-	-	-	-	(199,777)	-
Lincoln St. Pup Street	-	-	-	-	(305,062)	-
Marchant St. Pump Station	-	-	-	-	(260,047)	-
Housing Programs and Projects	-	-	-	-	-	-
Park Development Plan	-	-	-	-	-	-
Contract Agreement	-	-	-	-	-	-
Transfer to Impact Fee Funds	-	-	-	-	-	-
Budgeted Projects	-	-	-	-	-	-
Total Future Projected Projects	-	(154,604)	-	(183,016)	(764,886)	-
Amount (to Fund)/to Allocate for Future Projects	\$ (193,775)	\$ 127,870	\$ (73,781)	\$ 4,553	\$ 670,843	\$ (1,849,277)

City of Watsonville, California
Annual Development Impact Fees Report
Statements of Revenues, Expenditures and Amount Needed to Fund Future Projects
For the Fiscal Year Ended June 30, 2019

	Affordable Housing	Parks Development	Errington South Benefit Area	Impervious Impact Fee	1% transfer Fee	Green Building Fee
Revenues:						
Impact Fees	\$ 25,032	\$ 27,635	\$ -	\$ 7,355	\$ 136,845	\$3,603
Interest Income	57,808	37,246	-	38,221	-	-
Other Revenue	56,578	-	-	-	-	-
Total Revenues	139,418	64,881	-	45,576	136,845	3,603
Expenditures:						
Interest Expense	-	-	12,105	-	-	-
Loans & Grants	430,053	-	-	-	-	-
Capital Outlay:						
Project Specific Outlay	-	-	-	-	-	5,000
Total Expenditures	430,053	-	12,105	-	-	5,000
Excess of Revenues over (under) Expenditures	(290,635)	64,881	(12,105)	45,576	136,845	(1,397)
Beginning Fund Balance (7-1-18)	2,109,925	1,281,968	(312,018)	1,321,441	316,961	45,532
Ending Fund Balance (6-30-19)	1,819,290	1,346,849	(324,123)	1,367,017	453,806	44,135
Less Future Projected Projects:						
Freedom Blvd Project	-	-	-	-	-	-
Pennsylvania and Clifford	-	-	-	-	-	-
Highway 1 at Harkins Slough	-	-	-	-	-	-
Highway 1 Ramp	-	-	-	-	-	-
Beach/Ohlone Prky	-	-	-	-	-	-
Underground Utilities Project	-	-	-	-	-	-
Annual Debt Service	-	-	-	-	-	-
Senior Center Project	-	-	-	-	-	-
Non Structural Improvement Project	-	-	-	-	-	-
Coolidge Ave, Pump Station	-	-	-	-	-	-
Lincoln St. Pup Street	-	-	-	-	-	-
Marchant St. Pump Station	-	-	-	-	-	-
Housing Programs and Projects	(667,256)	-	-	-	-	-
Park Development Plan	-	(3,267,500)	-	-	-	-
Contract Agreement	-	-	-	(100,000)	-	-
Transfer to Impact Fee Funds	-	-	-	-	(127,461)	-
Budgeted Projects	-	-	-	-	-	(5,000)
Total Future Projected Projects	(667,256)	(3,267,500)	-	(100,000)	(127,461)	(5,000)
Amount (to Fund)/to Allocate for Future Projects	\$ 1,152,034	\$ (1,920,651)	\$ (324,123)	\$ 1,267,017	\$ 326,345	\$ 39,135

City of Watsonville, California
Annual Development Impact Fees Report
Statements of Revenues, Expenditures and Amount Needed to Fund Future Projects
For the Fiscal Year Ended June 30, 2019

	Carbon Fee	Manabe Ow Fee
Revenues:		
Impact Fees	\$47,038	\$2,262
Interest Income	5,561	4,454
Other Revenue	-	-
Total Revenues	52,599	6,716
Expenditures:		
Interest Expense	-	-
Loans & Grants	-	-
Capital Outlay:		
Project Specific Outlay	-	-
Total Expenditures	-	-
Excess of Revenues over (under) Expenditures	52,599	6,716
Beginning Fund Balance (7-1-18)	175,215	153,643
Ending Fund Balance (6-30-19)	227,814	160,359
Less Future Projected Projects:		
Freedom Blvd Project	-	-
Pennsylvania and Clifford	-	-
Highway 1 at Harkins Slough	-	-
Highway 1 Ramp	-	-
Beach/Ohlone Prky	-	-
Underground Utilities Project	-	-
Annual Debt Service	-	-
Senior Center Project	-	-
Non Structural Improvement Project	-	-
Coolidge Ave, Pump Station	-	-
Lincoln St. Pup Street	-	-
Marchant St. Pump Station	-	-
Housing Programs and Projects	-	-
Park Development Plan	-	-
Contract Agreement	-	-
Transfer to Impact Fee Funds	-	-
Budgeted Projects	(15,000)	-
Total Future Projected Projects	(15,000)	-
Amount (to Fund)/to Allocate for Future Projects	\$ 212,814	\$ 160,359

RESOLUTION NO. _____ (CM)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WATSONVILLE COMMITTING \$1,250,000 OF AVAILABLE GENERAL
FUND BALANCE TO THE EMERGENCY RESERVE**

WHEREAS, on or about February 27, 2018, the Council adopted Resolution No. 35-18 (CM), adopting the City's "Financial Reserve Policy" and committing \$1,650,000 as initial funding to an emergency reserve; and

WHEREAS, on or about February 26, 2019, the City Council adopted Resolution No. 23-19 (CM) committing an additional \$1.5 million; and

WHEREAS, the purpose of the Financial Reserve Policy is to establish a target minimum level of unrestricted reserves in the General Fund; and

WHEREAS, the Financial Reserve Policy shall maintain an unrestricted fund balance in the City's General Fund of no less than 20% of General Fund operating expenses which is inclusive of Section 1112 of the Charter of the City of Watsonville currently set at \$2,450,000; and

WHEREAS, within that 20% commitment, the City should have a goal of committing 10% of the value of operating expenditures to an Emergency Reserve FUND that may be used only with City Council approval for disasters, revenue shortfall, retirement cost increases and asset failure; and

WHEREAS, staff recommends \$1,250,000 be committed to the Emergency Reserve.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

That the City Council hereby commits \$1,250,000 to the Emergency Reserve.

RESOLUTION NO. _____ (CM)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WATSONVILLE APPROVING ADVANCE PAYABLES (LONG TERM
INTERFUND LOANS) IDENTIFIED IN THE AUDITED FINANCIAL
STATEMENTS IN ACCORDANCE WITH CITY'S INTERFUND LOAN
AND TRANSFER POLICY**

WHEREAS, the City's Interfund Loan and Transfer Policy authorizes the City's Chief Financial Officer to approve short-term loans for cash flow purposes; long term loans are approved by the Council by resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

That the City Council hereby approves the Advance Payables (Long Term Interfund Loans), as fully described on Exhibit "A," attached hereto and incorporated herein, identified in the Audited Financial Statements in accordance with the City's Interfund Loan and Transfer Policy.

**City of Watsonville
6/30/2019**

Advance Payables (Long Term Loans)

Lending Fund	Advances Receivable (Loan Amount)	Advance Payable (Paying Fund)	Reason	Notes
General Fund	\$ 101,674	Fiber Optic	Fiber Optic Project	Previously Approved by Resolution CM 47-17
Impact Fees	262,074	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Inclusionary Housing	105,532	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Library	80,468	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Library	192,227	Fiber Optic	Fiber Optic Project	Previously Approved by Resolution CM 47-17
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Water	676,690	General Fund	Side Fund Loan	Previously Approved by Resolution CM 121-11
Water	\$ 2,743,129	General Fund	RDA Loan	Previously Approved by Resolution CM 147-13
Totals	\$ 5,506,804			