

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.

Francisco Estrada, Mayor, District 4
Rebecca J. Garcia, Mayor Pro Tempore, District 5

Felipe Hernandez, Council Member, District 1
Aurelio Gonzalez, Council Member, District 2
Lowell Hurst, Council Member, District 3
Trina Coffman-Gomez, Council Member, District 6
Ari Parker, Council Member, District 7

Matt Huffaker, City Manager
Alan J. Smith, City Attorney
Beatriz Vázquez Flores, City Clerk

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. Meeting 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.

4:30 p.m.**1. CLOSED SESSION**

(City Council Conference Room, 275 Main Street, 4th Floor)

A. [CLOSED SESSION AGENDA](#)

Attachments: [CLOSED SESSION AGENDA](#)

- (a) Public Comments regarding the Closed Session agenda will only be accepted by the City Council at this time.
- (b) Closed Session Announcement
The City Council will now recess to discuss those items listed on the Closed Session Statement attached to the Agenda.

6:30 p.m.

Anyone Addressing the City Council is asked to fill out a blue card and leave it at the podium 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 PRIOR TO, OR AT, THE PUBLIC MEETING.)

2. INFORMATION ITEMS—Written Report(s) Only**A. [MISCELLANEOUS DOCUMENTS REPORT](#)**

Attachments: [Miscellaneous Documents Report 032619](#)

3. ROLL CALL**4. PLEDGE OF ALLEGIANCE**

Public Input on any Consent Agenda Item

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.

A. [MOTION APPROVING MINUTES OF MARCH 12, 2019](#)

Attachments: [Minutes - March 12, 2019](#)

B. [RESOLUTION APPROVING PLANS & SPECIFICATIONS & CALLING FOR BIDS FOR THE WATSONVILLE MUNICIPAL AIRPORT SEAL CRACKS, SLURRY SEAL, & REMARK RUNWAY 9-27 & TAXIWAYS B & C PROJECT, NO. AP-19-02 \(ESTIMATED COST OF \\$504,650: \\$454,185 \(90%\) WILL BE FUNDED FROM THE FEDERAL AVIATION ADMINISTRATION \(FAA\) AIRPORT IMPROVEMENT GRANT, \\$22,709 \(5% OF THE FAA GRANT\) FROM THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION \(CALTRANS\) AND \\$27,756 FROM THE AIRPORT ENTERPRISE FUND](#)

Requested by: Airport Director Williams

Attachments: [Call Bids for Crack/Slurry Seal Runway 9-27 - Report](#)
[Call Bids for Cracks/Slurry Runway 9-27 - Resolution](#)

C. [RESOLUTION AWARDDING CONTRACT TO CSG CONSULTANTS, INC., FOR CONSTRUCTION MANAGEMENT SERVICES FOR THE GREEN VALLEY ROAD PAVEMENT PRESERVATION PROJECT NO. ST-18-02, IN AN AMOUNT NOT TO EXCEED \\$191,200](#)

Requested by: Public Works & Utilities Director Palmisano

Attachments: [Award Contract to CSG for GV Pavement Project - Report](#)
[Award Contract to CSG for GV Pavement Project - Resolution](#)

D. [NEW JOB CLASSIFICATIONS & DESCRIPTIONS FOR THE PUBLIC WORKS AND UTILITIES DEPARTMENT](#)

Requested by: Public Works & Utilities Director Palmisano

Attachments: [New Job Descriptions for PW Dept - Report](#)
[Comm Enviro Outreach Coordinator - Resolution](#)
[Comm Enviro Outreach Manager - Resolution](#)

- 1) Resolution Approving & Authorizing New Job Classification & Job Description for Communications & Environmental Outreach Coordinator (Mid-Management Unit) at Established Salary Range of \$28.49 - \$38.18 Per Hour
- 2) Resolution Approving & Authorizing New Job Classification & Job Description for Communications & Environmental Outreach Manager (Management Unit) at Established Salary Range of \$39.27 - \$52.63 Per Hour

E. [RESOLUTION APPOINTING WAYNE HAYASHIBARA TO THE CITY OF WATSONVILLE PARKS & RECREATION COMMISSION \[DISTRICT 7\]](#)

Attachments: [Application for Parks & Rec Commission \(District 7\)](#)
 [Appointment to Parks Rec Commission Dist 7 - Resolution](#)

6. ITEMS REMOVED FROM CONSENT AGENDA

7. REPORTS TO COUNCIL -- No Action Required

A. [ECOLOGY ACTION PRESENTATION ABOUT THE WATERLINK PROGRAM FUNDED BY DEPARTMENT OF WATER RESOURCES GRANT TO PROVIDE WATER CONSERVATION DEVICES TO WATSONVILLE BUSINESSES & LOW-INCOME CUSTOMERS \(10 MINUTES\)](#)

Requested by: Public Works & Utilities Director Palmisano

8. 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. Any Council Member may place matters brought up under Oral Communications on a future agenda. ALL SPEAKERS ARE ASKED TO FILL OUT A BLUE CARD & LEAVE IT AT THE TABLE DESIGNATED NEAR THE PODIUM, GO TO THE PODIUM AND ANNOUNCE THEIR NAME AND ADDRESS IN ORDER TO OBTAIN AN ACCURATE RECORD FOR THE MINUTES.

A. [ORAL COMMUNICATIONS FROM THE PUBLIC & CITY COUNCIL](#)

B. [REPORT OUT OF CLOSED SESSION](#)

9. PUBLIC HEARINGS, ORDINANCES, & APPEALS

A. [ADOPTION OF URGENCY ORDINANCE RELATING TO CANNABIS EQUITY PROGRAM & RESOLUTION AUTHORIZING CITY MANAGER TO SUBMIT GRANT APPLICATION TO STATE FOR FUNDING](#)

Requested by: City Attorney Smith

Attachments: [Urgency Ordinance adopting Cannabis Equity Program - Report](#)
 [Cannabis Equity Program Article](#)
 [WMC 5-49 Cannabis Equity Program - Ordinance](#)
 [Grant Submittal Equity Act Funds - Resolution](#)

- 1) Staff Report
- 2) City Council Questions
- 3) Public Hearing
- 4) City Council Discussion
- 5) Adoption of Urgency Ordinance Adding New Chapter 49 (Cannabis Equity Program) to Title 5 (Public Welfare, Morals, & Conduct) of Watsonville Municipal Code to Provide Local Guidelines for Administering a Cannabis Equity Program in the City of Watsonville
- 6) Resolution Authorizing & Directing Submittal of Application to State of California, Department of Consumer Affairs, Bureau of Cannabis Control for Equity Act Grant Funds; & Appropriating Such Funds to Cannabis Equity Grant Fund

JOINT CITY COUNCIL/SUCCESSOR HOUSING AGENCY

10. NEW BUSINESS

A. [CONSIDERATION OF FUNDING COMMITMENT IN THE AMOUNT OF \\$1,800,000 TO MIDPEN HOUSING CORPORATION TO ASSIST IN THE CONSTRUCTION OF A 61 UNIT MULTI-FAMILY AFFORDABLE HOUSING DEVELOPMENT AT 139-161 MILES LANE & KIMBERLY LANE](#)

Requested by: Community Development Director Merriam

Attachments: [139-161 Miles Lane Loan Commitment - Report](#)
[139-161 Miles Lane Loan Commitment - Resolution](#)

- 1) Staff Report
- 2) MidPen Report
- 3) City Council Questions
- 4) Public Input
- 5) City Council Discussion

- 6) Joint Resolution of City Council & City Council In Its Capacity As Successor to the Housing Assets & Functions of Former Redevelopment Agency (1) Approving Funding Commitment in the Amount Of \$1,800,000 to MidPen Housing Corporation to Assist in Construction of 61 Unit Multi-Family Affordable Housing Development Located at 139-161 Miles Lane & 201 Kimberly Lane), (2) Authorizing & Directing City Manager to Negotiate & Execute Loan Agreement; & (3) Authorizing Budget Appropriation of \$1,000,000 from Successor Housing Agency Fund & \$800,000 from the Inclusionary Housing Fund

B. CONSIDERATION OF APPROVAL OF (1) THE SALE OF THE AFFORDABLE HOUSING PROJECT AT 500 MAIN STREET (JEFSSEN HOTEL TO CHIPTHUY500 LLC ("BUYER"), (2) ENTRY INTO AN ASSIGNMENT & ASSUMPTION AGREEMENT CONSENTING TO SALE OF PROPERTY, & (3) ENTRY INTO A SUBORDINATION AGREEMENT REQUIRED IN CONNECTION WITH THE BUYER'S ACQUISITION FINANCING

Requested by: Community Development Director Merriam

Attachments: [Sale of 500 Main Street \(Jefsen Hotel\) - Report](#)
[Sale of 500 Main Street \(Jefsen Hotel\) - Resolution](#)

- 1) Staff Report
- 2) City Council Questions
- 3) Public Input
- 4) City Council Discussion
- 5) Resolution of City Council in its Capacity as Successor to Housing Assets & Functions of Former Redevelopment Agency Approving: (1) The Sale of Property Located at 500 Main Street (Commonly Known as the Jefsen Hotel) from Green Valley Corporation to ChipThuy500 LLC, (2) Certain Assignment & Assumption of Affordability Agreement Among City, Green Valley Corporation, & ChipThuy500 LLC, & (3) Certain Subordination Agreement Among City, ChipThuy500 LLC, & [Bank (TBD)]

CITY COUNCIL

NEW BUSINESS (Continued)

C. [CONSIDERATION OF 5-YEAR AGREEMENT WITH AXON FOR THE PURCHASE OF BODY WORN CAMERA \(BWC\) EQUIPMENT & EVIDENCE.COM DIGITAL MEDIA STORAGE](#)

Requested by: Police Chief Honda

Attachments: [Sole Source Purchase of Body Worn Cameras - Report](#)
[Sole Source Purchase of Body Worn Cameras - Resolution](#)

- 1) Staff Report
- 2) City Council Questions
- 3) Public Input
- 4) City Council Discussion
- 5) Resolution Authorizing Sole Source Purchase with Axon Enterprise, Inc., for 75 Axon Body Worn Cameras, Equipment Updates at 2.5 & 5 Years & Commitment for 5 Years to Axon's Evidence.Com Digital Media Storage Solution, in an Amount not to Exceed \$471,727.18

D. [CITY OF WATSONVILLE HOUSING PROGRAMS WHITE PAPER REPORT](#)

Requested by: Community Development Director Merriam

Attachments: [City's Housing Programs White Paper Report](#)

- 1) Staff Report
- 2) City Council Questions
- 3) Public Input
- 4) City Council Discussion
- 5) Motion Accepting Report on the City of Watsonville Housing Programs White Paper & directing staff continue to work to meet the City's Housing Goals, as Outlined in the White Paper Report

11. EMERGENCY ITEMS ADDED TO AGENDA

12. REQUESTS & SCHEDULING FUTURE AGENDA ITEMS

13. 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 COUNCIL
CITY OF WATSONVILLE
CLOSED SESSION AGENDA
AND STATEMENT FOR MAYOR PRIOR TO CLOSED SESSION**
(Government Code §§ 54954.2 and 54957.7)

4:30 P.M.

City Council Chambers
275 Main Street, 4th Floor

 X Regular Adjourned Special Meeting of March 26, 2019
[Date]

The City Council of the City of Watsonville will recess to Closed Session to discuss the matters that follow:

A. THREAT TO PUBLIC SERVICES OR FACILITIES

(Government Code Section 54957)(a)

Consultation with: (Watsonville Police Department, Police Captain, Police Sergeant)

B. CONFERENCE WITH LABOR NEGOTIATOR

(Government Code Section 54957.6)

1. Agency negotiator: Nathalie Manning and Maria Esther Rodriguez

Employee organizations: Confidential Unit
Management Unit
Mid-Management Unit
Police Officers Association
Public Safety Mid-Management Unit

Dated: Thursday, March 21, 2019

Prepared by: 
Alan J. Smith, City Attorney



MISCELLANEOUS DOCUMENTS REPORT
MARCH 26, 2019

1.0 MINUTES

--Planning Commission
January 15, 2019

--Planning Commission
February 5, 2019

2.0 PROCLAMATIONS

--Child Abuse Prevention Month
April 2019

--Tony Scurich
"2019 Al Smith Friend of Agriculture"
March 13, 2019

MINUTES

**REGULAR MEETING OF THE PLANNING COMMISSION
OF THE CITY OF WATSONVILLE**

**COUNCIL CHAMBERS
275 MAIN STREET, 4th FLOOR, WATSONVILLE, CALIFORNIA**

January 15, 2019

6:05 PM

In accordance with City policy, all Planning Commission meetings are recorded on audio and videotape in their entirety, and the tapes are available for review in the Community Development Department (CDD). These minutes are a brief summary of action taken.

1. ROLL CALL OF COMMISSIONERS

Present were Commissioners Rick Danna, Matthew H. Jones, Jenny T. Sarmiento and Chair Anna Kammer. Commissioners Phillip F. Tavarez, Jenni Veitch-Olson and Vice-Chair Nick Rivera were absent.

Staff members present were City Attorney Alan Smith, Community Development Director Suzi Merriam, Principal Planner Justin Meek, AICP, Recording Secretary Deborah Muniz, Administrative Assistant II Maria Elena Ortiz and City Interpreter Sofia Vazquez-Quintero.

2. PLEDGE OF ALLEGIANCE

Chair Kammer led the Pledge of Allegiance.

3. PRESENTATIONS AND ORAL COMMUNICATIONS

Commissioner Sarmiento wished everyone a Happy New Year and is looking forward to all future City projects and events.

Commissioner Jones invited the public to attend the Second Saturday on the Farm events held from 11 PM to 3 PM at the Agricultural History Project Center & Museum.

Commissioner Danna apologized to the public and staff for his tardiness, but was glad to have made it to his last Planning Commission meeting.

Chair Kammer briefed the Commission on the various meetings she attended and plans to attend in the next few weeks.

4. CONSENT AGENDA

A. MOTION APPROVING MINUTES FOR DECEMBER 4, 2018 REGULAR MEETING

MOTION: It was moved by Commissioner Danna, seconded by Commissioner Jones, and carried by the following vote to approve the Consent Agenda.

AYES:	COMMISSIONERS: Danna, Jones, Sarmiento, Kammer
NOES:	COMMISSIONERS: None



ABSENT: COMMISSIONERS: Tavarez, Veitch-Olson, Rivera

5. PUBLIC HEARINGS

A. PUBLIC HEARING TO CONSIDER APPROVAL OF A MAJOR MODIFICATION (PP2018-94) TO SPECIAL USE PERMIT WITH DESIGN REVIEW (PP2015-184) TO ADD A CARWASH TO THE APPROVED FOOD MART AND GAS STATION ON A 2.4+ ACRE PARCEL LOCATED AT 69 LEE ROAD (APN: 018-302-06) WITHIN A LARGER 7.3+ ACRE SITE APPROVED FOR HOTEL, RESTAURANT AND RETAIL DEVELOPMENT (APNS: 018-302-04, -05, & -06), FILED BY JAGJIT TUT WITH ELITE DEVELOPMENTS, INC, APPLICANT, ON BEHALF OF J & H RETAIL LLC, PROPERTY OWNER

1) Staff Presentation

Staff Report was given by Principal Planner Justin Meek.

In answering Commissioner Sarmiento's question in regards as to why a carwash component was not initially submitted, Principal Planner Meek deferred that question for the applicant.

Commissioner Jones asked if staff has addressed environmental concerns, such as water and hazardous material from vehicles, and filtering that before it gets into the drainage and storm water system.

Principal Planner Meek went over the conditions of approval set forth to address those concerns.

In answering Commissioner Danna's question regarding any negative impacts due to the changes to the project, Principal Planner Meek clarified that the changes were minimal, and were done in response to staff's comments for approval.

Chair Kammer asked if Principal Planner Meek could go over both the original and proposed site maps to illustrate where the changes are occurring.

Principal Planner Meek went over both site maps and reviewed the changes.

2) Applicant Presentation

Jagjit Tut, applicant, clarified that the layout had to change to meet the requirements set forth in its transition from a Valero to an Arco gas station. Additionally, he further explained the reasons for all of the project modifications.

3) Public Hearing

Chair Kammer opened the public hearing.

Hearing no further public comment, Chair Kammer closed the public hearing.

4) Commission Discussion

None



5) Motion:

It was moved by Commissioner Sarmiento, seconded by Commissioner Danna, and carried by the following vote to adopt a resolution approving the major modification (PP2018-94) to special use permit with design review (PP2015-184).

AYES: COMMISSIONERS: Danna, Jones, Sarmiento, Kammer
NOES: COMMISSIONERS: None
ABSENT: COMMISSIONERS: Tavarez, Veitch-Olson, Rivera

6. REPORT OF THE SECRETARY

Director Merriam thanked Commissioners Rick Danna and Nick Rivera for their years of service on the Planning Commission. Additionally, she went over future projects that will be coming to the Planning Commission and City Council.

In answering Commissioner Sarmiento's questions regarding the new cannabis dispensary in Pajaro, Director Merriam does not believe it would negatively affect any cannabis dispensaries that could potentially open in Watsonville in the future, as she believes there is enough business for all good businesses.

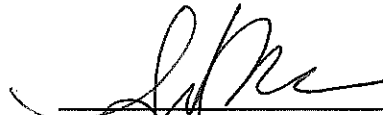
In answering Commissioner Sarmiento's question regarding a fire at one of the cannabis businesses, Director Merriam clarified that the incident did not occur at any of the approved businesses, but rather inside of a non-permitted storage pod in a parking lot located at Hangar Way.

7. ADJOURNMENT

Chair Kammer adjourned the meeting at 6:37 PM. The next Planning Commission meeting is scheduled for Tuesday, February 5, 2019, at 6:00 PM in the City Council Chambers.



Suzi Merriam, Secretary
Planning Commission



Anna Kammer, Chair
Planning Commission

MINUTES

REGULAR MEETING OF THE PLANNING COMMISSION
OF THE CITY OF WATSONVILLE

COUNCIL CHAMBERS
275 MAIN STREET, 4th FLOOR, WATSONVILLE, CALIFORNIA

February 5, 2019

6:00 PM

In accordance with City policy, all Planning Commission meetings are recorded on audio and videotape in their entirety, and the tapes are available for review in the Community Development Department (CDD). These minutes are a brief summary of action taken.

1. ROLL CALL OF COMMISSIONERS

Present were Commissioners Ed Acosta, Matthew H. Jones (arrived at 6:02 PM), Jenna Rodriguez, Jenny T. Sarmiento, Phillip F. Tavarez, and Commissioner Jenni Veitch-Olson. Chair Anna Kammer was absent.

Staff members present were City Attorney Alan Smith, Community Development Director Suzi Merriam, Principal Planner Justin Meek, AICP, Associate Planner Ivan Carmona-Torres, Recording Secretary Deborah Muniz, Administrative Assistant II Maria Elena Ortiz and City Interpreter Carlos Landaverry.

Community Development Director Merriam announced that Chair Kammer was absent and the Vice-Chair's term had expired.

Pursuant to Watsonville Municipal Code Section 2-1.107, a temporary chair shall be elected by the Commissioners present.

ELECTION OF THE CHAIR

Motion: It was moved by Commissioner Sarmiento, seconded by Commissioner Tavarez, and carried by the following vote to appoint Member Veitch-Olson as Chair Pro Tempore:

AYES:	COMMISSIONERS:	Acosta, Jones, Rodriguez, Sarmiento Tavarez, Veitch-Olson
NOES:	COMMISSIONERS:	None
ABSENT:	COMMISSIONERS:	Kammer

2. PLEDGE OF ALLEGIANCE

Chair Pro Tempore Veitch-Olson led the Pledge of Allegiance.



A. INTRODUCTION OF NEW PLANNING COMMISSIONERS

Chair Pro Tempore Veitch-Olson welcomed the new Planning Commissioners.

Commissioner Acosta thanked Council member Ari Parker, District 7, for the opportunity to serve on the Planning Commission.

Commissioner Jenna Rodriguez introduced herself to the Planning Commission and is looking forward to serving her community through her new role.

3. PRESENTATIONS AND ORAL COMMUNICATIONS

Commissioner Sarmiento invited the public to attend the 25th Annual Peace and Unity March on Sunday, February 10, 2019, at 11 AM at the City Plaza.

Commissioner Veitch-Olson invited the community to the mayor's bike ride event on Saturday, February 9, 2019 at 10 AM along the Pajaro River Levee Trail. Additionally, she reminded the community about the importance of participating in the upcoming 2020 Census.

City Attorney Smith reminded the Planning Commission that when voting on items, members should apply the facts to make findings based on policy that both the City Council and Planning Commission have adopted in the past.

4. PUBLIC HEARINGS

A. PUBLIC HEARING TO CONSIDER AN APPLICATION FOR A SPECIAL USE PERMIT WITH ENVIRONMENTAL REVIEW (PP2018-304) TO ALLOW THE RELOCATION OF AN EXISTING AUTOMOTIVE REPAIR AND SERVICES FACILITY (OSUNA AUTO ELECTRIC & SMALL ENGINE REPAIR) INTO AN EXISTING 5,000± SQUARE-FOOT INDUSTRIAL BUILDING LOCATED AT 131 WALKER STREET (APN: 017-162-06), FILED BY RAFAEL OSUNA, APPLICANT, ON BEHALF OF MARK PISTA, PROPERTY OWNER

1) Staff Presentation

Staff Report was given by Associate Planner Ivan Carmona.

In answering Commissioner Sarmiento's question regarding the expansion of his business, Mr. Osuna stated that essentially, the relocation of his business will allow for more customers.

In response to Commissioner Tavaréz concern regarding the fencing, Mr. Osuna stated that they just installed new mesh on the fencing to allow more privacy.



2) Applicant Presentation

Rafael Osuna, applicant, gave a brief background about his business.

3) Public Hearing

Chair Pro Tempore Veitch-Olson opened the public hearing.

Bray, member of the public, expressed his support for Mr. Osuna's business.

Hearing no further public comment, Chair Pro Tempore Veitch-Olson closed the public hearing.

4) Commission Discussion

Commissioner Tavaréz expressed support for the item, and inquired about the possibility of installing street signage to warn customers about "the dip" when exiting the business onto Walker Street.

Mr. Osuna agreed with Commissioner Tavaréz concerns regarding that "dip" and hopes that the City can look into it.

Chair Pro Tempore Veitch-Olson thanked the applicant for keeping his business in Watsonville and spoke in support of the item.

Mr. Osuna thanked City staff for all of their help, and expressed hopes that in the future, the application process be expedited.

5) Motion:

It was moved by Commissioner Jones, seconded by Commissioner Sarmiento, and carried by the following vote to adopt a resolution approving the major modification to special use permit with design review.

AYES:	COMMISSIONERS:	Acosta, Jones, Rodriguez, Sarmiento Tavaréz, Veitch-Olson
NOES:	COMMISSIONERS:	None
ABSENT:	COMMISSIONERS:	Kammer

B. PUBLIC HEARING TO CONSIDER AN APPLICATION FOR A SPECIAL USE PERMIT WITH DESIGN REVIEW AND ENVIRONMENTAL REVIEW (PP2018-243) TO ALLOW THE CONVERSION OF A 2,100± SQUARE-FOOT BUILDING LOCATED AT 1992 MAIN STREET (APN: 016-281-01) INTO A STARBUCKS COFFEEHOUSE WITH AN OUTSIDE PATIO AND DRIVE-THROUGH LANE, FILED BY SCOTT PULLEN WITH HMR ARCHITECTS, APPLICANT, ON BEHALF OF BEST PROPERTIES ASSOCIATES, INC, PROPERTY OWNER



1) Staff Presentation

Staff Report was given by Principal Planner Justin Meek.

In answering Commissioner Jones' question regarding the loss of parking spaces, Principal Planner Meek clarified that while the project would result in the loss of a few spaces, the shopping center has a surplus of over 100 spaces.

Commissioner Sarmiento expressed concern about City staff supporting this drive-through project, especially when considering the environmental impacts.

In addressing Commissioner Sarmiento's concerns regarding the negative environmental impacts, Principal Planner Meek stated that this project meets the City's current code. Additionally, City Attorney Smith reminded the Planning Commission that they are voting based on the City's existing policy, and whether a project meets the required standards.

Commissioner Acosta inquired about the direction of traffic flow, specifically, when exiting the drive-through.

Principal Planner Meek went over the site map. Additionally, Director Merriam proposed adding a condition to the project to include directional signage at the exit of the drive-through.

2) Applicant Presentation

None

3) Public Hearing

Chair Pro Tempore Veitch-Olson opened the public hearing.

Hearing no further public comment, Chair Pro Tempore Veitch-Olson closed the public hearing.

4) Commission Discussion

In answering Commissioner Tavaréz inquiry regarding this project complementing other existing commercial businesses in the shopping center, Principal Planner Meek clarified that it is another commercial use project that may be of interest to those that are shopping in the center.

Commissioner Tavaréz suggested to the applicant the possibility of including a fence on the drive-through lane to avoid any pedestrian collisions.



5) Motion:

It was moved by Commissioner Tavarez, seconded by Commissioner Jones, and carried by the following vote to adopt a resolution approving special use permit with design and environmental review with a condition that the applicant include a stop sign at the end of the drive-through:

AYES: COMMISSIONERS: Acosta, Jones, Rodriguez, Tavarez,
Veitch-Olson

NOES: COMMISSIONERS: Sarmiento

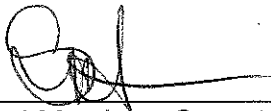
ABSENT: COMMISSIONERS: Kammer

5. REPORT OF THE SECRETARY

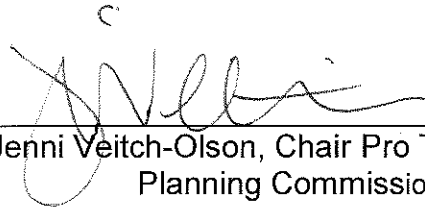
Director Merriam welcomed the two new Planning Commissioners. Additionally, she reminded the Commission that they will be hosting the election of the Chair and Vice-Chair at the next meeting in March.

6. ADJOURNMENT

Chair Pro Tempore Veitch-Olson adjourned the meeting at 6:42 PM. The next Planning Commission meeting is scheduled for Tuesday, March 5, 2019, at 6:00 PM in the City Council Chambers.



Suzi Merriam, Secretary
Planning Commission



Jenni Veitch-Olson, Chair Pro Tempore
Planning Commission



Proclamation

Child Abuse Prevention Month

April 2019

WHEREAS, over 2,500 cases of child abuse are investigated in Santa Cruz County every year;
and

WHEREAS, every community has a stake in the health and safety of its children and shares in the responsibility to help overcome the devastating tragedy of child abuse; and

WHEREAS, by promoting and supporting programs and services that provide resources for children and families, the community can be effective in helping to break the cycle of abuse; and

WHEREAS, effective child abuse prevention programs succeed because of collaboration and partnerships among agencies, schools, religious organizations, law enforcement agencies, the business community, and citizens; and

WHEREAS, Child Abuse Prevention Month has been observed each April since its first presidential proclamation in 1983. Since that time individuals, organizations, and communities across the country have participated in this exciting campaign to increase awareness of child maltreatment, and the importance of its prevention; and

WHEREAS, Since its inception in 1992, Court Appointed Special Advocates of Santa Cruz County (CASA) has served nearly 2,000 children and youth placed in foster care because of neglect, abuse or abandonment; and

WHEREAS, More than 1,700 community volunteers have been trained by CASA to work with these children as their voice in dependency court, providing advocacy, stability and hope; and

WHEREAS, child abuse is preventable and unacceptable. Each of us can play a role in helping our community to better understand child abuse prevention by supporting programs and services that help families and children; being a good neighbor; offering to baby-sit; donating used children's clothing, furniture, and toys for another family; being kind and supportive to new parents; or responding to families in crisis and linking families to needed services and opportunities;

NOW, THEREFORE, I, Francisco Estrada, Mayor of the City of Watsonville, in the State of California, on behalf of the City Council hereby declare the month of April 2019 as National Child Abuse Prevention month in the City of Watsonville and congratulate CASA and all of its volunteers on service to local children and urge all citizens to join CASA in helping prevent child abuse by contributing in whatever way possible to strengthen families and support the well-being of all children in our community.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Watsonville to be affixed this 29th day of March, two thousand and nineteen.


Francisco Estrada, Mayor

WATSONVILLE, CALIFORNIA



P r o c l a m a t i o n

Tony Scurich

“2019 Al Smith Friend of Agriculture”

March 13, 2019

WHEREAS, Tony Scurich was born and raised in Watsonville. He attended Moreland Notre Dame Grammar School, and graduated from Watsonville High School in 1977. He attended Cabrillo College and graduate from Santa Clara University in 1981. Tony has been married to his wife Julie for 34 years and they have 3 children, Jeff, Megan and Scott; and

WHEREAS, Tony played basketball all four years while in High School. He also held various summer jobs including hauling strawberries for Driscoll's. His experience working in the agricultural field gave him a great appreciation for agriculture; and

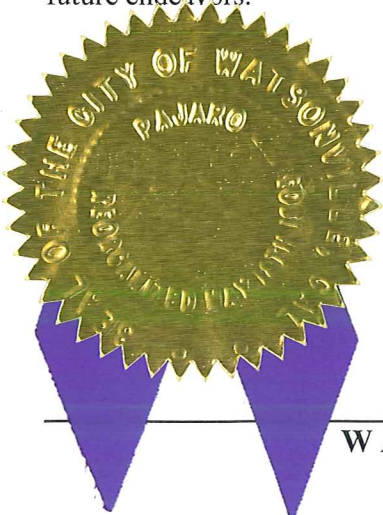
WHEREAS, Tony has been in the insurance business since 1981 and now currently serves as the Principal/Broker with Surich Insurance; and

WHEREAS, Tony has been part of many Boards and Committees such as, PV Chamber of Commerce, YMCA, PV Historical Association, Monterey Bay Council Boy Scouts of America, Skillicorn BBQ Committee, St. Francis High School Finance Committee, YMCA Youth Basketball Coach, VP of Moreland Notre Dame Father's Club, Parish and School Corporation President and San Carlos Cathedral Food Pantry Co-coordinator; and

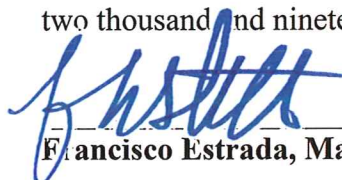
WHEREAS, Tony has supported and volunteered his time and energy in various Agricultural Organizations and events including, Second Harvest Food Bank, CA. Strawberry Growers Scholarship Fund, CA Certified Organic Farmers, Inc., Agri-Culture, Jean & Ed Kelly Foundation, Live Earth Farm Discovery, Prevedelli Farms dinner fund raiser, SC County Fair Heritage Foundation and SC County Farm Bureau; and

WHEREAS, today Tony enjoys spending time running, cooking, reading and eating breakfast burritos at the Pixie Deli;

NOW, THEREFORE, I, Francisco Estrada, Mayor of the City of Watsonville in the State of California, on behalf of the City Council hereby congratulate **Tony Scurich** on receiving the “2019 Al Smith Friend of Agriculture” award by the Santa Cruz County Farm Bureau and commend him for his outstanding achievements and dedication to the community of Watsonville, and wish him much success in all his future endeavors.



IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Watsonville to be affixed this 13th day of March, two thousand and nineteen.


Francisco Estrada, Mayor

WATSONVILLE, CALIFORNIA



MINUTES REGULAR CITY COUNCIL MEETING

March 12, 2019

City of Watsonville
Council Chambers
275 Main Street, Top Floor

5:32 p.m.

1. 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.

1.A. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

(Government Code Section 54956.9)

- 1. Anticipated litigation pursuant to subdivision (e)(3):

a) Claimant: Celestine Marie Glover (Represented by
Dolan Law Firm, PC)

Agency claimed against: City of Watsonville

6:32 p.m.

2. ROLL CALL

Mayor Estrada, Mayor Pro Tempore Garcia, and Council Members González, Hernandez, Hurst, and Parker were present. Member Coffman-Gomez was absent.

Staff members present were City Manager Huffaker, City Attorney Smith, City Clerk Vázquez Flores, Public Works & Utilities Director Palmisano, Police Chief Honda, Fire Chief Barreto, Administrative Services Director Czerwin, Airport Director Williams, Community Development Director Merriam, Information Technology Director Boyes, Parks & Community Services Director Calubaquib, Deputy City Managers Manning & Vides, Assistant Public Works & Utilities Director Rodriguez, Assistant Police Chief Sims, Fire Division Chief Avila, Principal Planner Meek, Police Captain McKinley, Senior Utilities Engineer Berry, Assistant City Clerk Ortiz, Administrative Analyst Meyer, and Interpreter Vazquez-Quintero.

3. INFORMATION ITEMS—Written Report(s) Only

3.A. REPORT OF DISBURSEMENTS

3.B. MISCELLANEOUS DOCUMENTS REPORT

4. PLEDGE OF ALLEGIANCE

5. PRESENTATIONS & ORAL COMMUNICATIONS

5.C. ORAL COMMUNICATIONS FROM THE PUBLIC

Steve Trujillo spoke about Governor Newsom's plan to increase funding for creation of low income housing. He gave suggestions on how to address homelessness. He stated several parking lots along Freedom Boulevard needed maintenance.

Seth Smith, Santa Cruz Veterans Alliance, asked Council to modify the City's cannabis ordinance to allow for establishment of a cannabis equity program that would be eligible for grant funding from the State through Senate Bill 1294.

Member Hernandez asked Mr. Smith to send additional information and sample ordinances to Council.

In answering Member Gonzalez, City Manager Huffaker stated staff was exploring options for adoption of the ordinance by April 1st in order to comply with the State's program deadline

5.A. PRESENTATION OF MAYOR'S PROCLAMATION COMMENDING RONALD HEDGPETH FOR HIS DEDICATION AND COMMITMENT TO THE WATSONVILLE HIGH SCHOOL VARSITY BOYS SOCCER TEAM & CONGRATULATING HIM ON HIS OUTSTANDING ACHIEVEMENTS & HARD WORK & WISHING HIM MUCH SUCCESS IN ALL HIS FUTURE ENDEAVORS

5.B. PRESENTATION OF MAYOR'S CERTIFICATES OF RECOGNITION TO THE WATSONVILLE HIGH SCHOOL VARSITY BOYS SOCCER PLAYERS CONGRATULATING THEM FOR THEIR MANY ACHIEVEMENTS & COMMENDING THEM ON ALL THEIR HARD WORK & DEDICATION

5.C. ORAL COMMUNICATIONS FROM THE CITY COUNCIL

Mayor Pro Tempore Garcia spoke about her attendance at the Cabrillo College Cabrillo Advancement Program (CAP) graduation. She stated she met with the Executive Director of California Community Action Partnership Association to discuss the Strategic Plan, immigration, and the census.

Member Gonzalez spoke about participation in Santa Cruz County Symphony's Link Up program. He spoke about his efforts to facilitate a concert for the Santa Cruz Symphony during one of the City's Music in the Plaza events. He invited the public to the Light Up the Night Community Bike Ride. He stated Community Bridges received funding from Santa Cruz County Metropolitan Transit District and Regional Transportation Commission in the amount of \$218,000 for electric vehicle charging stations.

Member Hernandez spoke about his attendance at several events. He announced he had taken his oath to serve on Monterey Bay Community Power. He invited the public to several community events and encouraged youth to participate in the City's Summer in the City Internship.

Member Hurst spoke about his attendance at the International Women's Day Event and his attendance at the League of California Cities Conference regarding Housing and Land Use. He invited the public to classical overtures by the Santa Cruz County Symphony at the Watsonville Public Library.

Member Parker spoke about her attendance at International Women's Day festivities. She stated she was a Santa Cruz County Women's Commissioner and spoke about the Trailblazer awards.

Mayor Estrada thanked those who participated in the Mayor's Community Bike Ride. He invited the public to upcoming events.

5.D. REPORT OUT OF CLOSED SESSION

City Attorney Smith stated Council received a report on the item listed on the Closed Session Agenda, gave direction to staff, but took no action.

6. CONSENT AGENDA

Public Input on any Consent Agenda Item (None)

MOTION: It was moved by Member Hernandez, seconded by Mayor Pro Tempore Garcia and carried by the following vote to approve the Consent Agenda:

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

6.A. MOTION APPROVING MINUTES OF FEBRUARY 26 & MARCH 1, 2019

6.B. MOTION APPROVING ATTENDANCE REQUEST BY COUNCIL MEMBERS GONZALEZ & HURST TO ATTEND 2019 ANNUAL YOSEMITE POLICYMAKERS CONFERENCE AT YOSEMITE VALLEY LODGE ON MARCH 14 - 17, 2019 (GONZALEZ: \$1,366.66, HURST: \$1,416.66)

**6.C. RESOLUTION NO. 26-19 (CM):
RESOLUTION APPROVING PLANS & SPECIFICATIONS & CALLING FOR BIDS FOR THE WELL 19 GENERATOR REPLACEMENT PROJECT NO. WA-19-01 (ESTIMATED COST OF \$210,000 WILL BE FUNDED FROM WATER ENTERPRISE FUND)**

**6.D. RESOLUTION NO. 27-19 (CM):
RESOLUTION SUPPORTING FAMILY EMERGENCY PREPAREDNESS & PROMULGATION OF CHILDCARE SAFETY PLAN FOR LOCAL FAMILIES WITH MINOR CHILDREN IN THE CITY OF WATSONVILLE**

**6.E. RESOLUTION NO. 28-19 (CM):
RESOLUTION APPOINTING PAUL DE WORKEN TO THE CITY OF WATSONVILLE PARKS AND RECREATION COMMISSION [DISTRICT 2]**

**6.F. ORDINANCE NO. 1380-19 (CM):
UNCODIFIED ORDINANCE ADDING THE ATKINSON LANE/PIPPIN REORGANIZATION TERRITORY DESCRIBED IN SANTA CRUZ COUNTY LOCAL AGENCY FORMATION COMMISSION CERTIFICATE OF COMPLETION NO. 963 (LAFCO NO. 963) TO CITY COUNCIL DISTRICT NO. 6**

7. ITEMS REMOVED FROM CONSENT AGENDA

8. PUBLIC HEARINGS, ORDINANCES, & APPEALS

8.A. CONSIDERATION OF ADDENDUM TO THE CERTIFIED SUNSHINE VISTA (HILLCREST ESTATES) PHASED DEVELOPMENT PROJECT ENVIRONMENTAL IMPACT REPORT (EIR) REGARDING CONSTRUCTION OF 150 DWELLING UNITS ON INDIVIDUAL PARCELS, CONSISTING OF 23 SINGLE-FAMILY UNITS, 40 DUPLEX-STYLE TOWNHOUSE UNITS AND 87 ROW-STYLE TOWNHOUSE UNITS ON A 13± ACRE SITE LOCATED AT 511 OHLONE PARKWAY, FILED BY CALIFORNIA SUNSHINE DEVELOPMENT, LLC, APPLICANT AND PROPERTY OWNER

1) Staff Report

City Attorney Smith gave background on the project and the initial Environmental Impact Report that had been approved by Council at a previous meeting.

The report was given by Principal Planner Meek.

2) City Council Questions

Principal Planner Meek answered questions from Mayor Pro Tempore Garcia regarding access roads to the project site, phases of the project, noise control, and potential requirements as part of the development agreement.

Principal Planner Meek and Community Development Director Merriam answered questions from Member Parker regarding previously approved authorizations for the developer, public services needed for the project, assessing need for new school facilities, and cleanup of the project site.

Principal Planner Meek answered questions from Member Gonzalez regarding compliance with the initial EIR, delays in the project, and reasons for proposed addendum to the EIR.

In answering Mayor Estrada, Community Development Director Merriam stated notices and contact information would be posted on the project site entryway to allow residents to contact the developer or the City if issues arose. City Manager Huffaker, in answering Mayor Estrada, stated the roundabout at Ohlone Parkway and Loma Vista would be negotiated with the developer as part of the development agreement.

3) Public Hearing

Mayor Estrada opened the public hearing.

Bob Culbertson, Las Casitas Subdivision Homeowner, spoke in support of the proposed EIR Addendum. He asked that the developer tarp work vehicles to prevent contamination of the area. He also asked the City to allow neighbors to participate in discussions regarding the development agreement and that notices be provided in a timely manner.

Noriko Akiyama Ragsac, Paraiso Court homeowner, asked for better teamwork, transparency, and communication from the City with the community.

Steve Trujillo, Pájaro Village resident, spoke about the challenges in removal of toxic waste from the proposed project site.

Silbiano Cruz, Paraiso Court homeowner, asked the City for protections from toxins during cleanup of the project site.

4) City Council Discussion

In answering Member Hernandez, City Manager Huffaker stated the City had been exploring options for better communication between the developer, the City, and neighbors. Member Hernandez stated he would be willing to participate in the Homeowners Association meetings to be a liaison between the developer and neighbors.

City Manager Huffaker answered questions from Member Gonzalez regarding options available to the City in addressing issues that stem from the project. Member Gonzalez stated his concerns with the proposed addendum to the EIR.

In answering Mayor Pro Tempore Garcia, City Manager Huffaker stated the City could require communication requirements between the developer and neighbors during approval of the development agreement.

Principal Planner Meek, in answering Mayor Estrada, explained the reasons the initial EIR required a 70 foot sound wall and why staff was proposing the addendum.

Member Gonzalez stated his concerns regarding the developer's compliance with the EIR and impacts the violations would have on nearby residences. He stated he did not support the change regarding the sound wall to mitigate noise.

**5) RESOLUTION NO. 29-19 (CM):
RESOLUTION APPROVING AN ADDENDUM TO THE PREVIOUSLY
CERTIFIED FINAL ENVIRONMENTAL IMPACT REPORT (EIR) - STATE
CLEARINGHOUSE (SCH) NO. 2017032041 PREPARED FOR THE SUNSHINE
VISTA PHASED DEVELOPMENT PROJECT, CONSISTING OF THE
CONSTRUCTION OF 150 DWELLING UNITS ON INDIVIDUAL PARCELS ON
A 13± ACRE SITE LOCATED AT 511 OHLONE PARKWAY, WATSONVILLE,
(APN'S: 018-372-14 & 018-381-01), & MAKING CERTAIN FINDINGS IN
ACCORDANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT
(CEQA)**

MOTION: It was moved by Member Hernandez, seconded by Member Hurst and carried by the following vote to approve the above resolution 8.A.5):

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

Member Gonzalez asked that the record indicate that he opposed the addendum regarding the sound wall.

9. OLD BUSINESS

9.A. CONSIDERATION OF AWARD OF \$337,296 BID TO CRW INDUSTRIES, INC. FOR THE WATSONVILLE POLICE DEPARTMENT LOCKER ROOMS EXPANSION

1) Staff Report

The report was given by Police Captain McKinley

2) City Council Questions

Police Captain McKinley answered questions from Mayor Pro Tempore Garcia regarding need for the locker room expansion and efforts by Police to recruit female officers.

Senior Utilities Engineer Berry answered questions from Member Parker regarding costs of the project and the bidding process. City Attorney Smith stated if Council wished to change the bidding award process, then changes needed to be made to the City Charter through a Charter amendment done by election.

In answering Member Gonzalez, Senior Utilities Engineer Berry stated underground sewer repairs would be paid with General Fund money.

Senior Utilities Engineer Berry, in answering Mayor Estrada, listed work CRW Industries had done locally.

3) Public Input (None)

4) City Council Discussion (None)

**5) RESOLUTION NO. 30-19 (CM):
RESOLUTION AWARDED \$337,296 BID TO CRW INDUSTRIES, INC., FOR
THE WATSONVILLE POLICE DEPARTMENT LOCKER ROOMS EXPANSION
PROJECT NO. CB-19-01 (\$252,972 WILL BE FUNDED FROM THE SALES
TAX MEASURE G FUND & \$84,324 FROM THE GENERAL FUND)**

MOTION: It was moved by Mayor Pro Tempore Garcia, seconded by Member Gonzalez and carried by the following vote to approve resolutions 9.A.5):

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

10. EMERGENCY ITEMS ADDED TO AGENDA

In answering Member Hernandez, City Manager Huffaker explained that Council did not need to create an emergency item to amend the cannabis ordinance that night. He added that staff would be bringing the item back in time to meet the State's April 1st deadline for the cannabis equity program implementation.

11. REQUESTS & SCHEDULING FUTURE AGENDA ITEMS (None)

Member Hernandez asked for an item at a future meeting to consider banning plastic utensils and straws in the City.

Member Gonzalez asked for a revision of the sound ordinance to address noise complaints and lack of enforcement thereof. Member Parker concurred.

In answering Member Parker, City Manager Huffaker stated portable restrooms on residences were not allowed.

Mayor Estrada asked for a discussion item at a future meeting to consider banning of Roundup and other carcinogens.

City Manager Huffaker wished Fire Chief Barreto farewell as he was attending the last meeting with the City as Fire Chief.

12. ADJOURNMENT

The meeting adjourned at 8:35 p.m.

ATTEST:

Francisco Estrada, Mayor

Beatriz Vázquez Flores, City Clerk

This page was left blank intentionally.

**City of Watsonville
Municipal Airport**



M E M O R A N D U M

DATE: March 19, 2019

TO: Matthew D. Huffaker, City Manager

FROM: Rayvon Williams, Municipal Airport Director
Robert Robertson, Planning Operations Supervisor

SUBJECT: Invitation to Bid: Runway 9-27 Crack repair, Slurry Seal and
Remarking of Runway Nine-Two Seven and Taxiways B and C

AGENDA ITEM: March 26, 2018

City Council

RECOMMENDATION: Staff recommends City Council adopt a resolution approving advertising for responsible bidders to Seal Cracks, Slurry Seal, and Remark Runway 9-27, Taxiways B and C, Project No. AP-19-02; at the Watsonville Municipal Airport.

BACKGROUND: The Municipal Airport has several shrinkage cracks developing in the pavements of Runway 9-27 and Taxiways B and C.

To protect the underlying aggregate base course and subgrade from damage due to water infiltration, it is proposed to seal these cracks and slurry seal the pavements in this project. New airfield marking will also be applied. In addition, new black outline markings will be added to bring the airport up to the most recent Advisory Circular requirements.

STRATEGIC PLAN:

The project meets the goals and objectives outlined in the Airport Capital Improvement Plan Impacts: Runway 9-27 will be closed to aircraft traffic during a portion of this project. Runway 2-20 will remain open.

FINANCIAL IMPACT:

The construction will be funded through a 90% grant from the Federal Aviation Administration. Approximate total project cost: \$476,000. 00 with 90% funding through FAA Airport Improvement Grant, 5% funded by Caltrans, and the remaining 5% will be funded by the Airport Enterprise Fund.

ALTERNATIVES:

Council may choose not to approve the Invitation to bid.

ATTACHMENT(S): 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 WATSONVILLE MUNICIPAL AIRPORT SEAL CRACKS, SLURRY SEAL, AND REMARK RUNWAY 9-27 AND TAXIWAYS B AND C PROJECT, NO. AP-19-02 (ESTIMATED COST OF \$504,650: \$454,185 (90%) WILL BE FUNDED FROM THE FEDERAL AVIATION ADMINISTRATION (FAA) AIRPORT IMPROVEMENT GRANT, \$22,709 (5% OF THE FAA GRANT) FROM THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS) AND \$27,756 FROM THE AIRPORT ENTERPRISE FUND – PROJECT IS IN CURRENT BUDGET

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

1. That the plans and specifications for the Watsonville Municipal Airport Seal Cracks, Slurry Seal, and Remark Runway 9-27 and Taxiways B and C Project, No. AP-19-02, 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 2, 2019, 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.

City of Watsonville
Public Works and Utilities Department

M E M O R A N D U M



DATE: March 21, 2019

TO: Matthew D. Huffaker, City Manager

FROM: Steve Palmisano, Director of Public Works and Utilities
Patrice Theriot, Principal Engineer

SUBJECT: Authorize City Manager to execute contract for construction management services with CSG Consultants, Inc. for the Green Valley Road Pavement Preservation Project (No. ST 18-02), in an amount not-to-exceed \$191,200

AGENDA ITEM: March 26, 2019 **City Council**

RECOMMENDATION:

It is recommended that the City Council approve a resolution authorizing the City Manager to execute a contract with CSG Consultants, Inc. in an amount not to exceed \$191,200.

DISCUSSION:

At its August 28, 2018 meeting, the City Council approved the plans and specification and advertising for bids for the Green Valley Road Pavement Preservation Project. This project will provide safety enhancements on Green Valley Road between the center of Struve Slough east toward Freedom Boulevard (see attached Project Map), including new sidewalk, curb ramps, enhanced pedestrian crossings, road reconstruction, and new signage and striping.

The project is included in the current adopted budget and is being funded by State Transportation Improvement Program (STIP) grant funds as well as City funds. City funds identified for this project includes Gas Tax and SB 1 funds. The construction of the project is proposed to begin in July 2019.

In order to adequately manage construction and keep the project moving forward, CSG Consultants, Inc. is being recommended to complete this work. Existing staff are fully burdened with many other projects, and do not have the capacity to manage this project.

Staff recently issued a request for Statement of Qualifications to consulting engineering firms for providing construction management services for several of the City's Capital

Improvement Program projects. Staff is proposing to contract with CSG Consultants, Inc. as the most qualified firm for this project based on their extensive skills and experience with these types of projects.

The total cost of services for this work is estimated to not exceed \$191,200. CSG Consultants, Inc. will perform project management, engineering and inspection of the contractor's work to insure that the project is constructed in accordance to the plans and specifications and also ensure the administrative component will meet the State requirements. The services are estimated for the duration of the project and through project closeout.

STRATEGIC PLAN:

This project is consistent with the Strategic Plan Goal 3. Infrastructure and Environment, Road Infrastructure.

FINANCIAL IMPACT:

The total estimated construction cost of this grant funded project is \$1,297,000 with \$795,000 being funded by a State Transportation Improvement Program (STIP) grant, and the remaining \$502,000, being the City's match, will be paid for with Gas Tax funds.

There is adequate funding in the Gas Tax Fund to pay for the \$191,200 for this necessary project construction management. There is no impact to the General Fund.

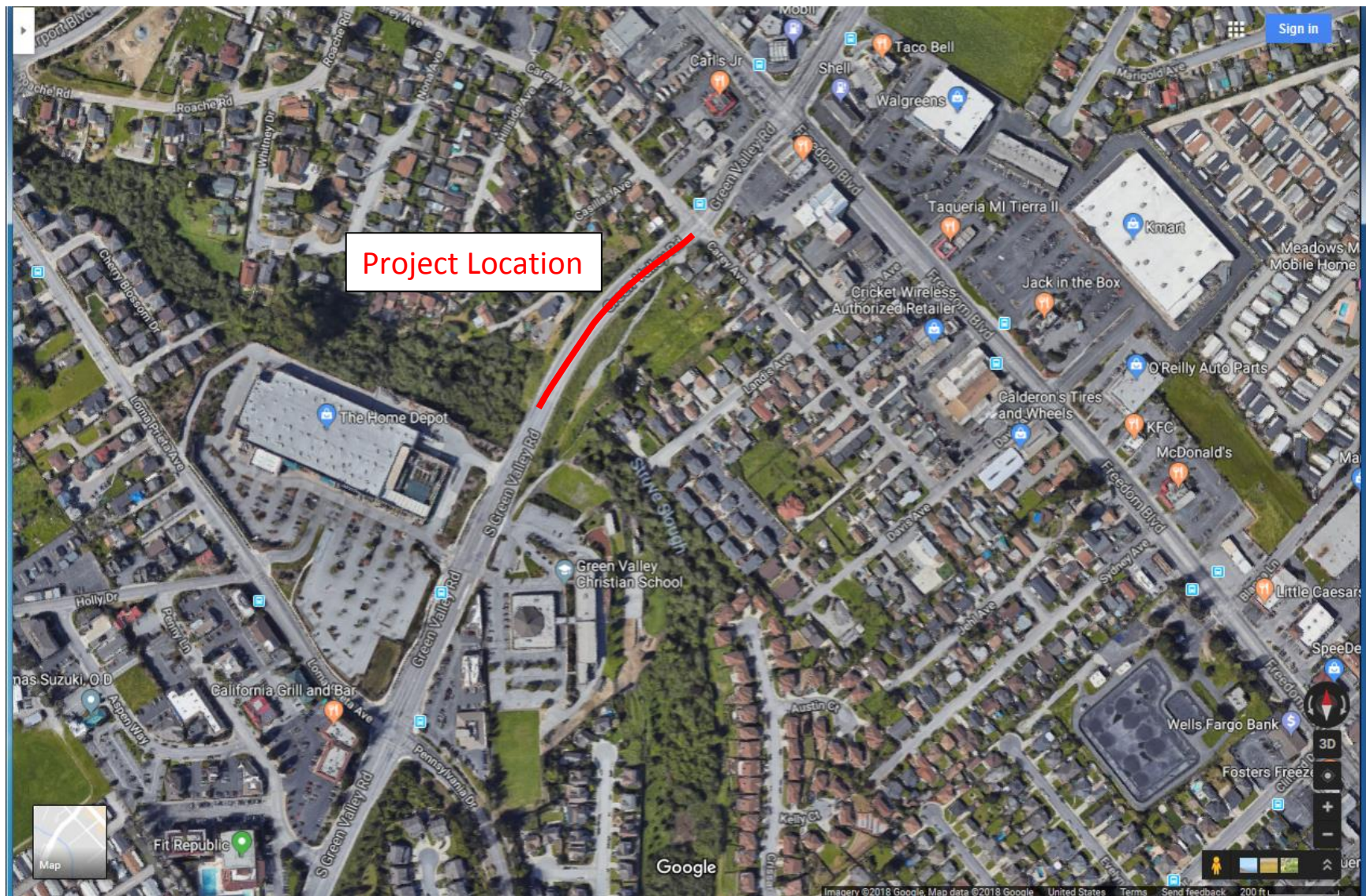
ALTERNATIVES:

City Council could choose not to authorize City Manager to execute contract.

ATTACHMENTS:

1. Project map

cc: City Attorney



**Green Valley Road Pavement Preservation Project
City Project No. ST-18-02**

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE AWARDED CONTRACT TO CSG CONSULTANTS, INC., A CORPORATION, FOR CONSTRUCTION MANAGEMENT SERVICES FOR THE GREEN VALLEY ROAD PAVEMENT PRESERVATION PROJECT, NO. ST-18-02, IN AN AMOUNT NOT TO EXCEED \$191,200; AND AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE SAME

WHEREAS, a Request for Qualified Statements (RFQ) was issued on May 4, 2018, asking for qualified consultants to assist the City for periodic and on call professional design, construction management and/or construction inspection services; and

WHEREAS, the deadline for submittal of Request for Qualification Statements was May 31, 2018; and

WHEREAS, a number of firms submitted qualification statements; these statements were reviewed by City staff and a list was developed; and

WHEREAS, CSG Consultants, Inc., is on this list of eligible consultants for the consideration of the City Manager and submission to the City Council; and

WHEREAS, the City Manager has recommended that the proposal from CSG Consultants, Inc., a corporation, for construction management services for the Green Valley Road Pavement Preservation Project, No. ST-18-02, in an amount not to exceed \$191,200, be accepted as the best response.

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

1. That the proposal of CSG Consultants, Inc., a corporation, in an amount not to exceed \$191,200, is hereby accepted.
2. That the Contract for Consultant Services between the City of Watsonville and CSG Consultants, Inc., a corporation, for project management, engineering and

inspection of the contractor's work for the Green Valley Road Pavement Preservation Project, No. ST-18-02, a copy of which Contract is attached hereto and incorporated herein by this reference, is fair and equitable and is hereby ratified and approved.

3. Consultant shall file FPPC form 700s and 805s pursuant to section 19 of the Contract.

4. That the City Manager be and is hereby authorized and directed to execute the Contract for and on behalf of the City.

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

THIS CONTRACT, is made and entered into this _____, by and between the **City of Watsonville**, a municipal corporation, hereinafter called "City," and **CSG Consultants, Inc.**, 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.

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 March 27, 2019 to December 31, 2022, 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.

To the full extent permitted by law (subject to the limitations of Civil Code section 2782.8 for any "design professional services" performed under this Contract), Consultant will indemnify, hold harmless, release and defend the City (including its officers, elected or appointed officials, employees, volunteers or agents) from and against any and all liability or claims (including actions, demands, damages, injuries, settlements, losses or costs [including legal costs and attorney's fees])(collectively "Liability") of any nature, to the extent arising out of, pertaining to, or relating to Consultant's negligence, recklessness, or willful misconduct in the performance of this Contract. In no event shall the cost to defend charged to the Consultant exceed the Consultant's proportionate percentage of fault. Consultant's indemnification obligations under this Contract are not limited by any limitations of any insurance held by Consultant, including, but not limited to, workers compensation insurance.

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 \$500,000.00 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 \$500,000.00 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's Office
275 Main Street, Suite 400
Watsonville, CA 95076
(831) 768-3040

CONSULTANT

CSG Consultants, Inc.
550 Pilgrim Drive
Foster City, CA 94404
(650) 522-2500

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

CSG CONSULTANTS, INC.

BY _____
Matthew D. Huffaker, City Manager

BY  _____
Nourdin Khayata, Vice President
Construction Management

ATTEST:

BY _____
Beatriz Vázquez Flores, City Clerk

APPROVED AS TO FORM:

BY _____
Alan J. Smith, City Attorney

EXHIBIT "A"
SCOPE OF SERVICES

The scope of services is as follows:

See attached Exhibit A

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:

Complete all services in Scope of Work by December 31, 2022

EXHIBIT "C"

COMPENSATION

a. Total Compensation. The total obligation of City under this Contract shall not exceed \$191,200.00

b. Basis for Payment. Payment(s) to Consultant for services performed under this Contract shall be made as follows and shall include payment for hours worked reimbursable expenses, as per Compensation in "Exhibit A".

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.

STATEMENT OF QUALIFICATIONS TO THE

City of Watsonville

FOR

Construction Management Services for Green Valley Road Improvement Project

PREPARED BY

CSG Consultants, Inc.

February 19, 2019

550 Pilgrim Drive, Foster City, CA 94404
phone 650.522.2500 | fax 650.522.2599 | www.csgegr.com
Foster City • Pleasanton • San Jose • Sacramento • Newman • Orange • Redlands



Exhibit "A"
Page 1 of 18

Table of Contents

SECTION 1 **Cover Letter**

SECTION 2 **General Approach**

SECTION 3 **Consultant Firm Information**

SECTION 4 **Relevant Experience & References**

SECTION 5 **Compensation**

SECTION 6 **Resumes**

Cover Letter

SECTION

1

February 19, 2019

Patrice Theriot
Principal Engineer
City of Watsonville Public Works & Utilities
250 Main St.
Watsonville, CA 95076

Re: Construction Management Services for Green Valley Road Improvement Project

CSG Consultants, Inc. (CSG) is pleased to present this proposal to the City of Watsonville (City) to provide construction management services for the Green Valley Road Improvement Project (Project).

For this project, CSG proposes **Nourdin Khayata, PE** as the Resident Engineer. He brings over 25 years of vast construction management and municipal engineering experience. Throughout his career, Mr. Khayata has served as a Resident Engineer on many federally and state funded projects. Therefore, he brings valuable experience of managing contract administration to ensure compliance with the Caltrans Local Assistance Procedure Manual (LAPM). He will primarily be assisted by **Terry De Leeuw**, Construction Inspector with **Erik Nava**, Construction Inspector providing as-needed support. Mr. Nava brings over 8 years of construction inspection experience having worked on a variety of state and federally funded projects. His experience includes roadway construction, utilities, and development projects. **Edrie De Los Santos** will be available as a potential back up Resident Engineer for this project.

My contact information is as follows:

Nourdin Khayata, PE | Vice President, Construction Management
phone (650) 522-2524 | nourdin@csgengr.com

We understand the Green Valley Road Improvement Project limits are from Struve Slough to Freedom Boulevard, and improvements will include reconstruction of the roadway through full depth rehabilitation, providing bike lanes, installing a median island, removing and replacing non-compliant driveways and curb ramps, restripe roadway, and replacing asphalt pedestrian paths with concrete curbs, gutters, and sidewalks.

Coordination with property and business owners are extremely vital during construction to ensure they are informed of the schedule and possible impact. Additionally, coordination with utility companies such as Pacific Gas and Electric and AT&T to relocate their facilities is imperative.

Given the scope of work and guidelines provided to us by the City, we anticipate this project taking approximately 100 working days. Construction is anticipated to start in May 2019 and be completed by October of 2019.

As a Vice President and a Partner, I am empowered to enter into a binding contract for these services. We look forward to working with the City of Watsonville on this Project. If you have any questions or need additional information, please contact me at the information provided on the previous page.

Sincerely,



Nourdin Khayata
Vice President, Construction Management

PROJECT STAFFING & CAPABILITIES

Resident Engineer and Inspector Capabilities

CSG's resident engineers will provide a weekly progress report on the project that includes progress on the schedule, existing change orders, potential change orders, cost, and any areas of conflict. Daily inspection reports will be written and provided to the City's project manager, so he/she is kept aware of all the field progress on the project.

CSG's resident engineers/office engineers are well-versed in contract administration and project record filing. CSG has developed a tracking filing system that is predicated on the Local Assistance Procedure Manual. We will prepare the final project report and expenditure report in the case of federally or state funded projects.

Should the need arise to evaluate Cost Reduction Incentive Proposals (CRIP), CSG resident engineers will evaluate and assess the benefit to the City and will advise the project manager accordingly. CRIPS are usually beneficial to both parties. Oftentimes the designer will be consulted as the CRIP may involve an alternate design. A fair price will be negotiated that benefits both the contractor as well as the City.

Our resident engineers will coordinate the submittals with all stakeholders including the City project manager, designer, and other parties. It is imperative that submittals be handled and processed expeditiously so that the project is not delayed. All submittals will be logged in and tracked. Our inspector will follow up on the processing of the submittals with the appropriate party with emails, phone calls, or office meetings if necessary.

CSG's construction inspectors are well-versed in all facets of field inspection including writing comprehensive reports, tracking extra work activities (especially force account), tracking quantities, scheduling, and coordinating material testing, and enforcing compliance with project documents. They are familiar with the administrative duties as outlined in the construction manual and Local Assistance Procedure Manual including issuing weekly statements of working days, drafting correspondence for the City project manager's review and signature, and tracking RFI, CCOs, compaction tests and submittal logs.

The inspection team members are experienced in identifying potential areas of conflict or discrepancy. They will alert the resident engineer and/or the City project manager and suggest possible solutions so that the project proceeds on time with no or minimal delays. The key to this work is understanding the schedule and looking ahead of the contractor to identify those areas of potential conflict or delays. In situations where a conflict is discovered, it is imperative that a solution is identified expeditiously. Coordination and persistent follow up with the designer or other stakeholders is critical in resolving these conflicts.

Our Inspectors will meet with the contractor on a daily basis to go over the quantities to ensure there is no discrepancy. CSG will never leave the quantities to the end of the month as it then becomes difficult to reconcile and requires more effort and time. In situations where the operation is extra work, the inspectors will have the contractor sign an extra work agreement showing the hours of labor equipment and material used. This will alleviate any issues at the time of billing. Our inspectors will draft change orders for the City project manager's approval.

The inspector(s) will keep one set of plans to red mark throughout the project course. They will work closely with the contractor to ensure the changes are accurately reflected in the redlined set. Upon completion of the project, the redlined set will be delivered to the designer for the final as-built plan issuance. The CSG team will also conduct a debriefing meeting to address all the successes and failures of the project.

APPROACH FOR CONSTRUCTION MANAGEMENT

CSG has provided construction management services on many projects for clients throughout California. Our approach to managing construction management type contracts promotes flexibility, efficiency and providing the right expertise to match the project's specific needs. We have managed projects from the advertise bid award phase through project close out. Provided below is a breakdown of CSG's typical construction management approach.

Pre-Construction Phase

Per the City's request, CSG will provide constructability review services, as it has been proven to be valuable towards saving costs during construction.

Constructability Reviews—Constructability reviews will allow CSG and the City to determine the biddability and the build-ability of the project. CSG will provide the City with a review of all contract documents and permits. CSG will identify conflicts or any changes required in the contract language to meet the intent of the contract. Lessons learned from the Airport Boulevard project will be utilized to avoid similar issues. The goal will be to construct the project safely, on schedule and within budget. Some of the elements CSG will look at include:

-
- | | |
|---|---|
| • <i>Site logistics and constraints</i> | • <i>Construction phasing if necessary</i> |
| • <i>Environmental impacts of proposed construction methods</i> | • <i>Erosion and sedimentation control</i> |
| • <i>Clarity of contract documents</i> | • <i>Maintenance and protection of traffic</i> |
| • <i>Technical Constructability</i> | • <i>Local event conflicts</i> |
| • <i>Compatibility of contract plans, specifications and applicable standards</i> | • <i>Utility clearances for constructability and project schedule</i> |
| • <i>Subsurface soil data</i> | • <i>Access to properties and businesses by pedestrians during construction</i> |
| • <i>Scheduling requirements</i> | • <i>Long lead-time items</i> |
-

Constructability reviews will establish project duration, milestone dates and other applicable construction parameters, which will help in developing a clear and reliable project CPM schedule. CSG will value engineer the project to assure that it will be constructed as economically and efficiently as possible.

Bid Package Management—CSG's goal during project bid packaging is to ensure that the package is assembled for bidder clarity, and the scheduled delivery times are met to maximize the number of bidders and to get competitive pricing for each construction project. CSG will collaborate with the project team to coordinate reviews and manage the tasks for assembly and advertising. CSG utilizes pre-bid meetings to elaborate on project issues and critical project items, and to address questions early on in the construction process. For proposal reviews, the CSG will work with the team to develop a rubric to assess bid prices, irregularities and qualifications.

Public Notification—Keeping the public informed of the project's progress is critical to the project's success. Our approach would be to strategize with the City during the pre-construction phase on developing the most effective means of communicating project-specific progress, schedule updates, and traffic impacts and/or detours. CSG's main goal is to maximize clarity and coverage throughout the life of the project, as well as educate the public on the processes of public works construction projects. CSG has been successful in utilizing various forms and combinations of distribution, such as hotlines, written notifications, newsletters, sign postings, and project websites. CSG understands that the public relations effort is dynamic, will require diligent coordination with the City, and will be adjusted based on the project's needs. CSG has been successful with using websites to broadcast updates.

Construction Phase

After the award of a project and prior to start of construction, CSG will lead or participate in the following steps.

Pre-Construction Conference—Mr. Khayata will lead the efforts of holding a pre-construction meeting. They will prepare the agenda, coordinate the meeting with all stakeholders and prepare meeting minutes for distribution. Upon award of the project contract, all appropriate personnel will be invited to the pre-construction meeting, including the selected contractor, City project manager, utility companies and, at the City's discretion, any other involved entities. Some of the subjects to be covered will include but are not limited to: contract milestones, contract submittal requirements, lump sum items using a schedule of values, change order and potential claims procedures, the contractor's construction schedule, technical issues, safety procedures, along with labor compliance issues and certified payroll requirements.

Utility Company Coordination—Utility work can greatly impact the progress of a construction project. To minimize the impact, it will be critical to work with the City to establish a working relationship with the utilities for the life of the project, identify all utility work and anticipate potential conflicts as soon as possible, incorporate the utility companies into the project team meetings, clarify protocols and construction crews' availabilities, and strategize contingencies for unforeseen circumstances.

During the Construction Phase, CSG will be responsible and will enforce requirements typically requested by jurisdictions.

- *Providing detailed documentation using the City-preferred form of documentation*
- *Daily inspector's report*
- *Tracking of any subcontractor's work*
- *Any safety issues regarding contractor*
- *Maintaining project files*
- *Date and time stamping of all documents*
- *Maintaining Submittal Logs*
- *Maintaining Submittal Distribution Lists*
- *RFI log (submittal, review, and return)*
- *Correspondence logs and tracking*
- *Tracking status of contract change orders*
- *Tracking status of RFI's*
- *Tracking potential claims*
- *Tracking weekly statements of working days*
- *Tracking Buy America and other contract requirements*
- *Documenting contractor's detours, lane closures and staging plans*
- *Documenting contractors' labor compliance performance*
- *Approve "Schedule of Values" submitted by contractor*
- *Provide monthly reports documenting construction progress, etc.*
- *Provide expenditure report*
- *Tracking progress pay estimates and overall project budget*

Monitor Contractor's Performance— Throughout the project, the inspectors will enforce all requirements of applicable codes, specifications, and contract drawings. There will be daily communication and coordination with the contractor. This will limit miscommunication, resolve issues on the field level to anticipate project progress, address deficiencies, and minimize delays.

Construction Schedule Monitoring— Our staff will conduct weekly project meetings to review the project's status, update the project schedule, discuss any outstanding items, resolve disagreements and work collaboratively towards the successful completion of each phase of the project. The contractor's construction schedule will be used during these meetings as a tool to track the progress of construction relative to the allowable working days and approved budget. All changes that impact the baseline schedule will be closely monitored and discussed at the weekly meetings. Schedule updates are critical for accurately monitoring the Contractor's progress and evaluating potential claims and CCO's that might arise.

Weekly Statement of Working Days—CSG's Resident Engineer, Assistant Resident Engineer/Office Engineer, and Inspectors will monitor and document working days weekly per the Caltrans Local Assistance Procedures Manual (LAPM). This includes contract times and documenting time extensions.

Daily Inspector Report— CSG uses an effective and detailed report system that tracks contractor personnel and equipment, work progress and field changes while coordinating with the contractor daily to reduce confusion. This system has proved to be a useful and important component in the reduction of future issues. Our Inspector's report will be accompanied by daily photos.

Maintaining Photos and Videos—Photos will be taken continuously during construction. All signage and lane closure setups will be documented and photos taken to illustrate prior striping and, in case of accidents, to provide documentation of the change associated with the ongoing work. A similar procedure undertaken at the beginning of construction will also be done at project closeout. Photos will be taken of the completed project and will be part of the final package to be submitted to the City with all project documents.

Managing Change Orders—Mr. De Leeuw will bring any unforeseen changes to the attention of the City Resident Engineer or Project Manager. Some of our Inspectors are well versed in drafting change orders and can take on this task if needed by the City. Upon the issuance of a change order, the work will be monitored and tracked, including labor, equipment and materials. On a force account change order, our inspectors employ a technique of requiring the Contractor's foreman to agree to and sign the work order to eliminate disputes at the time of payment.

Managing Claims—CSG's knowledgeable staff will utilize its understanding of the design process, contract language, scheduling, construction techniques and costs to provide the City with critical information it needs to manage construction claims. CSG will provide the City with an assessment of the outstanding issues. Nourdin Khayata will take the lead in managing claims should any arise. Our staff will assist in developing a strategy to resolve claims and disputes.

Requests for Information (RFI's)/ Design Clarifications—Our staff will receive and process all RFI's from the contractor. They will conduct meetings if required to define, clarify and resolve all RFI's expeditiously. They will prepare responses to RFI's to the extent possible. All of their direct responses will be in writing and will be answered within 24 hours. If an RFI requires the input of the designer, they will immediately provide a copy (via e-mail or fax) of the RFI to the designer and will follow-up with a phone call to discuss the nature of the request. The City's Project Manager will be kept informed of all design-related RFI's. Records of all RFI's and responses to the contractor will be properly filed and will be available at all times.

Progress Payments—Mr. Khayata and Mr. De Leeuw will be responsible for reviewing and recommending progress payments to contractor. Progress payment records will be maintained, and measurement and payment will be made in accordance with the contract documents and the City's procedures for progress payments. Inspector records will be used to corroborate contractor requests. Our staff will meet with the contractor representative to compare item quantities at the end of each shift or when the contractor is performing item quantity measurements. This procedure eliminates most, if not all, conflicts at the time of progress payment submittal and processing.

Our team will also submit a monthly budget status review document to the City's Project Manager that provides an overview of project's financial status, a projection for anticipated future costs, and an update of the overall budget status versus the contractor's construction progress. CSG's inspectors will measure and track quantities on a daily basis, in conjunction with preparation of the daily field report. These quantities will be measured and compared with the measurements taken by the contractor's superintendent so that potential conflicts can be resolved prior to the submission of a progress payment. At the end of the agreed upon pay period, the Contractor's progress payments will be reviewed for accuracy.

Labor Compliance—Inspectors will verify the contractor's compliance with labor laws, including performing spot check labor surveys and interviews and verifying certified payrolls to make sure the contractor is paying prevailing wages to its employees. They will report their findings to the City's labor compliance officer in a manner and frequency that is acceptable to the labor compliance office.

Non-Compliant Work—Inspectors will use the mini memo out on the project to inform the Contractor of non-compliance of the Project Plans or Specifications. In addition, they will include the non-compliance in the inspector's daily diary. Our inspectors will immediately report non-compliance work, so that an official letter is prepared to communicate to contractor and City Project Manager. All reporting of non-compliance work

will be accomplished within 48 hours after the occurrence to facilitate the Contractor's timely correction of the deficiencies.

Final Inspection Punch List—With every project, the inspector generates a document listing work that does not conform to contract specifications. The inspector will work with the contractor to ensure proper completion of all projects prior to final payment. A walkthrough with all stakeholders will be conducted, and a punch list will be developed for the contractor to complete. No project is fully completed until all punch list work is addressed and finalized.

Record File—Our team will ensure that the contract administration, documentation and filing system are prepared and maintained in accordance with CSG's Construction Management Filing System. Our construction managers have used this program successfully on several large construction projects to monitor, coordinate, review and respond to, for example, submittals, RFI's, potential changes, and change orders. The construction management filing system allows the project manager to track all areas of coordination to ensure complete and timely accomplishment of critical or time-sensitive items. This system can be tailored to each job and access can be provided to key members of the project team including City staff, the designer, and the contractor. The system enables our team to remain updated on the latest status of submittals, RFI's, and action item ownership.

Review Traffic Control/Detour Plans—Mr. Khayata will review traffic control plans and offer comments to the City. They will see to it that contractor is complying with MUTCD and the City's standards and ordinances. Lane closure can only be allowed in the time window in which it was specified in the project plans or City municipal codes. Mr. Khayata will also forward the plan to the City's traffic engineer for their review and input.

Environmental Compliance—CSG staff will review all documents associated with project including EIR's or Negative Declaration documents to ensure contractor's full compliance before/during and possibly after construction.

Post Construction Phase

A project is only truly completed when all construction is complete, including the punch list items; the final payment is approved and accepted; the project paperwork is completed and archived, and as-builts are complete. Tasks performed under this phase include:

- *Completion of all project documentation change order summary, final detailed estimate, project acceptance documentation, and a claims management/resolution*
- *Final walkthrough involving the contractor, the City, engineering and maintenance staff, the designer and other relevant stake holders*
- *Completion of all items on the final construction punch list*
- *Preparation of final payment estimate and resolving all of the contractor's exceptions to proposed final estimate*
- *Preparing a final construction project report per Chapter 17 of the LAPM*
- *Preparation of final "As-Built" records including record drawings and all discovered utility locations and changes*

FIRM PROFILE

CSG Consultants, Inc. (CSG) is a California company with its corporate office in Foster City. Founded in 1991, CSG has built its reputation around providing both as-needed and project specific professional engineering services exclusively to public agencies. Many of the individuals at CSG have previously worked for a public agency at some point in their career and as such are keenly aware of the standards, regulatory processes, constraints and political undertones by which a project is completed.

FIRM SUMMARY

NAME OF FIRM: CSG Consultants, Inc.

POINT OF CONTACT: Nourdin Khayata, PE | Vice President

CORPORATE OFFICE 550 Pilgrim Drive, **Foster City**, CA 94404
www.csgegr.com • info@csgegr.com

YEARS IN BUSINESS: 27 • Founded in 1991

EMPLOYEES: 300+

TYPE OF BUSINESS: California Corporation • Incorporated June 15, 2000 • Federal ID: 91-2053749

STAFF COMPOSITION

Our professional municipal services staff consists of:

- Construction Managers
- Construction Inspectors
- Resident Engineers
- Program & Project Managers
- Land Development Review Engineers
- C.3 Review Engineering & Specialized Inspectors
- Planning Professionals
- Civil Engineers
- Transportation Engineers
- CAsp Professionals
- Structural Engineers
- Building Officials
- Building Plan Reviewers
- Fire Plan Reviewers & Inspectors

RELEVANT EXPERIENCE

Experience Providing Similar Services

CSG staff has provided construction management services for capital improvement and private development related projects to many jurisdictions throughout the Bay Area. Project types include water/wastewater, street rehabilitation, street construction, drainage, bike lanes and trails, highway ramps and interchanges, lighting and signals, roundabouts, grading, irrigation and landscaping, signing and striping.

DEL MONTE AND BEACH ROUNDABOUTS | CITY OF MARINA, CA

CSG provided a Resident Engineer and Construction Inspector for the construction of a roundabout and additional street improvements. The scope of work for this project included demolition and removal of existing concrete medians, curb and gutter, and roadway sections; reconfiguring the existing roadway, including one new traffic roundabout; installing new concrete curb and gutter, roadway section as required, sidewalk, driveway and curb ramps; placing an asphalt concrete overlay over the street sections to remain; installation of a new pathway; installation of new landscaping and irrigation; placement of underground storm drain piping and appurtenances; new striping and pavement markings and traffic signage; and all other related work specified in the plans and specifications.

RESERVATION ROAD RECONSTRUCTION | CITY OF MARINA, CA

CSG provided complete construction management services including a resident engineer, assistant resident engineer, and construction inspection for this complete street project in the City of Marina. The Reservation Road Improvement Project was a collaborative effort between the City of Marina, the Monterey Peninsula Regional Parks District (MPRPD), and the Coastal Commission to improve vehicle, pedestrian and bicycle access through this gateway into Central Marina. With a grant from the Monterey Bay Unified Air Pollution Control District and further funding through Public Facility Impact Fees, the \$2.4 million project provided two new roundabouts at the Reservation Road intersections with Seaside Circle and Lake Drive. These were the first two modern roundabouts of their kind designed & constructed in the Monterey Peninsula.



Along with the two roundabouts, project improvements also include new pedestrian crossings at the roundabout intersections, improved bicycle access throughout the project site, as well as new pedestrian facilities (concrete sidewalk) connecting Central Marina to the Marina Branch Library and Beach Road Shopping Center. This project also included over 1200' of RCP drainage pipes, new inlets, converting existing inlets to manholes.

HIGHWAY 1 at IMJIN PARKWAY OFF-RAMP IMPROVEMENTS | CITY OF MARINA, CA

2018 Project of the Year APWA Monterey Bay Chapter, Under \$5 Million

The City of Marina selected CSG to perform complete construction management for this highway off-ramp improvement project. The project involved the widening of the northbound off-ramp of State Route 1 to Imjin Parkway. The scope of work included widening Imjin Parkway from the northbound off-ramp terminus to approximately 300-feet east. Construction materials and activities included road excavation and backfill, roadway widening with aggregate base, asphalt concrete pavement and asphalt concrete overlay, installation of one traffic signal at the southbound off-ramp of State Route 1 and Imjin Parkway, storm drain improvements, signing, striping, and other miscellaneous improvements.

2015 STREET RESURFACING PROJECT | TOWN OF HILLSBOROUGH, CA

The Street Resurfacing Project consisted of street rehabilitation work for approximately 2.6 miles of roadways at various locations throughout Town. The rehabilitation included Asphalt Concrete Overlay, Cape Seal, Microsurfacing, and Crack Sealing treatments. The primary factor for choosing which streets to receive which type of rehabilitation method was the Pavement Condition Index (PCI) of each roadway. The Project Inspector was on site full time observing the construction activities. The responsibilities of the Inspector included verifying limits of work, observing the placement of materials and ensuring they are in accordance with the Design and Specifications, as well as to document the construction activities and reporting to the Resident Engineer of the progress. The Inspector maintained a Daily Report outlining that type of work performed as well as the crews and equipment utilized on site, and provided photographic documentation to support the written report. The Project Inspector was also responsible for keeping up to date quantities and red-lines of any changes to accurately record any approved changes to the contract documents.

BMR LINCOLN CENTER OFFICE DEVELOPMENT | CITY OF FOSTER CITY, CA

CSG performed construction inspection and project management for this \$220 million office development project in the City of Foster City. The project included redevelopment of 14-acres of the Lincoln Center Life Science Research Campus. Seven buildings were demolished for development of this project. The infrastructure work included:



- *Cut and cap, abandonment and demolishment of the existing utilities;*
- *Trenching and installation of approximately 3,600 linear feet (LF) of gravity sewer mains and laterals;*
- *Installation of 11,500 LF of gravity and force main storm drain lines;*
- *Installation of 4000 LF of combined domestic, fire and irrigation lines;*
- *Installation of 1800 LF Chill water piping system;*
- *Construction of Landscaping and hardscaping;*
- *Bio-retention and bioswales construction (29 bio-retention areas);*
- *Roadway Construction;*
- *Documentation and coordination between City of Foster City and two general contractors;*
- *Project close-out.*

2017 FULL DEPTH RECLAMATION PROJECT – HILLSBOROUGH DRIVE AND EAST OLIVERA ROAD | CITY OF CONCORD, CA

CSG provided construction management and inspection for a \$2.5 million-dollar roadway rehabilitation project involving the reconstruction of two neighborhood collector streets over a distance of approximately 1.0 miles. The project scope utilized a full depth reclamation (FDR) process which included milling the top surface of asphalt, pulverizing, mixing and cement treating the remaining asphalt and base rock, shaping and compacting the street section to proper grades and then placing rubberized hot-mix asphalt as a top lift for the new street section. Work scope also included sidewalk repair, curb ramp installations, adjustment of existing utility covers, striping, signage and a section of fiber optics conduit with pull boxes.

The project was started late in the season, with temperature-sensitive rubberized asphalt specified in the work scope. Tracking and maintaining the schedule as well as timely resolution of unforeseen issues was critical to the project's success. Challenges during the project included adjusting the means of construction to deal with a thicker than anticipated existing section of asphalt, researching existing conditions to resolve curb ramp constructability issues at a BART undercrossing and keeping adjacent community members notified with signs and notification flyers. The project was completed on time, within the working days allowed, and within the construction budget.

CLIENT REFERENCES

City of Burlingame

Martin Quan

Senior Civil Engineer
501 Primrose Road
Burlingame, CA 94010
(650) 558-7245
mquan@burlingame.org

Town of Hillsborough

Daniel Gonzales

Deputy Public Works Director
1600 Floribunda Avenue
Hillsborough, CA 94010
(650) 375-7444
dgonzales@hillsborough.net

City of Foster City

Laura Galli

Public Works Maintenance Manager
610 Foster City Boulevard
Foster City, CA 94404
(650) 286-3280
lgalli@fostercity.org

City of Marina

Brian McMinn

Public Works Director/City Engineer
209 Cypress Avenue
Marina, CA 93933
(831) 884-1212
bmcminn@cityofmarina.org

City of Cupertino

John Raaymakers

Public Works Project Manager
10300 Torre Avenue
Cupertino, CA 95014
(408) 777-3354
johnr@cupertino.org

City of Morgan Hill

David Gittleson

Associate Engineer
17575 Peak Avenue
Morgan Hill, CA 95037
(408) 310-4642
david.gittleson@morganhill.ca.gov

Compensation

SECTION

5

Provided below is CSG's proposed fee for this project. The cost estimate does not include overtime or weekend work.

Employee / Service	Hourly Rate	Constructability Review	Pre-Construction Meeting	Construction	Post-Construction Closeout	Cost
Nourdin Khayata, PE <i>Resident Engineer</i>	\$190	4	8	312	20	\$65,360
Edrie De Los Santos, PE <i>Resident Engineer</i>	\$190			20		\$3,800
Terry De Leeuw <i>Inspector</i>	\$135	16	4	800	40	\$116,100
Erik Nava <i>Inspector</i>	\$135		4	40		\$5,940
TOTAL FEE						\$191,200

Rates reflect and include administrative costs and routine expenses such as local mileage, copying, fax, telephone, mail, in-house printing, software, and computer usage. Reproduction and subconsultants are billed at cost plus 15%. On each anniversary of the contract start date, CSG will initiate a rate increase based on change in CPI-U for the applicable region. Overtime will be billed at a rate of the individuals hourly rate x 1.5.

Resumes of CSG's proposed staff are provided on the following pages for the City's review.

The proposed staff resumes included are:

- Nourdin Khayata, PE, Resident Engineer
- Edrie De Los Santos, PE, Resident Engineer Support
- Terry De Leeuw, Construction Inspector
- Erik Nava, Construction Inspector

Nourdin Khayata PE

Resident Engineer

LICENSES & CERTIFICATIONS

Professional Civil Engineer
State of California | CS2446
Trench Excavation Safety
Confined Space Training
Cal OSHA 40-Hour HAZMAT
Storm Water Pollution Prevention Training

EDUCATION

Master of Science, Civil Engineering
Tennessee State University
| Nashville, TN
Bachelor of Science, Civil Engineering
University of Texas
| Austin, TX

PROFESSIONAL AFFILIATIONS

American Society of Civil Engineers (ASCE)
Earthquake Engineering Research Institute
American Public Works Association (APWA)
Silicon Valley Chapter

Mr. Khayata has over 25 years of experience in project management, civil & municipal engineering, and construction management. He has served as a resident engineer on many transportation, public works, development, and infrastructure projects throughout California. He managed projects from inception through close out including administering federally funded projects. Mr. Khayata worked for Caltrans before joining the private sector. His background experience includes earthwork, asphalt concrete pavement, PCC pavement, traffic signalization, concrete barriers, soundwalls, drainage, box culverts, erosion control, and traffic control. Mr. Khayata is proficient in interpretation of contract documents, writing, and negotiating contract change orders, reviewing and approving contract's submittals, and supervision of field inspectors. Mr. Khayata manages the construction management division for CSG Consultants.

Mr. Khayata's municipal experience includes serving as the City Engineer for the City of Marina for the last 8 years. He is responsible for the overall coordination and direction of the public works processes and the day to day management of the municipal engineering division. His duties include managing and implementing the capital improvement program (CIP), managing design and construction projects and overseeing development projects. Mr. Khayata exemplifies strong leadership and management skills. He is strategic, politically astute and has a good understanding of the big picture and vision outlined by the City Council. He is interpersonal and possesses good communication, presentation, and writing skills. Mr. Khayata has earned the respect and trust of City staff, City manager, Council and the businesses & residents by delivering projects that meet the needs of the broader Community.

RELEVANT EXPERIENCE

City Engineer | City of Marina, CA (2006-2016)

Mr. Khayata provided staff augmentation services in the capacity of a City Engineer. He was responsible for the overall coordination and direction of the public works processes and the day to day management of the municipal engineering division. He managed a capital improvement program budget of \$300 million and development budget of over \$700 Million. He also acted as a resident engineer on many projects in the City during his tenure.

Blossom Hill Rd. Improvements | Town of Los Gatos, CA

Mr. Khayata was the resident engineer for this state funded project performed under a Safe route to School program. The work involved road widening, resurfacing, overlay, new parking area, storm drain, utility relocation, new C/G, sidewalk, curb ramps & driveways, bike lanes, striping, signing, street lights and lighted crosswalks.

Highway 101/Tennant Avenue Interchange | City of Morgan Hill, CA

Mr. Khayata was the resident engineer for this project to widen the existing Tennant Avenue overcrossing at Highway 101 to four lanes and improve the traffic flow through the interchange. Work included the construction of a new bridge structure, northbound 101 on-ramp loop for eastbound Tennant traffic, high occupancy vehicle (HOV) bypass lane, ramp-metering infrastructure, joint trench installation for the underground conversion of electrical and communications utilities, asphalt concrete pavement, traffic signal modifications, safety and street lighting, drainage and erosion control improvements, 12" main water line installation, concrete structures and flatwork (i.e. sidewalk, driveways, access ramps), signage, landscaping restoration, and pavement.

Edrie De Los Santos PE

Resident Engineer

LICENSES and CERTIFICATIONS

Professional Civil Engineer
State of California | 83416

EDUCATION

Bachelor of Science, Civil Engineering
San Jose State University
| San Jose, CA

Regional Water Quality Control Board's Site
Compliance for Water Quality Protection
Workshop

Bay Area Hydrology Model (BAHM)
Workshop

Caltrans LTAP Federal Aid Series
& Resident Engineer Academy

AFFILIATIONS

American Public Works Association (APWA)

Mr. De Los Santos has design, construction management, inspection and plan development experience in the fields of civil, mechanical, electrical, plumbing, and structural engineering, as well as architectural details. He uses his experience with current California Building Codes, along with supplemental ADA Codes and knowledge of DSA requirements for diverse project developments. Mr. De Los Santos's experience in plan check also provides him a broad engineering background.

Since working with CSG, Mr. De Los Santos has been responsible for a variety of plan check reviews for jurisdictions within Monterey, San Mateo, and Santa Clara County as well as tentative map reviews for conditions of approval. Mr. De Los Santos has also performed new and redevelopment plan reviews with a focus on the latest Stormwater requirements.

Mr. De Los Santos completed the certification course for roadway distress analysis & roadway selections held by MTC. His experience with roadway distress analysis assisted CSG with passing the prequalification test conducted by MTC for inclusion in the pavement management technical assistance program (P-TAP). Attending further MTC workshops has helped Mr. De Los Santos develop proficiency in using the MTC's pavement management software StreetSaver® Online (version 9). His experience in implementing pavement condition index scores with budgeting & GIS mapping within StreetSaver® has given Mr. De Los Santos the tools to develop comprehensive design plans and specifications for various public works projects.

RELEVANT EXPERIENCE

Staff Augmentation, Engineering Division | Marina, CA

Mr. De Los Santos currently serves as Senior Engineer for the City of Marina's Engineering Division and has done so as the sole full-time Engineer since 2011. Projects and programs he has managed during his time with the City include the following:

- Managing Engineering & Geotechnical Design, Cultural/Archeological, Biological and Construction Engineering consultants and budgeting for over \$10 Million in Capital Improvement Projects
- Successfully petitioning for over \$7 Million in State and Federal Grants Coordinating Public Works maintenance projects directly with City Staff
- Managing City National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) Program & FEMA flood plain management
- Creating & managing City ADA Transitional Program with petitions for over \$3 Million in Citywide ADA improvements & Pavement Management Program with the use of innovative Streetsaver PMP software technology
- Collaboration with the Marina Community Partners & Seahaven Development teams with over \$10 Million in Public Improvement projects
- Overseeing and managing construction projects

Spencer Dam Monitoring & Spillway Repair | Hillsborough, CA

Plans, specifications and estimates for repairs of the entire length of the Spencer Dam concrete spillway. Coordination with the Department for the Safety of Dams (DSOD) for design submittal approval. Further coordination with DSOD for the placement of monitoring monuments along the potential dam movement area.

San Mateo Coastside Emergency Operations Center | Half Moon Bay, CA

Plans, specifications and estimates for a new operations building addition to the city police station. Plan development includes a full site survey, structural design and coordination with architect for site design elements.

Terry De Leeuw

Construction Inspector

LICENSES and CERTIFICATIONS

State of California Contractors License "A"
General Engineering
HAZWOPER 40 Hour Training in Hazardous
Materials
NSC CPR and NSC First Aid Training

EDUCATION

High School Diploma
Live Oak High School
| Morgan Hill, CA

Mr. De Leeuw serves as a construction inspector for CSG Consultants with over 20 years of experience in the construction industry. His experience includes performing construction inspection services for the City of Watsonville's Airport Boulevard Rehabilitation Project and development projects in the City of Marina inspecting infrastructure work encompassing underground wet utilities, grading and drainage. Prior to joining CSG, Mr. De Leeuw served as a utility worker and heavy equipment operator for the City of Morgan Hill. His duties primarily consisted of maintaining underground utilities including water mains, valves, pumps, sewer lines and storm drain lines. He is therefore familiar with all standards and procedures associated with underground utilities.

RELEVANT EXPERIENCE

Airport Boulevard Pavement Rehabilitation | City of Watsonville, CA

Mr. De Leeuw served as a construction inspector on this project, inspecting the construction of approximately one mile of sidewalk along the north and south sides of Airport Boulevard. This \$2.2 million project included the demolition and construction of curb and gutters, removal and installation of electrical boxes, signal boxes, water meter boxes and conduits for future fiber optics, pavement removal and reconstruction, in addition to miscellaneous items.

Construction Inspection | City of Marina, CA

As a construction inspector for the City of Marina, Mr. De Leeuw provided as needed construction inspection for the privately developed Sea Haven subdivision by Renasci Homes. He was responsible for inspecting the underground wet utilities including water, sewer, and storm drain systems.

Utility Department | City of Morgan Hill, CA

As a Utility Worker for the City of Morgan Hill, Mr. De Leeuw was a heavy equipment operator. He assisted with the maintenance of underground utilities such as water mains, valves, pumps, storm drain and sewer lines. He was also on-call for emergencies for the Public Works Department.

Trinchero Construction | San Martin, CA

Mr. De Leeuw served as a Journeyman Operator for Trinchero Construction for over 5 years. He often served in the lead position of Foreman, directing the work on site, operating heavy equipment, reading and interpreting plans, and operating equipment with grade control systems. He was also responsible for operating the GPS and setting site grades.

Erik Nava

Construction Inspector

EDUCATION

High School Diploma
Salinas High School

Mr. Nava serves as a construction inspector for CSG Consultants with over 8 years of construction inspection experience. His experience includes working on multiple development projects in the Cities of Gilroy and Marina inspecting infrastructure work encompassing utilities, drainage, roadway structural section, irrigation and landscaping. Prior to joining CSG, Mr. Nava served as a superintendent working primarily on installing underground utilities including water, sewer and joint trench. He is therefore familiar with all standards and procedures associated with underground utilities.

RELEVANT EXPERIENCE

Airport Boulevard Pavement Rehabilitation | City of Watsonville, CA

Mr. Nava served as the lead inspector, inspecting the construction of approximately one mile of sidewalk along the north and south sides of Airport Boulevard. This \$2.2 million project included the demolition and construction of curb and gutters, removal and installation of electrical boxes, signal boxes, water meter boxes and conduits for future fiber optics, pavement removal and reconstruction, in addition to miscellaneous items.

Construction Inspection | City of Marina, CA

As the construction inspector for the City of Marina, Mr. Nava provided as needed construction inspection for various public works and development projects. Some of the projects Mr. Nava has provided inspection services for include:

- **Highway 1 at Imjin Parkway Off Ramps** – the project involved the widening of the northbound off-ramp of State Route 1 and Imjin Parkway. Also included was the installation of a traffic signal at the southbound off-ramp, storm drain improvements, signing, striping, and other miscellaneous improvements.
- **Del Monte and Beach Road Roundabouts** | *2018 Project of the Year APWA Monterey Bay Chapter, Under \$5 Million* - The project involved the demolition and removal of existing roadway sections, reconfiguring the existing roadway, and including one new traffic roundabout. Scope also involved a new pathway, installation of landscaping and irrigation, and underground storm drain pipes.
- **The Dunes Phase II and Phase III Development** – The project involved the construction of mixed-use development including a new multiplex theater, a 3 story outpatient facility, a 4-story hotel, an apartment complex, and a multi-home neighborhood. Work involved all infrastructure improvements, as well as inspection of grading operations, and SWPPP and BMP.

East Garrison Phase 2 | County of Monterey, CA

Mr. Nava served as the construction inspector for infrastructure improvements for phase 2 of the East Garrison development. He performed inspection of grading operations, SWPPP and BMP enforcement, roadway excavations and embankments, drainage culverts, bridge crossings, storm drain lines, and roadway construction.

Construction Inspection | City of Gilroy, CA

As the construction inspector for the City of Gilroy, Mr. Nava provided as needed construction inspection for various public works and development projects. He performed inspections for the Hecker Pass and Oak Place developments, as well as for the construction of a new roundabout. He inspected all underground utilities as well as all drainage and roadway aspects of the developments.

**City of Watsonville
Personnel Commission**



M E M O R A N D U M

DATE: March 20, 2019

TO: Matt D. Huffaker, City Manager

FROM: Personnel Commission

SUBJECT: New Job Descriptions for the Public Works and Utilities Department

AGENDA ITEM: March 26, 2019 **City Council**

RECOMMENDATION:

It is recommended that the City Council approve the new job classifications and job descriptions of Communications and Environmental Outreach Manager at the salary range of \$39.27 - \$52.63 per hour; and Communications and Environmental Outreach Coordinator at the salary range of \$28.49 - \$38.18 per hour. These were reviewed and approved at the Personnel Commission meeting on March 7, 2019.

DISCUSSION:

Over the last ten years, the increase in new State mandates and expansion of existing regulations in Solid Waste, Water, Stormwater, and Climate Change initiatives have heavily impacted the need for communications and public outreach programs across all areas of the Public Works and Utilities (PW&U) Department.

In addition, the communications needs continue to grow due to the social media demands and need for growing a positive image in the community. Multi-media communications and outreach campaigns are key to maintaining an informed community that understands and supports traffic safety improvements; water main replacements and water quality upgrades; solid waste changes in recycling and food waste (organics); sewer overflow prevention; utility rate changes; and general infrastructure improvements and emerging mandates and ordinances.

Historically, the Public Works & Utilities department has used the existing Environmental Education Coordinator and Environmental Projects Manager job descriptions to recruit for Communications and Outreach Coordinator and Manager correspondingly. However, due to job descriptions that do not accurately reflect the work, the department has not been able to attract and retain the right candidates.

- The Environmental Education Coordinator job description was created more than fifteen years ago in order to develop and implement education programs with schools and youth to specifically meet State water conservation and recycling education mandates, mandates that have since expanded. This job description does not include marketing and public outreach skills or new outreach and engagement mandates related to stormwater, organics, and more.
- The Environmental Projects Manager was created to recruit candidates that plan, direct, and coordinate projects to maintain compliance with environmental laws and permits such as, levee construction; landfill construction; wastewater reclamation; departmental capital improvement projects; maintenance of sewer systems, etc. The position does not reflect the management of a unified communications and all public outreach programs across various divisions (Solid Waste, Engineering, Wastewater/Sewer, Stormwater, Water) within the department.

Currently, the City does not have job descriptions that fit the department needs to develop and implement a wide range of community outreach programs and communications strategies needed to promote awareness of Public Works & Utilities services and meet State mandates. Strong communication with City residents and businesses and increased community engagement are also a high priority for the City Council.

These positions will be key in sharing information and developing programs that engage residents to meet environmental mandates and departmental goals (topics include, but are not limited to, transportation, stormwater pollution prevention, waste reduction, water conservation, drinking water, climate change, sewer spill prevention etc.) geared to the many different audiences in Watsonville.

As a result of this emerging communication need and important community outreach the following new job classifications are being proposed in order to create a tier-based structure:

Communications and Environmental Outreach Manager

Under administrative direction of the Public Works & Utilities Director and Assistant Director, the Communications and Environmental Outreach Manager will oversee a wide range of multi-media communications and community outreach programs and campaigns; manage departmental publications; and serve as a liaison with communications staff at the City Manager's Office.

This position will manage the development of outreach and promotional materials, including writing and editing audience-driven content. The Communications and Environmental Outreach Manager will also ensure the development of effective and efficient engagement activities and dissemination strategies for various Public Works & Utilities related messages.

Salary

The level of duties and responsibilities assigned to this position are similar in nature to the Environmental Projects Manager in the City of Watsonville; therefore, it is proposed to set the salary of this classification at the same level of this other comparable position – (\$39.27 - \$52.63 per hour).

Communications and Environmental Outreach Coordinator

The Communications and Environmental Outreach Coordinator will develop content and strategies for dissemination of various messages to the media and the community at large designed to promote awareness of Public Works & Utilities (PW&U) conservation programs and services. This position will serve as the Public Works social media administrator; work with media on stories about PW&U related issues, services, programs, and events. This position will develop and implement a variety of outreach engagement activities for the public and City staff that help support Public Works & Utilities Stormwater Pollution Prevention, Waste Reduction, Water Conservation, and Climate Change programs among others.

Salary

The level of duties and responsibilities assigned to this position are similar in nature to the Environmental Education Coordinator in the City of Watsonville; therefore, it is proposed to set the salary of this classification at the same level of this other comparable position – (\$28.49 - \$38.18 per hour).

FINANCIAL IMPACT:

There is no financial impact to the City due to the fact that the salaries of the two proposed job descriptions/ classifications are at the same level as the two current job classifications that have historically been used to fill the positions/needs of communications and outreach. By approving the proposed job descriptions/classifications, it would reduce the City's administrative time in recruiting, hiring, training, and retaining the appropriate staff for these positions while attracting staff that will be more effective and engaged, since the description better reflects the job.

ATTACHMENTS: None

cc: City Attorney

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING AND AUTHORIZING THE NEW JOB CLASSIFICATION AND JOB DESCRIPTION FOR COMMUNICATIONS AND ENVIRONMENTAL OUTREACH COORDINATOR (MID-MANAGEMENT UNIT) AT THE ESTABLISHED SALARY RANGE OF \$28.49 - \$38.18 PER HOUR

WHEREAS, on March 7, 2019, the Personnel Commission of the City of Watsonville reviewed and recommended to the City Council the new job classification and job description of Communications and Environmental Outreach Coordinator; and

WHEREAS, the City Manager has submitted his report and recommendation to the City Council to approve and authorize the new job classification and job description of Communications and Environmental Outreach Coordinator, a copy of which is attached hereto and incorporated herein by this reference.

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

That the job classification and description of Communications and Environmental Outreach Coordinator is hereby approved and authorized at the established Salary Range of \$28.49 - \$38.18 per hour.



City of Watsonville

Job Description

JOB TITLE: Communications and Environmental Outreach Coordinator **DATE APPROVED:**

DEPARTMENT: Public Works and Utilities

SUPERSEDES: N/A

REPORTS TO: Communications and Environmental Outreach Manager or as assigned

SUPERVISION: May exercise supervision over assigned staff and volunteers

EMPLOYEE UNIT: Mid-Management

FLSA : Exempt

JOB SUMMARY:

The Communications and Environmental Outreach Coordinator will develop content and strategies for dissemination of various messages to the media and the community at large designed to promote awareness of Public Works & Utilities (PW&U) conservation programs and services. This position will serve as the Public Works social media administrator; work with media on stories about PW&U related issues, services, programs, and events. This position will develop and implement a variety of outreach engagement activities for the public and City staff that help support Public Works & Utilities Stormwater Pollution Prevention, Waste Reduction, Water Conservation, and Climate Change programs among others.

EXAMPLES OF ESSENTIAL DUTIES:

Duties may include, but are not limited to, the following:

- Coordinate the development of community outreach programs including, design of new and adaptation of existing programs, create messages, train participating staff, track, and report out to measure program efficacy through participant feedback.
- Coordinate the implementation, communications around, and community engagement for Public Works and Utilities outreach programs. Will work in collaboration with Public Works & Utilities staff, other City departments, existing partners, regional working groups, and other relevant organizations to meet environmental mandates and departmental goals (topics include, but are not limited to, stormwater pollution prevention, waste reduction, water conservation, drinking water, wastewater, climate change, etc.).
- Develop relationships that foster participation from, and partnering with, community advisory groups, community organizations, and other agencies that relate to Public Works & Utilities conservation goals and mandates.
- Coordinate departmental media/communications efforts:
 - Develop and/or edit engaging written materials on various topics, through press releases, articles, social media and/or blog posts.
 - Establish and maintain working relationships with the media serving as a media liaison for Public Works and Utilities outreach programs, advertising, and other marketing strategies.
 - Manage social media platforms and prepare relevant posts in coordination with other Public

- Works staff.
 - Serves as a liaison with communications staff at City Manager’s Office to ensure that Public Works and Utilities messages are incorporated in citywide communications efforts.
 - Development and maintenance of the department’s web site, including updating and expanding the general content and appearance of the site as needed. Uses feedback and information to continually develop and improve the site.
- Create outreach and promotional materials such as graphics, flyers, posters, one-pagers, social media posts, and advertisements for public distribution in accordance with departmental goals and programs.
- Train employees and volunteers in environmental topics and outreach messages and activities as required.
- May provide training and development to staff regarding job-related topics.
- Attend meetings of the City Council, Commissions, Department(s), and other groups as required.
- Develop and write grant proposals as required.
- Provide supervision to staff members as assigned.
- Perform other related duties as assigned.

EMPLOYMENT STANDARDS

Knowledge of:

- General understanding of issues and policies related to Public Works and Utilities such as, stormwater pollution prevention, water conservation, waste reduction, drinking water, wastewater, transportation, and climate change
- Principles, techniques, and methods of public outreach, marketing, and community relations
- Philosophy, principles, and practices of programming and special events
- Methods of preparing informational materials and disseminating them through appropriate media
- Web-based media, social media, and other emerging media for internal and external communications
- Principles and practices of graphic design and production, and distribution of informational publications
- Basic desktop publishing and related computer applications
- Basic research and analysis methodology and techniques
- Principles and practices of skilled written and oral communications

Ability to:

- Follow City and Departmental policy, procedures, plans, and programs
- Demonstrate ability to coordinate programs and projects
- Work well in a team environment
- Work well with, and coordinate with, other divisions and departments within the City
- Analyze problems, identify alternative solutions, project consequences of proposed actions, and implement recommendations in support of goals
- Demonstrate good judgment, flexibility, creativity, and sensitivity in response to changing situations and needs
- Prepare and deliver presentations to staff, community, outside organizations/agencies, and City Council as required

- Communicate clearly and effectively, both orally and in writing
- Establish and maintain effective working relationships with a variety of customers, volunteers and community groups contacted during the course of work
- Work well under pressure to meet deadlines
- Be willing to work weekends and evenings as necessary
- Bilingual Spanish\English highly desired

PHYSICAL REQUIREMENTS:

Physical requirements described here are representative of those that must be met by an employee to successfully perform the essential functions of this job.

- Operate office equipment, computers, hand held electronic tablets, and a variety of word processing and software applications.
- Sit at a desk for long periods of time
- Occasionally bend, stoop, reach, squat, twist, climb, and kneel
- Use hands and fingers to grasp and handle various objects
- Occasionally lift\move up to 20 pounds
- See adequately to read text, correspondence, forms with fine print
- Hear and speak adequately to converse on a telephone and in person
- Work indoors using near vision for prolonged periods
- Stand for long periods of time and walk on uneven surfaces

TRAINING AND EXPERIENCE:

Any combination of training and experience, which would provide the required knowledge and abilities, is qualifying. A typical way to obtain the knowledge and abilities is:

- Three years of progressively responsible related professional experience involving the field of communications, marketing, and social media platforms
- Equivalent to a bachelor's degree from an accredited college or university, with major work in public relations, marketing, communications, or related field
- Experience working with municipal government functions and processes desirable

LICENSE & CERTIFICATION:

- Possession of a valid California Class C Driver's License and a safe driving record

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING AND AUTHORIZING THE NEW JOB CLASSIFICATION AND JOB DESCRIPTION FOR COMMUNICATIONS AND ENVIRONMENTAL OUTREACH MANAGER (MANAGEMENT UNIT) AT THE ESTABLISHED SALARY RANGE OF \$39.27 - \$52.63 PER HOUR

WHEREAS, on March 7, 2019, the Personnel Commission of the City of Watsonville reviewed and recommended to the City Council the new job classification and job description of Communications and Environmental Outreach Manager; and

WHEREAS, the City Manager has submitted his report and recommendation to the City Council to approve and authorize the new job classification and job description of Communications and Environmental Outreach Manager, a copy of which is attached hereto and incorporated herein by this reference.

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

That the job classification and description of Communications and Environmental Outreach Manager is hereby approved and authorized at the established Salary Range of \$39.27 - \$52.63 per hour.

City of Watsonville

Job Description

JOB TITLE: Communications and Environmental Outreach Manager **DATE APPROVED:**

DEPARTMENT: Public Works and Utilities

SUPERSEDES: N/A

REPORTS TO: Public Works and Utilities Director and Assistant Director

SUPERVISION: Supervision over assigned staff and volunteers

EMPLOYEE UNIT: Management

FLSA : Exempt

JOB SUMMARY:

Under administrative direction of the Public Works & Utilities Director and Assistant Director, the Communications and Environmental Outreach Manager will oversee a wide range of multi-media communications and community outreach programs and campaigns; manage departmental publications; and serve as a liaison with communications staff at the City Manager's Office. This position will manage the development of outreach and promotional materials, including writing and editing audience-driven content. The Communications and Environmental Outreach Manager will also ensure the development of effective and efficient engagement activities and dissemination strategies for various Public Works & Utilities related messages.

EXAMPLES OF ESSENTIAL DUTIES:

Duties may include, but are not limited to, the following:

- Represent the City as a lead communications manager ensuring effective and efficient outreach, education, and information delivery of Public Works & Utilities programs and services to the community.
- Develop, and implement as needed, community outreach programs through a variety of multi-media communications strategies; to share information and solicit input from the public to meet environmental mandates and departmental goals (topics include, but are not limited to, transportation, stormwater pollution prevention, waste reduction, water conservation, drinking water, climate change, etc.).
- Serve as a resource and consultant to the department in the development of communication programs that target appropriate stakeholder groups related to Public Works and Utilities issues.
- Perform a wide variety of outreach and community relations activities that relate to Public Works & Utilities conservation goals and mandates, which often requires coordinating with City officials, City departments, or other governmental agencies, community advisory groups, businesses, and organizations.

- Manage departmental media/communications efforts:
 - Develop and/or edit engaging written materials on various topics, through press releases, articles, social media, and/or blog posts.
 - Establish and maintain working relationships with the media serving as a media liaison for Public Works and Utilities outreach programs, advertising, and other marketing strategies.
 - Oversee social media platforms and prepare relevant posts in coordination with other Public Works staff.
 - Serve as a liaison with communications staff at City Manager's Office to ensure that Public Works and Utilities messages are incorporated in citywide communications efforts.
 - Oversee the development and maintenance of the department's web site, including updating and expanding the general content and appearance of the site as needed. Uses feedback and information to continually develop and improve the site.
- Manage the development of outreach and promotional materials such as graphics, social media posts, and advertisements for public distribution in accordance with departmental goals and programs.
- Prepare and deliver presentations on department programs, services, and activities.
- Facilitate communication/outreach/media trainings with City Officials, senior level staff, and department staff, as needed.
- Prepare and administer program budget, prepares requests for proposals, and evaluates proposals for contracted services.
- Train employees and volunteers in environmental topics and outreach messages and activities as required.
- Provide training and development to staff regarding job-related topics.
- Attend meetings of the City Council, Commissions, Department(s), and other groups as required.
- Develop and write grant proposals as required.
- Provide supervision and performance evaluation to staff members as assigned.
- Perform other related duties as assigned.

EMPLOYMENT STANDARDS

Knowledge of:

- Issues and policies related to Public Works and Utilities such as, stormwater pollution prevention, water conservation, waste reduction, drinking water, wastewater, transportation, and climate change
- Municipal government structure, programs, and services
- Principles, techniques, and methods of public outreach, marketing, and community relations
- Methods of preparing informational materials and disseminating them through appropriate media
- Web-based media, social media, and other emerging media for internal and external communications
- Principles and practices of graphic design and production, and distribution of informational publications
- Basic desktop publishing and related computer applications
- Basic research and analysis methodology and techniques
- Principles and practices of skilled written and oral communications
- Principles and practices of supervision, training, and performance evaluation
- Modern principles of organization, administration, and management

Ability to:

- Follow City and Departmental policy, procedures, plans, and programs
- Communicate strategically and effectively and produce lucid, concise documents
- Work effectively with other departments in ensuring consistent communications messaging and vision
- Prepare and present organized and accurate oral reports, statements, and presentations
- Effectively serve as Department's spokesperson and represent the City and/or Department professionally
- Collect, evaluate and interpret varied information and data, either in statistical, narrative or verbal form
- Communicate technical information in a manner that is appropriate for the intended audience
- Work effectively in time-sensitive situations and meet deadlines; coordinate multiple projects and complex tasks simultaneously
- Make effective presentations using a variety of presentation techniques and methods
- Establish and maintain and promote effective working relationships with employees, other agencies, elected officials, and the public
- Effectively utilize computers and emerging technologies
- Work independently and as a team member
- Independently manage and prioritize workload, demands, and time
- Train, supervise, and evaluate staff
- Analyze problems, identify alternative solutions, project consequences of proposed actions, and implement recommendations in support of goals
- Demonstrate good judgment, flexibility, creativity, and sensitivity in response to changing situations and needs
- Be willing to work weekends and evenings as necessary
- Bilingual Spanish\English speaking is highly desirable

PHYSICAL REQUIREMENTS:

Physical requirements described here are representative of those that must be met by an employee to successfully perform the essential functions of this job.

- Operate office equipment, computers, hand held electronic tablets, and a variety of word processing and software applications.
- Sit at a desk for long periods of time
- Occasionally bend, stoop, reach, squat, twist, climb, and kneel
- Use hands and fingers to grasp and handle various objects
- Occasionally lift\move up to 20 pounds
- See adequately to read text, correspondence, forms with fine print
- Hear and speak adequately to converse on a telephone and in person
- Work indoors using near vision for prolonged periods
- Stand for long periods of time and walk on uneven surfaces

TRAINING AND EXPERIENCE:

Any combination of training and experience, which would provide the required knowledge and abilities, is qualifying. A typical way to obtain the knowledge and abilities is:

- Experience working with municipal government functions and processes
- Four years of progressively responsible related professional experience involving the field of communications, marketing, and social media platforms
- Equivalent to a bachelor's degree from an accredited college or university, with major work in public relations, marketing, communications, or related field
- Four years of progressively responsible professional experience managing staff, projects, and programs

LICENSE & CERTIFICATION:

- Possession of a valid California Class C Driver's License and a safe driving record



Irwin Ortiz <irwin.ortiz@cityofwatsonville.org>

Online Form Submittal: Application for Appointment to a City Board or Commission

noreply@civicplus.com <noreply@civicplus.com>

Wed, Mar 20, 2019 at 9:05 PM

To: cityclerk@cityofwatsonville.org

Application for Appointment to a City Board or Commission

You must be a registered voter in the City of Watsonville to qualify for an appointment.

INSTRUCTIONS

If you are interested in serving on a City board or commission, complete the following application.

Upon receipt, your application for appointment will be routed to the Council Members where a vacancy exists. If a Council Member is interested in nominating you for appointment, the City Clerk's Office or the Council Member will contact you.

Commission/Board	Parks & Recreation Commission
------------------	-------------------------------

NAME	Wayne Hayashibara
------	-------------------

ADDRESS	
---------	--

TELEPHONE NUMBER	
------------------	--

EMAIL ADDRESS	
---------------	--

LENGTH OF RESIDENCE IN AREA	one and a half years , three years on the Central Coast
-----------------------------	---

PREVIOUS COMMISSION OR BOARD EXPERIENCE

COMMISSION OR BOARD SERVED	Field not completed.
----------------------------	----------------------

TERM	Field not completed.
------	----------------------

COMMISSION OR BOARD SERVED	Field not completed.
----------------------------	----------------------

TERM	Field not completed.
------	----------------------

COMMISSION OR BOARD SERVED	Field not completed.
----------------------------	----------------------

TERM	Field not completed.
------	----------------------

EDUCATION

INSTITUTION	Cal State University at Long Beach
-------------	------------------------------------

MAJOR	English/ History
DEGREE	B.A.
YEAR	1969
INSTITUTION	Pepperdine University
MAJOR	Education
DEGREE	M.A.
YEAR	1976
INSTITUTION	Redlands University
MAJOR	Administrative
DEGREE	Credential in Administration
YEAR	2001

WORK/VOLUNTEER EXPERIENCE:

ORGANIZATION	Corona Norco Unified School District
ADDRESS	2820 Clark Ave., Norco, Ca. 92860
POSITION	Teacher/Administrator
YEAR	1971- 2008
ORGANIZATION	Fender Center for the Performing Arts
ADDRESS	365 N. Main Street, Corona CA.92880
POSITION	Board President
YEAR	2001 -2007
ORGANIZATION	<i>Field not completed.</i>
ADDRESS	<i>Field not completed.</i>
POSITION	<i>Field not completed.</i>
YEAR	<i>Field not completed.</i>

STATEMENT OF QUALIFICATION:

Please attach a brief statement indicating why you are interested in serving on the advisory body in question.

Statement of Qualifications/Resume	<i>Field not completed.</i>
---------------------------------------	-----------------------------

ACKNOWLEDGEMENT:

By submitting this application, you understand that this application is a public document and its contents will be disclosed upon request, and any misrepresentation or deliberate omission of a material fact in this application may be justification for refusal or termination of appointment. The Political Reform Act of

1974 requires all government agencies to adopt a Conflict of Interest Code that designates the positions within an agency which make or participate in making governmental decisions and may foreseeably have a material effect on any financial interest. Members of City boards and commissions, by virtue of their positions, make or participate in making decisions which may affect their financial interests and who therefore must disclose these interests on the Fair Political Practices Commission Form 700 – Statement of Economic Interests of Designated Employees. The Form 700 is a public document and its contents will be disclosed upon request. This form is to be filed upon appointment and every year thereafter with the Office of the City Clerk on April 1.

CERTIFICATION:

I acknowledge I have read the above information and certify that the information provided by me is true and correct, and I authorize the verification of the information in the application in the event I am a finalist for the appointment.

Email not displaying correctly? [View it in your browser.](#)

RESOLUTION NO. _____ (CM)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WATSONVILLE APPOINTING MEMBER TO THE CITY OF
WATSONVILLE PARKS AND RECREATION COMMISSION**

(DISTRICT 7)

WHEREAS, Section 911 of the City Charter established a seven member Parks and Recreation Commission with specific powers and duties; and

WHEREAS, Section 902 of the Charter of the City of Watsonville authorizes each member of the Council to appoint one member to each City board or commission subject to approval by resolution of the Council adopted by at least four (4) affirmative votes.

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

1. That Council Member Parker hereby nominates Wayne Hayashibara for appointment to the Parks and Recreation Commission (expires December 2022), representing District 7.
2. That the Council hereby approves such appointment.
3. That the City Clerk is hereby directed to transmit a copy of this resolution to the newly appointed member and to the Secretary of the Parks and Recreation Commission.

**City of Watsonville
City Attorney's Office**

M E M O R A N D U M



DATE: March 21, 2019

TO: Matthew D. Huffaker, City Manager

FROM: Alan J. Smith, City Attorney

SUBJECT: Adoption of Urgency Ordinance relating to Cannabis Equity Program and Resolution authorizing City Manager to submit application to the Bureau of Cannabis Control for funding and if awarded, execute agreement, including any extensions or amendments thereof with the State, and appropriate such funds to the Cannabis Equity Fund

AGENDA ITEM: March 26, 2019

City Council

RECOMMENDATION:

1. Approve proposed urgency ordinance amending the Watsonville Municipal Code by adding Chapter 49 to Title 5 (Public Welfare, Morals, and Conduct) relating to Cannabis Equity; (Will take effect immediately with 5 affirmative votes)¹
2. Approve resolution authorizing and directing City Manager to submit application to the Bureau of Cannabis Control for funding and if awarded, execute agreement, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto.
3. Appropriate such funds to the Cannabis Fund

Executive Summary

The Board of Cannabis Control released guidelines for a local equity grant program to jurisdictions who have a cannabis equity ordinance. The deadline for submission to the grants program is April 1, 2019, and requires a local ordinance in order to qualify. A local cannabis equity program would help communities that have been negatively or disproportionately impacted by cannabis criminalization and with pursuing compassionate cannabis care programs.

Background

As the commercialization of cannabis has moved into reality in California through the passage of Prop. 64, there has been great discussion about the communities who have been disproportionately affected by cannabis criminalization in the past. In fact, the initiative called

¹ City Charter § 602. Any ordinance declared to be necessary as an emergency measure for preserving the public peace, health or safety and containing a statement of the reasons for its urgency, may be introduced and adopted at one and the same meeting if passed by at least five (5) affirmative votes.

for the creation of equity programs that would address this problem. Last year, the legislature passed SB 1294, which established and funded a Cannabis Equity Program.

On Friday, March 8, 2019, the Council learned of the Cannabis Control's Local Equity Grants Program by email and the Council indicated at its March 12, 2019, Council meeting that it wished a proposed ordinance be brought to the Council for consideration. The City of Santa Cruz and the County of Santa Cruz have also recently adopted similar Cannabis Equity Programs.

The grants program will have an initial statewide distribution of \$10 million with local grants of not less than \$100,000. Funding from this program can go to the following areas:

1. Providing a loan or a grant to a local equity applicant or local equity licensee to assist the applicant or licensee with startup and ongoing costs. For purposes of this paragraph, "startup and ongoing costs" include, but are not limited to, local and state application and licensing fees, regulatory adherence, testing of cannabis, equipment, capital improvements, and training and retention of a qualified and diverse workforce.
2. Supporting local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
3. Providing direct technical assistance to local equity applicants and local equity licensees.
4. Assisting in the administration of local equity programs.
5. Providing small business support services offering technical assistance to those persons from economically disadvantaged communities that experience high rates of poverty or communities most harmed by cannabis prohibition, determined by historically high rates of arrests or convictions for cannabis law violations.
6. Workshops to gain a better understanding of various technical aspects of compliance with local and State regulations;
7. Tiered fees or fee waivers for cannabis-related permits and licenses.
8. Assistance in paying state regulatory and licensing fees.
9. Assistance with regulatory compliance.

Analysis

Staff has arranged quickly to determine what would be required to submit a grant to this program. Inquiries were made to the Board of Cannabis Control. 90% of grant funds must be used for direct support of cannabis businesses, and 10% may be used to administer the program. Because of the limited staff and resources available to administer the cannabis program, staff recommends that the City's program be focused on direct support of local businesses that operate compassionate cannabis care programs through the payment of local and state fees.

This is necessary as an urgency ordinance to preserve the public peace, health or safety because the City will be ineligible to apply for the grant unless the ordinance is adopted as an

urgency ordinance. This grant program could fund a meaningful program that will provide a mechanism for fee waivers for state and local fees that our Council has previously discussed but never had the resources to support.

FINANCIAL IMPACT:

Adoption of this ordinance could help provide new funds to the City.

STRATEGIC PLAN:

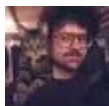
This recommendation to adopt a Cannabis Equity program ties in with the City's economic goals and will create opportunities to develop a quality workforce and increase family-wage jobs in support of the regional economy. By assisting those who have been disproportionately affected by the criminalization of cannabis, we open new opportunities for entrants into the local economy.

ATTACHMENTS: None.



NEWS

Sacramento Launches Social Equity Program for Local Cannabis Industry



AUG 13, 2018

by CHRIS MOORE



Sacramento is off to a great start, but fostering equal opportunity



Sacramento has just unveiled plans for a new program to help entrepreneurs most negatively affected by drug enforcement policy **get a leg up in California's growing cannabis industry**. Last week, the Sacramento City Council unanimously approved the Cannabis Opportunity Reinvestment and Equity (CORE) program, which was initially approved last November. “This CORE program is going to help those who were disproportionately impacted by the War on Drugs,” Malaki Seku-Amen of the California Urban Partnership **explained to the *Sacramento Bee***. “It will help us who suffered generational poverty to benefit from the region’s \$4 billion industry in cannabis.”

The city used data from its police department’s Crime Analysis Unit to identify eight neighborhoods which suffered **disproportionate rates of cannabis arrests** between 2004 and 2017. Individuals who lived in these neighborhoods for at least five years are now eligible to receive financial assistance and mentorships to start up new canna-businesses. Anyone who was arrested for a non-violent cannabis offense between 1980 and 2011, or who had an immediate family member arrested or convicted for a such a “crime,” is also eligible for the program.

For those who do qualify, the city will waive business permit fees, which can cost up to tens of thousands of dollars. The program also guarantees priority processing of the applicants' business permits, and offers assistance with criminal record expungement and ongoing business guidance. “We have a goal of having 50 percent of all licenses be awarded to those who were impacted by the War on Drugs,” Seku-Amen **said to local NBC affiliate KCRA**. “If you were sent to jail or arrested and you were in an area that was disproportionately impacted — you experienced generational poverty. It doesn't matter if you are Black, White, Latino or Asian. You will be able to qualify for this program.”



made attempts to establish programs to help encourage equal participation in the cannabis industry. But although programs like this look great on paper, many of these cities and states are now discovering that establishing social equity is easier said than done.

Oakland was one of the first cities to unveil a cannabis social equity program, but applicants in this program have reported that the city has been failing to meet its goals. The city offered priority application processing to canna-businesses that promised to provide free business space to equity applicants. Some **businesses have been reneging on their promises**, however, and the city has not been enforcing their policies. In Massachusetts, a recent report has found that many equity applicants are **struggling to source enough funding** to start up canna-businesses, **despite the state's attempts to provide assistance**.

Lack of funding may also end up being an issue in Sacramento. Local medical marijuana dispensary owner Lynette Davies said that while waiving the permit fees can help a new business get off the ground, it may still be difficult for disadvantaged individuals to source the \$100,000 or more necessary to kickstart a canna-business. "In the city of Sacramento, they need some kind of fund to help them get started with the cost of business," Davies **told the Bee**. "I think it is imperative that if you do part of it, you do it right the whole way."

The city council is well aware that they may need to adjust the program as it progresses, however. "This is going to be a learning experience for us and we are going to make some mistakes. We can't be afraid to fail," City Councilmember Jay Schenirer **said to KCRA**. "This is an experiment in a lot of ways. I hope that we will learn from it and continue to make it better as we go forward."



In This Story: 420, BUSINESS, POLITICS, LEGALIZATION, CALIFORNIA, CRIME

**Chris Moore**

Chris Moore is a New York-based writer who has written for Mass Appeal while also mixing records and producing electronic music.



SHARE

TWEET

The Latest Vids

ORDINANCE NO. ____ (CM)

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE ADDING A NEW CHAPTER 49 (CANNABIS EQUITY PROGRAM) TO TITLE 5 (PUBLIC WELFARE, MORALS, AND CONDUCT) OF THE WATSONVILLE MUNICIPAL CODE TO PROVIDE LOCAL GUIDELINES FOR ADMINISTERING A CANNABIS EQUITY PROGRAM IN THE CITY OF WATSONVILLE

WHEREAS, Section 602 of Article VI of the City Charter provides that any ordinance declared by the Council to be necessary as an emergency measure for preserving the public peace, health or safety, and containing a statement of the reasons for its urgency, may be introduced and adopted on the same day if passed by at least five (5) affirmative votes; and

WHEREAS, Subdivision (d) of Section 608 of Article VI of the City Charter provides that an emergency ordinance adopted in the manner provided in Article VI may take effect upon adoption; and

WHEREAS, the Council finds and declares the following:

WHEREAS, the California Cannabis Equity Act of 2018 (“Equity Act”) established by Senate Bill 1294¹ allows for direct assistance to local jurisdictions’ commercial cannabis equity programs that can in turn provide assistance to local equity licensees that could directly benefit from the funding provided by the Equity Act; and

WHEREAS, the City of Watsonville must adopt or operate a Cannabis Equity Program in order to apply for funding from the Bureau of Cannabis Control by April 1, 2019, and that it is necessary that this ordinance become effective immediately.

¹ Business and Professions Code §§26240 et seq

Table of Contents

SECTION 1. ENACTMENT.	2
CHAPTER 49 CANNABIS EQUITY PROGRAM.....	2
Sec. 5-49.01 Purpose.....	2
Sec. 5-49.02 Definitions.	3
Sec. 5-49.03 Creation of the Watsonville Cannabis Equity Program.	4
Sec. 5-49.04 Eligibility criteria.	5
Sec. 5-49.05 Equity Program Benefits.	7
(e) Assistance from the Community Development Director with securing business locations prior to or during the use permit and cannabis business license process.....	7
Sec. 5-49.06 Severability.	7
SECTION 2. PUBLICATION	8
SECTION 2. EFFECTIVE DATE.	8
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WATSONVILLE,	

CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. ENACTMENT.

Title 5 (Public Welfare, Morals, and Conduct) of the Watsonville Municipal Code is hereby amended by adding a new Chapter 49 (Cannabis Equity Program) to read in words and figures as follows:

CHAPTER 49 CANNABIS EQUITY PROGRAM

Sec. 5-49.01 Purpose.

The purpose of the chapter is to provide for administering a cannabis equity program in the City of Watsonville and in particular to mitigate the barriers to equity within the commercial cannabis market place for populations that were negatively or

disproportionally impacted by cannabis criminalization and for pursuing aid from compassionate cannabis care programs.

This chapter is not intended to conflict with Federal or State law. It is the intention of the City that this chapter be interpreted to be compatible with Federal and State enactments and in furtherance of the public purpose that those enactments encompass.

Sec. 5-49.02 Definitions.

As used in this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

- (a) "Applicant" shall mean the person or entity submitting an application for eligibility to participate in the Equity Program.
- (b) "Cannabis" shall mean all parts of the plant Cannabis Sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, as defined under Business and Professions Code Section 19300.5(f), as may be amended.
- (c) "Commercial Cannabis Business" shall mean a licensed cannabis cultivation, distribution, manufacturing or retail business located in the City of Watsonville.
- (d) "Equity Program" shall mean the Cannabis Equity Program created by this chapter.
- (e) "License" shall mean the written evidence of permission given by the Licensing Official for a licensee to operate a commercial cannabis business. "License" does not mean "permit" within the meaning of the Permit Streamlining Act, and a

license does not constitute a permit that runs with the land on which a dispensary sits.

- (f) "Licensee" shall mean the person or entity holding a valid license to operate a commercial cannabis business under this chapter.
- (g) "Licensing Official" shall mean the official appointed by the City Manager who is responsible for implementing the provisions of this chapter.

Sec. 5-49.03 Creation of the Watsonville Cannabis Equity Program.

- (a) There is hereby created the Watsonville Cannabis Equity Program. The program shall be operated by the licensing official.
- (b) The licensing official shall take the necessary steps to build and manage the equity program. This includes, but is not limited to, accomplishing the following tasks in compliance with this chapter:
 - (1) Create grant application forms for new commercial cannabis businesses;
 - (2) Approve and denying grant equity program applications.
 - (3) Create and conduct workshops for applicants on various technical aspects of commercial cannabis businesses regulatory compliance;
 - (4) Establish methods to provide direct technical assistance to applicants and licensees, such as for example: cultivation, manufacture, testing, dispensary (retailer), delivery and microbusiness;
 - (5) Create a system to administer fee waivers for cannabis related use permits and business licenses;

- (6) Create a system to provide direct assistance in paying State regulatory and licensing fees and appropriate capital investment for program participants;
- (7) Assist applicants and licensees securing business locations before or during the use permit and cannabis business license process;
- (8) Establish and/or recommend adoption of any policies, procedures, rules, or regulations, necessary to implement the program; and
- (9) Work with other officials in the City to ensure that applicants and licensees comply with all aspects of the Municipal Code.

Sec. 5-49.04 Eligibility criteria.

- (a) Eligibility for the equity program shall be limited to applicants or operators of licensed commercial cannabis businesses who can demonstrate that they, their employees, or their customers meet at least three of the following eight standards:
 - (1) have been negatively impacted in a disproportionate way by cannabis criminalization and can demonstrate what they have done and will do to address such negative impacts, including but not limited to supporting compassionate care programs within the community (defined as the jurisdictional territory of the Pajaro Valley Unified School District).
 - (2) reside within boundaries of the Pajaro Valley Unified School District
 - (3) Attended school in the Pajaro Valley Unified School District for a total of 5 years from 1971 to 2016

- (4) are economically disadvantaged, which may be demonstrated, for example, by being adjudicated bankrupt under Chapters 7, 11, 12 or 13 of the United States Bankruptcy Code, by losing their primary residence through a judicial or non-judicial foreclosure after 2005, or have otherwise been involuntarily displaced from their primary residence since 2005 such as by eviction or subsidy cancellation, or
- (5) are 25% "day-to-day" women supervised and women owned businesses
- (6) Have a household income below 80% of the average median income (AMI) for 2017 based on the number of people in your household.
- (7) Have lived in a census tract within the community (defined as the jurisdictional territory of the Pajaro Valley Unified School District). at least five (5) years between 1971 and 2016 where at least 17% of the households had incomes at or below the federal poverty level
- (8) Have been arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) from 1971 to 2016
- (9) Have a parent, sibling or child who was arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) from 1971 to 2016

(b) For purposes of subdivision (a), "compassionate care programs" include, but are not limited to:

- (1) Programs which provide free or discounted cannabis to medical cannabis patients and primary caregivers; and/or

- (2) Programs which provide palliative and/or end of life care for medical cannabis patients.

Sec. 5-49.05 Equity Program Benefits.

Assistance programs for Equity Program licensees will include:

- (a) Workshops to gain a better understanding of various technical aspects of compliance with local and State regulations;
- (b) Direct technical assistance with all categories and levels of State and local licensing issues, including but not limited to:
 - (1) Assistance with technical aspects of local permit application drafting;
 - (2) Training on and direct assistance in applying for Air District permits, hazardous materials business permits, State Water Board permits and other permits and programs to be identified by the Licensing Official;
- (c) Fee waivers for use permits and cannabis business licenses;
- (d) Direct assistance paying for State licensing and regulatory fees; and
- (e) Assistance from the Community Development Director with securing business locations prior to or during the use permit and cannabis business license process.

Sec. 5-49.06 Severability.

If any section, subdivision, paragraph, sentence, clause or phrase of the ordinance codified in this chapter is for any reason held to be unconstitutional or invalid, such a decision shall not affect the validity of the remaining portion of the ordinance. The

Council hereby declares that it would have passed each section, subsection,

subdivision, paragraph, sentence, clause or phrase of this ordinance irrespective of the unconstitutionality or invalidity of any other section, subdivision, subsection, paragraph, sentence, clause or phrase of the ordinance codified in this chapter.

SECTION 2. PUBLICATION

This ordinance shall be published once in the Register Pajaronian within fifteen (15) days after its adoption in compliance with the provisions of the Charter of the City of Watsonville.

SECTION 2. EFFECTIVE DATE.

This ordinance shall be in force and take effect immediately.

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE AUTHORIZING AND DIRECTING THE CITY MANAGER ON BEHALF OF THE CITY OF WATSONVILLE TO SUBMIT AN APPLICATION TO THE STATE OF CALIFORNIA, DEPARTMENT OF CONSUMER AFFAIRS, BUREAU OF CANNABIS CONTROL FOR EQUITY ACT GRANT FUNDS; AND IF AWARDED, TO EXECUTE AND SUBMIT ALL DOCUMENTS INCLUDING, BUT NOT LIMITED TO APPLICATIONS, STANDARD AGREEMENTS, INCLUDING ANY EXTENSIONS OR AMENDMENTS THEREOF AND ANY SUBSEQUENT CONTRACT WITH THE STATE IN RELATION THERETO; AND APPROPRIATING SUCH FUNDS TO THE CANNABIS EQUITY GRANT FUND

WHEREAS, the members of the California Legislature have recognized the need for equity grant funding; and

WHEREAS, funding has been provided to the State of California Bureau of Cannabis Control to provide grant funds to local governments pursuant to the California Cannabis Equity Act of 2018; and

WHEREAS, the City Council of the City of Watsonville has adopted or operates a local equity program for commercial cannabis activity; and

WHEREAS, the City Council of the City of Watsonville has determined that it will use grant funds from the Bureau of Cannabis Control to assist local equity applicants and licensees through its local equity program for commercial cannabis activity as described in its application for grant funds.

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

1. That the City Council of the City of Watsonville hereby authorizes and directs the City Manager to submit a grant application to the State of California, Department of Consumer Affairs, Bureau of Cannabis Control for Equity Act Grant Funds on behalf of the City of Watsonville.

2. That the City Manager is hereby authorized and empowered to execute on behalf of the City of Watsonville a standard agreement, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto.

3. It is agreed that any liability arising out of the performance of the contract, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California, Department of Consumer Affairs, Bureau of Cannabis Control disclaims responsibility for any liability.

4. That the City Manager of the City of Watsonville is authorized and directed, if said grant is awarded, to appropriate such amount to the Cannabis Equity Grant Fund for the Local Equity Grant Program.

City of Watsonville
Community Development Department



M E M O R A N D U M

DATE: March 19, 2019

TO: Matthew D. Huffaker, City Manager

FROM: Suzi Merriam, Community Development Director

SUBJECT: Public Hearing to consider an appropriation in the amount of \$1,800,000 to MidPen Housing Corporation to assist in the construction of a 61 unit multi-family affordable housing development at 139-161 Miles Lane and 201 Kimberly Lane (APN's 016-491-01,02,03 & 016-111-44), filed by MidPen Housing Corporation, applicant

AGENDA ITEM: March 26, 2019 City Council/Successor Housing Agency

RECOMMENDATION

It is recommended that the City Council adopt a resolution appropriating \$1,800,000 and authorizing the City Manager to execute loan documents in the same amount with MidPen Housing Corporation for the construction of 61 affordable apartment units at 139-161 Miles Lane and 201 Kimberly Lane, contingent on the approval of California Environmental Quality Act (CEQA) and project entitlements.

BACKGROUND

Background: The City's Housing Division is tasked with reviewing loan requests by non-profit housing developers to assist with the cost of developing affordable housing units in the City. The City currently has two main funding sources in which to provide loans for affordable housing developments. These are the Successor Housing Agency Fund and the Inclusionary Housing Fund. The Successor Housing Agency Fund includes payments made by loans that have been given in the past, and the Inclusionary Housing Fund is funded through developer paid in-lieu affordable housing fees per Watsonville Municipal Code (WMC) Chapter 14-46.070 (Affordable housing in-lieu fees).

The Inclusionary Housing Fund has a balance of approximately \$1.9 million, and the Successor Housing Agency Fund has a balance of \$2.3 million. It is estimated that based on the funding packages passed by the state in 2018, additional money for affordable housing will be made available to the City in the next 2 years. The City has not made a substantial loan to a non-profit housing development since the Pippin Apartments in 2014, which was a loan for \$1 million for the construction of 21 affordable units.

PROCESS

The WMC provides that the City Council shall consider all financial commitments in excess of \$50,000. City staff has considered the current balance of both funds proposed to be used as the source of financing for the proposed loan, and determined that the request by MidPen Housing Corporation can be accommodated.

DISCUSSION

MidPen Housing Corporation and Encompass are jointly working to develop the three parcels located at 139-161 Miles Lane and 201 Kimberly Lane. Currently, the parcels contain a 26-bed residential treatment facility for men, operated by Encompass, and 4 residential units. Encompass received a planning grant from the Central California Alliance for Health to rebuild and expand their facility to accommodate up to 42 beds for both men and women. Encompass has partnered with MidPen Housing Corporation to develop the three parcels as a comprehensive supporting housing campus to include a residential care facility with up to 42 bed, up to 61 residential rental units, and a small commercial space to provide job training.

MidPen Housing Corporation has submitted a request for financial assistance from the City of Watsonville for acquisition and pre-development funding. The initial request was for \$200,000 in pre-development funding, and \$1.8 million to help purchase the properties. City staff is hesitant to provide pre-development funding, because if the project does not proceed to construction, that money will not be repaid, and because the City does not have a surplus of affordable housing money available.

Staff proposes that \$1,000,000 be appropriated from the Inclusionary Housing Fund, and \$800,000 be appropriated from the Successor Housing Agency Fund.

ENVIRONMENTAL REVIEW

Per CEQA Guidelines § 15004(B)(4) (A-C), this funding commitment is conditioned on compliance with CEQA regulations, and the City shall not sign a loan for the development of this project prior to CEQA compliance and project approval. Council approval of this funding commitment shall not restrict the City from considering any feasible mitigation measures and alternatives, including the “no project” alternative.

STRATEGIC PLAN

The purpose of the City of Watsonville’s 2018-2020 Strategic Plan is to help the City prioritize its efforts, allocating both fiscal and human resources to achieve a shared vision and goals. The 2018-20 Strategic Plan identifies six goals, concerning housing, fiscal health, infrastructure and environment, economic development, community engagement and well-being, and public safety.

The commitment of funds from both the Successor Housing Agency Fund and Inclusionary Housing Fund to assist in the development of 61 affordable housing units directly addresses the priority to provide more affordable housing units for the community.

FINANCIAL IMPACT

Funding for the project would be taken from the City's Inclusionary Housing Fund and the Successor Housing Agency Fund, and will be paid back over a 30-year period. Both funds are incrementally replenished through loan payments and the payment of affordable housing impact fees.

Sources		
Inclusionary Housing Fund (0347)	Fund Balance	\$800,000
Successor Housing Agency Fund (0204)	Fund Balance	\$1,000,000
Uses		
Inclusionary Housing Fund (0347)	Loans & Grants (7367)	\$800,000
Successor Housing Agency Fund (0204)	Loans & Grants (7367)	\$1,000,000

ALTERNATIVES

The City Council could choose not to commit funds to MidPen Housing Corporation at this time, could modify the proposed amount and/or terms of the loan.

ATTACHMENTS

- 1) Loan Request Letter from MidPen dated December 27, 2018

cc: City Attorney

December 27, 2018

Suzi Merriam
Community Development Director
City of Watsonville
250 Main Street
Watsonville, CA 95076

RE: Request for funding commitment for predevelopment and land acquisition

Dear Suzi:

This letter is a request for a commitment of affordable housing funds from the City of Watsonville to MidPen Housing Corporation to make feasible the development of a new community of up to 60 affordable rental homes. MidPen and Encompass Community Services continue to work together on design and entitlement of a proposed mixed use development on Miles Lane between Freedom Blvd and Santa Clara St. In order for MidPen to continue its mission to serve the City of Watsonville by pursuing new development opportunities such as this we need the City's assistance to provide us with the time and leverage we need to compete for State and Federal funds necessary to build these communities.

As you know, the need for affordable housing only continues to grow. MidPen recently completed Pippin Orchard Apartments, a 46 home affordable rental community on Atkinson Lane in Watsonville for which the City provided \$1,242,215 in deferred repayment financing. For those 46 homes, we received 2,500 applications. Despite no City live/work preference or farmworker preference and a lottery selection system, 67% of households who have moved in were already living or working in Watsonville, Freedom or Pajaro and 42% of the Head of Household jobs are in farming and agriculture. There are thousands more of these local families who are doing vital work in the fields around Watsonville who desperately need a safe and affordable home.

Affordable Housing Financing:

The two major State bond initiatives for affordable housing passed in November, providing numerous funding opportunities for this proposed development. However, we will not be competitive for those funds until the site is entitled and we can show some amount of local funding commitment. If we are able to receive City assistance to purchase a portion of the property upon receipt of entitlements, this will give us the time and opportunity to pursue these State resources, including HOME funds, Joe Serna Farmworker funds and No Place Like Home funds.

Attachment 1
Page 1 of 3

Proposed Location:

Encompass currently operates a 26 bed residential treatment program for men on Miles Lane. Encompass has been awarded a planning grant from the Central California Alliance for Health and is under contract to purchase the property with an aim to build a new treatment facility with up to 42 beds that serves both men and women. The balance of the site would be dedicated to the development of permanent, affordable rental housing. MidPen is also now in contract to purchase additional property along Miles Lane. The combined project is now proposed to provide 60 rental apartments, with a mix of 1, 2 and 3-Bedroom units owned and operated by MidPen along with treatment facilities run by Encompass. We have so far received supportive feedback in our preliminary meetings with community leaders and we are aiming to submit our entitlement application in mid-January 2019.

Acquisition Financing:

The total estimated purchase price associated with the affordable housing component of the development is \$2,850,000. Immediately upon receipt of entitlements, one portion of the land which will contain 40 of the 60 affordable homes will need to be purchased for the amount of \$1,800,000. The second purchase will not be required until March 2020 which will allow MidPen time to pursue State funds for the second portion of the acquisition. We request that in February 2019, the City provide a commitment for a \$1,800,000 deferred repayment acquisition loan. The funding of this loan will be conditioned on receipt of entitlements which is expected in the second half of 2019.

Predevelopment Financing:

When we submit for entitlements in January, we will owe the City more than \$50,000 in fees to review the proposal, bringing MidPen's predevelopment investment to over \$100,000. In order to continue to process the entitlements for the development we ask that the City assist with a forgivable loan in the amount of \$200,000 to be also committed in February 2019 and made available immediately. Should development proceed, this loan will be secured against the land and added to the \$1,800,000 acquisition loan with the same deferred repayment terms. If the development does not proceed, the loan would be forgiven and MidPen would deliver to the City all of the work product produced with the funds for potential future use by the City or another developer.

Construction Financing:

Upon receipt of entitlements, MidPen will earnestly pursue all available State and Federal resources to finance the construction of the proposed 60 affordable rental homes. We believe that with the newly available funding from the State, and the early assistance from the City in acquiring a portion of the site, we will be successful in obtaining the funds necessary to construct this much needed affordable housing.

We look forward to discussing this request with you in more detail and hope to obtain the City's much needed support in order for our agencies to continue to expand services to low income residents of Watsonville.

Attachment 1
Page 2 of 3

Sincerely,



Elizabeth Nahas Wilson, Director of Housing Development

Attachment 1
Page 3 of 3

RESOLUTION NO. _____ (CM)
RESOLUTION NO. _____ (SHA)

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE AND THE CITY COUNCIL IN ITS CAPACITY AS THE SUCCESSOR TO THE HOUSING ASSETS AND FUNCTIONS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE (1) APPROVING A FUNDING COMMITMENT IN THE AMOUNT OF \$1,800,000 TO MIDPEN HOUSING CORPORATION (MIDPEN) TO ASSIST IN THE CONSTRUCTION OF A 61 UNIT MULTI-FAMILY AFFORDABLE HOUSING DEVELOPMENT LOCATED AT 139-161 MILES LANE AND 201 KIMBERLY LANE (APNS: 016-491-01, -02, -03 AND 016-111-44), CONTINGENT UPON ALL REQUIREMENTS FROM THE CITY'S COMMUNITY DEVELOPMENT DEPARTMENT AND COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) REGULATIONS (2) AUTHORIZING AND DIRECTING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A LOAN AGREEMENT WHICH WILL CONTAIN TERMS OF THE USE OF THE LOAN FOR THE PROJECT; AND (3) AUTHORIZING A BUDGET APPROPRIATION OF \$1,000,000 FROM THE SUCCESSOR HOUSING AGENCY FUND AND \$800,000 FROM THE INCLUSIONARY HOUSING FUND

BE IT RESOLVED BY THE CITY COUNCIL AND THE CITY COUNCIL IN ITS CAPACITY AS THE SUCCESSOR TO THE HOUSING ASSETS AND FUNCTIONS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the City Council hereby approves a \$1,800,000 funding commitment to Mid-Pen, for the construction of a 61 unit multi-family affordable housing project located at 139 – 161 Miles Lane and 201 Kimberly Lane (APNs: 016-491-01, -02, -03, and 016-111-44), Watsonville, California, contingent upon all requirements from the City's Community Development Department and compliance with CEQA regulations.

2. That the City Council authorizes and directs the City Manager to negotiate and execute a Loan Agreement with MidPen in the amount of \$1,800,000 for a 61 unit multi-family affordable housing project located at 139 – 161 Miles Lane and

201 Kimberly Lane (APNs: 016-491-01, -02, -03, and 016-111-44), Watsonville, California, and all related documents necessary for the implementation of the commitment for and on behalf of the City of Watsonville.

3. That the budget appropriation of \$1,000,000 from the Successor Housing Agency Fund (0204) is hereby authorized

4. That the budget appropriation of \$800,000 from the Inclusionary Housing Fund (0204) is hereby authorized.

5. That the City Council hereby directs the City Clerk to append a copy of the executed Loan Agreement to this resolution after it is recorded.

**City of Watsonville
Community Development Department**



M E M O R A N D U M

DATE: March 21, 2019

TO: Matthew D. Huffaker, City Manager

FROM: Suzi Merriam, Community Development Director

SUBJECT: Request for Council Approval of (1) the Sale of the Affordable Housing Project at 500 Main Street (Jefsen Hotel) ("**Property**") to ChipThuy500 LLC ("**Buyer**"), (2) Entry into an Assignment and Assumption Agreement Consenting to the Sale of the Property, and (3) Entry into a Subordination Agreement Required in Connection With the Buyer's Property Acquisition Financing

AGENDA ITEM: March 26, 2019 Successor Housing Agency

RECOMMENDATION

City staff recommends that the City Council adopt the attached resolution:

1. Approving the sale of the Property from Green Valley Corporation ("**Participant**") to Buyer; and
2. Approving an Assignment and Assumption of Affordability Agreement ("**Assignment Agreement**") among the City, the Participant, and the Buyer permitting the transfer if buyer assumes Affordability Covenant and authorizing the City Manager to execute the same; and
3. Approving a Subordination Agreement ("**Subordination Agreement**") among the City, the Buyer, and [Bank (tbd)], the Buyer's acquisition lender ("**Lender**"), and authorizing the City Manager to execute the same.

DISCUSSION

Sale of Property; Assignment and Assumption of Affordability Agreement

On December 9, 1997, the City Council (in its capacity as the legislative body for the former Redevelopment Agency of the City of Watsonville ("**Agency**") adopted Resolution No. 35-97 (RA), approving an Owner Participation Agreement ("**OPA**") between the Agency and the Participant. In exchange for the Agency's financial assistance, an Affordability Agreement was recorded against the Property that

requires that no less than twenty-nine (29) of the Property's thirty-four (34) rental units remain available at an affordable rental cost to very low income persons until January 30, 2028.

In 2012, following the Agency's dissolution, the City elected to become the successor to the Agency's housing functions and assets under Health and Safety Code ("HSC") Section 34176. Accordingly, the City now exercises the rights and responsibilities of the Agency as to affordable housing matters, including those arising under the OPA and Affordability Agreement.

The Participant now desires to sell the Property to the Buyer. Under the Affordability Agreement, the Participant cannot not sell, transfer or encumber the Property without the Agency's (now City's) prior approval. The City has the right to evaluate the Buyer's qualifications, experience, and financial capability to own and operate the Property.

The Buyer submitted for City staff's review evidence of the Buyer's qualifications and financial strength, including the following:

- the Buyer currently owns and operates another multi-family project within the City, commonly known as the Watsonville Royal Apartments, comprised of three (3) buildings, containing fifty (50) units, located at 615 Blackburn Street and 362 East Lake Avenue;
- the Buyer invested approximately \$400,000 for repairs and capital improvements to the Watsonville Royal Apartments project, including a voluntary earthquake retrofit, major structural repair to all decks, upgrades to most units, repainting, installation of extensive landscape improvements, a children's playground, and a security camera system throughout the premises;
- the Buyer accepts Housing Assistance Payment (HAP) Contracts from its low income tenants pursuant to Section 8 of the U.S. Housing Act of 1937, demonstrating its experience in the administration of low income housing assistance programs. Currently, eleven (11) of its long term tenants in the Watsonville Royal Apartments project are enrolled under the HAP program;
- the Buyer is purchasing the Property for \$5 million. The Buyer will finance up to \$3 million of the purchase price and will provide the balance of the purchase price from its own funds. Following its purchase, the Buyer has represented that it will undertake significant Property repairs, including roof repairs and exterior façade rehabilitation.

Based on the foregoing, staff recommends that the City Council determine that the Buyer is qualified to own and operate the Property and approve the sale from the Participant to the Buyer and authorize the City Manager to execute the Assignment

Agreement. The Assignment Agreement has been available in the City Clerk's office for public review.

Subordination Agreement

The Buyer is financing a portion of the Property and has requested that the City subordinate the Affordability Agreement to the Lender's trust deed. HSC Section 33334.14(a)(4) authorizes the City to subordinate its interest in the Affordability Agreement to the Lender's trust deed, subject to the Council's determination that there are no other economically feasible means of financing the Property's acquisition on terms substantially comparable to those being offered by the Lender. HSC Section 33334.14(a)(4) also requires that the subordination agreement include terms to protect the City's interest in the Affordability Agreement upon the Buyer's default under the Lender's loan documents.

The Buyer has represented to City Staff that every lender that it has contacted regarding acquisition financing has stated that it will require that its trust deed be senior to the Affordability Agreement. Moreover, the Property's purchase price is \$5 million, of which only \$3 million will be financed, with the Buyer providing its own capital to fund the balance. In addition, the Buyer will be providing additional capital to fund roof repairs and the rehabilitation of the Property's façade.

The City's outside counsel prepared the Subordination Agreement and included those terms required by HSC Section 33334.14(a)(4) to allow the City to protect its interests if the Buyer defaults on its obligations to the Lender. Those protections are:

- the amount of debt that will be senior to the Affordability Agreement under the Subordination Agreement may never exceed Three Million Dollars (\$3,000,000);
- the right to receive copies of all notices of default that the Lender sends to the Buyer;
- the right to cure the Buyer's default and place a lien on the Property in an amount equal to what the City expends to cure the default;
- the right to assume the Buyer's loan from the Lender on the same terms as the Buyer enjoys if the City purchases the Property from the Buyer; and
- the right to purchase the Buyer's loan from the Lender.

The Subordination Agreement has been available in the City Clerk's office for public review.

STRATEGIC PLAN:

The recommended action is consistent with the City's policies and goals to maintain and preserve affordable rental housing opportunities for persons and families of very low income.

FINANCIAL IMPACT:

Adoption of the resolution will have no material financial impact upon the City.

ALTERNATIVES:

The following alternatives are available to the City Council:

1. Adopt the resolution approving: (1) the sale of the Property, (2) the Assignment Agreement, and (3) the Subordination Agreement;
2. Reject the recommendation and do not adopt the resolution; or
3. Refer the matter back to staff and provide additional direction.

Staff recommends Alternative No. 1.

ATTACHMENTS: None

cc: City Attorney

RESOLUTION NO. _____ (SHA)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE IN ITS CAPACITY AS THE SUCCESSOR TO THE HOUSING ASSETS AND FUNCTIONS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE APPROVING: (1) THE SALE OF THE PROPERTY LOCATED AT 500 MAIN STREET (COMMONLY KNOWN AS THE JEFSEN HOTEL) FROM GREEN VALLEY CORPORATION TO CHIPTHUY500 LLC, (2) THAT CERTAIN ASSIGNMENT AND ASSUMPTION OF AFFORDABILITY AGREEMENT AMONG THE CITY, GREEN VALLEY CORPORATION, AND CHIPTHUY500 LLC, AND (3) THAT CERTAIN SUBORDINATION AGREEMENT AMONG THE CITY, CHIPTHUY500 LLC, AND [BANK (TBD)] AND AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE SAME AND ANY AMENDMENTS THERETO OF A NON-SUBSTANTIVE NATURE SUBJECT TO LEGAL APPROVAL

WHEREAS, in accordance with the provisions of the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.) ("**CRL**"), the City Council of the City of Watsonville ("**City**") previously established the Redevelopment Agency of the City of Watsonville, a public body, corporate and politic ("**Agency**") to carry out the purposes of and exercise the powers granted to community redevelopment agencies in accordance with the CRL; and

WHEREAS, in accord with CRL Section 34172, the Agency was dissolved as of February 1, 2012; and

WHEREAS, in accord with CRL Section 34176, the City elected to act as the "**housing successor**" ("**Housing Successor**") to the Agency and accordingly retained the Agency's housing assets and functions; and

WHEREAS, on December 9, 1997, the Agency adopted Resolution No. 35-97 (RA), approving and authorizing that certain "**Owner Participation Agreement**" ("**OPA**") dated December 3, 1997, between the Agency and Green Valley Corporation, dba Barry Swenson Builder ("**Participant**"), for the purpose of providing provide

financial assistance to the Participant for the purpose of rehabilitating the property located at 500 Main Street and commonly known as the Jefsen Hotel ("**Property**"); and

WHEREAS, pursuant to the requirements of CRL Section 33334.2 and Section 202(c) of the OPA, the Agency and Participant executed that certain "**Affordability Agreement**" ("**Affordability Agreement**") dated as of January 29, 1998, which was recorded on January 30, 1998, to assure that no less than twenty-nine (29) of the Property's residential units would be available at an affordable rent to persons and families of very low income pursuant to CRL Sections 33334.2, 33413 and 33487 until January 30, 2028; and

WHEREAS, all transfers of the Property are subject to the City's approval in its capacity as the Housing Successor so as to ensure that any proposed buyer possesses the requisite experience, qualifications and financial ability to perform the obligations arising under the OPA and Affordability Agreement; and

WHEREAS, the Participant now desires to: (1) sell the Property to ChipThuy500 LLC, a California limited liability company ("**Buyer**"), and (2) concurrently assign its rights, duties and obligation under the Affordability Agreement to the Buyer by means of that certain "**Assignment and Assumption of Affordability Agreement**" ("**Assignment Agreement**") among the City, the Participant, and the Buyer, attached hereto as Exhibit "A" and a copy of which has been available for public inspection at the City Clerk's office; and

WHEREAS, City staff has reviewed the Buyer's experience and qualifications and has recommended that the City Council approve the sale of the Property to the Buyer and the related Assignment Agreement; and

WHEREAS, following the Buyer's acquisition of the Property, the Buyer will rehabilitate and improve the Property; and

WHEREAS, as permitted by CRL Section 33334.14 and subject to the City Council's making of those findings required by CRL Section 33334.14(a)(4), the Buyer has requested that the City approve the subordination of the Affordability Agreement to the trust deed of [BANK (tbd)] ("**Lender**"), the lender providing no more than Three Million Dollars (\$3,000,000) of the financing for the Buyer's acquisition of the Property; and

WHEREAS, City staff, the Buyer, and the Lender have negotiated a form of subordination agreement ("**Subordination Agreement**") among the City, the Buyer and the Lender, attached hereto as Exhibit "B" and a copy of which has been available for public inspection in the City Clerk's office, that meets the requirements of CRL Section 33334.14.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL IN ITS CAPACITY AS THE SUCCESSOR TO THE HOUSING ASSETS AND FUNCTIONS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

Section 1. Based on the staff report and the other oral and written evidence provided to the City Council at the time of its adoption of this Resolution, the City Council finds and determines that: (1) the Buyer is qualified to carry out those obligations and comply with those covenants set forth in the OPA and Affordability Agreement; (2) but for the City's subordination of the Affordability Agreement, there would be no other economically feasible means for Buyer to finance the purchase of the Property on substantially comparable terms and conditions as those offered by the

Lender, and (3) the Subordination Agreement contains those provisions required by CRL Section 33334.14(a)(4) to allow the City to protect its interest in the Affordability Agreement in the event of a foreclosure by the Lender.

Section 2. The City Council approves: (1) the sale of the Property from the Participant to the Buyer, (2) the Assignment Agreement, and (3) the Subordination Agreement, and authorizes the City Manager to execute and deliver the Assignment Agreement and the Subordination Agreement on behalf of the City and to take those other actions necessary or convenient to the implementation of those actions authorized by this Resolution. The City Manager is further authorized, subject to the City Attorney's concurrence, to execute and deliver on behalf of the City minor, non-substantive and technical amendments to the Assignment Agreement and Subordination Agreement.

Recording Requested By and
When Recorded Return To:

(Except from Recording Fees
Pursuant to Gov't Code §27383)

City of Watsonville
Attn: City Clerk
250 Main Street
Watsonville, CA 95076

APN: 018-241-27, as to a portion;
018-241-28, as to a portion;
018-241-29, as to a portion

(Space Above This Line For Recorder's Use)

ASSIGNMENT AND ASSUMPTION AGREEMENT (Affordability Agreement)

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Agreement**") is entered into as of the ____ day of _____, 2019 by and among GREEN VALLEY CORPORATION, a California corporation, dba Barry Swenson Builders ("**Assignor**"), CHIPTHUY500 LLC, a California limited liability company ("**Assignee**"), and the CITY OF WATSONVILLE, a municipal corporation and charter law city, in its capacity as the successor to the housing functions and assets of the former Redevelopment Agency of the City of Watsonville ("**Agency**") under Health and Safety Code Section 34176 ("**City**").

RECITALS

A. The Agency and Assignor previously entered into that certain Affordability Agreement dated as of January 29, 1998, and recorded on January 30, 1998 as Document No. 1998-0004695 in the Official Records of the County of Santa Cruz (the "**Affordability Agreement**"), a copy of which is attached hereto as Exhibit "A" and incorporated herein. City is the successor to the housing functions and assets of the Agency under Health and Safety Code section 34176 and is entering into the Agreement solely in that capacity.

B. Concurrently with the recordation of this Agreement, Assignor is conveying to Assignee that certain real property commonly known as 500 Main Street, Watsonville, California, and legally described in Exhibit "B" attached hereto ("**Property**").

C. Effective upon the date of recordation of this Agreement ("**Effective Date**"), Assignor desires to assign all of its interests, rights, and obligations in the Affordability Agreement to Assignee, and Assignee desires to assume all interests, rights and obligations of Assignor with respect to the Affordability Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignment and Assumption. Assignor hereby grants, transfers, and assigns all of its right, title, interest, and obligations in and under the Affordability Agreement to the Assignee, and the Assignee does hereby assume and agree to perform all of the obligations, covenants, liabilities, and duties of Assignor under the Affordability Agreement, in the manner, at the times and in all other respects as therein provided. Assignee acknowledges that it has received a copy of the Affordability Agreement and that it understands the terms and conditions contained therein. Assignee further expressly assumes and agrees to be bound by each and every term, covenant and condition contained in the Affordability Agreement, and agrees that each and every obligation will be performed and carried out as though the Affordability Agreement had been originally made, executed, and delivered by the Assignee.

2. City Consent. The City hereby consents to the conveyance of the Property from Assignor to Assignee and the assignment and assumption of the Affordability Agreement as set forth in this Agreement. The consent of the City to the assignment to and assumption by the Assignee of the Affordability Agreement, as contemplated by this Agreement, shall not be deemed to be a consent to any other subsequent assignments of the same, or any part thereof, or any interest therein, and all rights and privileges of the City to approve assignments of the Affordability Agreement are hereby expressly reserved and retained by the City. This consent is not a waiver by the City of any right or remedy it may hold or of any obligation or liability of either Assignor or Assignee under the Affordability Agreement or any other agreement among or between the parties

3. Notices. Any and all notices to the City and/or the Assignee under the Affordability Agreement shall be in writing and sent (a) by certified or registered U.S. mail, return receipt requested, (b) overnight by a nationally recognized overnight courier such as UPS Overnight or FedEx, or (c) by personal delivery. All notices shall be effective upon receipt (or refusal to accept delivery). All notices shall be delivered to the addresses specified below or at such other address as may be specified in writing by the parties hereto.

If to Assignor: Green Valley Corporation
Attn: _____

With a copy to: _____
Attn: _____

If to Assignee: ChipThuy500 LLC
Attn: _____

With a Copy to:

Attn: _____

If to City:

City of Watsonville
Attn: City Clerk
250 Main Street
Watsonville, CA 95076

With a copy to:

Gresham Savage Nolan & Tilden, PC
Attn: Kevin Randolph
550 E. Hospitality Lane, Suite 300
San Bernardino, CA 92408

4. General Provisions.

a. Binding Effect/No Third Party Beneficiaries. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and respective heirs, legal representatives, successors, and assigns. This Agreement is made for the sole benefit and protection of the parties hereto, and their successors and assigns, and no other party shall have any right of action or right to rely hereon.

b. No Novation. Except as otherwise set forth in this Agreement, the parties agree that this Agreement is not in any way intended to, and does not, revise, amend, or otherwise affect any of its terms, conditions or priority of the Affordability Agreement or any other agreement between the City, Assignor, or the Assignee, nor the enforcement thereof. The parties hereby agree the provisions of this Affordability Agreement and all other agreements or documents by and between the City, Assignor, or Assignee, shall be and remain unmodified, except as set forth in this Agreement, and in full force and effect.

c. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

d. Signature Authority. All individuals signing this Agreement for a party which is a corporation, partnership, limited liability company or other legal entity, or signing under power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, covenants to the other parties hereto that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

(SIGNATURES NEXT PAGE)

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

CITY:

CITY OF WATSONVILLE, a municipal corporation and charter law city, in its capacity as the successor to the housing functions and assets of the former Redevelopment Agency of the City of Watsonville

By: _____
Matt Huffaker
Its: City Manager

ATTEST:

By: _____
Beatriz Vazquez Flores
Its: City Clerk

APPROVED AS TO FORM:

GRESHAM SAVAGE NOLAN & TILDEN,
PC, a California professional corporation

By: _____
Kevin K. Randolph
Its: Outside Counsel

ASSIGNOR:

GREEN VALLEY CORPORATION, a California corporation, dba Barry Swenson Builders

By: _____
Name: _____
Its: _____

ASSIGNEE:

CHIPTHUY500 LLC, a California limited liability company

By: _____
Name: _____
Its: _____

This Notary Acknowledgement is attached to a document entitled ***Assignment and Assumption Agreement*** among GREEN VALLEY CORPORATION, a California corporation, dba Barry Swenson Builders, CHIPTHUY500 LLC, a California limited liability company, and the CITY OF WATSONVILLE, a municipal corporation and charter law city, in its capacity as the successor to the housing functions and assets of the former Redevelopment Agency of the City of Watsonville dated _____, 2019.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

On _____ before me, _____
(insert name and title of the officer)

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

WITNESS my hand and official seal.

Signature _____ (Seal)

This Notary Acknowledgement is attached to a document entitled ***Assignment and Assumption Agreement*** among GREEN VALLEY CORPORATION, a California corporation, dba Barry Swenson Builders, CHIPTHUY500 LLC, a California limited liability company, and the CITY OF WATSONVILLE, a municipal corporation and charter law city, in its capacity as the successor to the housing functions and assets of the former Redevelopment Agency of the City of Watsonville dated _____, 2019.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

On _____ before me, _____
(insert name and title of the officer)

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

WITNESS my hand and official seal.

Signature _____ (Seal)

This Notary Acknowledgement is attached to a document entitled ***Assignment and Assumption Agreement*** among GREEN VALLEY CORPORATION, a California corporation, dba Barry Swenson Builders, CHIPTHUY500 LLC, a California limited liability company, and the CITY OF WATSONVILLE, a municipal corporation and charter law city, in its capacity as the successor to the housing functions and assets of the former Redevelopment Agency of the City of Watsonville dated _____, 2019.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

On _____ before me, _____
(insert name and title of the officer)

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

WITNESS my hand and official seal.

Signature _____ (Seal)

**EXHIBIT “A”
AFFORDABILITY AGREEMENT**

[Attached hereto]

EXHIBIT "B"
LEGAL DESCRIPTION

The land referred to herein is described as follows:

SITUATED IN THE CITY OF WATSONVILLE, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

COMMENCING AT THE POINT OF INTERSECTION OF THE NORTHEASTERN WALL LINE OF MAIN STREET WITH THE NORTHWESTERN WALL LINE OF LAKE AVENUE, FORMERLY CALLED FOURTH STREET; RUNNING THENCE ALONG SAID WALL LINE OF MAIN STREET, NORTHWESTERLY 188 FEET, A LITTLE MORE OR LESS, TO THE LINE OF A LOT FORMERLY OF ONE SULLIVAN AND NOW OF BACHAN; THENCE NORTHEASTERLY ALONG THE SOUTHEASTERN LINE OF SAID LOT OF BACHAN 185 FEET, A LITTLE MORE OR LESS, TO THE SOUTHWESTERN LINE OF A LOT FORMERLY BELONGING TO WATSONVILLE SCHOOL DISTRICT AND NOW OF BALICH; THENCE ALONG SAID LINE OF SAID LAST MENTIONED LOT SOUTHEASTERLY TO SAID WALL LINE OF LAKE AVENUE, FORMERLY CALLED FOURTH STREET AND THENCE ALONG SAID WALL LINE OF LAKE AVENUE, FORMERLY CALLED FOURTH STREET, SOUTHWESTERLY 201 FEET, A LITTLE MORE OR LESS, TO THE PLACE OF BEGINNING.

PARCEL TWO:

A RIGHT OF WAY FOR INGRESS AND EGRESS OVER A STRIP OF LAND 20 FEET IN WIDTH, AS CONVEYED BY A "COMMON DRIVEWAY AGREEMENT", EXECUTED BY EDWARD JAMES WISHARD, ET AL., RECORDED MAY 6, 1968, IN VOLUME 1879, PAGE 685, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A STATION ON THE SOUTHEASTERN LINE OF BRENNAN STREET FROM WHICH A LEAD PLUG AND TAG "L.S. 3233" AT THE MOST NORTHERN CORNER OF THE LANDS CONVEYED TO PERRY M. ANDREWS BEARS NORTH 38° 08' WEST 10.02 FEET DISTANT; THENCE FROM SAID POINT OF BEGINNING SOUTH 55° 06' WEST 216.01 FEET; THENCE SOUTH 34° 47' EAST 24.31 FEET TO THE LANDS CONVEYED TO GLADYS M. ANDREWS BY DECREE OF FINAL DISTRIBUTION RECORDED MAY 20, 1949 IN VOLUME 721, PAGE 488, OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE OVER SAID LANDS CONVEYED TO GLADYS M. ANDREWS CONTINUING SOUTH 34° 47' EAST 86.27 FEET; THENCE SOUTH 55° 13' WEST 114.05 FEET; THENCE SOUTH 34° 47' EAST 51.04 FEET, A LITTLE MORE OR LESS, TO THE NORTHWEST BOUNDARY OF THE LANDS CONVEYED TO NICK DERPICH, ET UX, BY DEED RECORDED IN VOLUME 1173, PAGE 115, OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE OVER SAID LANDS CONVEYED TO DERPICH SOUTH 39° 55' EAST 40 FEET, A LITTLE MORE OR LESS, TO THE NORTHWESTERN BOUNDARY OF THE

LANDS CONVEYED TO MIRAMAR BAR AND GRILL, A CALIFORNIA CORPORATION, BY DEED RECORDED IN VOLUME 1682, PAGE 367, OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE OVER SAID LANDS CONVEYED TO MIRAMAR BAR AND GRILL CONTINUING SOUTH 39° 55' EAST 40 FEET, A LITTLE MORE OR LESS, TO THE NORTHWESTERN BOUNDARY OF THE LANDS CONVEYED TO KENNETH O. MILLER, ET UX, BY DEED RECORDED IN VOLUME 1667, PAGE 315, OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE OVER SAID LANDS CONVEYED TO MILLER CONTINUING SOUTH 39° 55' EAST 185.02 FEET, A LITTLE MORE OR LESS, TO A STATION ON THE NORTHWESTERN LINE OF EAST LAKE AVENUE FROM WHICH A CROSS CUT IN THE CONCRETE SIDEWALK BEARS SOUTH 39° 55' EAST 2.00 FEET DISTANT.

EXCEPTING THEREFROM ANY PORTION OF THE ABOVE DESCRIBED RIGHT OF WAY LYING WITHIN THE BOUNDARIES OF THE LANDS CONVEYED BY MILDRED A. MANN TO WILLIAM J. CODIGA, ET UX, BY DEED RECORDED OCTOBER 5, 1962, IN VOLUME 1499, PAGE 201, OFFICIAL RECORDS OF SANTA CRUZ COUNTY.

ALSO EXCEPTING THEREFROM ANY PORTION OF THE ABOVE DESCRIBED RIGHT OF WAY LYING WITHIN THE BOUNDARIES OF THE LAND CONVEYED FROM EDWARD J. S. CALI, TRUSTEE TO MARY CALI, BY DEED RECORDED DECEMBER 30, 1976, IN VOLUME 2704, PAGE 112, OFFICIAL RECORDS OF SANTA CRUZ COUNTY.

ALSO EXCEPTING THEREFROM ANY PORTION OF THE ABOVE DESCRIBED RIGHT OF WAY, LYING WITHIN THE BOUNDARIES OF THE LAND CONVEYED AS PARCEL THREE OF THE DEED FROM WILLIAM A. BURGSTROM, ET UX, TO FAMCO, A PARTNERSHIP RECORDED JULY 11, 1985, IN VOLUME 3856, PAGE 660, OFFICIAL RECORDS OF SANTA CRUZ COUNTY.

APN: 018-241-27, AS TO A PORTION
018-241-28, AS TO A PORTION
018-241-29, AS TO A PORTION

Recording Requested By and
When Recorded Return To:

City of Watsonville
Attn: City Clerk
250 Main Street
Watsonville, CA 95076

APN: 018-241-27, as to a portion;
018-241-28, as to a portion;
018-241-29, as to a portion

(Space Above This Line For Recorder's Use)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND

SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT (this "**Agreement**") is entered into as of the _____ day of _____, 2019 by and among _____ ("**Lender**"), CHIPTHUY500 LLC, a California limited liability company ("**Borrower**"), and the CITY OF WATSONVILLE, a municipal corporation and charter law city, in its capacity as the successor to the housing functions and assets of the former Redevelopment Agency of the City of Watsonville ("**Agency**") under Health and Safety Code Section 34176 ("**City**"). This Agreement is binding upon and inures to the benefit of the Lender, the Borrower, the City, and their respective voluntary and involuntary successors and assigns.

RECITALS

WHEREAS, Agency and Green Valley Corporation, a California corporation dba Barry Swenson Builders ("**Green Valley**") have previously entered into that certain "**Affordability Agreement**" dated as of January 29, 1998, and recorded on January 30, 1998 as Document No. 1998-0004695 in the Official Records of the County of Santa Cruz ("**Affordability Agreement**"). City is the successor to the housing functions and assets of the Agency under Health and Safety Code section 34176 and is entering into this Agreement solely in that capacity.

WHEREAS, concurrently with the recordation of this Agreement, Green Valley has conveyed to Borrower that certain real property commonly known as 500 Main Street, Watsonville, California, and legally described in Exhibit "A" attached hereto ("**Property**"), and

Borrower has assumed all interests, rights, and obligations of Green Valley under the Affordability Agreement with respect to the Property, as further set forth in that certain “**Assignment and Assumption of Affordability Agreement**” (“**Assignment Agreement**”) to be recorded concurrently herewith.

WHEREAS, the Borrower has executed, or is about to execute, a promissory note (“**Note**”) and deed of trust (“**Deed of Trust**”) in favor of Lender dated _____ for a loan in the sum of [NOT TO EXCEED \$3,000,000] _____, payable upon the terms and conditions described therein, which Deed of Trust is to be recorded concurrently herewith.

WHEREAS, Lender is willing to make said loan provided that the Deed of Trust securing the same is a lien or charge upon Property prior and superior to the lien or charge of the Affordability Agreement and Assignment and Assumption Agreement, and provided that City will specifically and unconditionally subordinate the lien or charge of Affordability Agreement and Assignment and Assumption Agreement to the lien or charge of the Deed of Trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Borrower; and City is willing that the Deed of Trust securing the same shall, when recorded, constitute a lien or charge upon the Property which is unconditionally prior and superior to the lien or charge of the Affordability Agreement and Assignment and Assumption Agreement; and

WHEREAS, Health and Safety Code section 33334.14, which authorizes the subordination of the Affordability Agreement, requires that the subordination be made on terms that protect the City’s interest in the event of the Borrower’s default.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Deed of Trust securing said loan in favor of Lender shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to the lien or charge of the Affordability Agreement.
2. The parties hereto acknowledge that the Lender would not make its loan described above without this Agreement. The parties further acknowledge that the City would not have entered into this Agreement if the to
- 3, Except as otherwise set forth herein, this Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Affordability Agreement to the lien or charge of the Deed of Trust in favor of Lender, and shall supersede and cancel, but only insofar as would affect the priority between the Deed of Trust and the Affordability Agreement, any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the Affordability Agreement that provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

4. City declares, agrees and acknowledges that:

(a) City consents to and approves (i) all provisions of the Note and Deed of Trust in favor of Lender and (ii) all agreements, including but not limited to any loan or escrow agreements, between Borrower and Lender for the disbursement of the proceeds of Lender's loan;

(b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;

(c) The City intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Affordability Agreement in favor of the lien or charge upon the Property of the Deed of Trust in favor of the Lender and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination specific loans and advances are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

5. The City's agreements and acknowledgments contained in this Agreement, including in Section 4, are expressly subject to and conditioned upon the Lender's and the Borrower's agreement to and full compliance with the following:

a. The amount of the Borrower's obligations secured by the Deed of Trust may never exceed the sum of Three Million Dollars (\$3,000,000), inclusive of any future advances, costs or expenses that may become payable under the terms of the Note or Deed of Trust. The City's subordination does not to apply to any future extensions, renewals or other modifications of the Note. The Deed of Trust must secure only the obligations arising under the Note and Deed of Trust and the Property may not be used to secure any debt or obligation of the Borrower, i.e., no cross-collateralization.

b. The Lender will concurrently deliver to the City written copies of all notices of defaults and demands sent to the Borrower.

c. For a period of sixty (60) days following the City's receipt of any notice of default, City will have the absolute right but not the obligation to cure any Borrower monetary or non-monetary default and Lender agrees to accept the City's cure as if Borrower had made the cure itself. Lender agrees that if either Borrower or the City cures the default, Lender will rescind any prior election it may have made to accelerate the amounts due under the Note. Effective as of the date of recordation of this Agreement, this Section 5.b. creates an immediate, current lien against the Property (in accord with Civil Code sections 2881 and 2884) in the amount of any and all sums that are paid by the City to cure the Borrower's default, plus interest thereon at a rate equal to that allowed by Civil Code section 3289(b).

d. For a period of sixty (60) days following the City's receipt of any notice of default, the City will have the absolute right but not the obligation to purchase the Note from the Lender for an amount equal to the sum of (i) the then-unpaid principal balance of the Note, plus (ii) the amount of accrued and unpaid interest due under the Note as of the date of the City's purchase, with interest to be calculated at the non-default rate and without prepayment penalties, plus (iii) the Lender's reasonable costs and fees of collection.

e. If at any time the City acquires the Property from the Borrower, the City will have the right to assume the rights and obligations of the Borrower under the Note, the Deed of Trust, and other loan documents on the same terms and conditions as applied to the Borrower and the Lender will accept performance from the City as if from the Borrower. The Lender will waive any right that it may have under the Note, the Deed of Trust, or any other loan document to accelerate the balance due under the Note as a result of any transfer to the City.

f. If the Borrower declares bankruptcy, is declared insolvent, or has a receiver appointed to manage its affairs, then all times for the City's exercise of any of its rights hereunder will be tolled for the full length of the period that the City is prevented or prohibited from taking any action with respect to the Borrower or the Property.

6. Any and all notices to the City, Lender, and/or Borrower shall be in writing and sent (a) by certified or registered U.S. mail, return receipt requested, (b) overnight by a nationally recognized overnight courier such as UPS Overnight or FedEx, or (c) by personal delivery. All notices shall be effective upon receipt (or refusal to accept delivery). All notices shall be delivered to the addresses specified below or at such other address as may be specified in writing by the parties hereto.

If to City: City of Watsonville
Attn: City Clerk
250 Main Street
Watsonville, CA 95076

With a copy to: Gresham Savage Nolan & Tilden, PC
Attn: Kevin Randolph
550 E. Hospitality Lane, Suite 300
San Bernardino, CA 92408

If to Borrower: ChipThuy500 LLC
Attn: _____

If to Lender:

Attn: _____

(SIGNATURES NEXT PAGE)

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

CITY:

CITY OF WATSONVILLE, a municipal corporation and charter law city, in its capacity as the successor to the housing functions and assets of the former Redevelopment Agency of the City of Watsonville

By: _____
Matt Huffaker
Its: City Manager

ATTEST:

By: _____
Beatriz Vazquez Flores
Its: City Clerk

APPROVED AS TO FORM:

GRESHAM SAVAGE NOLAN & TILDEN,
PC, a California professional corporation

By: _____
Kevin K. Randolph
Its: Outside Counsel

LENDER:

By: _____
Name: _____
Its: _____

Borrower:

CHIPTHUY500 LLC, a California limited liability company

By: _____
Name: _____
Its: _____

This Notary Acknowledgement is attached to a document entitled *Subordination Agreement*.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

On _____ before me, _____
(insert name and title of the officer)

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

WITNESS my hand and official seal.

Signature _____ (Seal)

This Notary Acknowledgement is attached to a document entitled *Subordination Agreement*.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

On _____ before me, _____
(insert name and title of the officer)

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

WITNESS my hand and official seal.

Signature _____ (Seal)

This Notary Acknowledgement is attached to a document entitled *Subordination Agreement*.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "A"
LEGAL DESCRIPTION

The land referred to herein is described as follows:

SITUATED IN THE CITY OF WATSONVILLE, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

COMMENCING AT THE POINT OF INTERSECTION OF THE NORTHEASTERN WALL LINE OF MAIN STREET WITH THE NORTHWESTERN WALL LINE OF LAKE AVENUE, FORMERLY CALLED FOURTH STREET; RUNNING THENCE ALONG SAID WALL LINE OF MAIN STREET, NORTHWESTERLY 188 FEET, A LITTLE MORE OR LESS, TO THE LINE OF A LOT FORMERLY OF ONE SULLIVAN AND NOW OF BACHAN; THENCE NORTHEASTERLY ALONG THE SOUTHEASTERN LINE OF SAID LOT OF BACHAN 185 FEET, A LITTLE MORE OR LESS, TO THE SOUTHWESTERN LINE OF A LOT FORMERLY BELONGING TO WATSONVILLE SCHOOL DISTRICT AND NOW OF BALICH; THENCE ALONG SAID LINE OF SAID LAST MENTIONED LOT SOUTHEASTERLY TO SAID WALL LINE OF LAKE AVENUE, FORMERLY CALLED FOURTH STREET AND THENCE ALONG SAID WALL LINE OF LAKE AVENUE, FORMERLY CALLED FOURTH STREET, SOUTHWESTERLY 201 FEET, A LITTLE MORE OR LESS, TO THE PLACE OF BEGINNING.

PARCEL TWO:

A RIGHT OF WAY FOR INGRESS AND EGRESS OVER A STRIP OF LAND 20 FEET IN WIDTH, AS CONVEYED BY A "COMMON DRIVEWAY AGREEMENT", EXECUTED BY EDWARD JAMES WISHARD, ET AL., RECORDED MAY 6, 1968, IN VOLUME 1879, PAGE 685, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A STATION ON THE SOUTHEASTERN LINE OF BRENNAN STREET FROM WHICH A LEAD PLUG AND TAG "L.S. 3233" AT THE MOST NORTHERN CORNER OF THE LANDS CONVEYED TO PERRY M. ANDREWS BEARS NORTH 38° 08' WEST 10.02 FEET DISTANT; THENCE FROM SAID POINT OF BEGINNING SOUTH 55° 06' WEST 216.01 FEET; THENCE SOUTH 34° 47' EAST 24.31 FEET TO THE LANDS CONVEYED TO GLADYS M. ANDREWS BY DECREE OF FINAL DISTRIBUTION RECORDED MAY 20, 1949 IN VOLUME 721, PAGE 488, OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE OVER SAID LANDS CONVEYED TO GLADYS M. ANDREWS CONTINUING SOUTH 34° 47' EAST 86.27 FEET; THENCE SOUTH 55° 13' WEST 114.05 FEET; THENCE SOUTH 34° 47' EAST 51.04 FEET, A LITTLE MORE OR LESS, TO THE NORTHWEST BOUNDARY OF THE LANDS CONVEYED TO NICK DERPICH, ET UX, BY DEED RECORDED IN VOLUME 1173, PAGE 115, OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE OVER SAID LANDS CONVEYED TO DERPICH SOUTH 39° 55' EAST 40 FEET, A LITTLE MORE OR LESS, TO THE NORTHWESTERN BOUNDARY OF THE

LANDS CONVEYED TO MIRAMAR BAR AND GRILL, A CALIFORNIA CORPORATION, BY DEED RECORDED IN VOLUME 1682, PAGE 367, OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE OVER SAID LANDS CONVEYED TO MIRAMAR BAR AND GRILL CONTINUING SOUTH 39° 55' EAST 40 FEET, A LITTLE MORE OR LESS, TO THE NORTHWESTERN BOUNDARY OF THE LANDS CONVEYED TO KENNETH O. MILLER, ET UX, BY DEED RECORDED IN VOLUME 1667, PAGE 315, OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE OVER SAID LANDS CONVEYED TO MILLER CONTINUING SOUTH 39° 55' EAST 185.02 FEET, A LITTLE MORE OR LESS, TO A STATION ON THE NORTHWESTERN LINE OF EAST LAKE AVENUE FROM WHICH A CROSS CUT IN THE CONCRETE SIDEWALK BEARS SOUTH 39° 55' EAST 2.00 FEET DISTANT.

EXCEPTING THEREFROM ANY PORTION OF THE ABOVE DESCRIBED RIGHT OF WAY LYING WITHIN THE BOUNDARIES OF THE LANDS CONVEYED BY MILDRED A. MANN TO WILLIAM J. CODIGA, ET UX, BY DEED RECORDED OCTOBER 5, 1962, IN VOLUME 1499, PAGE 201, OFFICIAL RECORDS OF SANTA CRUZ COUNTY.

ALSO EXCEPTING THEREFROM ANY PORTION OF THE ABOVE DESCRIBED RIGHT OF WAY LYING WITHIN THE BOUNDARIES OF THE LAND CONVEYED FROM EDWARD J. S. CALI, TRUSTEE TO MARY CALI, BY DEED RECORDED DECEMBER 30, 1976, IN VOLUME 2704, PAGE 112, OFFICIAL RECORDS OF SANTA CRUZ COUNTY.

ALSO EXCEPTING THEREFROM ANY PORTION OF THE ABOVE DESCRIBED RIGHT OF WAY, LYING WITHIN THE BOUNDARIES OF THE LAND CONVEYED AS PARCEL THREE OF THE DEED FROM WILLIAM A. BURGSTROM, ET UX, TO FAMCO, A PARTNERSHIP RECORDED JULY 11, 1985, IN VOLUME 3856, PAGE 660, OFFICIAL RECORDS OF SANTA CRUZ COUNTY.

APN: 018-241-27, AS TO A PORTION
018-241-28, AS TO A PORTION
018-241-29, AS TO A PORTION

**City of Watsonville
Watsonville Police Department**

M E M O R A N D U M



DATE: March 21, 2019

TO: Matthew D. Huffaker, City Manager

FROM: David Honda, Chief of Police
David Rodriguez, Police Captain

SUBJECT: Body Worn Camera (BWC) and storage solution purchase

AGENDA ITEM: March 26, 2019 **City Council**

RECOMMENDATION:

That the City Council approves contract between the City of Watsonville and Axon Enterprise, Inc. (Axon)¹ for the purchase of 75 Axon body worn cameras (BWC), equipment updates at 2.5 and 5 years and commitment for five years to Axon's Evidence.com digital media storage solution in an amount not to exceed \$471,727.18; and authorizing the City Manager to execute the contract and amendments necessary to implement this purchase.

DISCUSSION:

A BWC Committee was assembled to conduct a comprehensive assessment of the equipment and services necessary to implement a successful BWC program. The process used by the BWC Committee consisted of setting goals, drafting policy, research, demonstration/field trials, trial debriefs, and finally, making recommendations to command staff. During this extensive process, Viewu, WatchGuard, Data 911, and Axon conducted on site demonstrations of their respective equipment and data storage options. Of those, Viewu and Axon were put through field trials, in which six officers deployed cameras and tested the equipment and data storage services for six weeks, respectively.

Ultimately, the BWC Committee determined that Axon would be the vendor that would meet the needs of the department's BWC program. The following are some of the key highlights that Axon will produce:

- Durable camera that produces high quality audio and video, along with durable mounting options
- Long lasting battery life that will last throughout an officer's entire shift
- Secure, unlimited, cloud-based data storage solution (Evidence.com) that is U.S. Department of Justice Criminal Justice Information Services (CJIS) compliant

¹ formerly doing business as Taser International, Inc.

More efficient way for officers to book digital evidence and Evidence Unit personnel to process digital evidence

- Simple and secure way to share digital evidence with the District Attorney's Office
- Minimal workload for City Information Services Department.

This purchase is exempt from competitive bidding pursuant to WMC 3-5.07² Axon is the only company with a BWC that is automatically triggered by the Department's already deployed Axon Taser Conducted Electrical Weapon. When an officer activates the Taser, the camera automatically turns on. This allows officers to focus on critical incident response while critical audio and video footage is captured. Axon's BWC is the only BWC that can do this. See the March 11, 2019 letter from Axon attached.

The seventy-five BWCs will be purchased immediately with mounting devices and docking stations. The contract also obligates Axon to replace the seventy-five cameras with new equipment (cameras, mounting equipment and docking stations) in two and a half years and again at five years. This ensures the Department's BWCs stay current with ever evolving technology.

The contract also includes the Evidence.com data management solution with a cloud-based solution and storage for five years.

The five year contract term ensures price stability and continuity of service.

STRATEGIC PLAN:

Deploying BWCs to Watsonville Police Department personnel addresses the City Councils' focus area of Public Safety. When both officers and community members alike are held to a high standard, the relationship between the police department and community will continue to be strengthened. BWCs would help achieve a higher level of trust and accountability between the department and community.

Furthermore, footage from BWCs could be used as critical training material as the department continues to build a competent, professional, and well-trained staff. Finally, BWCs often document critical audio and video footage that could be used during criminal prosecutions.

FINANCIAL IMPACT:

If approved, the City of Watsonville will pay an amount not to exceed \$471,727.18, which includes the purchase of BWC equipment and Evidence.com digital media storage solution. The amount will be paid in two payments; \$250,575 in FY 18-19 (\$230,000 Measure G funds and \$20,575 JAG BWC Grant) and \$221,152.18 in FY 19-20 (Measure G funds).

² . . . Bidding shall be dispensed with only . . . when a commodity can be obtained from only one vendor. . For such purchases the City Manager shall establish in the City's Administrative Rules and Regulations so as to provide for obtaining adequate and reasonable competition for the supplies, equipment, or nonpersonal contractual services being purchased.

ALTERNATIVES:

The Council may choose to not approve this agreement. The Watsonville Police Department BWC Committee would continue to explore other vendors that would meet the needs of the Watsonville Police Department BWC Program.

ATTACHMENTS:

1. Axon BWC Quote Q-202509-43533-353AS dated 3/9/2019
2. Axon Sole Source Letter and Axon TASER CEW Descriptions dated 3/11/19
3. Axon Master Services and Purchasing Agreement (undated)

cc: City Attorney



Axon Enterprise, Inc.
17800 N 85th St.
Scottsdale, Arizona 85255
United States
Phone: (800) 978-2737

Q-202509-43533.353AS

Issued: 03/09/2019



Quote Expiration: 04/30/2019

Account Number: 112321

Start Date: 05/01/2019
Payment Terms: Net 30
Delivery Method: Fedex - Ground

SALES REPRESENTATIVE

Allen Sliper
Phone: (858) 353-3228
Email: asliper@axon.com
Fax:

PRIMARY CONTACT

David Rodriguez
Phone: (831) 768-3387
Email: david.rodriguez@cityofwatsonville.org

SHIP TO

David Rodriguez
Watsonville Police Dept. - CA
215 Union Street
Watsonville, CA 95076
US

BILL TO

Watsonville Police Dept. - CA
215 Union Street
Watsonville, CA 95076
US

Year 1

Item	Description	Quantity	List Unit Price	Net Unit Price	Total (USD)
Axon Plans & Packages					
85110	EVIDENCE.COM INCLUDED STORAGE	3,000	0.00	0.00	0.00
80022	PRO EVIDENCE.COM LICENSE: YEAR 1 PAYMENT	3	468.00	468.00	1,404.00
85110	EVIDENCE.COM INCLUDED STORAGE	90	0.00	0.00	0.00
Hardware					
74001	AXON CAMERA ASSEMBLY, ONLINE, AXON BODY 2, BLK	75	499.00	65.07	4,880.25
74008	AXON DOCK, 6 BAY + CORE, AXON BODY 2	13	1,495.00	1,495.00	19,435.00
70033	WALL MOUNT BRACKET, ASSY, EVIDENCE.COM DOCK	13	42.00	42.00	546.00
74020	MAGNET MOUNT, FLEXIBLE, AXON RAPIDLOCK	75	0.00	0.00	0.00
74021	MAGNET MOUNT, THICK OUTERWEAR, AXON RAPIDLOCK	75	0.00	0.00	0.00
11553	SYNC CABLE, USB A TO 2.5MM	75	0.00	0.00	0.00
70116	SPPM, SIGNAL CONNECTED BATTERY PACK, X2/X26P	75	100.00	0.00	0.00
Other					
73460	EVIDENCE.COM UNLIMITED PLUS DOCK TAP: 5 YEAR	75	0.00	0.00	0.00

Attachment 1

Page 1 of 5

Year 1 (Continued)

Item	Description	Quantity	List Unit Price	Net Unit Price	Total (USD)
Other (Continued)					
73461	Evidence.com Unlimited Plus License Annual Payment	75	1,068.00	1,068.00	80,100.00
				Subtotal	106,365.25
				Estimated Shipping	0.00
				Estimated Tax	9,708.93
				Total	116,074.18

Spares

Item	Description	Quantity	List Unit Price	Net Unit Price	Total (USD)
Hardware					
74001	AXON CAMERA ASSEMBLY, ONLINE, AXON BODY 2, BLK	2	0.00	0.00	0.00
74020	MAGNET MOUNT, FLEXIBLE, AXON RAPIDLOCK	2	0.00	0.00	0.00
74021	MAGNET MOUNT, THICK OUTERWEAR, AXON RAPIDLOCK	2	0.00	0.00	0.00
11553	SYNC CABLE, USB A TO 2.5MM	2	0.00	0.00	0.00
				Subtotal	0.00
				Estimated Tax	0.00
				Total	0.00

Year 2

Item	Description	Quantity	List Unit Price	Net Unit Price	Total (USD)
Axon Plans & Packages					
85110	EVIDENCE.COM INCLUDED STORAGE	3,000	0.00	0.00	0.00
80023	PRO EVIDENCE.COM LICENSE: YEAR 2 PAYMENT	3	468.00	468.00	1,404.00
85110	EVIDENCE.COM INCLUDED STORAGE	90	0.00	0.00	0.00
Other					
73461	Evidence.com Unlimited Plus License Annual Payment	75	1,068.00	1,068.00	80,100.00
				Subtotal	81,504.00
				Estimated Tax	7,409.25
				Total	88,913.25

Year 3

Item	Description	Quantity	List Unit Price	Net Unit Price	Total (USD)
Axon Plans & Packages					
85110	EVIDENCE.COM INCLUDED STORAGE	3,000	0.00	0.00	0.00

Year 3 (Continued)

Item	Description	Quantity	List Unit Price	Net Unit Price	Total (USD)
Axon Plans & Packages (Continued)					
80024	PRO EVIDENCE.COM LICENSE: YEAR 3 PAYMENT	3	468.00	468.00	1,404.00
85110	EVIDENCE.COM INCLUDED STORAGE	90	0.00	0.00	0.00
Other					
73461	Evidence.com Unlimited Plus License Annual Payment	75	1,068.00	1,068.00	80,100.00
Subtotal					81,504.00
Estimated Tax					7,409.25
Total					88,913.25

Year 4

Item	Description	Quantity	List Unit Price	Net Unit Price	Total (USD)
Axon Plans & Packages					
85110	EVIDENCE.COM INCLUDED STORAGE	3,000	0.00	0.00	0.00
80025	PRO EVIDENCE.COM LICENSE: YEAR 4 PAYMENT	3	468.00	468.00	1,404.00
85110	EVIDENCE.COM INCLUDED STORAGE	90	0.00	0.00	0.00
Other					
73461	Evidence.com Unlimited Plus License Annual Payment	75	1,068.00	1,068.00	80,100.00
Subtotal					81,504.00
Estimated Tax					7,409.25
Total					88,913.25

Year 5

Item	Description	Quantity	List Unit Price	Net Unit Price	Total (USD)
Axon Plans & Packages					
85110	EVIDENCE.COM INCLUDED STORAGE	3,000	0.00	0.00	0.00
80026	PRO EVIDENCE.COM LICENSE: YEAR 5 PAYMENT	3	468.00	468.00	1,404.00
85110	EVIDENCE.COM INCLUDED STORAGE	90	0.00	0.00	0.00
Other					
73461	Evidence.com Unlimited Plus License Annual Payment	75	1,068.00	1,068.00	80,100.00
Subtotal					81,504.00
Estimated Tax					7,409.25
Total					88,913.25

Grand Total	471,727.18
--------------------	-------------------

Discounts (USD)

Quote Expiration: 04/30/2019

List Amount	472,426.00
Discounts	40,044.75
Total	432,381.25

**Total excludes applicable taxes and shipping*

Summary of Payments

Payment	Amount (USD)
Year 1	116,074.18
Spares	0.00
Year 2	88,913.25
Year 3	88,913.25
Year 4	88,913.25
Year 5	88,913.25
Grand Total	471,727.18

Axon's Sales Terms and Conditions

This Quote is limited to and conditional upon your acceptance of the provisions set forth herein and Axon's Master Services and Purchasing Agreement (identified as Attachment 3 of the Staff Report), as well as the attached Statement of Work (SOW) for Axon Fleet and/or Axon Interview Room purchase, if applicable. Any purchase order issued in response to this Quote is subject solely to the above referenced terms and conditions. By signing below, you represent that you are lawfully able to enter into contracts. If you are signing on behalf of an entity (including but not limited to the company, municipality, or government agency for whom you work), you represent to Axon that you have legal authority to bind that entity. If you do not have this authority, please do not sign this Quote.

Signature: _____ **Date:** _____

Name (Print): _____ **Title:** _____

PO# (Or write N/A): _____

Please sign and email to Allen Sliper at asliper@axon.com or fax to

Thank you for being a valued Axon customer. For your convenience on your next order, please check out our online store buy.axon.com

Quote: Q-202509-43533.353AS

'Protect Life'® and TASER® are registered trademarks of Axon Enterprise, Inc, registered in the U.S. © 2013
Axon Enterprise, Inc. All rights reserved.



17800 N 85TH STREET
SCOTTSDALE, ARIZONA 85255

AXON.COM

3/11/2019

To: City of Watsonville, CA

Re: Sole Source Letter for Axon Enterprise, Inc.'s TASER Conducted Electrical Weapons, Axon brand products, and Axon Evidence (Evidence.com) Data Management Solutions

A sole source justification exists because the following goods and services required to satisfy the agency's needs are only manufactured and available for purchase from Axon Enterprise. Axon is also the sole distributor of all TASER brand products for the agency identified in this letter.

TASER CEW Descriptions

X2 CEW

- Multiple-shot CEW
- High efficiency flashlight
- Static dual LASERs (used for target acquisition)
- ARC switch enables drive-stun with or without a Smart Cartridge installed
- Central Information Display (CID): Displays mission-critical data such as remaining battery energy, burst time, operating mode, and user menu to change settings and view data on a yellow-on-black display
- The Trilogy log system records information from a variety of sensors into three data logs: Event log, Pulse log, and Engineering log. Data can be downloaded using a universal serial bus (USB) data interface module connected to a personal computer (PC). Data may be transferred to Evidence.com services.
- Real-time clock with back-up battery
- Onboard self-diagnostic and system status monitoring and reporting
- Ambidextrous safety switch
- Capable of audio/video recording with optional TASER CAM HD recorder
- The trigger activates a single cycle (approximately five seconds). Holding the trigger down will continue the discharge beyond the standard cycle (except when used with an APPM or TASER CAM HD AS). The CEW cycle can be stopped by placing the safety switch in the down (SAFE) position
- Compatible with TASER Smart Cartridges only

Axon Signal Performance Power Magazine (SPPM)

- Battery pack for the X2 and X26P conducted electrical weapons
- Shifting the safety switch from the down (SAFE) to the up (ARMED) positions sends a signal from the SPPM. Upon processing the signal, an Axon system equipped with Axon Signal technology transitions from the BUFFERING to EVENT mode. Axon Signal technology only works with Axon cameras.



17800 N 85TH STREET
SCOTTSDALE, ARIZONA 85255

AXON.COM

TASER Brand CEW Model Numbers

1. Conducted Electrical Weapons (CEWs):
 - TASER 7 Models: 20008, 20009, 20010, and 20011
 - TASER X2 Models: 22002 and 22003
 - TASER X26P Models: 11002 and 11003
2. Optional Extended Warranties for CEWs:
 - TASER 7 – 4-year extended warranty, item number 20040
 - X2 - 4-year extended warranty, item number 22014
 - X26P - 2-year extended warranty, item number 11008
 - X26P - 4-year extended warranty, item number 11004
3. TASER 7 Cartridges (compatible with the TASER 7; required for this CEW to function in the probe deployment mode)
 - Standoff cartridge, 3.5 degrees, Model 20012
 - Close Quarter cartridge, 12 degrees, Model 20013
4. TASER standard cartridges (compatible with the X26P; required for this CEW to function in the probe deployment mode):
 - 15-foot Model: 34200
 - 21-foot Model: 44200
 - 21-foot non-conductive Model: 44205
 - 25-foot Model: 44203
 - 35-foot Model: 44206
5. TASER Smart cartridges (compatible with the X2; required for this CEW to function in the probe deployment mode):
 - 15-foot Model: 22150
 - 25-foot Model: 22151
 - 25-foot inert simulation Model: 22155
 - 25-foot non-conductive Model: 22157
 - 35-foot Model: 22152
6. TASER CAM HD recorder Model: 26810 (full HD video and audio) and TASER CAM HD with AS (automatic shut-down feature) Model: 26820. The TASER CAM HD is compatible with both the X26P and X2 CEWs.
 - TASER CAM HD replacement battery Model: 26764
 - TASER CAM HD Download Kit Model: 26762
 - TASER CAM HD optional 4-year extended warranty, item number 26763
7. Power Modules for TASER 7 CEWs:
 - Tactical battery pack Model 22018
 - Compact battery pack Model 22019



17800 N 85TH STREET
SCOTTSDALE, ARIZONA 85255

AXON.COM

Power Modules (Battery Packs) for X26P and X2 CEWs:

- Performance Power Magazine (PPM) Model: 22010
- Tactical Performance Power Magazine (TPPM) Model: 22012
- Automatic Shut-Down Performance Power Magazine (APPM) Model: 22011
- eXtended Performance Power Magazine (XPPM) Model: 11010
- eXtended Automatic Shut-Down Performance Power Magazine (XAPPM) Model: 11015
- Axon Signal Performance Power Magazine (SPPM) Model: 70116

8. TASER 7 Dock:

- TASER 7 Dock Core and Multi-bay Module: 74200

9. TASER Dataport Download Kits:

- Dataport Download Kit for the X2 and X26P Model: 22013

10. TASER Blast Door Repair Kit Model 44019 and TASER Blast Door Replenishment Kit Model 44023

11. CEW Holsters:

-
- Right-hand X2 STX basketweave holster by Safariland Model: 22502
- Left-hand X2 STX basketweave holster by Safariland Model: 22505
- Right-hand X2 STX high-gloss holster by Safariland Model: 22507
- Left-hand X2 STX high-gloss holster by Safariland Model: 22508
- Right-hand X26P basketweave holster by Safariland Model: 11502
- Left-hand X26P basketweave holster by Safariland Model: 11505
- Right-hand X26P high-gloss holster by Safariland Model: 22510
- Left-hand X26P high-gloss holster by Safariland Model: 22511
- Right-hand TASER 7 holster by Safariland Model: 20063
- Left-hand TASER 7 holster by Safariland: 20068

12. TASER Simulation Suit II Model 44550

Axon Digital Evidence Solution Description

Axon Body 2 Video Camera

- Video playback on mobile devices in the field via Bluetooth pairing
- Retina Low Light capability sensitive to less than 1 lux
- Audio tones and haptic (vibration) notification to alert user of usage
- Audio mute during event option
- Wi-Fi capability
- High, medium, and low quality recording available (customizable by the agency)
- Up to 2-minute buffering period to record footage before pressing record button
- Multiple mounting options using holster attachment: shirt, vest, belt, and dash mounts available
- 12+ hours of battery operation per shift (even in recording mode)
- LED lights to show current battery level and operating mode



17800 N 85TH STREET
SCOTTSDALE, ARIZONA 85255

AXON.COM

- 143-degree lens
- Includes Axon Signal technology

Axon Signal Performance Power Magazine (SPPM)

- Battery pack for the TASER X2 and X26P conducted electrical weapons
- Shifting the safety switch from the down (SAFE) to the up (ARMED) positions sends a signal from the SPPM. Upon processing the signal, an Axon system equipped with Axon Signal technology transitions from the BUFFERING to EVENT mode. Axon Signal technology only works with Axon cameras.

Axon Signal Sidearm Sensor

- Can be installed on common duty holsters
- Drawing a service handgun from the holster sends a signal from the Axon Signal Sidearm sensor. Upon processing the signal, an Axon system equipped with Axon Signal technology transitions from the BUFFERING to EVENT mode.

Axon Signal Technology

- Sends a broadcast of status that compatible devices recognize when certain status changes are detected
- Only compatible with TASER and Axon products

Axon Dock

- Automated docking station uploads to Axon Evidence (Evidence.com) services through Internet connection
- No computer necessary for secure upload to Axon Evidence (Evidence.com)
- Charges and uploads simultaneously
- The Axon Dock is tested and certified by TUV Rheinland to be in compliance with UL 60950-1: 2007 R10.14 and CAN/ CSA-C22.2 NO.60950-I-07+AI:2011+A2:2014 Information Technology Equipment safety standards.

Axon Evidence (Evidence.com) Data Management System

- Software as a Service (SaaS) delivery model that allows agencies to manage and share digital evidence without local storage infrastructure or software needed
- SaaS model reduces security and administration by local IT staff: no local installation required
- Automatic, timely security upgrades and enhancements deployed to application without the need for any local IT staff involvement
- Securely share digital evidence with other agencies or prosecutors without creating copies or requiring the data to leave your agency's domain of control
- Controlled access to evidence based on pre-defined roles and permissions and pre-defined individuals
- Password authentication includes customizable security parameters: customizable password complexity, IP-based access restrictions, and multi-factor authentication support
- Automated category-based evidence retention policies assists with efficient database management
- Ability to recover deleted evidence within seven days of deletion
- Stores and supports all major digital file types: .mpeg, .doc, .pdf, .jpeg, etc.
- Requires NO proprietary file formats



17800 N 85TH STREET
SCOTTSDALE, ARIZONA 85255

AXON.COM

- Ability to upload files directly from the computer to Axon Evidence (Evidence.com) via an Internet browser
- Data Security: Robust Transport Layer Security (TLS) implementation for data in transit and 256-bit AES encryption for data in storage
- Security Testing: Independent security firms perform in-depth security and penetration testing
- Reliability: Fault- and disaster-tolerant infrastructure in at least 4 redundant data centers in both the East and West regions of the United States
- Chain-of-Custody: Audit logs automatically track all system and user activity. These logs cannot be edited or deleted, even by account administrators and IT staff
- Protection: With no on-site application, critical evidence stored in Axon Evidence (Evidence.com) is protected from local malware that may penetrate agency infrastructure
- Stability: Axon Enterprise is a publicly traded company with stable finances and funding, reducing concerns of loss of application support or commercial viability
- Application and data protected by a CJIS and ISO 27001 compliant information security program
- Dedicated information security department that protects Axon Evidence (Evidence.com) and data with security monitoring, centralized event log analysis and correlation, advanced threat and intrusion protection, and incident response capabilities
- Redact videos easily within the system, create tags, markers and clips, search 7 fields in addition to 5 category-based fields, create cases for multiple evidence files

Axon Capture Application

- Free app for iOS and Android mobile devices
- Allows users to capture videos, audio recordings, and photos and upload these files to their Axon Evidence (Evidence.com) account from the field
- Allows adding metadata to these files, such as: Category, Title, Case ID, and GPS data

Axon View Application

- Free app for IOS and Android mobile devices
- Allows user to view the camera feed from a paired Axon Body, Axon Body 2, Axon Flex, or Axon Flex 2 camera in real-time
- Allows for playback of videos stored on a paired Axon Body, Axon Body 2, Axon Flex, or Axon Flex 2 system
- Allows adding meta-data to videos, such as: Category, Title, Case ID, and GPS data

Axon Professional Services

- Dedicated implementation team
- Project management and deployment best practices aid
- Training and train-the-trainer sessions
- Integration services with other systems

Axon Customer Support

- Online and email-based support available 24/7
- Human phone-based support available Monday–Friday 7:00 AM–5:00 PM MST; support is located in Scottsdale, AZ, USA



17800 N 85TH STREET
SCOTTSDALE, ARIZONA 85255

AXON.COM

- Library of webinars available 24/7
- Remote-location troubleshooting



Axon Brand Model Numbers

1. Axon Flex 2 Cameras:
 - Axon Flex 2 Camera (online) Model: 11528
 - Axon Flex 2 Camera (offline) Model: 11529
2. Axon Flex 2 Controller Model: 11532
3. Axon Flex 2 USB Sync Cable Model: 11534
4. Axon Flex 2 Coiled Cable, Straight to Right Angle, 48" (1.2 m)
5. Axon Flex 2 Camera Mounts:
 - Oakley Flak Jacket Kit Model: 11544
 - Collar Mount Model: 11545
 - Oakley Clip Model: 11554
 - Epaulette Mount Model: 11546
 - Ballcap Mount Model: 11547
 - Ballistic Vest Mount Model: 11555
 - Universal Helmet Mount Model: 11548
6. Axon Body 2 Camera Model: 74001
7. Axon Flex 2 Controller and Axon Body 2 Camera Mounts:
 - Z-Bracket, Men's, Axon RapidLock Model: 74018
 - Z-Bracket, Women's Axon RapidLock Model: 74019
 - Magnet, Flexible, Axon RapidLock Model: 74020
 - Magnet, Outerwear, Axon RapidLock Model: 74021
 - Small Pocket, 4" (10.1 cm), Axon RapidLock Model: 74022
 - Large Pocket, 6" (15.2 cm), Axon RapidLock Model: 74023
 - MOLLE Mount, Single, Axon RapidLock Model: 11507
 - MOLLE Mount, Double, Axon RapidLock Model: 11508
 - Belt Clip Mount, Axon RapidLock Model: 11509
8. Axon Fleet 2 Camera
 - Axon Fleet 2 Front Camera: 71079
 - Axon Fleet 2 Front Camera Mount: 71080
 - Axon Fleet 2 Rear Camera: 71081
 - Axon Fleet 2 Rear Camera Controller: 71082



17800 N 85TH STREET
SCOTTSDALE, ARIZONA 85255

AXON.COM

- Axon Fleet 2 Rear Camera Controller Mount: 71083
 - Axon Fleet Battery System: 74024
 - Axon Fleet Bluetooth Dongle: 74027
9. Axon Signal Unit Model: 70112
10. Axon Dock Models:
- Axon Dock – Individual Bay and Core for Axon Flex 2
 - Axon Dock – 6-Bay and Core for Axon Flex 2
 - Individual Bay for Axon Flex 2 Model: 11538
 - Core (compatible with all Individual Bays and 6-Bays) Model: 70027
 - Wall Mount Bracket Assembly for Axon Dock: 70033
 - Axon Dock – Individual Bay and Core for Axon Body 2 and Axon Fleet Model 74009
 - Axon Dock – 6-Bay and Core for Axon Body 2 and Axon Fleet Model 74008
 - Individual Bay for Axon Body 2 and Axon Fleet Model: 74011

Axon Product Packages

1. **Officer Safety Plan:** includes an X2 or X26P CEW, Axon camera and Dock upgrade, and Axon Evidence (Evidence.com) license and storage. See your Sales Representative for further details and Model numbers.
2. **Officer Safety Plan 7:** Includes a TASER 7 conducted electrical weapon (CEW), Axon camera and Dock upgrade, Axon Evidence (Evidence.com) licenses and storage, and Axon Records Core.
3. **TASER 7 Certification:** Pays for TASER 7 program in installments over 5 years including access to Evidence.com for CEW program management, annual training cartridges, unlimited duty cartridges and online training content.
4. **TASER Certification Add-On:** Allows the agency to pay an annual fee to receive an annual allotment of training cartridges, unlimited duty cartridges and online training content.
5. **TASER Assurance Plan (TAP):** Hardware extended warranty coverage, Spare Products, and Upgrade Models available for the X2 and X26P CEWs, and the TASER CAM HD recorder. (The TAP is available only through Axon Enterprise, Inc.)
6. **TASER 60:** Pay for X2 and X26P CEWs and Spare Products in installments over 5 years.
7. **Unlimited Cartridge Plan:** Allows agency to pay an annual fee to receive annual training cartridges, unlimited duty cartridges and unlimited batteries for the X2 and X26P.
8. **TASER 60 Unlimited:** Pay for X2 and X26P CEWs and Spare Products in installments over 5 years and receive unlimited cartridges and batteries.

SOLE AUTHORIZED DISTRIBUTOR FOR

SOLE AUTHORIZED REPAIR FACILITY



17800 N 85TH STREET
SCOTTSDALE, ARIZONA 85255

AXON.COM

AXON BRAND CAMERAS AND TASER BRAND CEW PRODUCTS	FOR AXON BRAND CAMERAS AND TASER BRAND CEW PRODUCTS
Axon Enterprise, Inc. 17800 N. 85 th Street, Scottsdale, AZ 85255 Phone: 800-978-2737 Fax: 480-991-0791	Axon Enterprise, Inc. 17800 N. 85 th Street, Scottsdale, AZ 85255 Phone: 800-978-2737 Fax: 480-991-0791

Please contact your local Axon sales representative or call us at 1-800-978-2737 with any questions.

Sincerely,

Josh Isner
Chief Revenue Officer
Axon Enterprise, Inc.

Android is a trademark of Google, Inc, Bluetooth is a trademark of the Bluetooth SIG, Flak Jacket is a trademark of Oakley, Inc, iPod touch is a trademark of Apple Inc., IOS is a trademark of Cisco, LTE is a trademark of the European Telecommunications Standards Institute, Shoei is a trademark of Shoei Co., Ltd., VELCRO is a trademark of Velcro Industries, B.V., and Wi-Fi is a trademark of the Wi-Fi Alliance.

The "Delta Logo," the "Axon + Delta Logo," Axon, Axon Body, Axon Body 2, Axon Dock, Axon Evidence, Axon Fleet, Axon Fleet 2, Axon Flex, Axon Flex 2, Axon Interview, Axon RapidLock, Axon Records, Axon Signal, Axon Signal Sidearm, Axon Signal Vehicle, Evidence.com, Smart Cartridge, Trilogy, TASER CAM, X2, X26P, TASER 7, and TASER are trademarks of Axon Enterprise, Inc., some of which are registered in the US and other countries. For more information, visit www.axon.com/legal. All rights reserved. © 2018 Axon Enterprise, Inc.



Master Services and Purchasing Agreement

This Master Services and Purchasing Agreement (“**Agreement**”) is between Axon Enterprise, Inc., a Delaware corporation (“**Axon**”), and City of Watsonville (“**Agency**”). This Agreement is effective as of the later of the (a) last signature date on this Agreement, or (b) signature date on the quote (“**Effective Date**”). Axon and Agency are each a “**Party**” and collectively “**Parties**”.

This Agreement governs Agency’s purchase and use of the Axon products and services detailed in the Quote Appendix (“**Quote**”). The Parties therefore agree as follows:

- 1 **Term.** This Agreement begins on the Effective Date and continues until terminated pursuant to this Agreement (“**Term**”). Agency may renew this Agreement for an additional 5 years upon execution of a new quote. New products and services may require additional terms. Axon will not authorize services until Axon receives a signed Quote or accepts a purchase order, whichever is first.
- 2 **Definitions.**
“**Axon Evidence**” means Evidence.com and other software, maintenance, and storage provided by Axon for use with Axon Evidence. This excludes third-party applications and my.evidence.com.

“**Products**” means all hardware, software, cloud-based services, and software maintenance releases and updates provided by Axon under this Agreement.

“**Quote**” means an offer to sell and is only valid for products and services on the quote at the specified prices. Any terms within Agency’s purchase order in response to a Quote will be void. Orders are subject to prior credit approval. Changes in the deployment estimated ship date may change charges in the Quote. Shipping dates are estimates only. Axon is not responsible for typographical errors in any offer by Axon and Axon reserves the right to cancel any orders resulting from such errors.

“**Services**” means all services provided by Axon pursuant to this Agreement.
- 3 **Payment.** Axon invoices upon shipment. Payment is due net 30 days from the invoice date. Payment obligations are non-cancelable. Agency will pay invoices without setoff, deduction, or withholding. If Axon sends a past due account to collections, Agency is responsible for collection and attorneys’ fees.
- 4 **Taxes.** Agency is responsible for sales and other taxes associated with the order, unless Agency provides Axon a valid tax exemption certificate.
- 5 **Shipping.** Axon may make partial shipments and ship Products from multiple locations. All shipments are FOB shipping point via common carrier. Title and risk of loss pass to Agency upon Axon’s delivery to the common carrier. Agency is responsible for any shipping charges on the Quote.
- 6 **Returns.** All sales are final. Axon does not allow refunds or exchanges, except warranty returns or as provided by state or federal law.
- 7 **Warranty.**
7.1 **Hardware Limited Warranty.** Axon warrants its law enforcement hardware is free from defects in workmanship and materials for 1 year from the date of Agency’s receipt, except for Signal Sidearm, which Axon warrants for 30 months from the date of Agency’s receipt.

Axon warrants its accessories for 90-days from date of Agency's receipt. Expended conducted energy weapon ("CEW") cartridges are deemed to have operated properly. Extended warranties run from expiration of the 1-year hardware limited warranty through the extended warranty term. Non-Axon manufactured products are not covered by Axon's warranty. Agency should contact the manufacturer for support of non-Axon manufactured products.

7.2 Claims. If Axon receives a valid warranty claim for an Axon manufactured product during the warranty term, Axon's sole responsibility is to repair or replace the product with the same or like product, at Axon's option. A replacement product will be new or like new and have the remaining warranty of the original product or 90 days from the date of repair or replacement, whichever is longer. When Agency exchanges a product or part, the replacement item becomes Agency's property and the replaced item becomes Axon's property. For support and warranty service visit www.axon.com/support. Before delivering a product for service, Agency must upload product data to Axon Evidence or download it and retain a copy. Axon is not responsible for any loss of software, data, or other information contained on the storage media or any part of the product.

7.3 Limitations. Axon's warranty excludes damage related to: (a) failure to follow Product use instructions; (b) Products used with products not manufactured or recommended by Axon; (c) abuse, misuse, intentional, or deliberate damage to the Product; (d) force majeure; (e) Products repaired or modified by persons other than Axon without Axon's written permission; or (f) Products with a defaced or removed serial number.

7.3.1 To the extent permitted by law, the warranties and remedies set forth above are exclusive and Axon disclaims all other warranties, remedies, and conditions, whether oral, written, statutory, or implied, as permitted by applicable law. If statutory or implied warranties cannot be lawfully disclaimed, then all such warranties are limited to the duration of the express warranty described above and limited by the other provisions contained in this Agreement.

7.3.2 Axon's cumulative liability to any Party for any loss or damage resulting from any claim, demand, or action arising out of or relating to any Axon Product will not exceed the purchase price paid to Axon for the Product or if for Services, the amount paid for such Services over the 12 months preceding the claim. Neither Party will be liable for direct, special, indirect, incidental, exemplary, punitive or consequential damages, however caused, whether for breach of warranty, breach of contract, negligence, strict liability, tort or any other legal theory.

8 Product Warnings. See www.axon.com/legal for the most current Axon product warnings.

9 Design Changes. Axon may make design changes to any Axon product or service without notifying Agency or making the same change to products and services previously purchased by Agency.

10 Insurance. Axon will maintain General Liability, Workers' Compensation, and Automobile Liability insurance. Upon request, Axon will supply certificates of insurance.

11 Indemnification. Axon will indemnify Agency's officers, directors, and employees ("Agency Indemnitees") from and against all claims, demands, losses, liabilities, reasonable costs and expenses arising out of a third party claim against an Agency Indemnatee resulting from any negligent act, error or omission, or willful misconduct by Axon under this Agreement, except to the extent of negligent acts, omissions or willful misconduct by Agency or claims under workers compensation.

12 IP Rights. Axon owns and reserves all right, title, and interest in Axon products and services, related software, and suggestions to Axon. Axon has and claims proprietary rights in the hardware, firmware, software, and integration of ancillary materials, knowledge, and designs constituting Axon products and services. Agency will not directly or indirectly cause any Axon proprietary rights to be violated.

13 IP Indemnification. Axon will indemnify Agency Indemnitees from and against all claims, damages, losses, liabilities, reasonable costs and expenses arising out of or relating to any third-party claim alleging that use of Axon Products or services as permitted under this Agreement infringes or misappropriates the intellectual property rights of a third party. Agency must provide Axon with prompt written notice of such a claim, tender to Axon the defense or settlement of such a claim at Axon's expense, and cooperate fully with Axon in the defense or settlement of such a claim.

Axon has no liability to Agency or any third party to the extent any alleged infringement or infringement claim is based upon: (a) modification of Axon Evidence by Agency or any third party not approved by Axon; (b) use of Axon Evidence in connection or in combination with hardware or services not approved or recommended by Axon; (c) use of Axon Evidence other than as permitted under this Agreement; or (d) use of other than the most current release or version of any software provided by Axon as part of or in connection with Axon Evidence.

14 Agency Responsibilities. Agency is responsible for (a) its use of Axon Products; (b) breach of this Agreement or violation of applicable law by Agency or any Agency end user; and (c) a dispute between Agency and a third party over Agency use of Axon Products.

15 Termination.

15.1 For Breach. A Party may terminate this Agreement for cause if it provides 30 days written notice of the breach to the other Party, and the breach remains uncured at the end of 30 days. If Agency terminates this Agreement due to Axon's material breach, Axon will refund prepaid amounts on a prorated basis based on the date of notice of termination.

15.2 By Agency. Agency is obligated to pay the fees under this Agreement. If sufficient funds are not appropriated or otherwise legally available to pay the fees, Agency may terminate this Agreement. Agency will deliver notice of termination under this section as soon as reasonably practicable. The date of such termination will be the date Axon receives notice from Agency.

15.3 Effect of Termination. Upon any termination of this Agreement, all Agency rights under this Agreement immediately terminate, and Agency remains responsible for all fees incurred prior to the date of termination. The following sections will survive termination: Payment,

Warranty, Product Warnings, Indemnification, IP Rights, and Agency Responsibilities. If Agency purchases Products for less than the manufacturer's suggested retail price ("MSRP") and this Agreement terminates before the end of the Term, Axon will invoice Agency the difference between the MSRP for Products received and amount paid towards those Products. If terminating for non-appropriations, Agency may return Products to Axon within 30 days of termination. MSRP is the standalone price of the individual Product at time of sale. For bundled Products, MSRP includes the standalone price of all individual components.

16 **Confidentiality.** "Confidential Information" means nonpublic information designated as confidential or, given the nature of the information or circumstances surrounding disclosure, should reasonably be understood to be confidential. Each Party will take reasonable measures to avoid disclosure, dissemination, or unauthorized use of the other Party's Confidential Information. Unless required by law, neither Party will disclose the other Party's Confidential Information during the Term and for 5-years thereafter. Axon pricing is Confidential Information and competition sensitive. If Agency is required by law to disclose Axon pricing, to the extent allowed by law, Agency will provide notice to Axon before disclosure. Axon may publicly announce information related to this Agreement.

17 **General.**

17.1 Delays. Axon will use commercially reasonable efforts to deliver Products and services as soon as practicable. If delivery is interrupted due to causes beyond Axon's control, Axon may delay or terminate the delivery with reasonable notice.

17.2 Force Majeure. Neither Party will be liable for any delay or failure to perform under this Agreement due to a cause beyond the Parties' reasonable control, including acts of God, labor disputes, industrial disturbances, utility failures, earthquake, storms, elements of nature, blockages, embargoes, riots, acts or orders of government, terrorism, or war.

17.3 Independent Contractors. The Parties are independent contractors. Neither Party has authority to bind the other. This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary, or employment relationship between the Parties.

17.4 Third-Party Beneficiaries. There are no third-party beneficiaries under this Agreement.

17.5 Non-Discrimination. Neither Party nor its employees will discriminate against any person based on: race; religion; creed; color; sex; gender identity and expression; pregnancy; childbirth; breastfeeding; medical conditions related to pregnancy, childbirth, or breastfeeding; sexual orientation; marital status; age; national origin; ancestry; genetic information; disability; veteran status; or any class protected by local, state, or federal law.

17.6 Export Compliance. Each Party will comply with all import and export control laws and regulations.

17.7 Assignment. Neither Party may assign this Agreement without the other Party's prior written consent. Axon may assign this Agreement, its rights, or obligations without consent: (a) to an affiliate or subsidiary; or (b) for purposes of financing, merger, acquisition,



Master Services and Purchasing Agreement

corporate reorganization, or sale of all or substantially all its assets. This Agreement is binding upon the Parties respective successors and assigns.

17.8 Waiver. No waiver or delay by either Party in exercising any right under this Agreement constitutes a waiver of that right.

17.9 Severability. If a court of competent jurisdiction holds any portion of this Agreement invalid or unenforceable, the remaining portions of this Agreement will remain in effect.

17.10 Governing Law. The laws of the state where Agency is physically located, without reference to conflict of law rules, govern this Agreement and any dispute arising from it. The United Nations Convention for the International Sale of Goods does not apply to this Agreement.

17.11 Notices. All notices must be in English. Notices posted on Agency's Axon Evidence site are effective upon posting. Notices by email are effective on the sent date of the email. Notices by personal delivery are effective immediately. Contact information for notices:

Axon: Axon Enterprise, Inc.
Attn: Contracts
17800 N. 85th Street
Scottsdale, Arizona 85255
contracts@axon.com

Agency:
Attn:
Street Address
City, State, Zip
Email

17.12 Entire Agreement. This Agreement, including the Appendices, represent the entire agreement between the Parties. This Agreement supersedes all prior agreements or understandings, whether written or verbal, regarding the subject matter of this Agreement. This Agreement may only be modified or amended in a writing signed by the Parties.

Each representative identified below declares that the representative is authorized to execute this Agreement as of the date of signature.

Axon Enterprise, Inc.

City of Watsonville

Signature: _____

Signature: _____

Name: _____

Name: Matthew D. Huffaker

Title: _____

Title: City Manager

Date: _____

Date: _____



Axon Evidence Terms of Use Appendix

- 1** **Axon Evidence Subscription Term.** The Axon Evidence subscription begins after shipment of the Axon body-worn cameras. If Axon ships the body-worn cameras in the first half of the month, the start date is the 1st of the following month. If Axon ships the body-worn cameras in the second half of the month, the start date is the 15th of the following month. For phased deployments, the start date begins on shipment of the first phase. For purchases solely of Axon Evidence subscriptions, the start date is the Effective Date. The Axon Evidence subscription term will end upon the completion of the Axon Evidence subscription as documented in the Quote (“**Axon Evidence Subscription Term**”).
- 2** **Agency Content.** “**Agency Content**” means software, data, text, audio, video, images or any content Agency end users (a) run on Axon Evidence; (b) cause to interface with Axon Evidence; or (c) upload to Axon Evidence under Agency account or otherwise transfer, process, use or store in connection with Agency account.
- 3** **Access Rights.** Upon Axon granting Agency an Axon Evidence subscription, Agency may access and use Axon Evidence to store and manage Agency Content during the Axon Evidence Subscription Term. Agency may not exceed more end users than the Quote specifies. For Axon Evidence Lite, Agency may access and use Axon Evidence only to store and manage TASER CEW and TASER CAM data (“**TASER Data**”) during the Axon Evidence Subscription Term. Agency may upload non-TASER Data to Axon Evidence Light.
- 4** **Agency Owns Agency Content.** Agency controls and owns all right, title, and interest in Agency Content. Except as outlined herein, Axon obtains no interest in Agency Content, and Agency Content are not business records of Axon. Agency is solely responsible for uploading, sharing, managing, and deleting Agency Content. Axon will have limited access to Agency Content solely for providing and supporting Axon Evidence to Agency and Agency end users.
- 5** **Security.** Axon will implement commercially reasonable and appropriate measures to secure Agency Content against accidental or unlawful loss, access or disclosure. Axon will maintain a comprehensive information security program including logical, physical access, vulnerability, risk, and configuration management; incident monitoring and response; encryption of uploaded digital evidence; security education; and data protection. Axon agrees to the Federal Bureau of Investigation Criminal Justice Information Services Security Addendum.
- 6** **Updates.** For Android applications, including Axon View, Device Manager, and Capture, Axon will use reasonable efforts to support previous version of applications for 45 days. If Agency does not update their Android application to the most current version within 45 days of release, Axon may disable the application or force updates to the non-supported application.
- 7** **Agency Responsibilities.** Agency is responsible for (a) ensuring Agency users comply with this Agreement; (b) ensuring Agency owns Agency Content; (c) ensuring no Agency Content or Agency end user’s use of Agency Content or Axon Evidence violates this Agreement or applicable laws; and (d) maintaining necessary computer equipment and Internet

connections for use of Axon Evidence. If Agency becomes aware of any violation of this Agreement by an end user, Agency will immediately terminate that end user's access to Axon Evidence.

Agency is also responsible for maintaining the security of end user names and passwords and taking steps to maintain appropriate security and access by end users to Agency Content. Login credentials are for Agency internal use only and Agency may not sell, transfer, or sublicense them to any other entity or person. Audit log tracking for video data is an automatic feature of Axon Evidence that details who accesses Agency Content. Agency may download the audit log at any time. Agency shall contact Axon immediately if an unauthorized third party may be using Agency's account or Agency Content, or if account information is lost or stolen.

- 8** **Privacy.** Axon will not disclose Agency Content or information about Agency except as compelled by a court or administrative body or required by law or regulation. If Axon receives a disclosure request for Agency Content, Axon will give Agency notice so Agency may file an objection with the court or administrative body. Agency agrees to allow Axon access to certain information from Agency to: (a) perform troubleshooting services upon request or as part of regular diagnostic screening; (b) enforce this Agreement or policies governing the use of Axon Evidence; or (c) perform analytic and diagnostic evaluations of the systems.
- 9** **Storage.** For Unlimited Axon Evidence body-worn camera subscriptions, Agency may store unlimited data in Agency's Axon Evidence account only if data originates from Axon Capture or an Axon body-worn camera. Axon may charge additional fees for exceeding purchased storage amounts. Axon may place Agency Content that Agency has not viewed or accessed for 6 months into archival storage. Agency Content in archival storage will not have immediate availability and may take up to 24 hours to access.
- 10** **Location of Data Storage.** Axon may transfer Agency Content to third party subcontractors for storage. Axon will determine the locations of data centers for storage of Agency Content. For United States agencies, Axon will ensure all Agency Content stored in Axon Evidence remains within the United States. Ownership of Agency Content remains with Agency.
- 11** **Suspension.** Axon may suspend Agency's or any end user's right to access or use any portion or all of Axon Evidence immediately upon notice, if:
- 11.1.** The Termination provisions of this Agreement apply; or
- 11.2.** Agency or end user's use of or registration for Axon Evidence may (a) pose a security risk to Axon Evidence or any third party; (b) adversely impact Axon Evidence, the systems, or content of any other customer; (c) subject Axon, Axon's affiliates, or any third party to liability; or (d) be fraudulent.

Agency remains responsible for all fees and charges incurred through suspension. Axon will not delete Agency Content because of suspension, except as specified in this Agreement.

- 12** **Axon Evidence Warranty.** Axon disclaims any warranties or responsibility for data corruption or errors before Agency uploads data to Axon Evidence.

- 13** **Axon Evidence Restrictions.** All Axon Evidence subscriptions will immediately terminate if Agency does not comply with any term of this Agreement. Agency and Agency end users (including employees, contractors, agents, officers, volunteers, and directors), may not, or may not attempt to:
- 13.1.** copy, modify, tamper with, repair, or create derivative works of any part of Axon Evidence;
 - 13.2.** reverse engineer, disassemble, or decompile Axon Evidence or apply any process to derive any source code included in Axon Evidence, or allow others to do the same;
 - 13.3.** access or use Axon Evidence with the intent to gain unauthorized access, avoid incurring fees or exceeding usage limits or quotas;
 - 13.4.** use trade secret information contained in Axon Evidence, except as expressly permitted in this Agreement;
 - 13.5.** access Axon Evidence to build a competitive product or service or copy any features, functions, or graphics of Axon Evidence;
 - 13.6.** remove, alter, or obscure any confidentiality or proprietary rights notices (including copyright and trademark notices) of Axon's or Axon's licensors on or within Axon Evidence; or
 - 13.7.** use Axon Evidence to store or transmit infringing, libelous, or other unlawful or tortious material; to store or transmit material in violation of third party privacy rights; or to store or transmit malicious code.
- 14** **After Termination.** Axon will not delete Agency Content for 90-days following termination. During these 90-days, Agency may retrieve Agency Content only if Agency has paid all amounts due. There will be no functionality of Axon Evidence during these 90-days other than the ability to retrieve Agency Content. Agency will not incur additional fees if Agency downloads Agency Content from Axon Evidence during this time. Axon has no obligation to maintain or provide any Agency Content after these 90-days and will thereafter, unless legally prohibited, delete all Agency Content stored in Axon Evidence. Upon request, Axon will provide written proof that Axon successfully deleted and fully removed all Agency Content from Axon Evidence.
- 15** **Post-Termination Assistance.** Axon will provide Agency with the same post-termination data retrieval assistance that Axon generally makes available to all customers. Requests for Axon to provide additional assistance in downloading or transferring Agency Content, including requests for Axon's Data Egress Services, will result in additional fees and Axon will not warrant or guarantee data integrity or readability in the external system.
- 16** **U.S. Government Rights.** If Agency is a U.S. Federal department or using Axon Evidence on behalf of U.S. Federal department, Axon Evidence is provided as a "commercial item," "commercial computer software," "commercial computer software documentation," and "technical data", as defined in the Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement. If Agency is using Axon Evidence on behalf of the U.S. Government and these terms fail to meet the U.S. Government's needs or are inconsistent in any respect with federal law, Agency will immediately discontinue use of Axon Evidence.



Master Services and Purchasing Agreement

-
- 17** **Survival.** Upon any termination of this Agreement, the following sections will survive: Agency Owns Agency Content, Storage, Axon Evidence Warranty, and Axon Evidence Restrictions.

Technology Assurance Plan Appendix

If Technology Assurance Plan (“TAP”) or a bundle including TAP is on the Quote, this appendix applies.

- 1** **Term.** TAP begins after shipment of the hardware covered under TAP. If Axon ships hardware in the first half of the month, TAP starts the 1st of the following month. If Axon ships hardware in the second half of the month, TAP starts the 15th of the following month. (“TAP Term”).
- 2** **TAP Warranty.** The TAP warranty is an extended warranty that starts at the end of the 1-year Hardware Limited Warranty.
- 3** **Spare Product.** Axon will provide Agency a predetermined number of spare Products for hardware items and accessories listed in the Quote (“**Spare Products**”). Spare Products will replace broken or non-functioning units. If Agency utilizes a Spare Product, Agency must return to Axon, through Axon’s warranty return process, any broken or non-functioning units. Axon will repair the non-functioning unit or replace with a replacement Product. Upon termination, Axon will invoice Agency the MSRP then in effect for all Spare Products provided under TAP. If Agency returns the Spare Products to Axon within 30 days of the Spare Product invoice date, Axon will issue a credit and apply it against the Spare Product invoice.
- 4** **Officer Safety Plan Standard.** The Officer Safety Plan Standard (“**OSP Standard**”) includes Axon Evidence Unlimited, TAP for Axon body-worn camera and Axon Dock, one TASER X2 or X26P CEW with a 4-year extended warranty, one CEW battery, and one CEW holster. Agency must purchase OSP for 5 years (“**OSP Term**”). At any time during the OSP Term, Agency may choose to receive the X2 or X26P CEW, battery and holster by providing a \$0 purchase order.
- 5** **TAP Body-Worn Upgrade.** If Agency purchased 3 years of Axon Evidence Unlimited or TAP as a standalone and makes all payments, Axon will provide Agency a new Axon body-worn camera 3 years after TAP starts (“**Body-Worn Upgrade**”). If Agency purchases 5 years of Axon Evidence Unlimited, an OSP, or TAP as a standalone and makes all payments, Axon will provide Agency a Body-Worn Upgrade 2.5 and 5 years after TAP starts. Axon may ship the Body-Worn Upgrade at year 2.5 without prior confirmation from Agency unless the Parties agree in writing otherwise at least 90 days in advance. In year 5, Axon may ship the Body-Worn Upgrade 60 days before the end of the TAP Term without prior confirmation from Agency.

5.1. TAP as a Stand-alone. If Agency purchased TAP as a standalone, Axon will provide a Body-Worn Upgrade that is the same or like product, at Axon’s option. Axon makes no guarantee the Body-Worn Upgrade will utilize the same accessories or Axon Dock. If Agency wants to change product models for the Body-Worn Upgrade, Agency must pay the price difference between the MSRP of the offered Body-Worn Upgrade and the MSRP of the model Agency is acquiring. The MSRP will be the MSRP in effect at the time of the upgrade. Axon will not provide a refund if the MSRP of the new model is less than the MSRP of the offered Body-Worn Upgrade.

5.2. OSP or Unlimited TAP. If Agency purchased Axon Evidence Unlimited or an OSP, Agency may choose a new on-officer video camera of Agency's choice.

- 6 TAP Dock Upgrade.** If Agency purchased TAP for Axon Dock, Axon Evidence Unlimited, or an OSP, Axon will upgrade the Axon Dock with a new Axon Dock ("**Dock Upgrade**"). If Agency purchased 3 years of Dock TAP, Axon will provide the Dock Upgrade 3 years after TAP starts. If Agency purchased 5 years of Dock TAP, Axon will provide a Dock Upgrade 2.5 and 5 years after TAP starts. The Dock Upgrade at year 2.5 will only include a new Axon Dock bay configuration unless a new Axon Dock core is required for body camera compatibility.

Axon may ship the Dock Upgrade at year 2.5 without prior confirmation from Agency unless the Parties agree in writing otherwise at least 90 days in advance. In year 5, Axon may ship the Dock Upgrade 60 days before the end of the TAP Term without prior confirmation from Agency. If Agency originally purchased a single-bay Axon Dock, the Dock Upgrade will be a single-bay Axon Dock model that is the same or like product, at Axon's option. If Agency originally purchased a multi-bay Axon Dock, the Dock Upgrade will be a multi-bay Axon Dock model that is the same or like product, at Axon's option.

If Agency would like to change product models for the Dock Upgrade or change the number of bays, Agency must pay the price difference between the MSRP for the offered Dock Upgrade and the MSRP for the model desired. The MSRP will be the MSRP in effect at the time of the upgrade. Axon will not provide a refund if the MSRP of the new model is less than the MSRP of the offered Dock Upgrade.

- 7 Return of Original Product.** If Axon provides a warranty replacement 6 months before the date of a Body-Worn Upgrade or Dock Upgrade, that replacement is the upgrade. Within 30 days of receiving a Body-Worn or Dock Upgrade, Agency must return the original Products to Axon or destroy the Products and provide a certificate of destruction to Axon including serial numbers for the destroyed Products. If Agency does not return or destroy the Products, Axon will deactivate the serial numbers for the Products received by Agency.

- 8 Termination.** If Agency's payment for TAP, OSP, or Axon Evidence is more than 30 days past due, Axon may terminate TAP or OSP. Once TAP or OSP terminates for any reason:

- 8.1.** TAP and OSP coverage terminates as of the date of termination and no refunds will be given. Axon will not provide the free upgrades.
- 8.2.** Agency make any missed payments due to the termination before Agency may purchase any future TAP or OSP.
- 8.3.** If any OSP terminates before the end of the OSP Term, Axon will invoice Agency the difference between the MSRP for Products received and amount paid towards those Products. If terminating for non-appropriations, Agency may return Products to Axon within 30 days of termination. MSRP is the standalone price of the individual Product at time of sale. For bundled Products, MSRP includes the standalone price of all individual components.



Master Services and Purchasing Agreement

The "Delta Logo," the "Axon + Delta Logo," Axon, Axon Commander, Axon Convert, Axon Detect, Axon Dock, Axon Evidence, Axon Five, Axon Forensic Suite, Axon Interview, Axon Mobile, Axon Signal Sidearm Evidence Sync, TASER, TASER 7, and TASER CAM are trademarks of Axon Enterprise, Inc., some of which are registered in the US and other countries. For more information visit www.axon.com/legal. All rights reserved. © 2018 Axon Enterprise, Inc.

RESOLUTION NO. _____ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE AUTHORIZING THE SOLE SOURCE PURCHASE WITH AXON ENTERPRISE, INC., A CORPORATION, FOR 75 AXON BODY WORN CAMERAS, EQUIPMENT UPDATES AT 2.5 AND 5 YEARS AND COMMITMENT FOR 5 YEARS TO AXON'S EVIDENCE.COM DIGITAL MEDIA STORAGE SOLUTION, IN AN AMOUNT NOT TO EXCEED \$471,727.18, AND AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE MASTER SERVICES AND PURCHASING AGREEMENT INCLUDING ANY EXTENSIONS OR AMENDMENTS THEREOF IN ORDER TO IMPLEMENT THIS AGREEMENT

WHEREAS, bidding requirements and a reference to procedures for the purchase of supplies, equipment and non-personal contractual services and the sale of personal property are set forth in Section 3-5.07 of the Watsonville Municipal Code and Section 3.2.1 of the City of Watsonville Administrative Rules and Regulations; and

WHEREAS, Section 3-5.07 contains three exemptions from the bidding procedure: when an emergency requires that an order be placed with the nearest available source of supply, when the amount involved is less than \$15,000 or when the commodity can be obtained from only one vendor, and

WHEREAS, a Body Worn Camera (BWC) committee was assembled to conduct a comprehensive assessment of the equipment and services necessary to implement a successful BWC program; and

WHEREAS, Viewu, WatchGuard, Data 911, and Axon Enterprise, Inc. conducted site demonstrations of body worn camera equipment and data storage options; and

WHEREAS, equipment from Viewu and Axon Enterprise, Inc. were put through field trials, in which six officers deployed cameras and tested the equipment and data storage services for six weeks, respectively; and

WHEREAS, this purchase is exempt from the competitive bidding pursuant to WMC 3-5.07; and

WHEREAS, Axon is the only company with a (BWC) that is automatically triggered by the Department's already deployed Axon Taser Conducted Electrical Weapon; and

WHEREAS, it was determined that Axon Enterprise Inc., would be the vendor that would meet the needs of the police department's (BWC) program.

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

1. That the Council finds that Axon Enterprise, Inc., is the only vendor which can supply this commodity to the City.

2. That the sole source purchase of 75 body worn cameras, equipment updates at 2.5 and 5 years and commitment for five years to Axon's Evidence.com digital media storage solution with Axon Enterprise, Inc., in an amount not to exceed \$471,727.18, is hereby authorized.

3. That the purchasing procedures of Chapter 5 of Title 3 of the Watsonville Municipal Code and Section 3.2.1 of the City of Watsonville Administrative Rules & Regulations be dispensed with, and said purchase be declared to be a sole source purchase pursuant to Section 3-5.07 of the Watsonville Municipal Code and Section 3.2.1 of the City of Watsonville Administrative Rules & Regulations.

4. That the City Manager be and is hereby authorized and directed to execute said Agreement for and on behalf of the City of Watsonville including any extensions or amendments thereof in order to implement this Agreement, a copy of which Agreement

is attached hereto and incorporated herein by this reference, is fair and equitable and is hereby ratified and approved.



Master Services and Purchasing Agreement

This Master Services and Purchasing Agreement (“**Agreement**”) is between Axon Enterprise, Inc., a Delaware corporation (“**Axon**”), and City of Watsonville (“**Agency**”). This Agreement is effective as of the later of the (a) last signature date on this Agreement, or (b) signature date on the quote (“**Effective Date**”). Axon and Agency are each a “**Party**” and collectively “**Parties**”.

This Agreement governs Agency’s purchase and use of the Axon products and services detailed in the Quote Appendix (“**Quote**”). The Parties therefore agree as follows:

- 1** **Term.** This Agreement begins on the Effective Date and continues until terminated pursuant to this Agreement (“**Term**”). Agency may renew this Agreement for an additional 5 years upon execution of a new quote. New products and services may require additional terms. Axon will not authorize services until Axon receives a signed Quote or accepts a purchase order, whichever is first.
- 2** **Definitions.**
 “**Axon Evidence**” means Evidence.com and other software, maintenance, and storage provided by Axon for use with Axon Evidence. This excludes third-party applications and my.evidence.com.

 “**Products**” means all hardware, software, cloud-based services, and software maintenance releases and updates provided by Axon under this Agreement.

 “**Quote**” means an offer to sell and is only valid for products and services on the quote at the specified prices. Any terms within Agency’s purchase order in response to a Quote will be void. Orders are subject to prior credit approval. Changes in the deployment estimated ship date may change charges in the Quote. Shipping dates are estimates only. Axon is not responsible for typographical errors in any offer by Axon and Axon reserves the right to cancel any orders resulting from such errors.

 “**Services**” means all services provided by Axon pursuant to this Agreement.
- 3** **Payment.** Axon invoices upon shipment. Payment is due net 30 days from the invoice date. Payment obligations are non-cancelable. Agency will pay invoices without setoff, deduction, or withholding. If Axon sends a past due account to collections, Agency is responsible for collection and attorneys’ fees.
- 4** **Taxes.** Agency is responsible for sales and other taxes associated with the order, unless Agency provides Axon a valid tax exemption certificate.
- 5** **Shipping.** Axon may make partial shipments and ship Products from multiple locations. All shipments are FOB shipping point via common carrier. Title and risk of loss pass to Agency upon Axon’s delivery to the common carrier. Agency is responsible for any shipping charges on the Quote.
- 6** **Returns.** All sales are final. Axon does not allow refunds or exchanges, except warranty returns or as provided by state or federal law.
- 7** **Warranty.**
 7.1 Hardware Limited Warranty. Axon warrants its law enforcement hardware is free from defects in workmanship and materials for 1 year from the date of Agency’s receipt, except for Signal Sidearm, which Axon warrants for 30 months from the date of Agency’s receipt.

Axon warrants its accessories for 90-days from date of Agency's receipt. Expended conducted energy weapon ("CEW") cartridges are deemed to have operated properly. Extended warranties run from expiration of the 1-year hardware limited warranty through the extended warranty term. Non-Axon manufactured products are not covered by Axon's warranty. Agency should contact the manufacturer for support of non-Axon manufactured products.

7.2 Claims. If Axon receives a valid warranty claim for an Axon manufactured product during the warranty term, Axon's sole responsibility is to repair or replace the product with the same or like product, at Axon's option. A replacement product will be new or like new and have the remaining warranty of the original product or 90 days from the date of repair or replacement, whichever is longer. When Agency exchanges a product or part, the replacement item becomes Agency's property and the replaced item becomes Axon's property. For support and warranty service visit www.axon.com/support. Before delivering a product for service, Agency must upload product data to Axon Evidence or download it and retain a copy. Axon is not responsible for any loss of software, data, or other information contained on the storage media or any part of the product.

7.3 Limitations. Axon's warranty excludes damage related to: (a) failure to follow Product use instructions; (b) Products used with products not manufactured or recommended by Axon; (c) abuse, misuse, intentional, or deliberate damage to the Product; (d) force majeure; (e) Products repaired or modified by persons other than Axon without Axon's written permission; or (f) Products with a defaced or removed serial number.

7.3.1 To the extent permitted by law, the warranties and remedies set forth above are exclusive and Axon disclaims all other warranties, remedies, and conditions, whether oral, written, statutory, or implied, as permitted by applicable law. If statutory or implied warranties cannot be lawfully disclaimed, then all such warranties are limited to the duration of the express warranty described above and limited by the other provisions contained in this Agreement.

7.3.2 Axon's cumulative liability to any Party for any loss or damage resulting from any claim, demand, or action arising out of or relating to any Axon Product will not exceed the purchase price paid to Axon for the Product or if for Services, the amount paid for such Services over the 12 months preceding the claim. Neither Party will be liable for direct, special, indirect, incidental, exemplary, punitive or consequential damages, however caused, whether for breach of warranty, breach of contract, negligence, strict liability, tort or any other legal theory.

8 Product Warnings. See www.axon.com/legal for the most current Axon product warnings.

9 Design Changes. Axon may make design changes to any Axon product or service without notifying Agency or making the same change to products and services previously purchased by Agency.

10 Insurance. Axon will maintain General Liability, Workers' Compensation, and Automobile Liability insurance. Upon request, Axon will supply certificates of insurance.

11 Indemnification. Axon will indemnify Agency's officers, directors, and employees ("Agency Indemnitees") from and against all claims, demands, losses, liabilities, reasonable costs and expenses arising out of a third party claim against an Agency Indemnitee resulting from any negligent act, error or omission, or willful misconduct by Axon under this Agreement, except to the extent of negligent acts, omissions or willful misconduct by Agency or claims under workers compensation.

12 IP Rights. Axon owns and reserves all right, title, and interest in Axon products and services, related software, and suggestions to Axon. Axon has and claims proprietary rights in the hardware, firmware, software, and integration of ancillary materials, knowledge, and designs constituting Axon products and services. Agency will not directly or indirectly cause any Axon proprietary rights to be violated.

13 IP Indemnification. Axon will indemnify Agency Indemnitees from and against all claims, damages, losses, liabilities, reasonable costs and expenses arising out of or relating to any third-party claim alleging that use of Axon Products or services as permitted under this Agreement infringes or misappropriates the intellectual property rights of a third party. Agency must provide Axon with prompt written notice of such a claim, tender to Axon the defense or settlement of such a claim at Axon's expense, and cooperate fully with Axon in the defense or settlement of such a claim.

Axon has no liability to Agency or any third party to the extent any alleged infringement or infringement claim is based upon: (a) modification of Axon Evidence by Agency or any third party not approved by Axon; (b) use of Axon Evidence in connection or in combination with hardware or services not approved or recommended by Axon; (c) use of Axon Evidence other than as permitted under this Agreement; or (d) use of other than the most current release or version of any software provided by Axon as part of or in connection with Axon Evidence.

14 Agency Responsibilities. Agency is responsible for (a) its use of Axon Products; (b) breach of this Agreement or violation of applicable law by Agency or any Agency end user; and (c) a dispute between Agency and a third party over Agency use of Axon Products.

15 Termination.

15.1 For Breach. A Party may terminate this Agreement for cause if it provides 30 days written notice of the breach to the other Party, and the breach remains uncured at the end of 30 days. If Agency terminates this Agreement due to Axon's material breach, Axon will refund prepaid amounts on a prorated basis based on the date of notice of termination.

15.2 By Agency. Agency is obligated to pay the fees under this Agreement. If sufficient funds are not appropriated or otherwise legally available to pay the fees, Agency may terminate this Agreement. Agency will deliver notice of termination under this section as soon as reasonably practicable. The date of such termination will be the date Axon receives notice from Agency.

15.3 Effect of Termination. Upon any termination of this Agreement, all Agency rights under this Agreement immediately terminate, and Agency remains responsible for all fees incurred prior to the date of termination. The following sections will survive termination: Payment,

Warranty, Product Warnings, Indemnification, IP Rights, and Agency Responsibilities. If Agency purchases Products for less than the manufacturer's suggested retail price ("MSRP") and this Agreement terminates before the end of the Term, Axon will invoice Agency the difference between the MSRP for Products received and amount paid towards those Products. If terminating for non-appropriations, Agency may return Products to Axon within 30 days of termination. MSRP is the standalone price of the individual Product at time of sale. For bundled Products, MSRP includes the standalone price of all individual components.

16 **Confidentiality.** "Confidential Information" means nonpublic information designated as confidential or, given the nature of the information or circumstances surrounding disclosure, should reasonably be understood to be confidential. Each Party will take reasonable measures to avoid disclosure, dissemination, or unauthorized use of the other Party's Confidential Information. Unless required by law, neither Party will disclose the other Party's Confidential Information during the Term and for 5-years thereafter. Axon pricing is Confidential Information and competition sensitive. If Agency is required by law to disclose Axon pricing, to the extent allowed by law, Agency will provide notice to Axon before disclosure. Axon may publicly announce information related to this Agreement.

17 **General.**

17.1 Delays. Axon will use commercially reasonable efforts to deliver Products and services as soon as practicable. If delivery is interrupted due to causes beyond Axon's control, Axon may delay or terminate the delivery with reasonable notice.

17.2 Force Majeure. Neither Party will be liable for any delay or failure to perform under this Agreement due to a cause beyond the Parties' reasonable control, including acts of God, labor disputes, industrial disturbances, utility failures, earthquake, storms, elements of nature, blockages, embargoes, riots, acts or orders of government, terrorism, or war.

17.3 Independent Contractors. The Parties are independent contractors. Neither Party has authority to bind the other. This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary, or employment relationship between the Parties.

17.4 Third-Party Beneficiaries. There are no third-party beneficiaries under this Agreement.

17.5 Non-Discrimination. Neither Party nor its employees will discriminate against any person based on: race; religion; creed; color; sex; gender identity and expression; pregnancy; childbirth; breastfeeding; medical conditions related to pregnancy, childbirth, or breastfeeding; sexual orientation; marital status; age; national origin; ancestry; genetic information; disability; veteran status; or any class protected by local, state, or federal law.

17.6 Export Compliance. Each Party will comply with all import and export control laws and regulations.

17.7 Assignment. Neither Party may assign this Agreement without the other Party's prior written consent. Axon may assign this Agreement, its rights, or obligations without consent: (a) to an affiliate or subsidiary; or (b) for purposes of financing, merger, acquisition,



Master Services and Purchasing Agreement

corporate reorganization, or sale of all or substantially all its assets. This Agreement is binding upon the Parties respective successors and assigns.

17.8 Waiver. No waiver or delay by either Party in exercising any right under this Agreement constitutes a waiver of that right.

17.9 Severability. If a court of competent jurisdiction holds any portion of this Agreement invalid or unenforceable, the remaining portions of this Agreement will remain in effect.

17.10 Governing Law. The laws of the state where Agency is physically located, without reference to conflict of law rules, govern this Agreement and any dispute arising from it. The United Nations Convention for the International Sale of Goods does not apply to this Agreement.

17.11 Notices. All notices must be in English. Notices posted on Agency's Axon Evidence site are effective upon posting. Notices by email are effective on the sent date of the email. Notices by personal delivery are effective immediately. Contact information for notices:

Axon: Axon Enterprise, Inc.
Attn: Contracts
17800 N. 85th Street
Scottsdale, Arizona 85255
contracts@axon.com

Agency:
Attn:
Street Address
City, State, Zip
Email

17.12 Entire Agreement. This Agreement, including the Appendices, represent the entire agreement between the Parties. This Agreement supersedes all prior agreements or understandings, whether written or verbal, regarding the subject matter of this Agreement. This Agreement may only be modified or amended in a writing signed by the Parties.

Each representative identified below declares that the representative is authorized to execute this Agreement as of the date of signature.

Axon Enterprise, Inc.

City of Watsonville

Signature: _____

Signature: _____

Name: _____

Name: Matthew D. Huffaker

Title: _____

Title: City Manager

Date: _____

Date: _____



Axon Evidence Terms of Use Appendix

- 1** **Axon Evidence Subscription Term.** The Axon Evidence subscription begins after shipment of the Axon body-worn cameras. If Axon ships the body-worn cameras in the first half of the month, the start date is the 1st of the following month. If Axon ships the body-worn cameras in the second half of the month, the start date is the 15th of the following month. For phased deployments, the start date begins on shipment of the first phase. For purchases solely of Axon Evidence subscriptions, the start date is the Effective Date. The Axon Evidence subscription term will end upon the completion of the Axon Evidence subscription as documented in the Quote (“**Axon Evidence Subscription Term**”).
- 2** **Agency Content.** “Agency Content” means software, data, text, audio, video, images or any content Agency end users (a) run on Axon Evidence; (b) cause to interface with Axon Evidence; or (c) upload to Axon Evidence under Agency account or otherwise transfer, process, use or store in connection with Agency account.
- 3** **Access Rights.** Upon Axon granting Agency an Axon Evidence subscription, Agency may access and use Axon Evidence to store and manage Agency Content during the Axon Evidence Subscription Term. Agency may not exceed more end users than the Quote specifies. For Axon Evidence Lite, Agency may access and use Axon Evidence only to store and manage TASER CEW and TASER CAM data (“**TASER Data**”) during the Axon Evidence Subscription Term. Agency may upload non-TASER Data to Axon Evidence Light.
- 4** **Agency Owns Agency Content.** Agency controls and owns all right, title, and interest in Agency Content. Except as outlined herein, Axon obtains no interest in Agency Content, and Agency Content are not business records of Axon. Agency is solely responsible for uploading, sharing, managing, and deleting Agency Content. Axon will have limited access to Agency Content solely for providing and supporting Axon Evidence to Agency and Agency end users.
- 5** **Security.** Axon will implement commercially reasonable and appropriate measures to secure Agency Content against accidental or unlawful loss, access or disclosure. Axon will maintain a comprehensive information security program including logical, physical access, vulnerability, risk, and configuration management; incident monitoring and response; encryption of uploaded digital evidence; security education; and data protection. Axon agrees to the Federal Bureau of Investigation Criminal Justice Information Services Security Addendum.
- 6** **Updates.** For Android applications, including Axon View, Device Manager, and Capture, Axon will use reasonable efforts to support previous version of applications for 45 days. If Agency does not update their Android application to the most current version within 45 days of release, Axon may disable the application or force updates to the non-supported application.
- 7** **Agency Responsibilities.** Agency is responsible for (a) ensuring Agency users comply with this Agreement; (b) ensuring Agency owns Agency Content; (c) ensuring no Agency Content or Agency end user’s use of Agency Content or Axon Evidence violates this Agreement or applicable laws; and (d) maintaining necessary computer equipment and Internet



Master Services and Purchasing Agreement

connections for use of Axon Evidence. If Agency becomes aware of any violation of this Agreement by an end user, Agency will immediately terminate that end user's access to Axon Evidence.

Agency is also responsible for maintaining the security of end user names and passwords and taking steps to maintain appropriate security and access by end users to Agency Content. Login credentials are for Agency internal use only and Agency may not sell, transfer, or sublicense them to any other entity or person. Audit log tracking for video data is an automatic feature of Axon Evidence that details who accesses Agency Content. Agency may download the audit log at any time. Agency shall contact Axon immediately if an unauthorized third party may be using Agency's account or Agency Content, or if account information is lost or stolen.

- 8** **Privacy.** Axon will not disclose Agency Content or information about Agency except as compelled by a court or administrative body or required by law or regulation. If Axon receives a disclosure request for Agency Content, Axon will give Agency notice so Agency may file an objection with the court or administrative body. Agency agrees to allow Axon access to certain information from Agency to: (a) perform troubleshooting services upon request or as part of regular diagnostic screening; (b) enforce this Agreement or policies governing the use of Axon Evidence; or (c) perform analytic and diagnostic evaluations of the systems.
- 9** **Storage.** For Unlimited Axon Evidence body-worn camera subscriptions, Agency may store unlimited data in Agency's Axon Evidence account only if data originates from Axon Capture or an Axon body-worn camera. Axon may charge additional fees for exceeding purchased storage amounts. Axon may place Agency Content that Agency has not viewed or accessed for 6 months into archival storage. Agency Content in archival storage will not have immediate availability and may take up to 24 hours to access.
- 10** **Location of Data Storage.** Axon may transfer Agency Content to third party subcontractors for storage. Axon will determine the locations of data centers for storage of Agency Content. For United States agencies, Axon will ensure all Agency Content stored in Axon Evidence remains within the United States. Ownership of Agency Content remains with Agency.
- 11** **Suspension.** Axon may suspend Agency's or any end user's right to access or use any portion or all of Axon Evidence immediately upon notice, if:
- 11.1.** The Termination provisions of this Agreement apply; or
 - 11.2.** Agency or end user's use of or registration for Axon Evidence may (a) pose a security risk to Axon Evidence or any third party; (b) adversely impact Axon Evidence, the systems, or content of any other customer; (c) subject Axon, Axon's affiliates, or any third party to liability; or (d) be fraudulent.
- Agency remains responsible for all fees and charges incurred through suspension. Axon will not delete Agency Content because of suspension, except as specified in this Agreement.
- 12** **Axon Evidence Warranty.** Axon disclaims any warranties or responsibility for data corruption or errors before Agency uploads data to Axon Evidence.

- 13** **Axon Evidence Restrictions.** All Axon Evidence subscriptions will immediately terminate if Agency does not comply with any term of this Agreement. Agency and Agency end users (including employees, contractors, agents, officers, volunteers, and directors), may not, or may not attempt to:
- 13.1.** copy, modify, tamper with, repair, or create derivative works of any part of Axon Evidence;
 - 13.2.** reverse engineer, disassemble, or decompile Axon Evidence or apply any process to derive any source code included in Axon Evidence, or allow others to do the same;
 - 13.3.** access or use Axon Evidence with the intent to gain unauthorized access, avoid incurring fees or exceeding usage limits or quotas;
 - 13.4.** use trade secret information contained in Axon Evidence, except as expressly permitted in this Agreement;
 - 13.5.** access Axon Evidence to build a competitive product or service or copy any features, functions, or graphics of Axon Evidence;
 - 13.6.** remove, alter, or obscure any confidentiality or proprietary rights notices (including copyright and trademark notices) of Axon's or Axon's licensors on or within Axon Evidence; or
 - 13.7.** use Axon Evidence to store or transmit infringing, libelous, or other unlawful or tortious material; to store or transmit material in violation of third party privacy rights; or to store or transmit malicious code.
- 14** **After Termination.** Axon will not delete Agency Content for 90-days following termination. During these 90-days, Agency may retrieve Agency Content only if Agency has paid all amounts due. There will be no functionality of Axon Evidence during these 90-days other than the ability to retrieve Agency Content. Agency will not incur additional fees if Agency downloads Agency Content from Axon Evidence during this time. Axon has no obligation to maintain or provide any Agency Content after these 90-days and will thereafter, unless legally prohibited, delete all Agency Content stored in Axon Evidence. Upon request, Axon will provide written proof that Axon successfully deleted and fully removed all Agency Content from Axon Evidence.
- 15** **Post-Termination Assistance.** Axon will provide Agency with the same post-termination data retrieval assistance that Axon generally makes available to all customers. Requests for Axon to provide additional assistance in downloading or transferring Agency Content, including requests for Axon's Data Egress Services, will result in additional fees and Axon will not warrant or guarantee data integrity or readability in the external system.
- 16** **U.S. Government Rights.** If Agency is a U.S. Federal department or using Axon Evidence on behalf of U.S. Federal department, Axon Evidence is provided as a "commercial item," "commercial computer software," "commercial computer software documentation," and "technical data", as defined in the Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement. If Agency is using Axon Evidence on behalf of the U.S. Government and these terms fail to meet the U.S. Government's needs or are inconsistent in any respect with federal law, Agency will immediately discontinue use of Axon Evidence.



Master Services and Purchasing Agreement

-
- 17** **Survival.** Upon any termination of this Agreement, the following sections will survive: Agency Owns Agency Content, Storage, Axon Evidence Warranty, and Axon Evidence Restrictions.

Technology Assurance Plan Appendix

If Technology Assurance Plan (“TAP”) or a bundle including TAP is on the Quote, this appendix applies.

- 1** **Term.** TAP begins after shipment of the hardware covered under TAP. If Axon ships hardware in the first half of the month, TAP starts the 1st of the following month. If Axon ships hardware in the second half of the month, TAP starts the 15th of the following month. (“TAP Term”).
- 2** **TAP Warranty.** The TAP warranty is an extended warranty that starts at the end of the 1-year Hardware Limited Warranty.
- 3** **Spare Product.** Axon will provide Agency a predetermined number of spare Products for hardware items and accessories listed in the Quote (“**Spare Products**”). Spare Products will replace broken or non-functioning units. If Agency utilizes a Spare Product, Agency must return to Axon, through Axon’s warranty return process, any broken or non-functioning units. Axon will repair the non-functioning unit or replace with a replacement Product. Upon termination, Axon will invoice Agency the MSRP then in effect for all Spare Products provided under TAP. If Agency returns the Spare Products to Axon within 30 days of the Spare Product invoice date, Axon will issue a credit and apply it against the Spare Product invoice.
- 4** **Officer Safety Plan Standard.** The Officer Safety Plan Standard (“**OSP Standard**”) includes Axon Evidence Unlimited, TAP for Axon body-worn camera and Axon Dock, one TASER X2 or X26P CEW with a 4-year extended warranty, one CEW battery, and one CEW holster. Agency must purchase OSP for 5 years (“**OSP Term**”). At any time during the OSP Term, Agency may choose to receive the X2 or X26P CEW, battery and holster by providing a \$0 purchase order.
- 5** **TAP Body-Worn Upgrade.** If Agency purchased 3 years of Axon Evidence Unlimited or TAP as a standalone and makes all payments, Axon will provide Agency a new Axon body-worn camera 3 years after TAP starts (“**Body-Worn Upgrade**”). If Agency purchases 5 years of Axon Evidence Unlimited, an OSP, or TAP as a standalone and makes all payments, Axon will provide Agency a Body-Worn Upgrade 2.5 and 5 years after TAP starts. Axon may ship the Body-Worn Upgrade at year 2.5 without prior confirmation from Agency unless the Parties agree in writing otherwise at least 90 days in advance. In year 5, Axon may ship the Body-Worn Upgrade 60 days before the end of the TAP Term without prior confirmation from Agency.

5.1. TAP as a Stand-alone. If Agency purchased TAP as a standalone, Axon will provide a Body-Worn Upgrade that is the same or like product, at Axon’s option. Axon makes no guarantee the Body-Worn Upgrade will utilize the same accessories or Axon Dock. If Agency wants to change product models for the Body-Worn Upgrade, Agency must pay the price difference between the MSRP of the offered Body-Worn Upgrade and the MSRP of the model Agency is acquiring. The MSRP will be the MSRP in effect at the time of the upgrade. Axon will not provide a refund if the MSRP of the new model is less than the MSRP of the offered Body-Worn Upgrade.

5.2. OSP or Unlimited TAP. If Agency purchased Axon Evidence Unlimited or an OSP, Agency may choose a new on-officer video camera of Agency's choice.

- 6 TAP Dock Upgrade.** If Agency purchased TAP for Axon Dock, Axon Evidence Unlimited, or an OSP, Axon will upgrade the Axon Dock with a new Axon Dock ("**Dock Upgrade**"). If Agency purchased 3 years of Dock TAP, Axon will provide the Dock Upgrade 3 years after TAP starts. If Agency purchased 5 years of Dock TAP, Axon will provide a Dock Upgrade 2.5 and 5 years after TAP starts. The Dock Upgrade at year 2.5 will only include a new Axon Dock bay configuration unless a new Axon Dock core is required for body camera compatibility.

Axon may ship the Dock Upgrade at year 2.5 without prior confirmation from Agency unless the Parties agree in writing otherwise at least 90 days in advance. In year 5, Axon may ship the Dock Upgrade 60 days before the end of the TAP Term without prior confirmation from Agency. If Agency originally purchased a single-bay Axon Dock, the Dock Upgrade will be a single-bay Axon Dock model that is the same or like product, at Axon's option. If Agency originally purchased a multi-bay Axon Dock, the Dock Upgrade will be a multi-bay Axon Dock model that is the same or like product, at Axon's option.

If Agency would like to change product models for the Dock Upgrade or change the number of bays, Agency must pay the price difference between the MSRP for the offered Dock Upgrade and the MSRP for the model desired. The MSRP will be the MSRP in effect at the time of the upgrade. Axon will not provide a refund if the MSRP of the new model is less than the MSRP of the offered Dock Upgrade.

- 7 Return of Original Product.** If Axon provides a warranty replacement 6 months before the date of a Body-Worn Upgrade or Dock Upgrade, that replacement is the upgrade. Within 30 days of receiving a Body-Worn or Dock Upgrade, Agency must return the original Products to Axon or destroy the Products and provide a certificate of destruction to Axon including serial numbers for the destroyed Products. If Agency does not return or destroy the Products, Axon will deactivate the serial numbers for the Products received by Agency.

- 8 Termination.** If Agency's payment for TAP, OSP, or Axon Evidence is more than 30 days past due, Axon may terminate TAP or OSP. Once TAP or OSP terminates for any reason:

- 8.1.** TAP and OSP coverage terminates as of the date of termination and no refunds will be given. Axon will not provide the free upgrades.
- 8.2.** Agency make any missed payments due to the termination before Agency may purchase any future TAP or OSP.
- 8.3.** If any OSP terminates before the end of the OSP Term, Axon will invoice Agency the difference between the MSRP for Products received and amount paid towards those Products. If terminating for non-appropriations, Agency may return Products to Axon within 30 days of termination. MSRP is the standalone price of the individual Product at time of sale. For bundled Products, MSRP includes the standalone price of all individual components.



Master Services and Purchasing Agreement

The "Delta Logo," the "Axon + Delta Logo," Axon, Axon Commander, Axon Convert, Axon Detect, Axon Dock, Axon Evidence, Axon Five, Axon Forensic Suite, Axon Interview, Axon Mobile, Axon Signal Sidearm Evidence Sync, TASER, TASER 7, and TASER CAM are trademarks of Axon Enterprise, Inc., some of which are registered in the US and other countries. For more information visit www.axon.com/legal. All rights reserved. © 2018 Axon Enterprise, Inc.

City of Watsonville
Community Development Department



M E M O R A N D U M

DATE: March 21, 2019

TO: Matthew D. Huffaker, City Manager

FROM: Suzi Merriam, Community Development Director

SUBJECT: Report on the City of Watsonville Housing Programs White Paper

AGENDA ITEM: March 26, 2019 **City Council**

RECOMMENDATION

It is recommended that City Council, by motion, accept the report on the City of Watsonville Housing Programs White Paper and that staff continue to work to meet the City's housing goals, as outlined in the White Paper.

BACKGROUND

The City of Watsonville has historically been a leader in taking a strong stand in providing affordable housing units in our community, with our first affordable housing ordinance adopted in the very early 1990's. This has not been the case throughout the state, and in the last two years, the state of California has adopted several housing bills in an attempt to address the significant lack of housing for our residents as well as the high cost of housing that Watsonville and communities across the State are experiencing.

As part of the City Council's 2018-2020 Strategic Plan, Housing is one of the Council's top priorities, including expanding quality housing opportunities, preserving existing affordable housing for Watsonville residents, and reviewing housing and land use policies that maximize development potential. Areas of focus include community education and outreach, Affordable and low income units and rental housing, workforce housing opportunities, and homeownership assistance.

In July, 2018, the City hired Baird and Driskell, housing consultants, to assist the City in assessing and making recommendations on the effectiveness of our housing programs so that we can continue to make meaningful progress in creating affordable housing. The Housing White Paper provides this assessment and recommendations for the future of our housing programs.

DISCUSSION

The Housing White Paper is intended to present information covering the following:

- Housing trends and state law changes in California (in response to the housing crisis)
- Housing needs and trends in Watsonville
- The City's inventory of housing and projects in the pipeline
- Identification of remaining needs
- Current staffing and funding resources
- Possible new programs and funding opportunities
- Future staffing and potential partners to implement housing programs

Already this last year, the City Council has adopted a mobile home park overlay zoning district, which provides additional protection for those living in our mobile home parks, and Council has approved the Housing Manager position. Our first Housing Manager will begin work with the City on April 8, 2019, and will round out our Housing Division team.

Once the Housing Manager has settled in, we will begin work in earnest on the Farmworker Housing Ordinance and participate in the creation of the Responsible Landlord Engagement Initiative, as well as ensure that we are meeting our annual housing reporting deadlines with the State. Later this year, staff will prepare recommended modifications to the Affordable Housing Ordinance, Down-payment Assistance Program, and continue to provide outreach to the community to advertise our programs.

STRATEGIC PLAN

As noted above, the Housing Programs White Paper is consistent with the City Council's Strategic Plan in Focus Area 1- Housing. The Housing White Paper provides an assessment of our current housing programs and makes recommendations to make our programs more effective in the future. This includes the creation of more affordable housing, partnering with non-profit housing developers, providing outreach to the community, and ensuring that our programs are accessible and transparent.

FINANCIAL IMPACT

Receiving the Housing Programs White Paper will not have a financial impact on the City.

ATTACHMENTS

1. City of Watsonville Housing Programs White Paper

cc: City Attorney



City of Watsonville Housing Programs White Paper

Prepared for City of Watsonville City Council Review and Discussion
March 26, 2019 Meeting



This report is intended to provide the City of Watsonville with a review of current housing programs administered by the City to understand the success achieved, challenges to full implementation, possible modification to existing programs, possible new programs and the staffing needed to fully implement all City housing programs successfully.

Contents

Summary and Recommended Action Plan.....	4
Purpose of the Housing White Paper	4
Key Findings and Takeaways.....	4
Recommended Action Plan.....	8
What is the Framework for Evaluating City Housing Program?	9
Context — What Are the Community's Housing Needs and Plans?	9
What Is Watsonville's Regional Housing Needs Allocation (RHNA)?	11
Who Are Potential Partners?	12
What Is the City's Portfolio of "Affordable" Renter-and Owner-Occupied Homes?	14
What Is There Left to Do?	16
What Regulatory and Funding Changes Are Occurring?	17
What Housing Programs Does the City Currently Administer?	23
What Are the City's Current City Housing Programs	23
What Are Funding Sources for Current City Housing Programs?	25
What Are the Staffing Demands to Administer Current Housing Programs?	28
What Else Can Be Done to Address Community Housing Needs?	31
Summary	31
Possible Tweaks or Changes to Current City Housing Programs.....	32
Recommended Staffing for the Housing Division	33
Increasing Revenues for Housing Programs.....	35
Recommended Modifications to the City's Affordable Housing Program Ordinance	36
Strategies to Address Potential Tenant Displacement	38
Addressing Farmworker Housing Needs.....	44
Use of Development Incentives	45
Providing Smaller Homes and Factory Built Housing.....	46
Appendices	
Appendix A — Watsonville Current Housing Program Limits	
Appendix B — Acronyms	
Appendix C — Glossary of Tenant Anti-Displacement Strategies	
Appendix D — Draft Housing Manager Job Description	

Summary and Recommended Action Plan

Purpose of the Housing White Paper

The Housing White Paper is intended to present information covering the following:

- Housing trends and state law changes in California (in response to the housing crisis)
- Housing needs and trends in Watsonville
- The City's inventory of housing and projects in the pipeline
- Identification of remaining needs
- Current staffing and funding resources
- Possible new programs and funding opportunities
- Future staffing and potential partners to implement housing programs

In addition to the products and work involved in creating the White Paper the effort also included development of a "working" administrative workbook for staff use in implementing housing programs (guidelines, tracking, etc.), assistance with filling the housing manager position, on-call resource assistance for staff, and the Housing White Paper itself.

The Housing White Paper is intended to enable the City to undertake an informed discussion of housing needs and actions prior to the required update of the City's Housing Element of the Watsonville General Plan, required by 2023. Since state law changes have added significant new requirements to housing elements, especially related to available sites for housing, it may require land use, zoning and other changes that will take time for the community to consider.

Key Findings and Takeaways

The Housing White Paper is organized to present the above information in the following sequence:

- Provide a framework for evaluating City housing programs.
- Discuss the City's current housing programs, including funding and staffing.
- Identify possible modifications to programs, staffing and other considerations in addressing community housing needs.

California's Housing Crisis and New State Laws

- **Rent Burdened Californians are the Most in Need of Affordable Housing.** California has the highest poverty rate of the 50 states when including housing and other expenses. The situation is even more dire for people of color, as more than 2 in 3 Californians who are paying more than 30% of their income on housing are people of color.
- **Two Distinct Housing Markets.** There are essentially two housing markets in California — one that is profit-driven that provides a product for those who can afford it; and, the other market is led by non-profits. Both markets are equally important as they meet the needs of different market segments.

The for-profit market will generally build the housing that provides the highest return on investment. The demand for housing is so large — 100,000 new homes needed annually in California — that new market rate housing construction alone cannot alleviate the housing strain. Moreover, the private market alone is not providing housing at prices affordable to many lower-income and middle-income workers. Although California's many communities are diverse, the need for affordable housing characterizes all areas.

To build affordable housing, tax credits and other incentives are needed to make construction feasible. This non-profit market focuses on providing a housing product that is intentionally and strategically directed towards a segment of the market that cannot otherwise access market-rate housing.

- **The Average Cost of Housing Construction Continues to Increase.** The cost of labor involved with construction is about 20 percent more in California than in other states. Moreover, California's building code, which is comprehensive and prescriptive when compared to other states, raises the overall cost of materials and labor. Costs associated with fees, permitting, codes and regulations account for an additional 6 to 18 percent in construction costs, bringing the average cost of constructing a housing unit in California to now well over \$400,000.
- **State Legislation Now Focused on Housing.** Housing has become a top issue of concern at the State level over the last 3-4 years because of household growth, particularly in certain areas of the State, that has exceeded growth in housing supply. In 2017, the California Legislature passed and the Governor signed fifteen bills as part of a housing package intended to address California's housing

challenges. These bills cover a range of items, including housing element requirements, local government accountability in implementing affordable housing programs, increased requirements for annual progress reports, and local government requirements to "streamline" housing development approvals. The housing package also raises more money for affordable housing to be provided to local governments throughout the state.

Housing Conditions and Trends in Watsonville

According to the Santa Cruz County Housing Authority, there are 1,785 homes that are offered at "below market rents" in the Watsonville area. These include public housing managed by the Housing Authority, housing managed by non-profit organizations, and housing managed by other entities (this includes "project based" Section 8 housing).

This number does not include housing used by people under the Housing Choice Voucher program (also known as Section 8). It is estimated there are currently about 1,600 households assisted using Housing Choice Vouchers in Watsonville (although there is some overlap with the numbers identified above). In general, there is a high demand for housing choice vouchers in the Watsonville community and all of Santa Cruz County.

The City of Watsonville still faces a number of challenges in addressing local housing needs. These include diminishing affordability in northern Santa Cruz County jurisdictions that increases the demand for lower-cost housing in Watsonville. This market demand increases housing prices, resulting in overpayment and overcrowding for Watsonville residents.

City of Watsonville's Current Housing Programs

Since 1992, the City has operated its own **Affordable Housing Program**. This program requires developers of market rate developments to provide rental and for-sale housing at affordable levels. In some situations, fees may be paid in-lieu of providing the affordable homes. Also, the City had operated a **redevelopment agency** that has been replaced by the **housing successor agency**, and some housing funds are still available from the housing successor agency. Other housing programs operated or managed by the City include:

- Direct Homeownership Assistance
- Rental Housing
- Rental Housing Rehabilitation Program
- Single Family Owner-Occupied Housing Rehabilitation Assistance Program
- Code Enforcement

Current Staffing, Funding Resources and Collaboration with Potential Partners

By their nature, housing programs are complex. They involve a variety of time-sensitive requirements that vary from one program to the next that place a high level of work and responsibility with City staff. Housing programs can succeed or fail when program requirements do not work well with market conditions or when there is limited funding for affordable housing, both of which are mainly outside the City's control.

To create the greatest chance for success requires City staff to spend a significant amount of time in coordinating and implementing the various aspects of each program. The City can further influence success depending on available building sites and collaborating with partners to ensure a particular program will work.

The Housing Division in the Community Development Department includes two Analysts and the Housing Manager (recently filled). The Housing Manager reports to the Community Development Director. Key takeaways related to staffing include:

- Provide time for the new Housing Manager to assess adequacy of housing staffing, including potential management software, etc.
- Consider staffing needs in the context of existing and new programs as resources and funding allows.

Recommended Action Plan

The programs presented below are intended for discussion by the Watsonville City Council and for City staff to identify specific priorities, time frames, staffing and funding considerations in order to develop a detailed work plan or plans. The action items below do not include the continuing implementation of current housing programs but have been selected from the new items or modifications to programs presented in the Housing White Paper. The actions are grouped as follows:

- **Immediate Actions.** Activities that have already begun, are time sensitive, or address immediate needs and opportunities. In addition, immediate actions.
- **Near-Term Actions.** Those that may require more time for the Housing Manager, staff, and City Council to study and discuss.
- **Intermediate-Term Actions.** Actions that are time-sensitive, may require more time, are based on progress review, or are part of the sequence of related activities, etc.
- **Longer-Term Actions.** At this time, the Action Plan has identified continuing completion of Housing Element Annual Progress Reports and updating the Housing Element by 2023 as the only longer-term actions.

Recommended Action Plan for City Council Discussion and Direction

Immediate Actions		Page
1	Housing Manager. Hire new Housing Manager and review Housing Division near-term staffing and administrative needs, including software, etc.	33-35
2	CDBG Annual Report, Action Plan and Housing Element Annual Progress Report (APR). Complete Housing Element Annual Progress Report (APR) — required each year	31-33
3	SB 2 Grants. Apply for first year SB 2 planning grants.	18-19
4	Farmworker Needs. Coordinate with partners in addressing farmworker needs.	44
Near-Term Actions		Page
5	Other Grants and Funding. Identify other grants and funding opportunities available from the State and Federal Government, including SB 2 ongoing funding opportunities.	36
6	Affordable Housing Program. Update to comply with state law and reflect findings from the recent Affordable Housing Program study.	36-38
7	RLEI. Implement the Responsible Landlord Engagement Initiative (RLEI).	38
8	Affordable Housing Programs Lender Training Materials. Prepare materials.	32
9	State Law. Implement new State law requirements, including the Housing Accountability Act, SB 35 Ministerial Approval Process and objective development standards, etc.	19-22
10	Tenant Displacement. Investigate possible strategies and take action as appropriate.	38-44
11	Other Programs. Identify any other new programs requiring City Council approval.	n/a
Intermediate-Term Actions		Page
12	Housing Sites Inventory. Update the Housing Element's list of available sites for consistency with new state law requirements. Take action as needed.	21-22
13	State Law. Implement any additional new State law requirements.	n/a
14	Housing Ideas. Consider other incentives for housing, including additional development incentives (density bonus, parking), providing smaller homes (second units, single room occupancy units managed by non-profits, factory built housing opportunities, etc.).	45-47
15	Housing Division. Consider longer-term Housing Division staffing, management and administrative needs to be responsive to funding opportunities.	28-35
Longer-Term Actions		Page
16	Housing Element Update. Update the City's Housing Element by 2023	21

What is the Framework for Evaluating City Housing Programs?

Context — What Are the Community's Housing Needs and Plans?

The City of Watsonville faces a number of challenges in addressing local housing needs. These include the implications of diminishing affordability in neighboring north Santa Cruz County jurisdictions that continues to increase the demand for housing in Watsonville — resulting in increased housing prices, overpayment and overcrowding for Watsonville residents. The City also faces a need to continue to upgrade housing and reinvest in its neighborhoods.

The City's Housing Element, which is one part of the City's General Plan, was adopted in 2016 and covers the 2015-2023 planning period. The Housing Element contains a detailed analysis of housing and community development needs in the community and lays out housing policies and implementing programs to address those needs. In addition, the City's five-year Consolidated Plan and one-year Action Plan, required by the U.S. Department of Housing and Urban Development (HUD), also identify housing needs in Watsonville.

While the City of Watsonville experienced a drop in home prices, an increase in foreclosures, and a major decline in new construction during the recent housing recession period from 2008-2011, over the last seven years the market has rebounded. The positive consequence is that there is an increase in housing developments that are subject to the City's Affordable Housing Ordinance. The negative side is that prices and rents are increasing. Further, in a strong market, it is more difficult for non-profit developers to acquire sites at financially feasible prices.

Specific housing challenges from a policy and program standpoint include:

- **Housing Choice.** Providing for a range of housing types, tenure and prices.



Summary of Watsonville's Staffing Approach to Addressing Housing Needs

Assisting very low, low and moderate-income households is the focus of Watsonville's housing efforts that are spearheaded, at the staff level, through the City's Community Development Department on planning-related matters and the Housing Division that is charged with implementing specific housing programs.

- **Housing Sites.** Locating adequate sites for additional housing, including sites needed to address Watsonville's regional housing needs allocation (RHNA) in the City's Housing Element of the General Plan.
- **Housing and Neighborhood Conditions.** Continuing to address the need to improve and rehabilitate housing and neighborhoods.
- **Special Needs Housing.** Providing for those with special housing needs, such as people living with disabilities, seniors, etc.
- **Security for Renters.** Addressing renter/tenant housing stability and certainty.
- **Farmworker Housing.** Addressing the community's share of the regional need for housing for farmworkers.

The table below shows the changes in population and housing over the last eight years.

Population and Housing Estimates for the City of Watsonville (2010 and 2018)

City Estimates from the California Department of Finance (DOF)	2010		2018		Numerical Change (2010-2018)
	Numbr	Percent	Number	Percent	
Population					
Total Population	51,199	100.0%	53,434	100.0%	+2,235
Household Population	50,671	99.0%	52,906	99.0%	+2,235
Group Quarters Population	528	1.0%	528	1.0%	+0
Housing					
Total Housing	14,089	100.0%	14,163	100.0%	+74
Single Family Detached	7,359	52.2%	7,395	52.2%	+36
Single Family Attached	1,292	9.2%	1,299	9.2%	+7
2 to 4 Units	1,653	11.7%	1,659	11.7%	+6
5 or More in Structure	2,655	18.8%	2,680	18.9%	+25
Mobile Homes	1,130	8.0%	1,130	8.0%	+0
Occupied Housing	13,528	96.0%	13,876	98.0%	+348
Vacant Housing and Vacancy Rate	561	0.4%	287	0.2%	-0.2%
Persons Per Household	3.75	n/a	3.81	n/a	+0.06

Source: California Department of Finance — E-5, City/County Population and Housing Estimates (4/1/2010 and 1/1/2018)

The Watsonville City Council, in its 2018-2020 Strategic Plan, has identified the following housing focus areas to continue expanding quality housing opportunities, preserving existing affordable housing for Watsonville residents and reviewing housing and land use policies that maximize development potential:

- **Community Education and Outreach** — Explore new and creative opportunities to increase community outreach and awareness of homebuyer programs.
- **Affordable/Low-Income Housing and Rental Housing** — Encourage the development of quality, sustainable, inclusive and affordable homes for all our residents and work on the preservation, rehabilitation and expansion of rental housing.
- **Workforce Housing** — Engage community partners, local employers and developers to increase workforce housing development, diversify the housing stock while mitigating displacement of existing renters and homeowners.
- **Home Ownership Assistance** — Continue to seek and expand funding programs for first time homebuyers and increasing home ownership opportunities for all.

What Is Watsonville's Regional Housing Needs Allocation (RHNA)?

The City of Watsonville routinely reports on the accomplishments of its housing programs. These reports include (1) The Annual Progress Reports on the number of new units permitted that must be reviewed by the City Council and submitted to the California Department of Housing and Community Development (HCD) by April 1st of each year, and (2) annual reporting required by HUD (CAPER) that provides information on accomplishments from federal funding programs, including Community Development Block Grant (CDBG) and HOME programs.

The City's Regional Housing Needs Allocation (RHNA) provides new construction targets for the City to meet.

These targets do not address existing

deficiencies, but instead focus on Watsonville's share of future growth in Santa Cruz County. The table below shows the City's 2015-2023 planning period. Progress toward meeting the City's RHNA through the 2017 reporting year are also shown below. As this table indicates, despite achieving about 78% of the City's Above Moderate Income RHNA, there is still a need for an additional 488 new homes, with the majority in the lower and moderate household income categories.

Information reported annually to HCD focuses primarily on new homes permitted. SB 35 and AB 879 amended Government Code Section 65400 to include additional



New Requirements for Housing Element Annual Progress Reports (APR)

The additional time required to implement the new APR requirements is significant. In addition, APR submittals are required to access funding opportunities through HCD (SB2 planning grants), as well as CALTRANS (SB1 planning grants), etc.

requirements for the Annual Progress Reports (APR). HCD is in the process of developing **new forms** for the APRs that will be due April 1, 2019.

City of Watsonville Regional Housing Needs Allocation (RHNA) for NEW HOUSING for the 2015-2023 Planning Period

Category	Units Built/Approved (in the Pipeline)					Total
	Very Low Income*	Low Income	Lower Income SUBTOTAL**	Moderate Income	Above Moderate Income	
2015-2023 RHNA	233	129	362	143	150	655
Percent	36%	20%	55%	22%	23%	100%
Progress Towards Meeting the City's RHNA (through 2017)	21	5	26	11	130	167
Percent	13%	3%	16%	7%	78%	100%
Remaining RHNA Need for NEW HOUSING	212	124	336	132	20	488
Percent	91%	96%	93%	92%	13%	75%
Units in the Pipeline as of October 2018						
Pippin Orchards Apartments	—	—	—	—	—	—
Miles Lane	—	—	—	—	—	—
Others (since January 2018)	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Remaining Adjusted 2015-2023 RHNA	—	—	—	—	—	—

*Very Low Income includes both extremely low income and very low income affordable housing

**The "Lower Income SUBTOTAL" adds together the very low and low income units required under RHNA

***Units in the Pipeline" include units under construction or approved (permits issued or entitlements completed) with estimated affordability

The current APR focuses reporting on building permits issued. The new forms, being prepared pursuant to new State law requirements, must include much more detailed information on residential development applications, including, for example, the number received; entitlements approved by assessor's parcel number (APN) for rental and owner housing; income levels; building permits issued; Certificates of Occupancy issued; Zoning changes to complete a housing element program or no-net-loss requirement; tracking for other requirements (such as for SB35 — streamlined ministerial approval process), etc.

Who Are Potential Partners?

Both the delivery and management of affordable housing in Watsonville underscores the important of partnerships among governmental entities, non-profits and other housing stakeholders. The City of Watsonville works with several non-profits that develop and manage affordable housing. These include Mid-Peninsula Housing, Encompass, Eden Housing, CHISPA, and Habitat for Humanity. The Santa Cruz County Housing Authority also collaborates with staff and provides funding for affordable housing and tenant-based vouchers directly to households.

The diagram below is illustrative of the City's partnerships needed to support various agencies and organizations in the delivery of affordable housing to Watsonville residents.



In addition, there is now a Housing Advocacy Network that is a collection of organizations in Santa Cruz County dedicated to addressing the affordable housing crisis. The Santa Cruz County Housing Advocacy Network was formed in 2016 and represents dozens of community organizations including labor, business, tenants,

housing builders and the health and human services sector.¹ Another organization that advocates for affordable housing is the Santa Cruz County Business Council.

What is the City's Portfolio of "Affordable" Renter-and Owner-Occupied Homes?

According to the Santa Cruz County Housing Authority, there are 1,785 homes that are offered at "below market value" — also called "affordable" housing — in the Watsonville area. These include public housing managed by the Housing Authority, non-profit housing, Project-Based Section 8 housing and housing managed by other entities.² These homes also provide housing for special needs groups (seniors, persons with physical or mental disabilities), farmworkers, and homeless persons. The 1,785 "affordable" homes are managed by the following organizations:

- **Santa Cruz County Housing Authority** — 378 homes
- **Mid-Pen Housing** — 439 homes
- **Encompass Community Services** — 27 homes
- **Eden Housing** — 196 homes
- **Community Housing Improvement Systems and Planning Association, Inc. (CHISPA)** — 42 homes
- **Other Entities** — 703 homes

This number does not include housing used by people under the Housing Choice Voucher program (also known as Section 8). It is estimated there are currently about 1,600 households assisted using Housing Choice Vouchers in Watsonville (although there is some overlap with the housing managed by the entities identified above) and there is a high demand for housing choice vouchers in the community and Santa Cruz County as a whole.

Watsonville's Affordable Housing Programs and Recent Accomplishments

Since the housing market has improved over the past five years, there are a number of for-sale developments that will be provided under the City's Affordable Housing Program (called inclusionary housing — or housing offered at "below market value")

¹ <http://scchousingadvocacynetwork.com/>

² <https://www.hacosantacruz.org/wp-content/uploads/2018/03/List-Rental-Units-Low-Income-and-Restrictions.pdf>

that is provided as a percentage of the homes in a market rate development). These developments include:

- **Blackbird Townhomes** — Although this is a for-sale development, seven units (out of 48 units) will be rented out initially under the Affordable Housing Program.
- **Sunshine Vista** — Of the 150 units, 30 or 20% will be affordable. The development was approved on August 28, 2018.
- **1482 Freedom Boulevard** — Of the planned 24 units, four will be affordable. The development is currently at the building permit stage.
- **221 Airport Boulevard**- 49 townhome units, 15% will be affordable.
- **Sunshine Gardens**- 87 single family ownership units, 20% will be affordable. This project is currently under construction.

Target incomes, rents, and sales prices for 2018 under the City's Affordable Housing Ordinance are available on the City's website at <https://www.cityofwatsonville.org/172/Affordable-Housing>. Program limits change on an annual basis and may differ depending on development and the source of funding. Appendix A shows current income limits in Watsonville under various programs for 2018.

Watsonville's [Affordable Housing Ordinance](#) requires most new housing developments to include units that are affordable to very low to above moderate-income households. These units may also be referred to as inclusionary or deed restricted units. The units are restricted to specific income categories based on the requirements of the Ordinance. Prospective buyers may purchase the units that are affordable to them based on their annual household income as adjusted by household size.

All prospective buyers must be approved by the City and agree to abide by various requirements designed to ensure that the home remains affordable. These requirements include, but may not be



Progress Towards Meeting Needs

- The City has produced and will continue to produce affordable housing through the Affordable Housing Ordinance, partnerships and implementation of rental assistance programs.
- The City's inclusionary housing program has been an effective program producing new housing but should be reviewed and updated.
- Direct assistance to homebuyers has been an effective program but should be reviewed and modified to become more effective.

See discussion later in this document.

limited to the following: (1) the home must be owned and occupied as the buyer's principal place of residence; (2) the home cannot be sold for more than the maximum resale limit; and, (3) the home must be sold to an income eligible buyer.

The City is not involved in the sale of individual homes that are subject to the affordable housing program except to approve the prospective buyer(s) once the sales contract has been executed and prior to close of escrow. New and planned affordable rental developments include:

- **Pippin Orchards Apartments** will open in fall 2018. There are a total of 46 affordable homes, consisting of 3 one-bedroom homes, 29 two-bedroom homes, and 14 three-bedroom homes.
- **Miles Lane** is a planned development that will provide between 40 and 60 affordable homes. Mid-Pen Housing will be the developer, and Encompass Community Services will be a partner that will provide supportive services to residents. To date, funds have not been identified or authorized. Mid-Pen is expected to submit a pre-application for the development to the City soon. One possible source of City funds being considered would be the repayment of the loan provided to Mid-Pen Housing that was used to rehabilitate Sunny Meadows so that Mid-Pen can then use these funds for Miles Lane.

What is There Left to Do?

Trends throughout California show housing prices and rents are rising at a faster rate than household incomes. The same can be said for Santa Cruz County and Watsonville.

According to the U.S. Census estimates (2017), about half of the households currently living in Watsonville earn below \$60,000 per year, with one-third of all households earning less than \$40,000 per year. Since affordable housing is generally defined as not costing more than 30% of income for rent, a household earning \$40,000 per year should not pay more than \$1,000 per month for rent and a household earning \$60,000 per year should not pay more than \$1,500 per month for rent. (Households in these income ranges would be considered lower income.)

According to Zillow, as of September 2018, the median home value in Watsonville was \$583,000 (a 6.5% increase from the year before), compared to \$839,300 for Santa Cruz County as a whole (a 5.7% increase from the year before). Zillow forecasts home values to increase by 7% in Santa Cruz County as a whole over the next year. Also, according to Zillow, the median rent for homes in multi-family developments (consisting of five or

more units) in Watsonville has increased from \$2,250 per month in January 2017 to \$2,700 per month as of September 2018.

The table earlier in this document on the City's progress towards meeting its 2015-2023 RHNA shows the shortfall in meeting targets for housing affordable to lower income and moderate-income households to date. Assuming that units that received permits are constructed, the City will have met almost 80% of its above moderate-income housing goals. However, there is a significant shortfall in housing affordable at moderate income and below. This performance is consistent with accomplishments typically reported by other cities in California. In other words, when the housing market is strong, market rate housing is constructed, and affordable units continue to require intervention by the public and non-profit sectors.

The primary way that permanently affordable rental units are added to the housing supply in Watsonville is through new construction by non-profit developer-partners. Those partners who are currently active in Watsonville include Mid-Pen Housing and Eden Housing. (South County Housing merged with Eden Housing merged in 2016). These non-profits build and manage affordable rental properties, leveraging funds from a variety of sources, including funding from the state and federal government, as well as private lenders. In addition, these developments can also be provided with Project-Based Vouchers that can improve their ability to obtain funds from private lenders.

In addition, the City's Affordable Housing Program is designed to increase the supply of affordable for-sale and rental homes. It relies on private developers who are building market rate units to sell or rent a specified percentage of these units at affordable sales prices and rents determined by the Affordable Housing Ordinance. The housing market influences the number of inclusionary units that are built in any time period. When construction declines, as during the last recession (2008-2014), there were only a limited number of inclusionary units added to the housing stock. One of these developments, Blanca Lane, was entitled in 2006, and built in 2012 and is now occupied. It consists of 13 townhome units that were kept as rentals rather than sold. Two of the units are rent restricted.

What Regulatory and Funding Changes Are Occurring?

In 2017, and then again in 2018, the Legislature passed a wide-ranging set of new housing laws (called the Housing Package) that will have significant impacts on how development applications are processed by local governments, and they establish funding incentives to spur the production of housing in California.

The Housing Package resulted in changes to the rules regarding Accessory Dwelling Units (ADUs) and added 15 new laws aimed at addressing; (1) creation/funding/preservation of affordable housing; (2) streamlining/regulations; and, (3) accountability/enforcement. A major change contained in SB 35 and the Housing Accountability Act (HAA) is the requirement that objective standards³ be used when processing development applications.

Below is a snapshot of the 2017 and 2018 housing laws.

Legislation to Create and Preserve Affordable Housing

- **SB 2 (Atkins) Building Jobs and Homes Act** — Imposes a fee on recording of real estate documents, excluding sales, for the purposes of funding affordable housing. Provides that first year proceeds will be split evenly between local planning grants and HCD's programs that address homelessness. Thereafter, 70 percent of the proceeds will be allocated to local governments in either an over-the-counter or competitive process. Fifteen percent will be allocated to HCD, ten percent to assist the development of farmworker housing and five percent to administer a program to incentivize the permitting of



SB2 Allocation Requirements for Watsonville

This legislation sets-aside 50 percent of the revenue expected in the first year to make grants available to local governments to update a variety of planning documents and processes to streamline housing approvals and accelerate housing production. **To receive an allocation, Watsonville must meet the following threshold criteria:**

- Submit a plan to HCD detailing how the proposed use of funds will address the unmet share of the Regional Housing Needs Allocation.
- Have a compliant housing element with HCD.
- Have a current Housing Element Annual Progress Report per Government Code Section 65400.
- Submit an annual report to HCD that provides ongoing tracking of the uses and expenditures of any allocated funds.
- Prioritize use of funds so as to increase the supply of housing for households at or below 60% of the area median income (AMI).

³ Based on SB 35 Streamlined Ministerial Approval Process, "objective" standards are "Standards that involve **no personal or subjective judgment by a public official and are uniformly verifiable** by reference to an external and uniform benchmark or criterion **available and knowable** by both the development applicant and the public official prior to submittal."

affordable housing. Fifteen percent will be allocated to CalHFA to assist mixed-income multifamily developments.

- **SB 3 (Beall) Veterans and Affordable Housing Bond Act** — Placed a \$4 billion general obligation bond on the November 2018 general election ballot. This bond measure passed. It allocates \$3 billion in bond proceeds among programs that assist affordable multifamily developments, housing for farmworkers, transit-oriented development, infrastructure for infill development, and homeownership. It also funds matching grants for Local Housing Trust Funds and homeownership programs. Finally, it provides \$1 billion in bond proceeds to CalVet for home, farm purchase and mobile home purchase assistance for veterans.
- **AB 1505 (Bloom) Inclusionary Ordinances** — Authorizes the legislative body of a city or county to require a certain amount of low-income housing on-site or off-site as a condition of the development of rental units.
- **AB 1521 (Bloom) Preserve the Existing Affordable Housing Stock** — Requires the seller of a subsidized housing development to accept a bonafide offer to purchase from a qualified purchaser, if specified requirements are met. Gives HCD additional tracking and enforcement responsibilities to ensure compliance.
- **AB 571 (E. Garcia) Low-Income Housing Credits for Farmworkers** — Makes modifications to the state's farmworker housing tax credit to increase use. Authorizes HCD to advance funds to operators of migrant housing centers and extends the period of time that migrant housing centers may be occupied up to 275 days.

Streamline Housing Development Review

- **SB 35 (Wiener) Streamline Approval Process** — This is an opt-in program for developers.



SB 35 Requirements for Watsonville

The City of Watsonville is required to offer streamlining for developments in which 50% or more of the units are affordable because the City has not met its pro-rated share of its RHNA requirements for very low and low-income housing. Some of the basics of SB 35 are that it requires faster ministerial review using objective standards for developments consisting of two or more homes, reduced parking standards, and application of City General Plan standards if zoning is inconsistent with the General Plan.

Creates a streamlined approval process for developments in localities that have not yet met their housing targets, provided that the development is on an infill site and complies with existing residential and mixed-use zoning. Participating developments must provide at least 10 percent of units for lower-income families. All projects over 10 units must use prevailing wage and larger projects must provide skilled and trained labor.

- **AB 73 (Chiu) Streamline and Incentivize Housing Production** — This is an opt-in program for jurisdictions and developers. Provides state financial incentives to cities and counties that create a zoning overlay district with streamlined zoning. Development projects must use prevailing wage and include a minimum amount of affordable housing.

AB 73 authorizes the state to provide planning funds to a city or county to adopt a specific housing development plan that minimizes project level environmental review. It requires at least 50 percent of total housing units within that plan to be affordable to persons or families at or below moderate income, with at least 10 percent of total units affordable for lower income households. Further, eligible developments must use prevailing wage.

Local Accountability and Enforcement of Local Government Requirements

- **AB 678 (Bocanegra)/SB 167 (Skinner) Strengthen the Housing Accountability Act** — Strengthens the Housing Accountability Act by increasing the documentation necessary and the standard of proof required for a local agency to legally defend its denial of low and moderate-



AB 678/SB 167 — Housing Accountability Act Implications for Watsonville

AB 678/SB 167 require: (1) much faster review times, (2) that objective standards must be used when reviewing residential development applications, and (3) the standards must be very clear ("reasonable person standard"). Further, any "specific adverse effect" must be significant, quantifiable, direct, and cannot be mitigated. The HAA applies to all "housing development projects" and emergency shelters, including residential developments with two or more units, transitional and supportive housing, and mixed use developments with at least two-thirds of the square footage designated for residential use. It is unclear in the legislation whether this is gross or net square footage, however.

income housing development projects, and requires courts to impose a fine of \$10,000 or more per unit on local agencies that fail to legally defend their rejection of an affordable housing development project.

- **AB 1515 (Daly) Reasonable Person Standard** — This law states that a housing development conforms with local land use requirements if there is substantial evidence that would allow a reasonable person to reach that conclusion.
- **AB 72 (Santiago) Enforce Housing Element Law** — Authorizes HCD to find a jurisdiction out of compliance with state housing law at any time (instead of the current eight-year time period), and refer any violations of state housing law to the Attorney General if it determines the action is inconsistent with the locality's adopted housing element.
- **AB 1397 (Low) Adequate Housing Element Sites** — Requires cities to zone more appropriately for their share of regional housing needs and in certain circumstances require by-right development on identified sites. (Note: Current housing law defines by-right as local government review of a project that may not require a conditional use permit or other discretionary action that would constitute a "project" under the California Environmental Quality



Significant Changes to the Adequate Housing Sites Analysis to Address Watsonville's RHNA in NEXT Housing Element

In general, the counting of future housing element sites as a result of AB 879 and AB 1397 (Government Code §§ 65583 and 65583.2) will become much more restrictive than what was required in Watsonville's current housing element. These include:

➤ **Presumed Unlikely to Develop.**

Small sites (under 0.5 acres), larger sites (10 acres or more) and non-vacant sites in certain circumstance are presumed unlikely to develop without significant evidence, such as statements by developers or submitted plans

➤ **Sites Used in Previous Housing Elements.**

There are new requirements for sites that have been used in two consecutive housing elements — and they must be rezoned to default density and development allowed by right if it is at least 20% affordable.

As a result of these new requirements, it is recommended that the City review its available housing sites inventory soon to identify any rezoning or other policy or regulatory changes needed.

Act.) Requires stronger justification when non-vacant sites are used to meet housing needs, particularly for lower income housing.

- **SB 166 (Skinner) No Net Loss —** Requires a city or county to identify additional low-income housing sites in their housing element when market-rate housing is developed on a site currently identified for low-income housing.
- **AB 879 (Grayson) and Related Reporting Bills —** Makes various updates to housing element and annual report requirements to provide data on local implementation including number of project applications and approvals, processing times, and approval processes. Charter cities would no longer be exempt from housing reporting. Requires HCD to deliver a report to the Legislature on how local fees impact the cost of housing development.



New “No Net Loss” Requirements

Under existing law, Watsonville must identify adequate development sites to meet the City's RHNA requirements for the housing element's planning period (January 1, 2014 through December 31, 2023). SB 166 — No Net Loss — strengthens the law to mandate that the City must maintain a current supply of sites for residents at all income levels for the entire period. The City would be prohibited from reducing density on a site used to achieve housing element compliance unless it makes findings that:

- (1) Other identified sites are adequate to meet the jurisdiction's RHNA and,
- (2) The reduction is consistent with the general plan.

In addition, the agency must make specific findings if:

- (3) It allows development on a site with fewer units by income category than identified in the housing element for that parcel, and,
- (4) It must identify additional adequate sites for affordable housing within a specified time.



Accessory Dwelling Unit (ADU) Changes for Watsonville

AB494/SB229 continue to ease ADU restrictions by requiring reduced parking requirements, enabling ADUs to be built in more zones, and lowering of fees.

What Housing Programs Does the City Currently Administer?

What Are the City's Current City Housing Programs?

The housing and community development programs that Watsonville operates address many of the needs of low-and moderate-income households that rent and own homes. Limited funding from the state and federal programs that fund the City's programs has meant that not all needs are met.

The following discussion provides basic information on the housing programs that the City of Watsonville currently operates.



Current Housing Programs

- Affordable Housing Program (inclusionary requirements)
- Direct homeownership assistance
- Rental housing
- Rental housing rehabilitation
- Single family owner-occupied rehabilitation assistance
- Code enforcement

Affordable Housing Program and Redevelopment Successor Agency

Since 1992, the City has operated its own **Affordable Housing Program**. This program requires developers of market rate developments to provide rental and for-sale housing at affordable levels, and in some situations, fees may be paid in-lieu of providing the affordable homes. Also, the City had operated a **redevelopment agency** that has been replaced by the **housing successor agency**, and some housing funds are still available from the housing successor agency.

There are many sources of information describing the City of Watsonville's Housing Programs. These include the City's website and planning documents, such as the 2015-2023 Housing Element, the 2015-2020 Consolidated Plan, annual Action Plans and CAPERs. In addition, the Santa Cruz County Housing Authority's website provides information regarding Watsonville's inventory of affordable homes and the Housing Choice Voucher Program (Section 8).

Direct Homeownership Assistance

Lower-and moderate-income households face barriers when purchasing homes. These include lack of savings needed for down payments and closing costs, and limited incomes for monthly mortgage payments. The City of Watsonville operates two

programs to help residents purchase homes. These include a down payment assistance Program (DAP) for lower- and moderate-income buyers, and a First Time Homebuyer Program (FTHB) which provides mortgage assistance. These programs provide assistance directly to homebuyers to purchase a home. These programs can often be used to further assist buyers of housing that is offered below market rate through the City's Affordable Housing Program. Homebuyers may also use these programs to purchase a home on the open market.

The DAP Program, formerly funded by the City's Redevelopment Agency, is now funded by the Affordable Housing Fund. The revenues deposited into this fund are provided by in-lieu fees (as allowed under the Affordable Housing Program in-lieu of producing units) as well as by commercial linkage fee revenues.

Funding for the FTHB program is typically provided through the HOME and CalHOME programs. These funds are awarded by the state through a competitive application. FTHB loans are deferred for 30 years at 3% simple interest. The DAP loans for moderate-income buyers and above are amortized over 30 years at 3% interest.

Although these direct assistance programs are important, they only assist the homebuyer to purchase an existing home (resale), or a new home that has already been constructed. These programs do not increase the supply of affordable units, nor increase the overall supply of housing in the City.

As of late, there has not been much interest in these two programs. For moderate-income buyers, one disincentive could be that borrowers are required to pay back the down payment loans. However, the City has noticed that there is also lack of interest from low-income households even though low-income buyers do not need to repay the loans. Staff has indicated interest in reviewing issues related to these programs to improve them so that more households take advantage of the ongoing assistance that the City can provide from these funding programs.

Rental Housing

The County Housing Authority provides Housing Choice Vouchers to Watsonville renters. There is good utilization of this program and, in some cases, the program is used for rental inclusionary units to enhance cash flow to property owners.

If the City wanted to encourage more landlords to rent to households with these vouchers, the City could operate a Landlord Incentive Program that would use HOME funds to repay landlords for any damage done by tenants. So far, the Landlord

Incentive Program has not been implemented, and there is concern that a Landlord Incentive Program is an administratively expensive program to operate.

Rental Housing Rehabilitation Program

There is one development in the City that is currently receiving assistance from the Rental Housing Rehabilitation Program. This program is funded by the CDBG Program. At this time, the City does not have additional funds for another property. Staff believe that this program requires a lot work to administer, and there is only a limited number of properties for which there is funding. Additionally, this program is not always popular with property owners who are reluctant to accept the long-term rent restrictions.

Single Family Owner-Occupied Housing Rehabilitation Assistance Program

This program has been funded through the CDBG, HOME, and CalHOME Programs. The City has established detailed guidelines for this program that are posted on the City's website at —

<https://www.cityofwatsonville.org/DocumentCenter/View/224/Rehabilitation-Program-Guidelines-2015-PDF?bidId=>

Code Enforcement

Funds for code enforcement total \$100,000 (reduced from \$150,000 in the past). Funds are intended for residential units that are deteriorated or are in the process of deteriorating and which are located in low to moderate-income areas.

What Are Funding Sources for Current City Housing Programs?

Resources to pay for programs are needed by both the City of Watsonville and its non-profit partners. The City has experience in administering programs that depend on federal, state, and local funds. Some of these funding sources have been available for over 30 years. In addition, the City has developed its own funding sources (fees paid in-lieu of units required under the Affordable Housing Program as well as commercial linkage fee revenues). Another source of funding would be the Watsonville General Fund, if sufficient balances are available. A list of these funding programs is presented below.

Background

State and local policies now reflect a heightened realization and concern over the need for more affordable housing and therefore has passed measures both by the legislature and through the ballot process to increase these funds. This is very important for several reasons.

Poverty (and hence the need for affordable housing) is rising in California. According to a recent publication from the Public Policy Institute of California, the poverty rate in the Central Coast area (which includes Santa Cruz County) area is 19%. This is lower than rates in Los Angeles, San Diego, and Orange Counties, but higher than poverty rates in the Bay Area which are currently at 16%.⁴ So far, funding has not been reduced significantly for programs such as CDBG. On the other hand, the federal government under the current administration has not increased funding for basic programs, with the exception of the Housing Choice Voucher Program for which Renewal Funding Inflation Factors are used in the allocation of Housing Choice Voucher funds among Housing Authorities, such as the Housing Authority of the County of Santa Cruz.

Secondly, homelessness has increased in the State. The capital funds raised by General Obligation Bond measures, cannot be used for services to prevent eviction, or help homeless people with costs they will incur if they try to rent an apartment, such as first and last month's rent and security deposits. This is why flexibility in revenue sources is important for Watsonville.

Also, the 2018 Tax Law change has reduced taxes for corporations which in turn reduces the value of the tax credits provided under the Low-Income Housing Tax Credit (LIHTC) program. The last time that the tax credit program was not useful for affordable housing development was at the height of the 2008 financial crisis. Since the taxable revenues of corporate entities, including lenders, had declined at that time, their tax bills were lower, and so they were not interested in paying as much for the tax credits. LIHTC gives investors a dollar-for-dollar reduction in their federal tax liability in exchange for providing financing to develop affordable rental housing. For a tax credit to be of value to an affordable housing developer, the price must be above one dollar for each dollar of a tax credit. Since February 2017, the value of a LIHTC has been below one dollar.⁵

The 2018 Tax Bill has already resulted in reduced funding from both the federal and state tax credit programs. Since revenues from the LIHTC Program are the most important funding source for new affordable housing in California, this is a serious issue. Housing advocates have lobbied for "fixes" to the program and have proposed HR 1661.⁶ This bill, which has not yet been passed by the House, includes many "fixes"

⁴ http://www.ppic.org/blog/poverty-in-california-is-high-by-any-measure/?utm_source=ppic&utm_medium=email&utm_campaign=blog_subscriber

⁵ <https://www.novoco.com/atom/169786>

⁶ <https://www.congress.gov/bill/115th-congress/house-bill/1661>

including increasing the credit for certain developments designated to serve extremely low-income households. Also, there are several “fixes” proposed for the California tax credits. None of these have been adopted.

Finally, local and state governments had special housing bond measures approved by the voters in November to fund capital improvements as well as other tax measures (such as a transfer tax or a recording fee) that can be used to fund both capital improvements as well as funds to operate programs.

Current Funding Sources

- **Federal and State Funds Provided Directly to Watsonville** — CDBG (entitlement and Section 108 loans), HOME, CalHOME, and other programs offered by HCD and CalHFA. These funds are used for a variety of programs including home financing, affordable housing development, housing rehabilitation, public facilities, and economic development.
- **Federal and State Funds Provided to Non-Profit Organizations and Directly to Households** — Santa Cruz County Housing Authority (Tenant and Project-Based Vouchers), Federal and State Low-Income Housing Tax Credits, State Tax-Exempt Bond Revenues, HUD Programs (Section 202 construction of senior housing and Section 811 construction of housing for the disabled), Veteran’s Assistance, HOPWA (housing assistance for persons with HIV/AIDS), and USDA Farm Labor Housing Direct Loans and Grants.
- **Funds Raised through City of Watsonville Ordinances** — These funds include In-Lieu Fees and Commercial Linkage Fees. The City Council adopted an increase in the Affordable Housing In-Lieu Fee and Commercial Linkage Fee in 2018. The amount of funds deposited into the Affordable Housing Fund is heavily dependent on a strong economy and local development activity. These funds can be used to help a wider range of income groups than federal and state programs generally finance. According to the City’s Affordable Housing Ordinance, moderate and above moderate-income households can receive program benefits. These funds can be used to increase the supply of affordable housing, improve the housing supply, and reduce the cost of housing.
- **Watsonville’s Successor Housing Agency** — Existing state law requires the housing successor agency to maintain any funds transferred to it, together with any funds generated from housing assets in a separate Low and Moderate-Income Housing Asset Fund to be used to meet its enforceable obligations, and for specified administrative and monitoring costs related to ensuring the long-term

affordability of units subject to affordability restrictions. The housing successor agency may then use funds for homelessness prevention and rapid re-housing services, and for the development of affordable housing.

What Are the Staffing Demands to Administer Current Housing Programs?

The Housing Division in the Community Development Department includes two analysts and Housing Manager (now vacant). The Housing Manager reports to the Community Development Director.

Community Development Director

The Community Development Director has responsibility for four departmental divisions. These are Planning, Building, Engineering and Housing. The Community Development Director provides support, oversight and direction to the Housing Division as a whole in addition to supervising the Housing Manager.

Overview of the Housing Division

By their nature, housing programs are complex. They involve a variety of time-sensitive requirements that vary from one program to the next, and can succeed or fail when program requirements do not match with market conditions, which is outside of the City's control. Other factors outside the City's control include funding sources, the households who participate in the programs, and the many partners who must come to the table for a particular program to work. To create the greatest chance for success requires City staff to spend the time and coordinate the various aspects of each program.

In addition to the demands of implementing current programs are the requirements for record-keeping, compliance and reporting burden placed on staff.



Housing Program Staffing Considerations

- The Housing Manager is critical to the continued success of City Housing Programs.
- Housing programs are complex and must respond to changing market conditions.
- Division staff must assure continued compliance and meet the administrative and reporting requirements of varied funding sources.
- The Housing Division depends on support from other departments and divisions.
- Working relationships and active partnerships play a critical role in housing programs.
- Continued success requires development of staff and attention to tools, processes, policies, and third-party resources that increase capacity of existing staff.

It was observed that the Housing Division's programs have performed well, increasing the supply of affordable housing in the City. Part of this has been the Division's willingness to innovate and adapt programs to meet the changing market conditions and the demands of each development and site. This flexible and agile approach has been successful, producing developments that are often unique. This also means that staff cannot rely on a standardized approach, and cannot approach long-term compliance in the same way for each development and each home provided. Staff must skillfully document each development and must rely on summary development documentation. In the absence of high quality documentation, staff time must be spent second-guessing and researching source documents in development files buried in the basement.

Although all divisions are to some degree dependent on other divisions and departments, and must work with the public, the Housing Division is one of the more dependent divisions and has one of the broader exposures to the public. The Housing Division has critical relationships with the Finance Department and with the City Clerk, who assist with the management of funds, recordkeeping and management of loans and grants, and tracking and retaining legal documents. The Housing Division also assists and implements programs (like CDBG) through Economic Development, Parks and Community Services, and Public Works and Utilities. The Housing Division must have high quality working relationships with area lenders, contractors, landowners, developers, mortgage lenders, advocates and others who determine the success or failure of programs.

Housing Manager

The Housing Manager has lead responsibility for implementing Housing Division programs including supervision of the two analysts. These management duties include,

- Program design
- Policy and process
- Pursuing funding sources
- Working with developers and program partners



Changing State Laws and Funding Effects on Staffing Time and Resources

- There have been significant changes in state law related to housing.
- Compliance with state housing planning law is critical to accessing funding and avoiding state mandates.
- The reporting and compliance burden has increased.
- There are new funding sources available at the state level.

- Development feasibility
- Inter-agency representation and coordination
- Inter-departmental/inter-divisional communication and coordination
- Responding to requests for information from both the public and internally
- Attendance at City Council and other public meetings

It was observed that in addition to management responsibilities, the Housing Manager is regularly engaged in the day-to-day implementation of the various programs administered by the Housing Division.

Housing Analysts

The two staff analysts are responsible for the overall administration and implementation of the Housing Division programs. At the discretion of the Housing Manager, each analyst has primary duties distinct from the other which affects a division of primary responsibilities in the Division. Below are analyst responsibilities.

- Housing Portfolio Management
- Affordable Housing Production Programs
- CDBG Program Administration
- Reporting
- Housing Rehabilitation
- Compliance and Monitoring

Each Analyst has primary responsibility for compliance in monitoring of the programs that the Analyst administers.

The Analysts must possess a broad range of clerical, technical, administrative, and interpersonal skills. From winning competitive funding to long term compliance, the demands on staff change as developments and programs start up, are active, and then close out. Analysts are tasked with determining applicant eligibility, working with loan and regulatory agreements, maintaining relationships with program partners, and collecting and reporting program data among many other tasks.

What Else Can Be Done to Address Community Housing Needs?

Summary

This white paper separates specific recommendations from ideas and options the City may want to consider when implementing housing programs and policies. In addition, many strategies are included in the City's Housing Element that can expand the supply of affordable housing, create incentives or reduce impediments to new housing. Below is a summary of the near-term recommendations.

Summary List of Near-Term Recommendations

1. Hire a Housing Manager.
2. Update the City's Affordable Housing Program.
3. Modify processing requirements and zoning to comply with new state laws — specifically SB 35 and the Housing Accountability Act.
4. Update second unit requirements to comply with state law.
5. Apply for SB 2 planning grants — also identify future SB 2 funding possibilities.
6. Review and update the housing sites inventory in the housing element based on new state law requirements.
7. Update development tracking systems required for Annual Progress Reports (APR), State Department of Finance and others.



Recommendations and Other Considerations Presented in This Section of the White Paper

- Possible tweaks or changes to current City Housing Programs
- Recommended staffing for the Housing Division
- Ways to increase revenues for housing programs
- Recommended modifications to the City's Affordable Housing Program Ordinance
- Strategies to address concerns about potential tenant displacement
- Addressing farmworker housing needs (and fair share of funding for farm labor housing)
- Use of development incentives, such as objective review standards, by-right zoning, density bonuses and reduced parking requirements
- Smaller homes — such as Accessory Dwelling Units (ADUs), Single Room Occupancy (SRO) units managed by non-profits and factory built housing.

Possible Tweaks or Changes to Current City Housing Programs

Overall, City housing programs have been successful. The following are items for consideration related to current City housing programs implemented by the Housing Division:

- **Management Software.** Explore the use of software to assist with the management of Housing Programs and facilitate reporting and compliance.
- **Loan Portfolio Management.** Establish a process with the lenders who have provided the financing for affordable home mortgages to identify whether any borrowers are at risk for defaulting on their loans. In the event that a borrower may be at risk of defaulting, the City can provide counseling or a referral to another organization that can work with the borrower and the lender.
- **Homeownership Programs.** Review the homeownership purchase programs (FTHB and DAP), where buyer motivation is critical to their success, and consider changing regulations to defer payments on all loans, not just to those loans to lower income borrowers and convert the loan to a grant after 10 years or something similar.
- **Pre-Qualification.** Change policy to pre-qualify potential borrowers prior to them entering escrow, similar to what the County of Santa Cruz does to reduce turn-around time in reviewing applications.
- **Affordable Housing Program Ordinance Update.** Identify areas of the Affordable Housing Ordinance that need modification (see later section).
- **Responsible Landlord Engagement Initiative.** Develop a Responsible Landlord Engagement Initiative (similar to San Jose), in partnership with a local non-profit and the Watsonville Police Department.
- **Increased Affordable Housing Funding Actions.** Become more pro-active in identifying affordable housing funding available to the City and its residents, and increase outreach to potential partners and other interested organizations, particularly those with surplus land that could be used for affordable housing construction.
- **Expand Staffing Capacity.** Consider promoting positions or hiring an additional management analyst to support the Housing Manager. In addition, the use of third parties can increase staff capacity. (See discussion below).

Recommended Staffing for the Housing Division

The City of Watsonville administers and provides oversight for a range of housing programs that include new construction of affordable housing, rehabilitation of existing housing, and Code Enforcement. As noted previously, there are significant demands placed on the staff of the Housing Division, specialized skills and knowledge are required, and the Housing Division staff rely on staff in other divisions and departments to operate efficiently. The impact of housing programs is, to a great degree, related to the number of staff resources dedicated to these programs.

Successful housing programs also involve diverse funding sources and program approaches. Each program and funder will have its own requirements for reporting and compliance. Every affordable housing unit produced, and every homebuyer assisted, must be monitored for compliance. The more successful the program, the greater the administrative burden becomes. This burden is in addition to the burden of administering current programs and continuing to develop new programs as market conditions change. It is therefore critical that the City's housing programs be adequately staffed. Further, the ongoing coordination of the programs implemented by the Housing Division should continue to be supported by key designated staff in Planning, Finance and other divisions.

Housing Manager

The Housing Manager position was adopted by Council in November 2018 and was created to oversee the Housing Division. The Housing Manager has primary responsibility for developing programs and implementing the strategic goals of the Division. The Housing Manager assures that the Division has quality relationships with program partners and other stakeholders. If the Housing Manager is involved in too much day-to-day technical and administrative work, the impact of the Housing Division will be reduced. The Housing Manager will function at a senior level, reporting directly to the Community Development Director.

The position of Housing Manager assures the coordination of housing policies at a broader level. For example, (1) integration of Housing Division expertise when updating City ordinances for compliance with new state housing laws, (2) preparing the Annual Progress Report (APR) for the City's Housing Element, as required by April 1 of each year, (3) updating the City's Housing Element, (4) participating in strategic discussions related to housing policies, strategies and programs, and (5) reporting to the Community Development Director.

Administrative Analysts

Because of the range of demands placed on Analysts and the necessity that they carry out the bulk of the day-to-day work load, the City's primary focus should be to develop the capacity of the Analysts and to support them in as many ways as possible. This should also be one of the primary goals of the Housing Manager.

There are currently two Administrative Analysts within the Housing Division. Although classified identically, the Analysts have a functional division of assigned duties. One of the Analysts has the primary responsibility for grants administration and reporting, including the City's CDBG entitlement grant. The other Analyst has primary responsibility for implementing the City's housing programs.

The current staffing allows the City to adequately administer its current grants and implement its current programs. However, current staff levels do limit the City's ability to increase the impact of the City's programs and pursue new initiatives. It was also observed that the portfolio of affordable housing units, and the loans and grants made, is not well organized, which is an additional, time-consuming task. The City lacks a rigorous record-keeping system, relying on an ad-hoc database. As the City continues to produce new units, work with more developers, be awarded more funding, and assist more homebuyers, this record-keeping and reporting burden will only increase.

There are several options to improve the staffing of the Housing Division. One is to hire additional Analysts and/or reclassify the current positions. Another is to assign some of the duties to other staff outside the Division. The third is to increase the use of contractors, consultants and/or housing management software. The City can also blend these approaches.

Hire An Additional Analyst

The City may wish to hire an additional Analyst. This would be at the Analyst or Senior Analyst level. This Analyst would serve in a supportive role to the Housing Manager, focusing on developing housing programs and the operations of the Housing Division. This Analyst would work directly with developers and other partners to create new housing. The Analyst would work closely with Planning staff on implementing Housing Element programs or planning grants to increase housing production, especially affordable housing. The Analyst would also focus on housing legislation, new programs, and new sources of funding. The City could also promote one of the current positions to Senior Analyst and backfill with an Assistant Analyst to support the Senior Analyst's work in addition to other duties.

Hire an Office Assistant or Assistant Analyst

Another option to increase the capacity of the Housing Division would be to hire staff at the Office Assistant or Assistant Analyst level. This position would provide support across the division. By taking some of the more routine duties from the other Analysts, those positions would be able to focus more attention on program development and pursuing new initiatives. The Assistant position could also be tasked with record-keeping tasks such as maintaining the loan and housing unit portfolio. Staff at this level could provide program information and assist homeowners with applications.

Designate Supporting Staff

Given that the Housing Division relies on staff in other divisions and departments, the City could include these duties in the assignments for other staff, if not already included. The Housing Division could also more explicitly assign staff outside of the Division tasks such as record-keeping, reporting, and loan/housing unit portfolio management.

Third Party Contractors and Consultants

As specific program needs arise, the City should also examine opportunities to segment tasks or developments to facilitate the use of third party contractors or consultants. Specific areas might include periodic tasks that require greater capacity such as the five-year plan for CDBG, significant projects such as archiving and organizing loan and project files, or specific tasks such as loan portfolio management.

Use of Software/Applications

The City should consider the use of available software to increase the efficiency and accuracy of program and grants management, and the management of the loan and housing unit portfolio. The City can increase its use of existing software on-hand such as Microsoft Access, or consider applications that are specifically designed for the need.

Increasing Revenues for Housing Programs

Since affordable housing need is increasing, the City may wish to consider additional strategies to expand the supply of housing, and affordable housing in particular. If the City of Watsonville considers expanding its current affordable housing strategies, more time will be needed to design and administer programs, and therefore staff capacity would need to be expanded. Possible use of consultants and the additional administrative costs would need to be considered, as described above.

In addition, for some strategies more flexible funding is needed. SB 2 and funds from Watsonville's Affordable Housing Program are two sources of flexible revenues, even though there are specific criteria the City must meet to be eligible for SB 2 planning

grants (see earlier discussion). Unfortunately, many funding sources that can be used for capital costs do not pay for program administration, and this is why local sources of funding that do not face the same constraints are important.

Below is a summary of potential funding sources.

- **SB 2 Atkins. Building Homes and Jobs Act** — This was passed in 2017 and authorizes a tax of \$75 to be paid at the time of the recording of every real estate transaction.⁷ (See earlier discussion). It is possible that \$250 million will be available statewide on an annual basis. However, since future revenues depend on real estate transactions, it is not possible to forecast revenues precisely. Watsonville will be eligible to receive first-year technical assistance grants in 2019 and can then apply for funds on a competitive basis annually from this revenue source. The maximum award amount is a sliding scale based on population estimates from the 2018 Department of Finance (DOF) estimates as follows: (1) \$500,000 for large localities (greater than 200,000 people); (2) \$250,000 for medium localities (60,000 to 200,000 people); and, (3) \$125,000 for small localities (less than 60,000 people). The population of Watsonville estimated by the DOF as of January 2018 was 53,434, so it is eligible for a \$125,000 grant the first year.
- **Funds Provided through Bond Measures and Other Voter-Approved Measures** — There were two relevant bond measures on the 2018 November ballot. The first was a Santa Cruz County General Obligation Bond Measure (Measure H) that needed a super-majority of voters to result in \$140 million in funding, but it failed. The second bond measure was California's Proposition 1 (see earlier discussion of SB 3 — Veterans and Affordable Housing Bond Act), which passed, and will raise approximately \$4 billion in funds.
- **Watsonville's Successor Housing Agency** — Used for homeless programs and rapid re-housing (housing first) and affordable housing.

Recommended Modifications to the City's Affordable Housing Program Ordinance

While housing economists cannot forecast how long this strong market cycle will last, a drop in the market will impact the City's Affordable Housing Program, since there will be fewer new developments that will be subject to the Program's requirements. On the other hand, if the market cools down, the non-profits may face reduced competition

⁷ https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB2

for desirable building sites. An update to the City's Affordable Housing Program (inclusionary requirements) should be considered to be consistent with state law and provide a more effective mechanism for producing affordable housing.

Updating the City's Affordable Housing Ordinance

Specific items for consideration (and tasks) for updating the City's Affordable Housing Program Ordinance include:

- **Scope of the Update.** Examine the coverage of rental housing in the current ordinance that is currently being enforced.
- **Details of the Update.** The update to the Ordinance should cover details in the current ordinance to ensure compliance with State law. The specific work tasks should be undertaken in coordination with the new Housing Manager. Topics to review may include: (1) percentages, set asides and affordability levels to make sure they are still appropriate; (3) other options for the developer to meet the ordinance requirements; (4) deciding if the current threshold (at least seven units for the ordinance to apply) is the right size; and (5) the resale formula.
- **Supporting Materials.** In addition, other items include: (1) a feasibility study to help guide decisions; (2) outside consultant to write the ordinance; (3) implementation manual that discusses policies and procedures in more depth; and, (4) opportunities for ongoing funding, such as a fee at resale.
- **Adoption and Implementation.** Basic tasks would also include: (1) gathering existing data (permits issued and recent residential development projects, names of developers, recently completed studies, etc.); (2) writing a request for proposals (RFP) and hiring a firm; (3) meeting with firm (approximately 2 times; (4) preparing the draft materials; (5) review by the Planning Commission; (6) adoption by the City Council; and (7) preparation of handouts and other materials.

Managing the City's Affordable Housing Ordinance

In addition, consideration should be given to managing the "inclusionary" program, including:

- **Management Responsibilities.** Decision on management; in-house or hire a firm.
- **Key Management Tasks.** Identify major management tasks, such as: (1) initial sales/rentals procedures (internal, developers, publicity, working with buyers/renters); (2) resales/re-leasing procedures; (3) annual verification process;

(4) annual support for homeowners (e.g. trainings); and (5) rare, but important, events (e.g. foreclosures, illegal subletting, etc.).

Strategies to Address Potential Tenant Displacement

Responsible Landlord Engagement Program (RLEI)

The City is currently developing a Responsible Landlord Engagement Initiative (RLEI) program to clean up substandard properties in coordination with (as of this date) the Community Action Board of Santa Cruz County. The program is modeled after a similar program being implemented in San Jose. The basics of the program are that a concerned neighbor contacts the RLEI program and presents the problem. The RLEI program staff will evaluate the issue and then will work with the community and the problem neighbor towards a long lasting solution.

See <https://www.catholiccharitiesscc.org/rlei-home>

In San Jose, if the property owner is responsive, a case can be resolved in less than four weeks. If a property owner is not cooperative, then it can take much longer. Each problem property case is uniquely managed by RLEI staff in San Jose with the support of the partner organizations, tenants, neighbors and cooperative property owners using a blend of methods including mediated conversations between involved parties, legal advisement and assistance and other strategies as necessary until a sustainable solution is reached.

Considerations related to this program include:

- Implications and actions required if the property owner does not cooperate.
- Consideration of adding owner-occupied properties.
- Staffing and budget needs

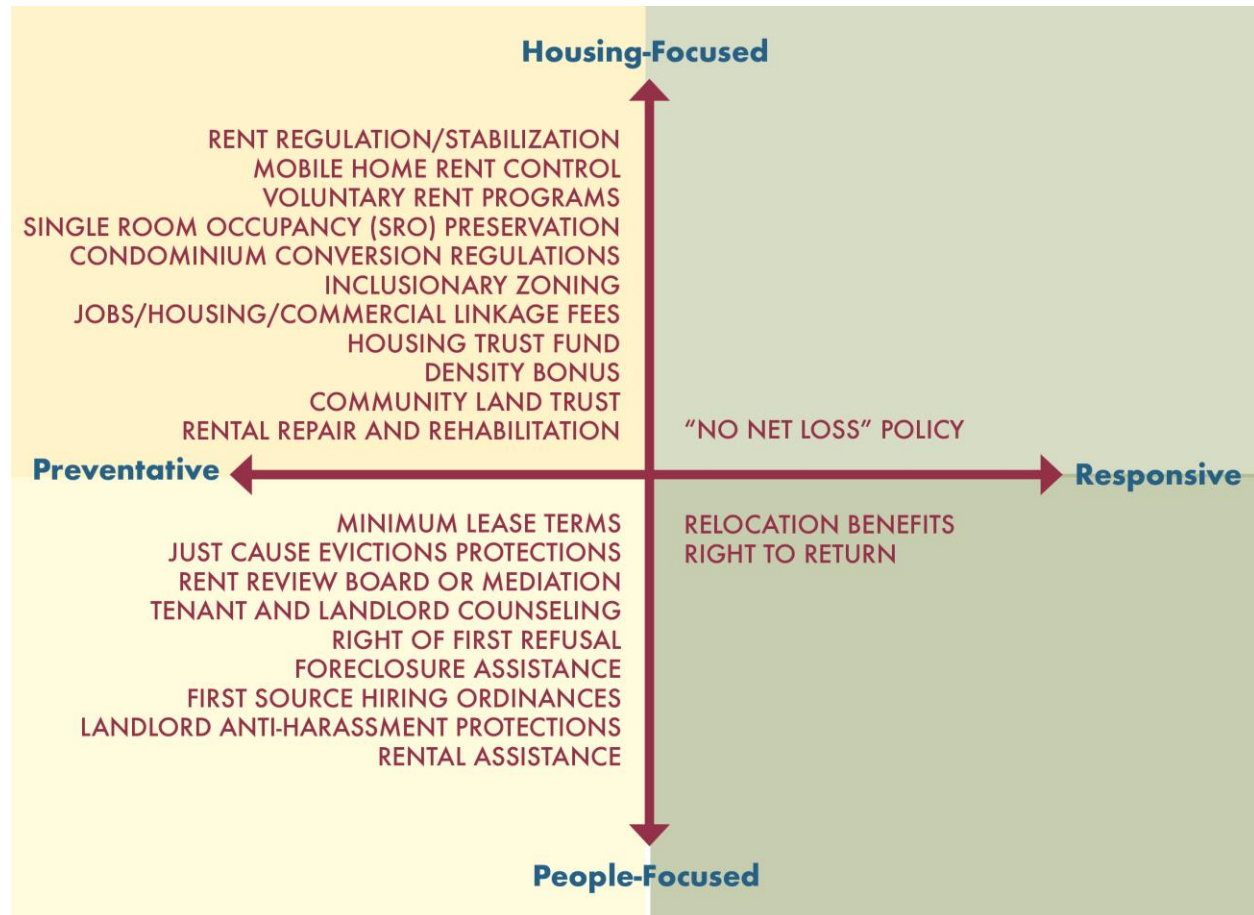
Consideration of Other Potential Tenant Displacement Programs

One way to view tenant protection measures is from the perspective of neighborhood stabilization and economic development strategies. Generally, in stable neighborhoods, mobility is a choice rather than a forced situation. As stated by Miriam Zuk, Ph.D., U.C. Berkeley, "Stable neighborhoods are characterized by low turnover where people can remain in place by choice in quality housing, contributing to family and community well-being, civic engagement, and the formation of social capital."⁸ Strategies to maintain stable rental housing are illustrated below and defined in Appendix C.

⁸ Miriam Zuk, Ph.D., U.C. Berkeley, Urban Displacement Project, presentation at the Federal Reserve Bank of San Francisco on Investment without Displacement: Stabilizing Housing for Bay Area Renters, November 22, 2016

As shown in the graphic, tenant protection strategies can be mapped onto four quadrants based on whether a particular strategy should be considered (1) responsive OR (2) preventative, and whether it is (3) a housing-focused strategy, OR (4) a people-focused strategy.

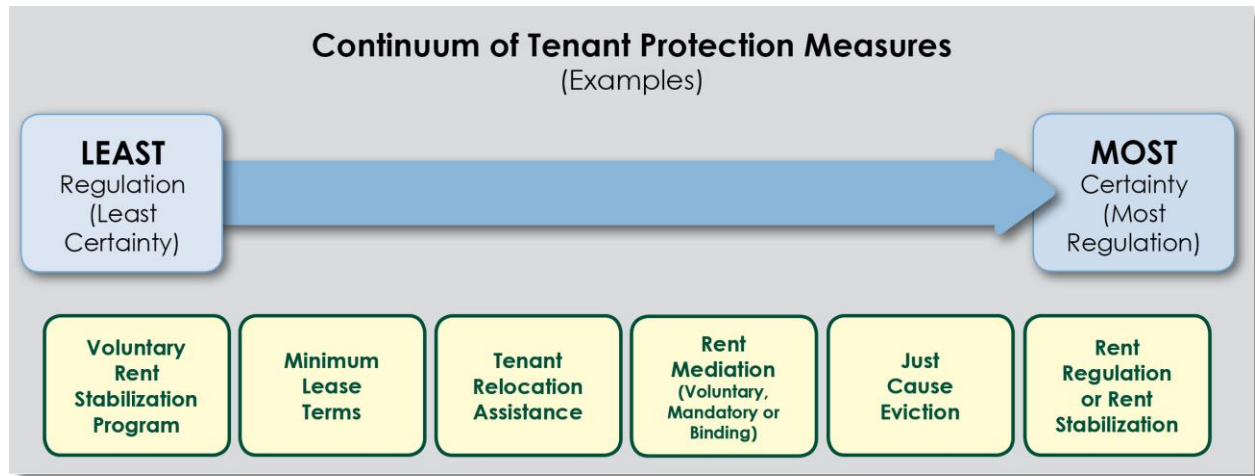
How Different Tenant Protection Measures Work



As an explanatory example from the graphic, relocation assistance would help to address some of the impacts on a household AFTER they are displaced, so it is responsive and people-focused. Minimum lease requirements can prevent the loss of rental housing BEFORE it occurs — even though minimum lease terms do not reduce the impacts of rent increases — so it is preventative and people-focused. Inclusionary zoning, on the other hand, will produce new affordable housing, so it is preventative and housing-focused.

Another way to view "tenant protection measures" is along a continuum in terms of the amount of government regulation of the landlord-tenant relationship and the required agency resources needed to implement the regulation. The graphic below illustrates

“tenant protection measures” along this continuum in terms of the level of government regulation of the landlord-tenant relationship, certainty of effectiveness and the agency resources dedicated to implementation of the regulation. All of these ordinances are subject to limitations imposed by State law, including the Costa-Hawkins Act.⁹



At one end (of the continuum) are measures that mandate a minimum lease term with stable rents during the time, required notice periods, in addition to or beyond those that are required under State law, and mandatory (but non-binding) mediation of certain landlord-tenant disputes, including with respect to rent increases.

Further along the continuum are measures that limit the basis upon which the tenant may be evicted from a tenancy (so called “just cause eviction ordinances”) and that may require a landlord to provide relocation assistance in some cases to displaced tenants. Finally, some jurisdictions have moved further along the continuum and adopted rent stabilization ordinances that limit the ability of a landlord to increase rents on covered units. The key characteristics of these ordinances vary among jurisdictions and many of them incorporate other tenant protection measures, such as just cause eviction and relocation assistance.

Federal and State Housing Developments

Projects assisted with Federal and State funds are subject to requirements to provide relocation assistance to households displaced by those projects. Lower income housing units removed from the supply by such projects generally have to be replaced with new units that are comparable in size and affordability. While Federal and State law impose

⁹

http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=CIV&division=3.&title=5.&part=4.&chapter=2.7.&article

requirements on projects that receive public funds, privately financed development projects are often exempt from such requirements. There is no state law mandate for landlords to assist displaced tenants by compensating for relocation costs.

Just Cause Evictions

Some jurisdictions that have just cause for eviction protections also implement relocation assistance requirements for “no-fault” evictions. For example, tenants may be eligible for relocation assistance if a landlord evicts them in order to move into the unit, or due to the need to make extensive renovations to the unit. Tenants who are evicted due to their own conduct (non-payment of rent, breach of lease, nuisance, etc.) are not eligible for relocation assistance under any existing policies in California. While relocation assistance ordinances are prevalent in cities with rent stabilization and just cause, other cities have chosen to adopt relocation assistance ordinances as a stand-alone policy.

Under just cause eviction ordinances, landlords may evict a tenant only for reasons that are specifically enumerated in the ordinance. Examples of permissible grounds for evicting a tenant typically include the following:

- Failure to pay rent or habitually paying rent late;
- Violation of a material term of rental agreement, where there has been notice and an opportunity to correct the violation;
- Committing or allowing the existence of a nuisance;
- Damaging the unit or common areas;
- Unreasonably interfering with the comfort, safety or enjoyment of other tenants;
- Committing or allowing an illegal activity or use;
- Owner or family member occupancy;
- Resident manager occupancy;
- Substantial renovation;
- Denying landlord lawful entry; or
- Unauthorized subtenant in possession at the end of the lease term.

Relocation Assistance Tied to Just Cause Eviction

Local jurisdictions often require landlords to provide relocation assistance payments to all tenants when the eviction is not the fault of the tenant (“no-fault evictions”). The City has a Relocation Assistance Ordinance that offers assistance to tenants when they are relocated due to an unsafe living condition only. In an expanded ordinance, many cities require that any tenant that is evicted without just cause receive a lump sum payment and relocation assistance services from the landlord. Other jurisdictions limit such mandated assistance based on the type of eviction or the status of the affected

tenant. It is particularly common to require relocation assistance for evictions occurring when landlords require tenants to depart in order to occupy units themselves (so-called “owner-occupancy” evictions) or Ellis Act evictions (i.e., an eviction to remove a unit from the rental market).

For example, in Mountain View, landlords are required to pay relocation assistance when evicting tenants under certain circumstances. The Mountain View ordinance basically enables tenants who face “no-fault” evictions to be eligible for compensation from the landlord for moving costs and other costs of securing new housing. The Mountain View ordinance applies only where a landlord vacates four or more rental units within a one-year period in order to (1) withdraw from the rental market (an Ellis Act eviction), (2) demolish the rental property, (3) perform substantial renovations, (4) convert to condominiums, or (5) change to a non-residential land use. Further, only tenants with a household income at or less than eighty percent of the area median household income are eligible for relocation assistance. Other jurisdictions require relocation assistance payments without reference to the income level of the affected tenants.

Under the Mountain View ordinance, in covered eviction cases, the landlord is required to refund the tenant's security deposit (with limited exceptions), provide the affected tenants with a 60-day subscription to a rental agency, and pay the equivalent of three months' rent, based on the median monthly rent for a similar-sized unit in Mountain View. Certain special-circumstances households, including seniors, persons with disabilities, and families with a dependent child, are entitled to an additional \$3,000 payment. The ordinance also requires 90 days' notice of termination.

In summary, specific benefits of the ordinance are:

- Helps ensure that displaced households find affordable and comparable replacement housing by providing compensation for relocation costs, such as first and last months' rent and security deposit for new rental unit, enrollment for housing search services, moving costs and storage.
- Helps mitigate trauma and disruption to tenants and their families caused by unforeseen need for relocation (e.g. children leaving school mid-year) by addressing some financial impacts.
- Requires landlords to internalize relocation costs as part of their “costs of doing business.”

Other ordinances, such as the City of Glendale's, require payment of “two times the amount of the fair market rent as established by the U.S. Department of Housing and

Urban Development for a rental unit of similar size of that being vacated in Los Angeles County . . . plus one thousand dollars." Glendale Municipal Code § 9.30.035

Policy Considerations for Tenant Relocation

While not directly a strategy to reduce potential displacement of tenants, since the payment is made after eviction occurs, the amount of the relocation and any other requirements for the landlord can act as a deterrent to displacement. Another related question is — if a tenant is displaced due to renovations should they have the ability to move back into the unit they left? In other words, should temporary relocation be a consideration or should relocation assistance only be provided when permanent relocation is required?

Topics for discussion as they relate to tenant relocation assistance include:

- **Means Testing.** Should it be means tested to target only those with financial need? Relocation assistance may create a perceived windfall to well- off tenants if relocation assistance is not subject to stringent income- specific criteria.
- **"No Fault" Evictions.** If it is a "renovation only" assistance program it may encourage landlords to evict or raise rents first and then do renovations later to avoid payments. To avoid this, payment could apply to any "No Fault" eviction situation.
- **Compensation Amount.** The amount of mandated compensation may be excessive relative to some tenants' needs; some landlords, especially small "Mom and Pop" landlords owning just a couple of rentals, may not be able to afford the amount of the compensation required.
- **Use of Relocation Funds.** Relocation assistance payments may be spent on anything the tenant wants to use the money for because ordinances do not require that compensation provided to displaced tenants be spent on costs of moving and securing new housing.

Covering Costs. If required to absorb relocation costs as part of their "costs of doing business," landlords could build the cost of relocation benefits into rent structures.

Questions related to relocation assistance may include:

- **Triggers for Relocation.** What are the triggers for relocation assistance? For example, should it apply to a new owner who buys a multifamily complex and evicts old tenants? The Mountain View ordinance applies only where a landlord vacates four or more rental units within a one-year period.

- **Amount.** What amount should be established for relocation assistance? For example, should it include first and last months' rent, security deposits etc.?
- **Administration.** Who administers and enforces this program?
- **Income Standards.** People of what income level would be assisted?

As with eviction controls, many local agencies extend the relocation assistance requirements to tenants in units that are not subject to rent stabilization.

Recommendation

Watsonville may wish to consider an “unjust eviction” ordinance for the City, similar to the one in Glendale, CA, or a more expansive approach to tenant protection measures similar to Oakland, CA, East Palo Alto, CA and others. Staff will need to review and make specific recommendations on these programs for the Council. In grappling successfully with tenant protection concerns — and because tenant protection measures are so complex — other jurisdictions have delegated the development of specific strategies, based on City Council directions, to a committee or group made up of key stakeholders to review options and develop the specifics of program, policy and regulatory recommendations.

Addressing Farmworker Housing Needs

The Farmworker Housing Study and Action Plan for Salinas Valley and Pajaro Valley, produced in April 2018, identifies the goal to — “Produce 3,500 permanent, affordable farmworker housing units over the next five years to stabilize the agriculture workforce in the Salinas and Pajaro Valley Region.” The plan identifies housing types, suitable sites, financing and regulatory reform strategy recommendations to address the significant need in this larger area.

Using financing programs from the USDA Farm Labor Housing Direct Loans and Grants Programs (Sections 514/516) can provide below market-rate loans as well as grants for the construction and rehabilitation of rental housing intended for farmworkers. Non-profit entities, state and local governments, farmers and farmworker associations, and federally recognized tribes can apply for funds. In many cases, additional funds would still be needed to keep rents low. However, funds allocated for these two programs have not kept pace with demand.

Since some of the farmworker housing located in Santa Cruz County was built by the Santa Cruz County Housing Authority, Watsonville may wish to collaborate with the Housing Authority to see what additional steps the City could take to encourage the development of more farmworker housing.

Use of Development Incentives

Encourage Greater Use of Density Bonuses

The City adopted the State Density Bonus Law in 2006, and, according to the most recent Housing Element, it will continue to offer density bonuses, incentives and/or other regulatory concessions. The State Density Bonus law was amended recently. Density bonuses work best when land costs are high, and building sites are limited. In this situation, a developer can increase profits, even though a portion of units that are included in the market rate development will need to be provided at below market prices or rents or to senior households. If developers are not taking advantage of the existing Density Bonus program, then it would be good to assess why and whether the City can change the program to increase interest from the development community. Key informant interviews or a stakeholder meeting could be helpful to obtain this information.

Reduce Parking Requirements

Another way to reduce development costs is to require less land for parking. While reduction in parking in residential zones may not be appropriate, reductions in parking in the historic downtown area may be a strategy the City may want to consider. This would reduce costs in two ways. First, if parking needs to be built in a structure or below grade, construction costs are higher, so a reduction in the required number of spaces reduces this housing cost component. Secondly, a reduction in the amount of surface parking results in the option of building more units on the same site — thereby reducing per unit land costs. This is a strategy that can be considered for both market rate and affordable housing.



Summary of Actions to Increase Housing Supply and Address Affordability

Like most cities, Watsonville is challenged to meet the needs of households earning incomes at or below the moderate-income level. Specific actions that can be considered (discussed later in the White Paper) include:

- Review and update to the City's Affordable Housing Program (inclusionary requirements)
- Identification of grants and other sources of funding to support housing production
- Encouraging accessory dwelling units (ADUs) and other types of housing that can fit well into the community
- Continue to coordinate with local non-profits in developing and managing housing at below market rents and sales prices that also address special housing needs in the community
- Review staffing levels in the Housing Division to ensure adequate resources to effectively implement housing programs

Access to on-site parking is more critical in cities that lack public transportation and also have more workers per household. While households living in some California cities, such as Oakland and Berkeley, are less auto-dependent and have successfully reduced on-site parking, at this time, a higher proportion of Watsonville residents depend on their automobiles.

Providing Smaller Homes and Factory Built Housing

Development of Accessory Dwelling Units (ADU's)

There are many advantages of ADU's including: (1) ADUs are a way to add more units without requiring additional building sites; and, (2) ADUs provide benefits to a homeowner whose home value and income may increase if an ADU is added. Since ADU's are often smaller than traditional rental units, rents will normally be lower. Other program considerations include:

- **Loans** — Creating financing assistance to owners who want to add or legalize an accessory dwelling unit (ADU) is one such program mentioned by City staff. The City could consider a loan program to homeowners to add an ADU unit, and in return, the ADU could be rent restricted for a specified period of time.
- **Encourage Second Units with Technical Assistance** — There are a variety of ADU options, including a junior ADU which can be created in an existing house by adding an efficiency kitchen and an exterior door to an existing, legal bedroom. A junior ADU may include a bathroom or may share a bathroom with the house. The State of California has changed ADU laws to make it easier and less costly to develop them.



Santa Cruz County recently prepared a detailed guide, including financing and cost estimations, for adding a variety of ADU's to existing property. This guide is consistent with recent state law changes governing ADU's.¹⁰ This year San Mateo County created an online Second Unit Resources Center that includes a

¹⁰

<http://www.sccoplanning.com/Portals/2/County/adu/ADU%20Financing%20Guide.pdf?ver=2018-06-07-110307-117>

calculator for determining costs and income, an inspiration book and a workbook, among other items.¹¹

- **Legalization of Existing Non-Permitted Second Units** — Another consideration for Watsonville is whether the City is interested in establishing a process that could result in the legalization of existing ADU's that were built without permits and inspections. This type of program can address unsafe housing conditions in the City. If Watsonville could create a program to legalize units, many of these units could then be counted towards meeting the City's RHNA goals. More information about legalization is also presented in the Santa Cruz ADU Guide.

Single Room Occupancy Units (SRO's) Managed by Non-Profits

According to U.S. Census 2017 estimates, over 21% of the City's households are comprised of one person. Single Room Occupancy (SRO) housing is generally smaller in size than studio apartments. By building more SRO housing for a single person household (or for a two-person household), housing costs are reduced since the interior space is much smaller. SRO's managed by non-profits are well-managed and particularly useful as transitional housing for formerly homeless persons as well as for special needs housing. On-site supportive services are often provided at SRO properties.

In Watsonville, new SRO housing must have a minimum of 150 square feet of floor area. Each SRO must have an enclosed bathroom, kitchen area and other amenities. In some cities, older hotels are converted into SRO's by reconfiguring the space. This was the case with the rehabilitation of the Wall Street Inn (located in Downtown Watsonville), which now provides 79 SRO homes.

Factory Built Housing

Factory built housing refers to modular construction in which parts of a housing unit are manufactured and then transported to a building site for final assembly. Because there are efficiencies with factory construction and because bad weather is no longer a delaying factor since the construction occurs indoors, the cost for building a housing unit is lower than it is to build a conventionally constructed unit on-site. The building trades may oppose factory built housing if it is constructed at a facility that does not use union labor. However, unions are supportive of manufactured housing if union labor is used both at the factory and at the site when the unit is assembled.

¹¹ <https://secondunitcentersmc.org/>

Page Intentionally Left Blank

Appendix A — Watsonville Current Housing Program Limits

HOUSING PROGRAM LIMITS

Table A - Income Limits for First Time Homebuyer and Housing Rehabilitation Programs:

Household Size	Maximum Annual Income Limits	
	Federal (HUD)	State (HCD)
1	\$62,650	\$62,650
2	\$71,600	\$71,600
3	\$80,550	\$80,550
4	\$89,450	\$89,450
5	\$96,650	\$96,650
6	\$103,800	\$103,800
7	\$110,950	\$110,950
8	\$118,100	\$118,100

Effective 6/1/2018

Effective 4/26/2018

Table A-1 – Income Limits for RDA funded projects:

Household Size	Maximum Annual Income Limits				
	Extremely Low 30%	Very Low 50%	Low 80%	Median	Moderate
1	\$23,450	\$39,100	\$62,650	\$60,900	\$73,100
2	\$26,800	\$44,650	\$71,600	\$69,600	\$83,500
3	\$30,150	\$50,250	\$80,550	\$78,300	\$93,950
4	\$33,500	\$55,800	\$89,450	\$87,000	\$104,400
5	\$36,200	\$60,300	\$96,650	\$93,950	\$112,750
6	\$38,900	\$64,750	\$103,800	\$100,900	\$121,100
7	\$41,550	\$69,200	\$110,950	\$107,900	\$129,450
8	\$44,250	\$73,700	\$118,100	\$114,850	\$137,800

effective 4/26/2018

Table A-2 – Income Limits for Affordable Housing Program:

Household Size	Maximum Annual Income Limits				
	Very Low 50%	Low 80%	Median	Moderate	Above Moderate
1	\$34,150	\$42,650	\$51,200	\$63,950	\$72,500
2	\$39,000	\$48,750	\$58,500	\$73,100	\$82,850
3	\$43,850	\$54,850	\$65,800	\$82,250	\$93,200
4	\$48,750	\$60,900	\$73,100	\$91,350	\$103,550
5	\$52,650	\$65,800	\$78,950	\$98,650	\$111,850
6	\$56,550	\$70,650	\$84,800	\$105,950	\$120,100
7	\$60,450	\$75,550	\$90,650	\$113,300	\$128,450
8	\$64,350	\$80,400	\$96,500	\$120,600	\$136,700

Effective 7/11/2017

Table B - Rent Limits for projects assisted with HOME and/or CDBG funds:

	HOME-Assisted Units		CDBG-Assisted Units
Bedrooms	High Rent	Low Rent	Maximum Rent
Studio	\$1,253	\$977	\$1,053
1	\$1,377	\$1,046	\$1,203
2	\$1,654	\$1,256	\$1,353
3	\$1,902	\$1,451	\$1,503
4	\$2,103	\$1,618	\$1,625

Effective 6/1/2018

Effective 6/15/2017

Note: Rents must be reduced for utilities paid by tenant. See the Housing Authority of Santa Cruz County's website for current Utility Allowances.

Table B-1 - Rent Limits for projects assisted with RDA funds by income level:

	Maximum Monthly Rent			
Bedrooms	Extremely Low 30%	Very Low 50%	Low 80%	Moderate
1	\$670	\$1,116	\$1,340	\$1,914
2	\$754	\$1,256	\$1,508	\$2,153
3	\$838	\$1,395	\$1,675	\$2,393
4	\$905	\$1,508	\$1,810	\$2,584

effective 4/26/2018

Note: Rents must be reduced for utilities paid by tenant. See the Housing Authority of Santa Cruz County's website for current Utility Allowances.

Table B-2 - Rent Limits for Affordable Housing Program by income level:

	Maximum Monthly Rent		
Bedrooms	Very Low	Low	Median
Studio	\$533	\$853	\$1,066
1	\$609	\$974	\$1,218
2	\$685	\$1,096	\$1,370
3	\$761	\$1,218	\$1,523
4	\$822	\$1,315	\$1,644

Effective 7/11/2017

Note: Rents must be reduced for utilities paid by tenant. See the Housing Authority of Santa Cruz County's website for current Utility Allowances.

Table C - Sales Price/After Rehab Value Limit for HOME assisted units:

One-Family	Properties consisting of two, three and four units also have post-rehabilitation sales price limits.
\$496,000	

Effective 4/26/2018

Table D - Loan Limits (223(d) Subsidy Limit) for HOME assisted units:

Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
\$147,074	\$168,600	\$205,017	\$265,228	\$291,136

Effective 6/4/2018

Table E – Length of Affordability Term for Rental Units by Funding Source:

Loan Amount per Unit	CDBG or HOME Funds	Affordable Housing Funds
Under \$15,000	10 Years	55 years
\$15,000 - \$40,000	15 Years	
More than \$40,000	20 Years	

Table F – Maximum Allowable Sales Limit for Affordable Housing Program:

	Maximum Allowable Resale Limit		
Bedrooms	Median	Moderate	Above Moderate
Studio	\$197,581	\$237,097	\$296,371
1	\$225,807	\$270,968	\$338,710
2	\$254,032	\$304,839	\$381,049
3	\$282,258	\$338,710	\$423,387
4	\$304,807	\$365,768	\$457,210

Effective 7/11/2017

Note: Above sale limits are based on the Affordable Housing Program formula and may differ based on Housing Price Index and/or other circumstances. Please contact the Community Development Department Affordable Housing Program for additional information and/or formal determination. Be advised that there is a \$50 fee for resale limit determinations.

Appendix B — Acronyms

ADU	Accessory Dwelling Unit
AHP	Affordable Housing Program
AHSC	Affordable Housing Sustainable Communities
AMBAG	Association of Monterey Bay Area Governments
AMI	Area Median Income
BLS	Bureau of Labor Statistics
CCRH	California Coalition for Rural Housing
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CHDO	Community Housing Development Organization
CIRS	California Institute for Rural Studies
CLT	Community Land Trust
FHLB	Federal Home Loan Bank
FMMP	Farmland Mapping and Monitoring Program
FLC	Farm labor Contractor
HCD	California Department of Housing and Community Development
HOZ	Housing Opportunity Zones
HUD	U.S. Department of Housing and Urban Development
LIHTC	Low Income Housing Tax Credit
MBEP	Monterey Bay Economic Partnership
MPO	Metropolitan Planning Organization
MTP	Metropolitan Transportation Plan
NAICS	North American Industrial Classification System
NAWS	National Agricultural Worker Survey
PPD	Persons Per Dwelling
QCEW	Quarterly Census of Employment and Wages
RHNA	Regional Housing Needs Allocation
SCS	Sustainable Communities Strategy
SGC	Strategic Growth Council
TCAC	Tax Credit Allocation Commission
USDA	U.S. Department of Agriculture

Appendix C — Glossary of Tenant Anti-Displacement Strategies

1. Just Cause Eviction

Just cause eviction statutes are laws that allow tenants to be evicted only for specific reasons. These “just causes” can include a failure to pay rent or violation of the lease terms.

2. Rent Stabilization, Rent Control or Rent Regulation

Rent Control ordinances protect tenants from excessive rent increases, while allowing landlords a reasonable return on their investments. Such ordinances limit rent increase to certain percentages, but California state law allows landlords to raise rents to the market rate once the unit becomes vacant.

3. Rent Review Board and/or Mediation

Rent review boards mediate between tenants and landlords on issues related to rent increases, and encourage them to come into voluntary agreement. As mediators, the board normally does not make a binding decision in the case.

4. Mobile Home Rent Control

Mobile home rent control places specific rent increase restrictions on the land rented by mobile home owners, or the homes themselves.

5. Foreclosure Assistance

Many cities and counties have local programs that assist homeowners (financially or otherwise) when they are at risk of foreclosure. These programs may be funded with federal grants.

6. Locally Required Relocation Assistance

Projects assisted with Federal and State funds are subject to requirements to provide relocation assistance to households displaced by those projects. And lower income housing units removed from the supply by such projects generally have to be replaced with new units that are comparable in size and affordability. While Federal and State law impose requirements on projects that receive public funds, privately financed development projects are often exempt from such requirements. Some jurisdictions have a requirement that tenants receive relocation payments if they lose their unit due to demolition for redevelopment of the site or due to condominium conversion situations.

Other jurisdictions that have just cause for eviction protections also implement relocation assistance requirements for “no-fault” evictions. For example, tenants may be eligible

for relocation assistance if a landlord evicts them in order to move into the unit, or due to extensive renovations to the unit. Tenants who are evicted due to their own conduct (non-payment of rent, breach of lease, nuisance, etc.) are not eligible for relocation assistance under any existing policies in California. While relocation assistance ordinances are prevalent in cities with rent stabilization and just cause, other cities have chosen to adopt relocation assistance ordinances as a stand-alone policy.

7. Minimum Lease Terms

Some jurisdictions, such as the City of Mountain View, have adopted ordinances requiring longer-term leases for renters to add more stability for renters compared to month-to-month rental agreements. Ordinances provide prospective tenants with the ability to reject a written multiple-month lease in the instance that a month-to-month lease better suits their housing needs.

8. Voluntary (“Good Behavior”) Rent Program

Voluntary programs establish guidelines for what is considered “good behavior” in the rental housing market.

9. Landlord-Tenant Fair Housing Counseling

Generally, counseling services can be provided through telephone and/or in-person counseling to both tenants and landlords regarding their rights and responsibilities under California law and local city ordinances. Housing Counselors are trained professionals in landlord/tenant law and are able to inform clients of a wide-range of actions they can take to enforce their rights. Training of City staff on fair housing laws can also be part of this program.

10. Tenant Anti-Harassment Policies

These are policies intended to address actions by landlords against tenants that are intended to upset the tenants and make them want to move out. Such regulation can prohibit the following acts if they're done with the intent to harass:

- Taking away services provided in the lease (such as parking or laundry)
- Entering the apartment without proper notice
- Using lies or intimidation intended to make a tenant move out
- Giving a “three-day notice” or other eviction notice that's based on false charges, where the landlord does not intend to take the case to court
- Using fighting words or threatening bodily harm
- Refusing to do repairs that are required by law
- Intentionally disturbing a tenant's peace and quiet
- Interfering with a tenant's right to privacy
- Refusing to acknowledge receipt of a lawful rent payment

11. Source of Income Non-Discrimination Ordinance

The Section 8 voucher program and other rent subsidies are intended to help low-income families find stable housing in the private rental market by covering the cost of some or all of their rent. In practice, however, many families that receive these subsidies face barriers to using them because some landlords refuse to accept the vouchers. The consequences of this refusal can be severe: voucher holders who are unable to find qualifying housing within a certain time frame may lose the vouchers altogether, and voucher holders who have found housing can lose their homes if their landlord decides to stop accepting rent subsidies. Several jurisdictions in California, and many others around the country, have enacted ordinances outlawing discrimination based on “source of income,” defined to encompass all sources of lawful income including rental assistance programs administered by public entities or nonprofits. San Francisco, East Palo Alto, and Corte Madera have provided protections along these lines for more than a decade. In 2015, Santa Monica also adopted a source of income nondiscrimination ordinance; although, a lawsuit challenging that ordinance has raised some legal questions about the interaction of state and local law on this issue. However, the City's ordinance was upheld.

Source of income nondiscrimination laws can help protect families that receive rental assistance from displacement both by stabilizing their right to remain in their current housing and by providing them more opportunities to find housing in their communities if they need to move.

12. Rental Repair and Rehabilitation Program

Funding or other assistance programs that help landlords with repairs and rehabilitation of rental housing.

13. SRO (Single-Room Occupancy) Preservation

Single room occupancies, also called residential hotels, house one or two people in individual rooms. Tenants typically share bathrooms and/or kitchens. These are often considered a form of permanent residence affordable for low-income individuals. SRO Preservation ordinances help to preserve or create new SRO units.

14. Condominium Conversion Regulations

In addition to state laws regulating the conversion of multifamily rental property into condominiums (like subdivision mapping and homeowner association formation), many cities have enacted condominium conversion ordinances. These impose procedural restrictions (like notification requirements) and/or substantive restrictions on the ability to convert apartment units into condominiums (such as prohibiting conversions unless the city or regional vacancy rate is above a certain fixed amount or requiring that a certain

number of units must be sold to persons of very low, low and moderate incomes). The purpose of such ordinances is to protect the supply of rental housing.

See The Urban Displacement Project website for anti-displacement measures used by Bay Area jurisdictions — <http://www.urbandisplacement.org/policy-tools-2>

Appendix D — Draft Housing Manager Job Description

CLASS CONCEPT

REPORTS TO:	Community Development Director
DIVISION:	Housing
JOB SUMMARY:	Manages the operation, activities and staff of the Housing Division, including housing preservation and production.

MAJOR DUTIES

Manages, plans, and coordinates programs and other activities designed to stimulate the preservation, development and financing of affordable housing that will enhance community development, quality of life and economic development activity in Watsonville.

Organizes, implements and administers housing programs including monitoring and assuring compliance with financial and legal requirements. Develops and issues requests for proposals and qualifications and contracts.

Identifies funding resources for housing programs and develops funding proposals. Implements financial strategies to fund desired housing projects and programs.

Manages a variety of housing assistance programs, including federal, state and local rental housing, inclusionary requirements, CDBG entitlement, home ownership and preservation/rehabilitation programs.

Develops and negotiates grants, loan agreements, regulatory agreements, disposition and development agreements, and other contracts with public, non-profit and/or private developers.

Develops and recommends new or revised policies and administrative regulations related to housing and community development needs in Watsonville. Establishes and applies criteria for the funding of housing and community development programs and projects.

Reviews and approves a wide variety of funding requests. Develops, issues and monitors subsequent funding commitments.

Conducts complex and sensitive administrative studies and related research dealing with the financing of innovative housing programs.

Maintains and prepares a variety of reports including financial reports and records. Prepares grant applications and accompanying reports and ensures proper management of grants and funds.

Prepares and administers the division's budget and other operational and capital concerns including state, federal and special trust fund provisions.

Provides technical staff assistance and information to other City departments, decision-makers and Santa Cruz County.

Makes presentations to the City Council, boards and commissions, management staff, public and non-profit agencies, task forces and other community groups as they relate to housing and community development programs.

Selects, plans, evaluates and supervises the work of professional and clerical staff, including consultants and contractors.

Develops and disseminates informational materials.

Performs related duties as assigned.

MINIMUM QUALIFICATIONS

KNOWLEDGE. ABILITIES AND SKILLS

Knowledge of:

Housing program management

Housing new construction, rehabilitation and repair of property

Planning, Zoning and environmental laws and regulations

Real estate investment and transactions

Principles of finance and economics

Tax-exempt structures and tax credit programs.

Community resources

Cooperative housing

Public and private partnerships
Inclusionary zoning and development agreements
Federal, state and local housing legislation, laws and regulations
Budget development and management
State and federal grant applications and management
Management and supervisory principles and practices
Effective customer service techniques
Implementing the planning and administrative requirements of the Community Development Block Grant Entitlement program.
Fair Housing and Equal Opportunity/Equal Housing Lending
Uniform administrative requirements, cost principles, and audit requirements for federal awards (2 CFR 200)
State and federal environmental review requirements (CEQA and NEPA/Part58)
Implementing requirements applicable to federal funding including relocation and federal labor standards/prevaling wages.

Ability to:

Plan, manage and coordinate the activities of a major division
Develop and implement innovative and effective housing programs
Prepare analytical and financial reports
Interpret and apply policies, laws and regulations
Develop and implement policies and procedures
Communicate effectively both orally and in writing
Establish and maintain effective working relationships with the public, City departments, City boards and commission groups.
Prepare and present clear and concise oral and written reports and recommendations.
Select, train and supervise staff.

Skill in:

Real estate and financial analyses
Community relations and outreach
Public speaking
Public/Private partnerships
Staff development
The use of computers and applicable software applications

EDUCATION. TRAINING AND EXPERIENCE

Graduation from an accredited college or university with a Bachelor's degree in Urban Planning, Economics, Business, Public Administration or a closely related

field. Four years of recent, paid and progressively responsible work experience in the management, financial and economic analysis of affordable housing and community development programs. At least two years of experience must have included management/supervisory responsibilities.

LICENSES AND CERTIFICATES

Possession of a valid Class C driver license.

SUPPLEMENTAL INFORMATION**SUPERVISION RECEIVED**

Works with limited administrative supervision. Responsible to plan and arrange own work. Instructions are occasionally provided and work is periodically reviewed.

SUPERVISION EXERCISED

Exercises administrative and technical supervision over professional and clerical staff.

WORKING CONDITIONS

Work is performed indoors in an office environment. This position may require occasional travel, visiting of various sites in the community, performing evening work and participating in committees and boards.

BENEFITS

City information (TBD)