

**CITY OF UKIAH
CITY COUNCIL AGENDA
Regular Meeting
CIVIC CENTER COUNCIL CHAMBERS
300 Seminary Avenue
Ukiah, CA 95482
March 1, 2017
6:00 p.m.**

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. PROCLAMATIONS/INTRODUCTIONS/PRESENTATIONS

- a. Proclamation of the Ukiah City Council Recognizing March as Women's History Month.
- b. Status Report, Discussion and Possible Action Regarding the Ukiah Valley Sanitation District's Litigation Against the City of Ukiah Related to the Operation of the Sanitary Sewer System.

4. PETITIONS AND COMMUNICATIONS

5. APPROVAL OF MINUTES

- a. Minutes of February 15, 2017, a Regular Meeting.

6. RIGHT TO APPEAL DECISION

Persons who are dissatisfied with a decision of the City Council may have the right to a review of that decision by a court. The City has adopted Section 1094.6 of the California Code of Civil Procedure, which generally limits to ninety days (90) the time within which the decision of the City Boards and Agencies may be judicially challenged.

7. CONSENT CALENDAR

The following items listed are considered routine and will be enacted by a single motion and roll call vote by the City Council. Items may be removed from the Consent Calendar upon request of a Councilmember or a citizen in which event the item will be considered at the completion of all other items on the agenda. The motion by the City Council on the Consent Calendar will approve and make findings in accordance with Administrative Staff and/or Planning Commission recommendations.

8. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

The City Council welcomes input from the audience. If there is a matter of business on the agenda that you are interested in, you may address the Council when this matter is considered. If you wish to speak on a matter that is not on this agenda, you may do so at this time. In order for everyone to be heard, please limit your comments to three (3) minutes per person and not more than ten (10) minutes per subject. The Brown Act regulations do not allow action to be taken on audience comments in which the subject is not listed on the agenda.

9. COUNCIL REPORTS

10. CITY MANAGER/CITY CLERK REPORTS

11. PUBLIC HEARINGS (6:15 PM)

12. UNFINISHED BUSINESS

- a. Discuss and Provide Direction for the Establishment of an Oversight Committee to Review Measure P Expenditures.
- b. Update on the Sustainable Groundwater Management Act (SGMA) and Provide Direction on Groundwater Sustainability Agency Governance.
- c. Authorize the Director of Public Works/City Engineer to Pay the Remainder of Fines to the State Water Resources Control Board for Administrative Civil Liability Order in the Amount of \$39,000 for the Wastewater Treatment Plant.

13. NEW BUSINESS

- a. Approve Reclassification and Title Changes for Water and Wastewater Positions and Approve the Addition of a Mechanic Position, Operator in Training Position, and Deletion of a Senior Wastewater Treatment Plant Operator/Mechanic.
- b. Receive an Overview of the Updated Electric Utility Public Benefit Programs, Consider Options and Provide Direction (EUD).
- c. Discussion and Possible Letter of Support for Senate Bill 2 – Building Homes and Jobs Act.

14. CLOSED SESSION – Closed Session may be held at any time during the meeting.

a. Conference with Legal Counsel – Anticipated Litigation

(Cal. Gov't Code Section 54956.9(d)(2))

Significant exposure to litigation (1 case) (Coastside Settlement)

b. Conference with Legal Counsel – Existing Litigation

(Cal. Gov't Code Section 54956.9(d)(1))

Name of case: *City of Ukiah v. Questex, LTD, et al, Mendocino County Superior Court*, Case No. SCUK- CVPT-15-66036 (Palace Hotel)

c. Conference with Legal Counsel – Existing Litigation

(Government Code Section 54956.9(d)(1))

Name of case: *Ukiah Valley Sanitation District v. City of Ukiah*, Sonoma County Superior Court, Case No. SCV 256737 (UVSD)

d. Conference with Legal Counsel – Existing Litigation

(Cal. Gov't Code Section 54956.9(d)(1))

Name of case: *Howard Jarvis Taxpayers Assn., et al. v. City of Ukiah*, Mendocino County Superior Court, Case No. SCUK-CVG-17-68588 (Measure Y and Z)

e. Conference with Real Property Negotiators

(Cal. Gov't Code Section 54956.8)

Property: 429 South Dora St. Ukiah, CA 95482

Negotiator: Sage Sangiacomo, City Manager; Negotiating Parties: City of Ukiah and Ukiah Unified School District; Under Negotiation: Price & Terms of Payment

15. ADJOURNMENT

Please be advised that the City needs to be notified 72 hours in advance of a meeting if any specific accommodations or interpreter services are needed in order for you to attend. The City complies with ADA requirements and will attempt to reasonably accommodate individuals with disabilities upon request. Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection at the front counter at the Ukiah Civic Center, 300 Seminary Avenue, Ukiah, CA 95482, during normal business hours, Monday through Friday, 8:00 am to 5:00 pm.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the bulletin board at the main entrance of the City of Ukiah City Hall, located at 300 Seminary Avenue, Ukiah, California, not less than 72 hours prior to the meeting set forth on this agenda.

Dated this 24th day of February, 2017.
Kristine Lawler, City Clerk



ITEM NO.: 3a

MEETING DATE: March 1, 2017

AGENDA SUMMARY REPORT

SUBJECT: PROCLAMATION OF THE UKIAH CITY COUNCIL RECOGNIZING MARCH AS WOMEN'S HISTORY MONTH

Summary: Council to issue a proclamation recognizing March as Women's History Month.

Background and Discussion: The City celebrates and honors women and their contribution to our community annually during the month of March. In March of 1983, the first Women's History Gala Celebration in Mendocino County was held at the Anderson Valley High School. Thereafter, each year it has been held in the City of Ukiah, the seat of Mendocino County, with the March 5th Celebration marking its 34th anniversary.

The public is invited to attend the 34th Annual Women's History Gala Celebration at 12:30 p.m., at the Saturday Afternoon Clubhouse. Women to be honored who embody this year's theme, "Honoring Trailblazing Women in Business" are Maureen Mulheren with Connect Insurance; Barbara Newell, PhD, with Pennofin Company; and Erika McKenzie-Chapter, Sarah Bennett, and Star White with Pennyroyal Farm.

FISCAL IMPACT:				
Budgeted Amount in 16-17 FY	New Appropriation Source of Funds (Title & No.)	Account Number	Budget Amendment Required	Previous Contract or Purchase Order No.
N/A	N/A	N/A	Yes ☐ No ☒	N/A

RECOMMENDED ACTION(S): Issue a proclamation of the Ukiah City Council recognizing March as Women's History Month.

ALTERNATIVES: N/A

Citizens advised: N/A
Requested by: Jim O. Brown, Mayor.
Contact/Prepared by: Ashley Cocco, Deputy City Clerk.
Coordinated with: Katarzyna Rolzinski; Jim O. Brown, Mayor; and Kristine Lawler, City Clerk.
Presenter: Jim O. Brown, Mayor.
Attachment: 1. Proclamation

COUNCIL ACTION DATE: _____: ☐ Approved ☐ Continued to _____ ☐ Other _____

RECORDS APPROVED: ☐ Agreement: _____ ☐ Resolution: _____ ☐ Ordinance: _____

Note: Please write Agreement No. in upper right corner of agreement when drafted.

Approved: 
Sage Sangiacomo, City Manager

PROCLAMATION

MARCH: WOMEN'S HISTORY MONTH *34th ANNUAL WOMEN'S HISTORY GALA CELEBRATION*

WHEREAS, in March 1983 the first Women's History Gala Celebration in Mendocino County was held in the Anderson Valley High School. Thereafter, each year it has been held in the City of Ukiah, the seat of Mendocino County, with the March 5th Celebration marking its 34th anniversary; and

WHEREAS, the Mendocino Women's Political Coalition (MWPC) presents the Women's History Gala Celebration with AAUW-Ukiah, Ukiah Saturday Afternoon Club, and the Cloud Forest Institute; and

WHEREAS, the aforementioned women's organizations continue to work to increase and acknowledge the roles of women at all levels of community and public service, and to become knowledgeable about issues that affect their equality and to foster networks that extend and expand the creative, social, and political strength of women; and

WHEREAS, promoting and celebrating the equality and achievements of all women continue to be at the core of this 2017 celebration of Women's History, and the tradition of the annual Women's History Gala Celebration is to recognize and honor particular women who exemplify each year's designated theme for contributions in their communities through their fields of work; and

WHEREAS, on Sunday, March 5, 2017, the public is invited to attend the 34th Annual Women's History Gala Celebration at 12:30 p.m., at the Saturday Afternoon Clubhouse. Women to be honored who embody this year's theme, "Honoring Trailblazing Women in Business" are Maureen Mulheren with Connect Insurance; Barbara Newell, PhD, with Pennofin Company; and Erika McKenzie-Chapter, Sarah Bennett, and Star White with Pennyroyal Farm.

THEREFORE, I, Jim O. Brown, Mayor and my fellow Ukiah City Councilmembers: Kevin Doble, Maureen Mulheren, Stephen G. Scalmanini, and Doug Crane do hereby join other communities in the nation in proclaiming the month of March to be Women's History Month and to recognize and celebrate the 34th Anniversary of the Women's History Gala Celebration on March 5, 2017.

Signed and sealed, this 1st day of March, in the year Two Thousand Seventeen.

Jim O. Brown, Mayor



ITEM NO.: 3b

MEETING DATE: March 1, 2017

AGENDA SUMMARY REPORT

SUBJECT: STATUS REPORT, DISCUSSION AND POSSIBLE ACTION REGARDING THE UKIAH VALLEY SANITATION DISTRICT'S LITIGATION AGAINST THE CITY OF UKIAH RELATED TO THE OPERATION OF THE SANITARY SEWER SYSTEM

Summary: Staff will provide the latest status report on the Ukiah Valley Sanitation District's Litigation against the City of Ukiah related to the operation of the sanitary sewer system.

The City of Ukiah continues to request that the District consider a change in process outside of litigation to resolve the dispute and restore a working relationship, recognizing there is simply too much at stake for the ratepayers, system operations, and the community.

Background (*Chronologic History of Recent Correspondence & Activity*): In September 2013, the Ukiah Valley Sanitation District (UVSD) filed a claim for damages with the City, and one month later filed its lawsuit. In its lawsuit, the District seeks damages for alleged breaches of the various agreements between the City and the District related to the operation of the sanitary sewer system, starting with the original 1955 agreement.

The lawsuit will have significant adverse financial impacts to both agencies, as well as the ratepayers and the community, and the City is seeking an alternative to litigation to resolve this dispute. Attached is the letter that was sent on September 14, 2016, by the City Council to the District Board, formally requesting that the District drop the lawsuit with terms that would allow the District to refile if agreement cannot be reached (*UVSD Litigation Update Box File #1*), as well as an informational piece that details the background/impacts (*UVSD Litigation Update Box File #2*).

On September 21, 2016, the City Council received a presentation (*UVSD Litigation Update Box File #3*) from staff that explained the relationship between the two agencies and provided responses to some of the most frequently asked questions about this matter to better inform the public about the consequences of the litigation. This information along with a video link to the September 21st presentation/discussion are accessible at <http://www.cityofukiah.com/projects/uvsd-vs-cou/>.

The UVSD submitted a letter dated September 20, 2016, (*UVSD Litigation Update Box File #4*) which inaccurately asserts that the City's request is for the District to drop the lawsuit until after the recycled water project funding is received. In fact, the City's request is for the District to dismiss its lawsuit and

Continued on Page 2

RECOMMENDED ACTION(S): Receive status report. If desired, discuss and provide direction to Staff and/or consider any action(s) related to the matter.

ALTERNATIVES: N/A

Citizens advised: N/A
Requested by: City Council (Councilmembers Crane and Doble)
Prepared by: Sage Sangiacomo, City Manager and Sean White, Director of Water and Sewer.
Coordinated with: David Rapport, City Attorney and Tim Eriksen, Director of Public Works.
Presenter: Sage Sangiacomo, City Manager
Attachments: UVSD Litigation Update Box Files located at:
<https://cityofukiah.box.com/v/UVSDlitigationUpdates>

COUNCIL ACTION DATE: _____: ☐ Approved ☐ Continued to _____ ☐ Other _____

RECORDS APPROVED: ☐ Agreement: _____ ☐ Resolution: _____ ☐ Ordinance: _____

Note: Please write Agreement No. in upper right corner of agreement when drafted.

Approved: 
Sage Sangiacomo, City Manager

City and District devote their time, money and resources to solving the costly issues confronting the sewer system and improving their working relationship. The City's goal is to eliminate the lawsuit altogether. The City has offered to include terms that would allow the District to refile the lawsuit, if the parties fail to reach agreement, but the City never suggested that the District would simply refile the lawsuit once state funding was obtained. Also, the City never suggested that dismissing the lawsuit is all that would be necessary to obtain State funding. In addition to dismissal of the lawsuit, there would have to be an agreement between the City and the District regarding the recycled water project that would satisfy the State Water Resources Control Board.

At the conclusion of the September 21st discussion, the Council directed the City Manager to contact the UVSD District Manager to explore possible alternatives. The City Manager attempted to contact the District Manager by email, but due to a reported medical leave, Mr. McMichael was not available to provide a timely/detailed response. On October 5th the City Attorney received an email correspondence from Duncan James (Attorney representing the District) responding to the City Manager's email to Mr. McMichael. Mr. James indicated in the email that the District had accepted the City's request to meet and formed a committee consisting of Frank McMichael, District Manager; Jim Ronco, Board Chair; Bob Page, Board Member; and legal counsel. The City Manager issued a supplemental memo to the City Council for the October 5th City Council meeting regarding this email exchange and included a recommendation to Council for the formation of a City Council ad hoc committee to meet with the District (*UVSD Litigation Update Box File #5*). At the City Council meeting, Mr. Doug Losak with the Law Offices of Duncan James delivered and read aloud a letter containing some additional allegations, but in the end, agreed to meet with the City. The City Council formed an ad hoc committee consisting of Councilmembers Crane and Doble. The City immediately made efforts to schedule the first meeting between the District's committee and the City's ad hoc.

At the October 19, 2016, meeting, the City Council discussed the latest correspondence from the District including the District's request to hold the ad hoc meetings in private and require the City to consent to a confidentiality agreement. The City Manager provided the Council with the correspondence to date from the District regarding the confidentiality condition (*UVSD Litigation Update Box File #6*) for consideration. At the time of the meeting, the District had not provided a draft of the proposed confidentiality agreement. By consensus, the City Council continued to object to private meetings that do not provide the public with the opportunity to be informed. However, the City Council did direct the ad hoc to meet with the District's ad hoc to discuss the process for such meetings and report back to the City Council at its regular meeting on November 2, 2016.

Prior to the ad hoc meeting, the City Attorney received a letter from Duncan James' Office regarding the District's request for a confidentiality agreement for the ad hoc meetings along with a draft of the agreement (*UVSD Litigation Update Box File #7*). The City Attorney issued a response (*UVSD Litigation Update Box File #8*) indicating that such agreement would need to be discussed at the first joint ad hoc meeting and ultimately considered by the City Council.

In addition, the City Council received correspondence from the District Manager related to the recycled water project dated October 21st (*UVSD Litigation Update Box File #9*). Most of the questions referenced in the letter had already been either answered or provided to the District. Nonetheless, City staff welcomed the dialogue and discussion in a sincere effort to move this critical project forward. Staff provided a response to the District Manager on October 27, 2016 (*UVSD Litigation Update Box File #10*).

On October 28, 2016, the City's ad hoc met with the District's ad hoc. At the meeting, the District presented the City with a take it or leave it condition imposing confidentiality on the ad hoc discussions.

On November 2nd and 4th, the City Council considered the District's confidentiality condition on the ad hoc discussions and approved a letter (*UVSD Litigation Update Box File #11*) that confirmed agreement to the condition if the District Board would agree to either stay further proceedings in the lawsuit or dismiss the lawsuit without prejudice. The City's proposal, if accepted, would halt the costly litigation fees currently being incurred by both agencies, but would not preclude the District from terminating the stay or refiling the

lawsuit if the District wasn't satisfied with the discussions/negotiations. The District issued a response to the City's proposal on November 8, 2016 (*UVSD Litigation Update Box File #12*) that continues to impose a confidentiality condition on the joint ad hoc meetings. The District further stated "the lawsuit needs to otherwise remain in motion" except to provide a limitation on any discovery requests for a period of 4 weeks.

It's important to note that the District's legal team has predominately utilized the Public Information Act (PRA) rather than formal discovery to obtain information. Because the City of Ukiah is a public agency, the District's attorneys have used the PRA process to obtain information, which does not require the District to justify its requests by showing how they are relevant to the issues in the case. In a typical lawsuit, the discovery process is used to obtain documents and is overseen and controlled by the court to prevent burdensome or oppressive requests. The City continues to expense a tremendous amount of staff resources responding to the District's PRA requests for information dating back to 1955. To date, the District has submitted over 41 requests (with multiple parts) under the PRA process. The City has diligently been responding to the requests for the past 12 months. Suspension of the formal discovery process will not prevent the continued practice by the District nor will it limit the escalating litigation expenses during this proposed period.

With regard to the recycled water project, the City received additional correspondence from the District Manager indicating the need for more information (*UVSD Litigation Update Box File #13*). However, the correspondence did not identify any specific questions or information that had not otherwise been provided. The City Manager issued a response on November 15th (*UVSD Litigation Update Box File #14*) and included a BOX link to all relevant information on the recycled water project (<https://cityofukiah.box.com/v/uvsdpointsofinterest>). Most, if not all, of the information and/or documents have already been provided to the District. Furthermore, the City Manager requested a determination from the District regarding its position on the project and offered to provide any other information and/or presentations that would be necessary for a determination.

On November 16th, the City Council instructed the City Attorney to contact the lawyers for the Ukiah Valley Sanitation District to work out the details for mediating the outstanding disputes including selecting a mediator. Furthermore and as a first step in the mediation, the City Council requested the District to provide a detailed written response and any counter proposals to the City's written proposal that was submitted to the District in March 2014, during the original mediation between the City and the District. On November 17th, the City Attorney sent correspondence to the UVSD's lawyer to initiate mediation as directed (*UVSD Litigation Update Box File #15*). As of the publication of the report for the December 7th City Council meeting, the District had not responded.

Additional correspondence between the City and District had also been exchanged related to the recycled water project (*UVSD Litigation Update Box File #16 & #17*). Despite continued attempts to engage and provide the District with information, the District had yet to conclude that the recycled water project is the superior alternative of disposing treated wastewater. In an effort to bring this item to a conclusion, the City Manager proposed in a December 1st correspondence to the District Manager a joint meeting between the City Council and the District Board to discuss and resolve any remaining questions/issues related to the project. As of the publication of the report for the December 7th City Council meeting, the District had not responded.

Related to the Fiscal Year 16/17 Budget, the District has not yet identified the District's timeline for their previously identified budget review process that reportedly extends through various staff, committee and District Board stages before a final joint meeting with the City can be scheduled. The previously approved continuing resolution for the budget was scheduled to expire on December 31, 2016. The City had made inquiries as to the District's progress and anticipated review timeline (*UVSD Litigation Update Box File #18*). Staff recognized some level of District review was underway given recent engagement (since November 11th) on the budget, but the District Manager had not provided a timeline for completion of their review and/or indicated readiness for a joint budget meeting. As of the publication of the report for the December 7th City Council meeting, the District had not responded.

At the December 7th City Council meeting, the Council adopted a resolution to secure funding for the construction of the recycled water system using water revenues as an alternate to the City's wastewater revenues. While this was a less desirable option for securing project funding, it was considered a better alternative to losing the project funds altogether. The Ukiah Valley Sanitation District's lawsuit remains the only impediment to securing project funding with the wastewater revenues given the City must be able to demonstrate to the State an unconstrained revenue source to guarantee repayment of the loan funds. City staff reported that they were vetting the details of the water revenue alternative with the State Water Resources Control Board. The UVSD continued to be unresponsive to the City Manager's proposal for a joint meeting between the City Council and the District Board to discuss and resolve any remaining questions/issues related to the recycled water project.

Related to the Fiscal Year 16/17 Budget, the City Council and the District Board approved a continuing budget resolution at their respective meetings on December 7th and December 27th. The City's continuing resolution was set to expire on January 18, 2017, unless otherwise extended. The City requested a joint meeting with the District Board prior to the expiration of the resolution. While the District had taken action to extend the continuing resolution beyond December 31, 2016, it had yet to identify a timeline for the completion of its budget review or response to the City's request for a joint meeting.

At the January 4, 2017, City Council meeting, the City Manager and staff reported that terms for mediation continue to be discussed and the District had not responded to the City's requests for a joint meeting on the Fiscal Year 16/17 budget or the recycled water project. It was further reported that the City received a notice from the District Chair related to communication in the absence of the District Manager due to an extended medical leave (*UVSD Litigation Update Box File #19*).

At the January 18, 2017, City Council meeting, the City Manager and staff reported that terms for mediation continue to be discussed and the District had not responded to the City's continued requests for a joint meeting on the Fiscal Year 16/17 budget or the recycled water project.

Development of the City's wastewater operating budget is a joint process between the City and the Ukiah Valley Sanitation District (UVSD). The process had been delayed significantly despite efforts by the City to move it forward expeditiously. In the interim, the City had been operating its wastewater enterprise on a continuing resolution, carrying forward the adopted appropriations from Fiscal Year 2015-16. At its meeting of December 7, 2016, the City Council determined that continuing to do so impeded its ability to effectively, efficiently, and responsibly provide wastewater services to the citizens of Ukiah and the UVSD and voted to move the budget process forward with its consideration and potential adoption at its regularly scheduled meeting on January 18, 2017. The City notified UVSD of its intentions and again called on it to schedule a meeting with the City Council to complete the budget review process. As of the January 18th City Council meeting, the UVSD continued to be unresponsive to the requests to meet. As such, the City Council unilaterally considered and approved the FY 16-17 Wastewater Budget (*UVSD Litigation Update Box File #20*).

At the February 1, 2017, City Council meeting, the City Manager and staff reported that terms for mediation continue to be discussed with a location and mediator agreed to, but a date not finalized. Furthermore, the District had not responded to the City's continued requests for a joint meeting on the Fiscal Year 16/17 budget or the recycled water project.

At the February 15, 2017, City Council meeting, the City Attorney reported that a date (May 11th) had been finalized for the first session of mediation. In addition, the City had accepted the District's conditions that the mediation be subject to a confidentiality agreement in addition to the Evidence Code mediation privilege and to conduct the mediation in Santa Rosa using a mediator from the Judicial Arbitration and Mediation Service (JAMS). The City Manager also reported the District had not responded to the City's continued requests for a joint meeting on the Fiscal Year 16/17 budget or the recycled water project.

Discussion: The impacts of the District's litigation continues to negatively impact the ratepayers, system operations, and the community. At the March 1st City Council meeting, Staff will provide the latest status

report on the Ukiah Valley Sanitation District's Litigation against the City of Ukiah related to the operation of the sanitary sewer system including the most recent correspondence from/to the District (if any).

As of the date of publication of this report, the UVSD continues to be unresponsive to the City's continued requests for a joint meeting on the FY 16-17 Budget and recycled water project.

The Council may elect to discuss the matter further and, if desired, provide direction to Staff and/or consider any related action(s). As part of this agenda item, the Council does not intend to consult with legal counsel regarding the litigation itself and does not intend to waive evidentiary privileges for attorney-client communication or attorney work product.

CITY OF UKIAH
CITY COUNCIL MINUTES
Regular Meeting
CIVIC CENTER COUNCIL CHAMBERS
300 Seminary Avenue
Ukiah, CA 95482
February 15, 2017
6:00 p.m.

1. **ROLL CALL**

2. **PLEDGE OF ALLEGIANCE**

Ukiah City Council met at a Regular Meeting on February 15, 2017, having been legally noticed on February 10, 2017. Mayor Brown called the meeting to order at 6:00 p.m. Roll was taken with the following **Councilmembers Present:** Stephen G. Scalmanini, Douglas F. Crane, Maureen Mulheren, Kevin Doble, and Jim O. Brown. **Councilmembers Absent:** None. **Staff Present:** Sage Sangiacomo, City Manager; David Rapport, City Attorney; and Ashley Cocco, Deputy City Clerk.

MAYOR BROWN PRESIDING.

3. **PROCLAMATIONS/INTRODUCTIONS/PRESENTATIONS**

a. **Status Report, Discussion and Possible Action Regarding the Ukiah Valley Sanitation District's Litigation Against the City of Ukiah Related to the Operation of the Sanitary Sewer System – Administration.**

Presenters: Sage Sangiacomo, City Manager; David Rapport, City Attorney; and Dan Buffalo, Director of Finance.

Presentation was received.

4. **PETITIONS AND COMMUNICATIONS**

5. **APPROVAL OF MINUTES**

a. **Minutes of February 1, 2017, a Regular Meeting.**

Motion/Second: Mulheren/Doble to approve Minutes of February 1, 2017, a Regular Meeting as submitted. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

6. **RIGHT TO APPEAL DECISION**

7. **CONSENT CALENDAR**

a. Report of Disbursements for the Month of January - *Finance*.

b. Adopt an Ordinance (1175) Amending the Zoning Map Changing the Zoning on a Parcel Located at 350 N. Orchard Avenue – *Planning and Community Development*.

ORDINANCE NO. 1175

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UKIAH AMENDING THE OFFICIAL ZONING MAP FOR THE CITY OF UKIAH, CALIFORNIA AND ESTABLISHING THE COMMERCIAL ZONING (C1) AT 350 N. ORCHARD AVENUE APN 002-370-270

- c. Award Contract (COU No. 1617-166) to Provide and Install Electric Service Center Warehouse Shelving and Pallet Racking System to Next Level Warehouse Solutions, Inc., in the Amount of \$47,429.51 (EUD) – *Electric Utility*.
- d. Award Purchase of a Replacement Sixteen-Foot Hydraulic Tilt Flatbed Truck, 2017 Peterbilt Model 337 with Scelzi Brand Bed, to National Auto Fleet Group, Watsonville, California in the Amount of \$126,286.14 (EUD) – *Electric Utility*.
- e. ~~Authorize the City Manager to Negotiate and Execute a Management Agreement (COU No. 021511-A6) for the Alex Rorabaugh Recreation Center – Community Services. – Pulled by Councilmember Crane and moved to Agenda Item 13d.~~
- f. ~~Award Purchase of a Replacement Aerial Bucket Truck with a 2017 Altec Model AM60E to Altec Industries, Inc., Dixon, California in the Amount of \$314,264.67 (EUD) – Electric Utility. – Pulled by Mayor Brown and moved to Agenda Item 13e.~~
- g. Adoption of Resolution (2017-13) Authorizing the City Manager to Apply for a CalRecycle Tire-Derived Aggregate Grant (COU No. 1617-215) and Execute All Related Documents – *Public Works*.
- h. ~~Request Approval to Reclassify the Power Engineer Job Series – Human Resources. – Pulled by Councilmember Crane and moved to Agenda Item 13f.~~
- i. ~~Adoption of a Resolution (2017-14) Authorizing the City Manager to Apply for and Submit an Application for a Housing-Related Parks Program Grant – Community Services. – Pulled by Councilmember Crane and moved to Agenda Item 13g.~~
- j. Award Purchase of a Replacement Electric Utility Technician Truck with a 2017 Ford F-350-XL Super Cab and Chassis with Scelzi Service Body to Ukiah Ford in the Amount of \$52,678.41 (EUD) – *Electric Utility*.

Motion/Second: Crane/Mulheren to approve Consent Calendar Items 7a-d, g, and j. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

8. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

Presenters: Jamie White, Cheryl Thompson, Mike Pallesen, and (unidentified woman).

9. COUNCIL REPORTS

10. CITY MANAGER/CITY CLERK REPORTS

Presenters: Sage Sangiacomo, City Manager and Shannon Riley, Senior Management Analyst.

11. PUBLIC HEARINGS (6:15 PM)

12. UNFINISHED BUSINESS

- a. **Presentation Regarding Feasibility Analysis for a Hotel in Downtown Ukiah – Administration.**

Presenters: Shannon Riley, Senior Management Analyst and Chris Kraus, Managing Director CBRE Hotels.

Public Comment: Steely Inoue, Rick Hansen, Don Crawford, Tom Liden, and Cynthia Coale.

Motion/Second: Doble/Crane to request staff to investigate and bring back options for the Request for Proposal (RFP) process. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

b. Review of Draft Performance Agreement Between the City of Ukiah and the Economic Development Financing Corporation (EDFC) For Fiscal Year 2016-17 – Administration.

Presenter: Shannon Riley, Senior Management Analyst.

Public Comment: John Kuhry.

Motion/Second: Crane/Scalmanini to authorize the City Manager to negotiate and execute the agreement (COU No. 1617-190) between Economic Development and Financing Corporation (EDFC) and the City of Ukiah. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

c. Possible Adoption of a Marijuana Dispensary Ordinance Amending Chapter 8 in Division 6; Table 3 in Section 9223.1 of Article 18, Chapter 2 in Division 9; and Section 9254 in Article 19, Chapter 2 in Division 9 of the Ukiah City Code, Entitled “Medical Marijuana Dispensaries” – Planning and Community Development.

Presenters: Kevin Thompson, Interim Planning Director and Darcy Vaughn, Assistant City Attorney.

Public Comment: Robert Werra MD, Steely Inoue, Don Crawford, and Barbara McClain.

ORDINANCE NO. 1176

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UKIAH AMENDING CHAPTER 8 IN DIVISION 6; TABLE 3 IN SECTION 9223.1 OF ARTICLE 18, CHAPTER 2 IN DIVISION 9; AND SECTION 9254 IN ARTICLE 19, CHAPTER 2 IN DIVISION 9 OF THE UKIAH CITY CODE, ENTITLED “MEDICAL MARIJUANA DISPENSARIES”

Motion/Second: Mulheren/Doble to adopt the Marijuana Dispensary Ordinance (1176) amending Chapter 8 in Division 6; Table 3 in Section 9223.1 of Article 18, Chapter 2 in Division 9; and Section 9254 in Article 19, Chapter 2 in Division 9 of the Ukiah City Code, entitled “Medical Marijuana Dispensaries”. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

RECESS 8:00 – 8:06 P.M.

d. Authorize the City Manager to Negotiate and Execute an Agreement with the Sonoma County Water Agency in the Amount of \$34,000 and Approval of a Contribution to the Inland Water and Power Commission in the Amount of \$4,400 Both of Which are for Joint-Funded Water Planning Studies – Public Works.

Presenters: Sean White, Water and Sewer Director and Jarod Thiele, Public Works Management Analyst.

Motion/Second: Crane/Mulheren to authorize the City Manager to Negotiate and Execute an agreement (COU No. 1617-167) with the Sonoma County Water Agency in the amount of \$34,000 and approval of a contribution to the Inland Water and Power Commission in the amount of \$4,400 both of which are for Joint-Funded Water Planning Studies. Motion **carried** by the following roll call

votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

e. Approve Plans and Specifications for Talmage Road Interchange Project, Specification No. 16-05, Direct Staff to Advertise for Bids, and Direct Staff to Make Changes to the Specifications Necessary to Obtain a Caltrans Encroachment Permit – *Public Works*.

Presenter: Tim Eriksen, Director of Public Works / City Engineer.

Motion/Second: Crane/Doble to approve plans and specifications for the Talmage Road Interchange Project, Specification No. 16-05 and direct staff to advertise for bids and to authorize the City Engineer to make changes to the specifications and plans necessary to obtain a Caltrans encroachment permit. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

f. The Ukiah City Council to Adopt the Resolution and Exhibit A Superseding Resolution No. 2016-66, Proposed Electric Rate Adjustments (EUD) – *Electric Utility*.

Presenter: Mel Grandi, Electric Utility Director.

Motion/Second: Crane/Mulheren to adopt the Resolution (2017-15) and Exhibit A superseding Resolution No. 2016-66, proposed Electric Rate Adjustments (EUD). Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

13. NEW BUSINESS

a. Approval of Amendment #1 to the Contract with Larry Walker and Associates for Engineering Services and Technical Assistance Related to the City's National Pollutant Discharge Elimination System (NPDES) Permit Renewal for the Wastewater Treatment Plant in the Amount of \$54,710 – *Public Works*.

Presenters: Sean White, Director of Water and Sewer and Jarod Thiele, Public Works Management Analyst.

Motion/Second: Crane/Mulheren to approve amendment #1 to the contract (COU No. 1617-214) with Larry Walker and Associates for engineering services and technical assistance related to the City's National Pollutant Discharge Elimination System (NPDES) permit renewal for the Wastewater Treatment Plant in the amount of \$54,710. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

b. Notification of Acquisition of Emergency Boiler Rental and Installation from Bay City Boiler and Engineering, Inc. in the Amount of \$22,925, Authorization of Continued Boiler Rental in the Amount of \$3,500 Per Month Plus Any Applicable Taxes, Approval of Purchase of Two New Boilers in the Amount of \$99,726.94 from Rite Boiler for the Digesters at the Wastewater Treatment Plant and Approval of Corresponding Budget Amendment – *Public Works*.

Presenters: Sean White, Director of Water and Sewer and Jarod Thiele, Public Works Management Analyst.

Motion/Second: Crane/Doble to authorize the continued boiler rental in the amount of \$3,500 per month plus any applicable taxes, approve the purchase of two new boilers in the amount of \$99,726.94 from Rite Boiler for the digesters at the Wastewater Treatment Plant and approve the corresponding budget amendment. Motion **carried** by the following roll call votes: AYES: Scalmanini,

Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

c. Consideration and Possible Approval of Debt Management Policy – Finance.

Presenters: Dan Buffalo, Finance Director and Daphne Harris, Management Analyst – Finance Department.

Motion/Second: Crane/Mulheren to *approve resolution (2017-16)* approving the Debt Management Policy. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

(Previously Agenda Item 7e)

d. Authorize the City Manager to Negotiate and Execute a Management Agreement for the Alex Rorabaugh Recreation Center – Community Services.

Presenter: Tami Bartolomei, Community Services Director and Kerry Randall, Facilities Administrator.

Motion/Second: Crane/Scalmanini to authorize the City Manager to negotiate and execute a Memorandum of Agreement (*COU No. 021511-A6*) for the Alex Rorabaugh Recreation Center with the Ukiah Valley Cultural and Recreation Center and direct staff to schedule a Community Services Work Study Session. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

(Previously Agenda Item 7f)

e. Authorize Award Purchase of a Replacement Aerial Bucket Truck with a 2017 Altec Model AM60E to Altec Industries, Inc., Dixon, California in the Amount of \$314,264.67 (EUD) – Electric Utility

Presenter: Mel Grandi, Electric Utility Director and Tim Santo, Dave Kersh,

Motion/Second: Brown/Crane to award purchase of a replacement Aerial Bucket Truck with a 2017 Altec Model AM60E to Altec Industries, Inc., Dixon, California in the amount of 314,264.67. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

(Previously Agenda Item 7h)

f. Request Approval to Reclassify the Power Engineer Job Series – Electric Utility.

Presenter: Sheri Mannion, Director of Human Resources/Risk Management.

Motion/Second: Crane/Doble to approve the recommended proposal to reclassify the Power Engineer Job Series. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

(Previously Agenda Item 7i)

g. Adoption of Resolution Authorizing the City Manager to Apply for and Submit an Application for a Housing-Related Parks Program Grant – Community Services.

Presenters: Tami Bartolomei, Community Services Director and Sage Sangiacomo, City Manager.

Motion/Second: Crane/Mulheren to adopt resolution (*2017-14*) authorizing the City Manager to apply for and submit an application for a Housing-Related Parks Program grant. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None.

ABSENT: None. ABSTAIN: None.

THE CITY COUNCIL ADJOURNED TO CLOSED SESSION AT 9:17 P.M.

14. CLOSED SESSION

a. Conference with Legal Counsel – Anticipated Litigation

(Cal. Gov't Code Section 54956.9(d)(2))

Significant exposure to litigation (1 case) (Coastside Settlement)

b. Conference with Legal Counsel – Existing Litigation

(Cal. Gov't Code Section 54956.9(d)(1))

Name of case: *City of Ukiah v. Questex, LTD, et al*, Mendocino County Superior Court, Case No. SCUК- CVPT-15-66036 (Palace Hotel)

c. Conference with Legal Counsel – Existing Litigation

(Government Code Section 54956.9(d)(1))

Name of case: *Ukiah Valley Sanitation District v. City of Ukiah*, Sonoma County Superior Court, Case No. SCV 256737 (UVSD)

d. Conference with Legal Counsel – Existing Litigation

(Cal. Gov't Code Section 54956.9(d)(1))

Name of case: *Ukiah Citizens for Safety First v. City of Ukiah*, Mendocino County Superior Court, Case No. SCUКCVPT 14-63579 (Costco)

e. Conference with Legal Counsel – Existing Litigation

(Cal. Gov't Code Section 54956.9(d)(1))

Name of case: *Howard Jarvis Taxpayers Assn., et al. v. City of Ukiah*, Mendocino County Superior Court, Case No. SCUК-CVG-17-68588 (Measure Y and Z)

f. Conference with Real Property Negotiators

(Cal. Gov't Code Section 54956.8)

Property: 429 South Dora St. Ukiah, CA 95482

Negotiator: Sage Sangiacomo, City Manager; Negotiating Parties: City of Ukiah and Ukiah Unified School District; Under Negotiation: Price & Terms of Payment

15. ADJOURNMENT

There being no further business, the meeting adjourned at 9:40 p.m.

Kristine Lawler, City Clerk



ITEM NO.: 12a

MEETING DATE: March 1, 2017

AGENDA SUMMARY REPORT

SUBJECT: DISCUSS AND PROVIDE DIRECTION FOR THE ESTABLISHMENT OF AN OVERSITE COMMITTEE TO REVIEW MEASURE P EXPENDITURES

Summary: During the summer of 2014, the Ukiah City Council approved Resolution 2014-28 establishing a spending plan for Public Safety and the creation of an Oversight Board to make reports on the public safety plan. The Resolution calls for the City Council to establish an Oversight Board every two years after the successful passage of Measure P.

The purpose of this report is to begin Council discussion and establishment of the Oversight Board to review Measure P expenditures from November 2014 to November 2016.

Background: In June of 2005, the Citizens of Ukiah approved a one-half percent general sales tax measure, called Measure S. The Measure S sales tax had a limited term and expired in September of 2015. Along with Measure S, the Citizens of Ukiah also passed Measure T, an accompanying advisory measure which asked, "Should additional funds for public safety, including police, fire, and emergency medical services be first priority for the use of new sales tax revenues in the City of Ukiah?"

During the summer of 2014, the City of Ukiah began the effort to renew Measure S. During this process the City Council unanimously approved Resolution 2014-28 which established an expenditure plan for Public Safety and an Oversight Board to make periodic reports on the performance of the public safety spending plan.

The Ukiah City Council also unanimously adopted Resolution 2014-29, which placed on the November 2014 regular municipal election ballot a measure calling for the extension of the one-half percent general sales tax without a sunset clause. This measure was subsequently named Measure P for the fall 2014 election. Please see Attachment #1 for Resolution Nos. 2014-28, 2014-29, and Ordinance No. 1149.

The text of the Measure read, "Measure P – Shall the one-half of one percent (0.5%) transaction and use tax used to fund essential public services, including police, fire prevention and protection, and emergency medical services, set to expire on September 25, 2015, be extended by Ordinance No. 1149 until repealed by majority vote in a municipal election?"

Continued on Page 2

RECOMMENDED ACTION(S): Discuss and provide direction for the establishment of an Oversight Committee to review Measure P expenditures.

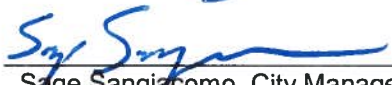
ALTERNATIVES: Provide staff with alternate direction.

Citizens advised: N/A
Requested by: N/A
Prepared by/Contact: Chris Dewey, Police Chief.
Coordinated with: Sage Sangiacomo, City Manager; Dan Buffalo, Finance Director; and Kirk Thomsen, Fire Chief.
Presenter: Chris Dewey, Police Chief.
Attachments: 1. Resolutions 2014-28, 2014-29 and Ordinance 1149
2. Measure P Annual Financial Report

COUNCIL ACTION DATE: _____: ☐ Approved ☐ Continued to _____ ☐ Other _____

RECORDS APPROVED: ☐ Agreement: _____ ☐ Resolution: _____ ☐ Ordinance: _____

Note: Please write Agreement No. in upper right corner of agreement when drafted.

Approved: 
Sage Sangiacomo, City Manager

In November of 2014, 76% of Ukiah's participating voters approved Measure P.

Discussion: Resolution 2014-28, unanimously approved by the City Council, resolved that the City of Ukiah would create:

- 1) An expenditure plan for the use of revenue from a sales tax measure, which would include the accounting of Public Safety revenues received and established a minimum level of Public Safety services as outlined in Attachment 2.
- 2) The creation of an Oversight Committee, to review the public safety budgets and revenue received, and prepare a report to council. Persons appointed to the committee by Council should, "represent a broad range of interests in the City, including business owners, ethnic minorities, a City firefighter, a City police officer, homeowners and tenants.
- 3) A report on accounting for the Measure S and P sales tax revenues.

In anticipation of City Council establishing an Oversight Committee, the Finance Director has prepared a Measure P reporting document for the City Council's review and comment (Attachment #2).

The purpose of this report is to review the prepared financial report, and then to discuss and begin the process of creating an Oversight Committee to review Measure P expenditures since November of 2014.

Recommendations: Provide staff with direction on the establishment of an Oversight Committee and committee members.

FISCAL IMPACT:				
Budgeted Amount in 16-17 FY	New Appropriation Source of Funds (Title & No.)	Account Number	Budget Amendment Required	Previous Contract or Purchase Order No.
N/A	N/A	N/A	Yes ☐ No ☒	N/A

RESOLUTION NO. 2014-28**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UKIAH ESTABLISHING AN EXPENDITURE PLAN FOR PUBLIC SAFETY AND AN OVERSIGHT BOARD TO MAKE PERIODIC REPORTS ON THE PERFORMANCE OF THE EXPENDITURE PLAN****WHEREAS:**

1. The City of Ukiah is 4.7 square miles in size, but is surrounded by additional urban areas and residential subdivisions within an unincorporated portion of Mendocino County. The Ukiah Valley is the most populous portion of Mendocino County, containing, at least, 2/3 of the total county population; and
2. The California Department of Finance estimates the population of the City of Ukiah ("City") as of January 1, 2004, at 15,907 people and 16,185 as of January 1, 2014; and
3. Ukiah is the County Seat for Mendocino County and a commercial center for Mendocino County, Lake County, Southern Humboldt County and Northern Sonoma County; and
4. As such during business hours, the City population swells to perhaps as many as 40,000 people, including people who work, shop and receive services in Ukiah; and
5. Ukiah also is located on U.S. Highway 101, which is the major north-south highway west of Interstate Highway 5, and links southern California to Northern California and Oregon; and
6. Consequently, a small city with a population of 15,907 people in 2004 and 16,185 in 2014 must provide law enforcement, fire protection and emergency medical services to a day time population of 40,000, and respond to emergencies within the City, on U.S. Highway 101, and on a mutual aid basis within the larger Ukiah Valley; and
7. Public safety services are a general fund obligation of the City, which receives revenues from ad valorem property taxes, sales taxes and vehicle license fees. The City receives only 1% of the gross receipts from taxable retail sales within the City and less than 10% of the property taxes collected from real property located within the City; and
8. While population within the Ukiah Valley and City of Ukiah has grown over the last 30 years, calls for police services have also grown significantly. Calls for police services has increased from around 2500 calls in 1969 to over 25,000 in 2014, or by 1000%. Calls for service have increased in virtually every category, including assaults with weapons, burglary, thefts and shoplifting, drugs, sexual assaults and domestic violence; and
9. In contrast, between the years 1989 and 2003, the number of sworn officers in the Ukiah Police Department has remained constant at 28 officers; and
10. Calls for fire services have also grown. Between 1986 and 2012, fire calls increased 61% from 1,353 in 1986 to 3,277 in 2012; and
11. In 1988, the Ukiah Valley Fire District contracted with the City of Ukiah to provide fire services. The combined fire department had 15 firefighters; and
12. In 1988, the Ukiah Valley Fire District and City of Ukiah fire departments elected to independently provide fire services to their communities. Over the next 20 years, City of Ukiah Fire Department continued to provide at least 15 firefighter staffing; and
13. In 2003, due to the State of California's budget deficit, the City's general fund revenues were decreased significantly; and

14. As a result, the City was faced with substantial deficits for fiscal years 2004-2005, which required lay-offs or other reductions in expenditures for public safety services in the City; and
15. These budget deficits lead to deferment of equipment replacements, including fire engines, the City's ladder truck and police patrol cars; and
16. To address the significant demands of an increased public safety workload and provide funding for necessary equipment, in June of 2005, the Citizens of Ukiah passed by a majority vote, Measure S, a ½ cent general sales tax measure ("Measure S Sales Tax"), and Measure T, an accompanying advisory measure, which said that the first priority for additional sales tax funds should be support of essential public safety services; and
17. Measure S provided funding that has been used to increase the Police Department staffing from 28 sworn officers to 32 sworn officers. The 4 additional officers (one per work shift) were added to address workload increases and decrease response times; and
18. Measure S allowed the Fire Department to replace aging fire equipment, including the City's essential ladder truck, and other fire vehicles, and maintain a staff of at least 15 firefighters, with at least 4 firefighters on duty per shift for emergency services; and
19. In 2008, the Nation, State of California and the City of Ukiah, experienced a recession which significantly reduced city revenues from sales taxes, including revenues received from Measure S. Due to these budget deficits, the City's general fund revenues were significantly decreased; and
20. This unanticipated nation-wide recession forced the City of Ukiah to eliminate open positions, layoff personnel and reduce general fund budgets; and
21. Over the last six years, every employee in the City of Ukiah has had a 5% reduction in pay, and absorbed increases to their health insurance costs, in addition to various unpaid furloughs and reduced work hours which were made necessary by significantly reduced sales and property tax revenues ; and
22. The City of Ukiah fully complied with the PERS retirement cost reductions, reducing retirements costs for new employees; and
23. The Police Department was reduced over a two year period from 32 sworn officers to 30 sworn, then 26 sworn officers, because of the 2008 recession and reduction in General Fund revenues and Measure S revenues; and
24. The Fire Department operated ambulance service was eliminated as an additional measure to economize in response to the 2008 recession and reduction in Measure S Sales Tax and General Fund revenues, because the cost of the ambulance service exceeded the limited compensation from reduced Medi-Cal and Medi-Care reimbursements; and
25. As the economy improved, and General Fund revenues and Measure S Sales Tax revenues have been restored to the levels prevailing before the 2008 recession, the City of Ukiah has worked to improve public safety services to the Ukiah community; and
26. For a two year period commencing January 1, 2014 and ending on December 31, 2015, the City of Ukiah and the Ukiah Valley Fire District have entered a contract to provide fire services to the entire Ukiah Valley and City of Ukiah; and

27. This agreement has increased the available on-duty firefighting staff to 18 firefighters, (11-City paid personnel, 6-District personnel, and shared Fire Chief) a combined two-department volunteer firefighter force, with an increased firefighter capacity to at least 6 firefighters on-duty each day for firefighting and Paramedic medical services; and
28. The City Council has reauthorized the Police Department to increase staffing back to 32 sworn officers. The additional officers (which allow for an extra officer per work shift) were added to address workload increases and decreased response times; and
29. Unlike the City's 1% share of the current 8.25% statewide sales tax, all sales taxes produced by Measure S must remain in the City of Ukiah. These taxes cannot be taken away by the State of California. Although enacted as a general tax which can lawfully be used for any municipal purpose, the City Council has and by this resolution will continue to place the Measure S Sales Tax revenue in a designated account within its budget and financial statements so that its use for public safety services can be reviewed, audited and accounted for; and
30. In addition, it is the intent of this resolution to commit the City to maintain the amount of general fund revenues supporting public safety at or above current levels. This resolution also commits the City to maintain the current level of public safety services, including a minimum of 32 sworn police officer, and the level of fire prevention and protective services commensurate with the City of Ukiah's portion of any City and District contractual agreement for joint fire, paramedic and fire prevention operations; and
31. Measure S will sunset in September of 2015. Without the continuation of Measure S Sales Tax revenue, the City of Ukiah could not maintain current Police and Fire services. Without Measure S Sales Tax revenues, the City of Ukiah would be forced to reduce or eliminate some or all of these essential public safety services.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. EXPENDITURE PLAN: While the revenue received by the City from Measure S Sales Tax is unrestricted general fund revenue, by this resolution, the City Council commits to using these revenues to provide public safety services. "Public safety services" means law enforcement and crime prevention services provided by the Ukiah Police Department, and fire protection and prevention and emergency medical services provided by the Ukiah Fire Department, by contract with the Ukiah Valley Fire Protection District or any other arrangement approved by the City Council. These taxes may be used to pay for such public safety services expenses as the training and salaries, including overtime and specialty pay, and fringe benefits, of public safety officers and support staff working in the Police Department and of firefighters, emergency medical technicians and support staff providing fire prevention and protection services to the City. These funds may also be used for operating expenses, and the purchase of vehicles, equipment and supplies, and capital improvements used exclusively for Public safety services.

A. Accounting for Public Safety Services Revenue. In each fiscal year commencing with the 2014-2015 fiscal year, for purposes of accounting for the use of these revenues, the City shall continue to credit to an account or fund in the City's budget and financial records, to be designated by the Finance Director, all of the following: (1) Measure S Sales Tax revenue; and (2) "Public Safety Revenue" which is the revenue produced by the Police and Fire Departments.

B. Minimum level of Public Safety Services. The City shall maintain a minimum level of public safety services, but nothing in this resolution prevents the City Council from establishing a higher level of public safety services, reorganizing or changing the method of providing public safety services or reducing staffing for public safety where required by financial necessity resulting from circumstances beyond the control of the City, such as a prolonged recession like the one experienced in 2008 or other prolonged and substantial reduction in general fund revenues. The minimum level of public safety services shall be the level of such services available in the City in the 2014-15 fiscal year, including the following: (1) thirty-two (32) full-time peace officers as defined in Penal Code Section 7 and Title 3, Part 2, Chapter 4.5 (commencing with Section 830), and the level of fire prevention and protective services commensurate with the City of Ukiah's portion of any City and District contractual agreement for joint fire, paramedic, and fire prevention operations .

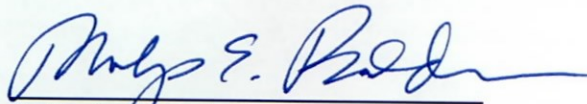
2. OVERSIGHT COMMITTEE. Every two years after the Effective Date of Ordinance No. 1149, extending the Measure S sales tax, the City Council shall appoint five people to an "Oversight Committee" the only function of which shall be to review the City's budget for public safety services and the expenditure of the revenues so budgeted. The persons appointed to the Oversight Committee should represent a broad range of interests in the City, including such interests as business owners, ethnic minorities, (1) Ukiah City firefighter, (1) Ukiah City peace officer, homeowners and tenants.

The City Manager shall provide the Oversight Committee with any information it requests which is not exempt from disclosure under the California Public Records Act and shall assist it in organizing and analyzing the information so provided. The Oversight Committee must prepare a written report which shall be presented to the City Council at a noticed public hearing and which shall be available to the general public for not less than 10 calendar days prior to the scheduled hearing date. The report shall contain an analysis of the level and types of service provided by the City's police department and fire department or other arrangement approved by the City Council, the revenues and expenditures of the designated fund or account. It shall also make recommendations concerning the future use of these funds and levels and types of service. The Oversight Committee shall dissolve after it files its report with the City Council, until a new Oversight Committee is appointed for the next two year review.

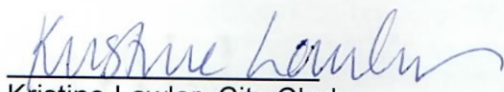
3. ACCOUNTING FOR MEASURE S SALES TAX REVENUE. All Measure S Sales Tax revenues and all interest on said revenues shall be credited to the designated fund or account and shall be designated for use in accordance with this Resolution.

PASSED AND ADOPTED ON JUNE 24, 2014, BY THE FOLLOWING ROLL CALL VOTE:

AYES:	Councilmembers Scalmanini, Crane, Thomas, Landis, and Mayor Baldwin
NOES:	None
ABSENT:	None
ABSTAIN:	None


Philip E. Baldwin, Mayor

ATTEST:


Kristine Lawler, City Clerk

RESOLUTION NO. 2014-29

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UKIAH PLACING MEASURE ON BALLOT FOR THE NOVEMBER 4, 2014 REGULAR MUNICIPAL ELECTION, TRANSMITTING MEASURE TO CITY ATTORNEY FOR IMPARTIAL ANALYSIS AND ESTABLISHING DEADLINE FOR ARGUMENTS FOR OR AGAINST THE MEASURE.

WHEREAS,

1. Election Code Section 10403 authorizes the City Council of the City of Ukiah (City) to request the Mendocino County Board of Supervisors to conduct a municipal election on behalf of the City and consolidate that election with any other elections scheduled for that date; and

2. On June 4, 2014, the City Council adopted a resolution requesting the Mendocino County Board of Supervisors to perform those services and consolidate the City election with statewide general election scheduled for that date;

3. On June 24, 2014, the City Council adopted Ordinance No. 1149, extending the one-half of one percent sales tax, approved in the election held on June 7, 2005, which only becomes effective if approved by not less than a majority of the voters voting in the November 4, 2014, election; and

4. The Elections Code requires the City Council to set forth in a resolution the exact form of any ballot measures to appear on the election ballot and to take other steps related thereto;

NOW, THEREFORE, BE IT RESOLVED that:

1. The City Council hereby places a measure on the ballot for the November 4, 2014, election which shall read as follows:

MEASURE ____

Shall the one-half of one percent (0.5%) transaction and use tax used to fund essential public services, including police, fire prevention and protection, and emergency medical services, set to expire on September 25, 2015, be extended by Ordinance No. 1149 until repealed by majority vote in a municipal election?

☐ Yes

☐ No

2. Measure form: City of Ukiah Ordinance No. 1149, enacted by the voters pursuant to subsection 1 of this Resolution, shall be in the form set forth in Attachment 1.

3. The City Clerk shall transmit a copy of the ballot measure set forth in section 1 of this Resolution and the form of Ordinance No. 1149 set forth in Attachment 1 to this Resolution to the City Attorney for the preparation of an impartial analysis as required by Elections Code Section 9280.

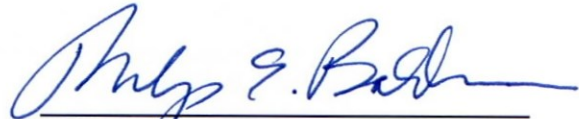
4. The City Clerk shall post the notice of the deadline for filing ballot arguments for or against the above ballot measures on June 25, 2014.

5. In accordance with Election Code Section 9286, ballot arguments for or against the measures are required to be filed by July 8, 2014, after which no arguments for or against the

measures will be accepted.

PASSED AND ADOPTED by the City Council of the City of Ukiah on June 24, 2014, by the following roll call vote:

AYES:	Councilmembers Scalmanini, Crane, Thomas, Landis, and Mayor Baldwin
NOES:	None
ABSTAIN:	None
ABSENT:	None


Philip E. Baldwin, Mayor

ATTEST:


Kristine Lawler, City Clerk

MEASURE P

ORDINANCE NO. 1149

AN ORDINANCE OF THE VOTERS OF THE CITY OF UKIAH EXTENDING THE EXISTING TRANSACTIONS AND USE TAX BY AMENDING SECTION 1799.5 OF CHAPTER 8C OF DIVISION 1 OF THE UKIAH CITY CODE

The voters of the City of Ukiah hereby ordain as follows:

SECTION 1. FINDINGS. The voters of the City of Ukiah hereby find as follows:

The City Council and the people of the City of Ukiah hereby find:

1. At an election held on June 7, 2005, by a vote of 1442 for and 634 against, 69.46% of the voters of the City of Ukiah approved, as a general tax, a one-half cent (0.5%) Transaction and Use Tax, commonly called a "Sales Tax" and known as "Measure S."
2. Measure S is codified at Chapter 8c of Division 1 of the Ukiah City Code and has an expiration date under Ukiah City Code Section 1799.5 on the tenth anniversary of the Operative Date thereof, unless extended by a majority vote in a subsequent municipal election.
3. The Operative Date of Measure S was the date when the half-cent transactions and use tax was first imposed. That date was September 25, 2005, 110 days after the voters approved the measure.
4. Under Ukiah City Code Section 1799.5, the Measure S Sales Tax will terminate on September 25, 2015.
5. When Measure S passed, the voters overwhelmingly answered "Yes" to the question posed by Measure T, an accompanying advisory measure which asked: "Should additional funds for public safety, including police, fire and emergency medical services, be the first priority for the use of new sales tax revenues in the City of Ukiah?"
6. In 2005, when Measures S and T passed, the City spent \$5,670,719 on public safety, including police, fire and emergency medical services.
7. Under the guidance from Measure T, the City has spent as follows for public safety:

Fiscal Year	General Fund	Measure S	Other	Total
(*Unaudited)				
FY2006	\$5,286,893	\$1,092,344	\$ -0-	\$6,379,237
FY2007	\$5,177,424	\$2,277,084	\$ 27,861	\$7,482,369
FY2008	\$5,451,375	\$2,322,584	\$ 3,794	\$7,777,753
FY2009	\$6,127,841	\$2,129,720	\$ 1,337	\$8,258,898
FY2010	\$7,152,310	\$2,013,673	\$ 79,918	\$9,245,901
FY2011	\$5,991,911	\$2,153,968	\$ 136,321	\$8,282,200
FY2012	\$6,233,347	\$2,229,049	\$ 88,158	\$8,550,554
FY2013*	\$6,826,934	\$2,412,549	\$ 7,670	\$9,247,153
FY2014*	\$6,250,200	\$2,371,888	\$ 500	\$8,622,588

8. While Measure S revenues are general fund revenues subject to the budgeting discretion of the City Council, it has, in fact, used the taxes from Measure S exclusively for public safety. In addition, the City Council has increased general fund support for public safety by over \$4.5 million since 2005. The City Council chose consistently throughout the financial crisis since 2008 to sustain funding for public safety, and added to it from the General Fund, even in the face of making significant spending reductions in other city operations and non-safety personnel. Despite this level of spending the City has struggled to maintain adequate personnel and equipment to meet the demands for public safety services which have increased substantially over the past 10 years.
9. The 10 year sunset in Measure S has created a significant problem for the City's Police Department in recruiting and retaining new peace officers, because the City cannot assure new recruits that it will have funding for their positions, after the tax revenue from Measure S terminates in 2015.
10. This measure, if passed by the voters, continues the sales tax enacted by Measure S beyond its current repealed date and provides that the tax will remain in effect until it is repealed by majority vote at a municipal election.
11. The City Council determined at its special meeting on June 24, 2014, to place this measure on the ballot for the regular municipal election on November 4, 2014, as authorized by Revenue and Taxation Code section 7285.9.
12. While this measure will continue the tax indefinitely, unless repealed or amended by the voters, a City Council resolution adopted at its meeting on June 24, 2014, will establish a committee composed of members of the public (the Oversight Committee) to review and report on the use of the revenue from the tax. The extension of the tax shall be approved if the measure receives at least a majority of affirmative votes.
13. Based on all of the information presented at the City Council meetings on June 18 and 24, 2014, both written and oral, including the staff reports, minutes, and other relevant materials, the City Council finds that under CEQA Guidelines 15060(c)(2) and 15378, subdivisions (2) and (4) of subdivision (b), this action does not constitute a project under CEQA and, therefore, review under CEQA is not required.

SECTION 2. AMENDMENT OF SECTION 1799.5 OF THE UKIAH CITY CODE.

Section 1799.5, "Repeal of Tax," of the Ukiah City Code shall be amended to read as follows:

§1799.5 REPEAL OF TAX

The tax imposed by this chapter shall be made permanent and remain in full force and effect, unless and until repealed by a majority vote at a general municipal election.

SECTION 3. ORDINANCE TO BE SUBMITTED TO THE VOTERS.

This ordinance shall be submitted to the voters at an election to be held on November 4, 2014. Upon approval by a majority of the voters of the City voting on this ordinance, the Transactions and Use Tax set forth in City of Ukiah Ordinance No. 1063 ("Measure S") shall be continued indefinitely, unless repealed by majority vote in a subsequent municipal election.

SECTION 4. SEVERABILITY.

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid by a court of competent jurisdiction, the remainder of the ordinance and the

application of such provision to the other persons or circumstances shall not be affected thereby. The voters of the City of Ukiah hereby declare that they would have adopted each and every provision of this ordinance regardless of the invalidity of any other provision.

SECTION 5. CODIFICATION.

Upon adoption of this ordinance pursuant to the voter approval referenced herein, the City Clerk, in consultation with the City Attorney, is hereby authorized and directed to codify this ordinance in the Ukiah City Code.

SECTION 6. EFFECTIVE DATE.

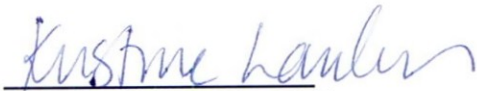
If this ordinance is approved by a majority of the voters voting on the issue at the November 4, 2014 election, pursuant to Elections Code Section 9217, this ordinance shall become effective ten (10) days after the City Council declares the results of the election. The Operative Date of the Transactions and Use Tax set forth in City of Ukiah Ordinance No. 1063 shall not be affected by this ordinance.

Approved on June 24, 2014 by the following roll call vote of the Ukiah City Council:

AYES:	Councilmembers Scalmanini, Crane, Thomas, Landis, and Mayor Baldwin
NOES:	None
ABSENT:	None
ABSTAIN:	None


Philip E. Baldwin, Mayor

ATTEST:


Kristine Lawler, City Clerk

CITY OF UKIAH
MEASURE P ANALYSIS

ATTACHMENT 2

**Fiscal Year 2015-16
Eligible Measure P Costs**

Measure P: Transaction and Use Tax

Measure P, passed by a simple majority (50% plus 1) of Ukiah voters in November of 2014 was a general (unrestricted) transaction and use tax. It continued a sun-setting transaction and use tax, known as Measure S (2005). Measure T (2005), passed in conjunction with Measure S, was a distinctly separate, advisory Measure indicating the voting public's preference for the use of Measure S proceeds.

A general, unrestricted tax is one that can be used to fund any program, function, service, or project at the discretion of the City Council. It is not a special, restricted tax, which would require approval of two-thirds of the voting public.

The language of Measure P (2014) was as follows. It did not have an accompanying advisory measure on the ballot.

Ballot Measure "P":

"Shall the one-half of one percent (0.5%) transaction and use tax used to fund essential public services, including police, fire prevention and protection, and emergency medical services, set to expire on September 25, 2015, be extended by Ordinance No. 1149 until repealed by majority vote in a municipal election?"

The Ukiah City Council established an expenditure plan (Resolution No. 2014-28) for the use of Measure P revenues. That resolution stated that those revenues should be used first to maintain a minimum level of public safety services. The plan defined "minimum level of public safety services" to be level of services available in fiscal year 2014-15, including the following: 1) thirty-two (32) full-time peace officers and 2) "[a] level of fire prevention and protective services commensurate with the City of Ukiah's portion of any City and District contractual agreement for joint fire, paramedic, and fire prevention operations."

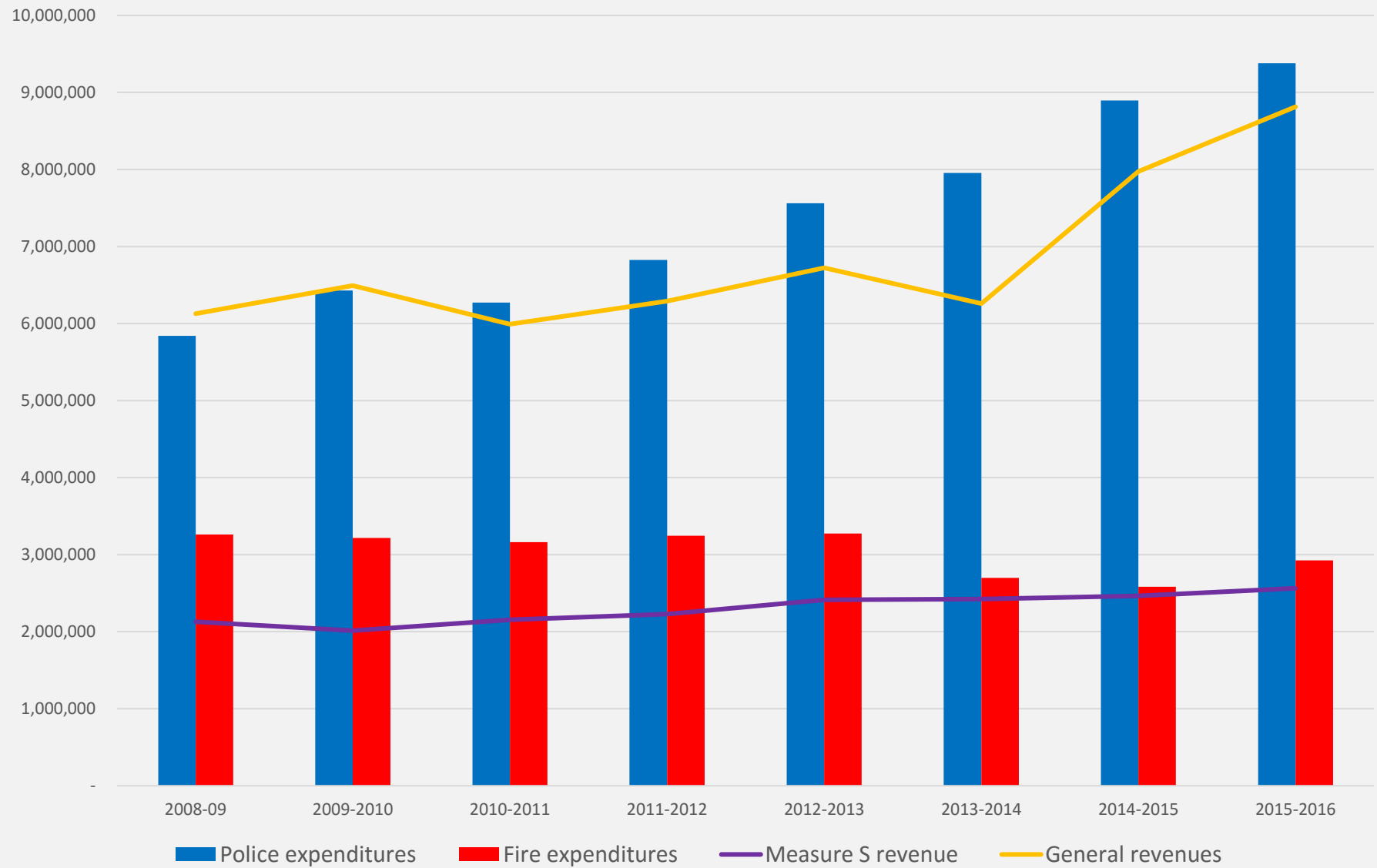
**Uses and Sources
Public Safety Activities
Comparative, Baseline (2015) to June 30, 2016**

Expenditure Uses by Category	Measure P Baseline FY 2014-15	FY 2015-16	Increase (Decrease)
Police:			
Sworn officers (Note 1)	32	32	-
Misc personnel (Note 2)	18	19	1
Personnel	\$ 6,049,608	\$ 6,684,697	\$ 635,088
Operations (Note 3)	2,660,085	2,488,139	(171,946)
Capital	186,594	206,006	19,412
Total police (Note 4)	8,896,287	9,378,842	482,555
Fire:			
Firefighters:			
City	11	11	-
UVFD	6	6	-
Personnel	1,506,406	1,721,394	214,988
Operations:			
Contractual	516,180	393,179	(123,001)
Other	530,822	778,557	247,736
Capital	30,400	31,129	730
Total fire	2,583,807	2,924,260	340,453
Total public safety	11,480,094	12,303,102	823,008
Dedicated Revenue Sources			
Measure P transaction and use tax	2,465,521	2,563,698	98,177
Public safety revenue:			
Police	262,254	277,132	14,878
Fire	37,235	73,828	36,593
Other (Note 5)	739,607	574,112	(165,495)
Total revenue	3,504,617	3,488,770	(15,847)
Excess (deficiency) revenues over expenditures	(7,975,477)	(8,814,332)	(838,855)
Other Financing Sources			
General revenues, general fund	7,975,477	8,814,332	838,855
Remaining resources	\$ -	\$ -	\$ -

Notes:

- 1) The City budgeted for 32 officers in FY 15-16. Actual number of filled positions fluctuated higher and lower due to illness/injury/attrition.
- 2) Increase reflects addition of a dispatch supervisor.
- 3) Includes dispatch services.
- 4) Excludes parking enforcement expenditures.
- 5) Includes dispatch service revenue, except for general fund contributions. Excludes parking enforcement revenues.

Measure S/P Over Time
Expenditures to Revenues
FY 2008-09 to 2015-16





ITEM NO.: 12b

MEETING DATE: March 1, 2017

AGENDA SUMMARY REPORT

SUBJECT: UPDATE ON THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) AND PROVIDE DIRECTION ON GROUNDWATER SUSTAINABILITY AGENCY GOVERNANCE

Summary: UC Davis will present results of their Groundwater Characterization Study. In addition, staff will update the Council on local implementation of the Sustainable Groundwater Management Act (SGMA) and receive direction on governance structure.

Background: On May 6, 2015, City staff provided information to the City Council regarding the new regulations by the State of California to comply with the Sustainable Groundwater Management Act (SGMA). The SGMA Act requires that groundwater basins of "medium priority" are monitored and have a groundwater management plan. On May 20, 2015, Council created a Sustainable Groundwater Ad hoc and appointed Councilmembers Crane and Doble to the committee. On May 18, 2016, Council approved a contract with UC Davis to conduct a Groundwater Characterization Study (COU No. 1516-206). On October 19, 2016, staff provided an update regarding the development of a governance structure for the Groundwater Sustainability Agency (GSA) and sought Council's concurrence with the proposed structure. Council concurred with the approach and directed staff to continue participation in GSA development.

Discussion: SGMA has a number of aggressive timelines that must be met or local control will be abdicated to the State of California. As a "medium priority basin" under SGMA, the Ukiah Valley must have a governance structure in place by June 30, 2017, and have a Groundwater Sustainability Plan (GSP) complete by January 31, 2020.

The core of a GSP will be understanding the overall condition of the groundwater supply in a basin. On May 16, 2016, the City agreed to fund a study proposed by UC Davis to initiate the process of quantifying our groundwater resources. Since that time, UC Davis has completed their "Groundwater Characterization Study". Dr. Sam Sandoval Solis and Maritza Flores Marquez will present a summary of their results.

The County of Mendocino has continued to lead the effort to organize the community in response to SGMA, and the City has remained an active participant in these efforts. Focus has remained on developing a governance structure for the Groundwater Sustainability Agency (GSA). In the summer of 2016, a number of alternatives were considered at meetings organized by the County's facilitator, and a "consensus" alternative emerged. The facilitator then directed participating entities to return to their prospective boards for approval of the "consensus" alternative (Attachment 1). In the fall of 2016, the "consensus" structure was approved by the City, the County and the Resource Conservation District.

RECOMMENDED ACTION(S): Receive update on the Sustainable Groundwater Management Act (SGMA) and provide direction on Groundwater Sustainability Agency Governance.

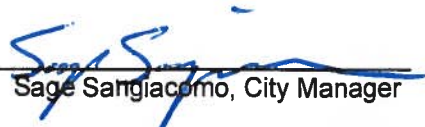
ALTERNATIVES: N/A

Citizens advised:	Sustainable Groundwater Ad hoc.
Requested by:	Sage Sangiacomo, City Manager.
Contact/Prepared by:	Sean White, Director of Water and Sewer.
Coordinated with:	Tim Eriksen Director of Public Works / City Engineer.
Presenter:	Sean White, Director of Water and Sewer.
Attachments:	1. Proposed Structure of Governance 2. RRFC proposed GSA 3. Trustee White's proposal

COUNCIL ACTION DATE: _____: ☐ Approved ☐ Continued to _____ ☐ Other _____

RECORDS APPROVED: ☐ Agreement: _____ ☐ Resolution: _____ ☐ Ordinance: _____

Note: Please write Agreement No. in upper right corner of agreement when drafted.

Approved: 
Sage Sangiacomo, City Manager

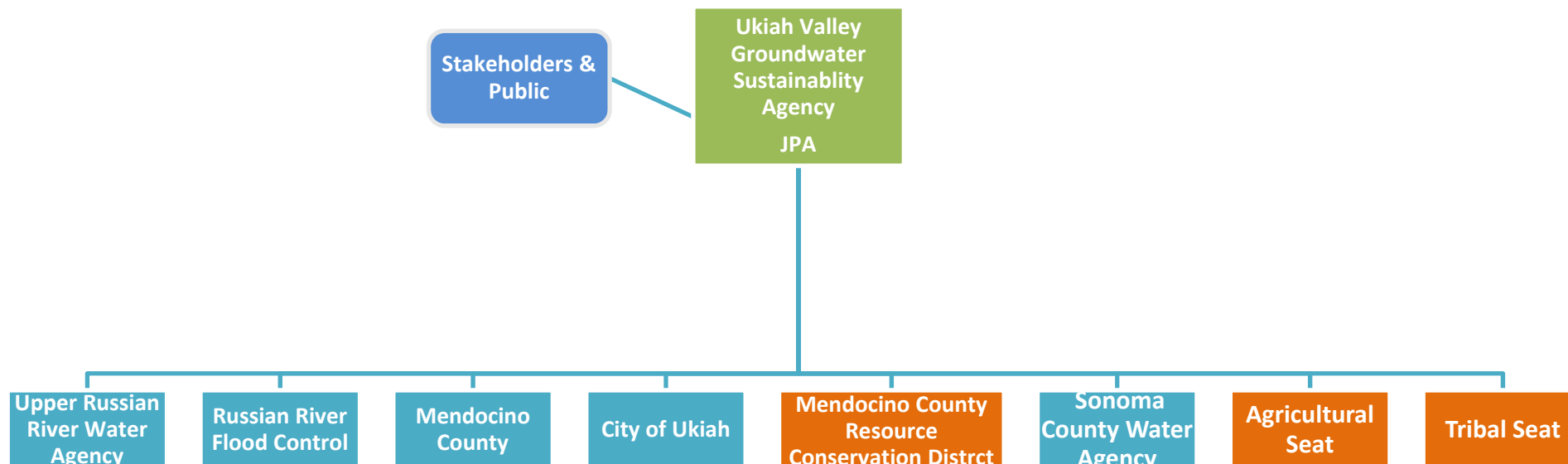
Shortly after those approvals, several actions by Russian River Flood Control (RRFC) and the Upper Russian River Water Agency (URRWA) have given the City concern, which has in turn has stalled efforts to finalize the governance structure. The actions included altering the “consensus” alternative prior to approval, and RRFC joining URRWA.

The alteration to the “consensus” alternative moved the Sonoma County Water Agency (SCWA) from a GSA Board member to a member of the “Advisory Committee”. This structure change will result in SCWA no longer cost sharing equally with the other board members, and possibly charging the GSA for support services. The Mendocino County Resource Conservation District has also elected to become a member of the Advisory Committee. The current proposed GSA structure is shown in Attachment 2.

The RRFC joining the URRWA has raised concerns that maintaining separate seats on the GSA will lead to a “double vote”. RRFC has stated that it will recuse itself from voting on SGMA issues at URRWA, and URRWA has adopted a Resolution prohibiting RRFC from voting on SGMA issues. However, concern persists among the City’s Ad hoc and staff because both entities openly intend to fully discuss SGMA issues, and only refrain from voting. At its February board meeting RRFC considered a different GSA structure proposed by Trustee Al White (Attachment 3). In general, the City’s Ad hoc and staff thought that Trustee White’s proposal was a workable alternative but this proposal failed on a 2-3 vote. With deadlines for governance rapidly approaching (June 30th), a direction must be determined soon. Alternatives include continuing to work with the County to form a structure that works for all concerned parties or for the City to submit the paperwork to become its own GSA. Should the City choose to form its own GSA, coordination with the County-led GSA is required under SGMA. Staff is asking for direction from Council on how to proceed.

FISCAL IMPACT:				
Budgeted Amount in 16-17 FY	New Appropriation Source of Funds (Title & No.)	Account Number	Budget Amendment Required	Previous Contract or Purchase Order No.
N/A	N/A	N/A	Yes ☐ No ☒	N/A

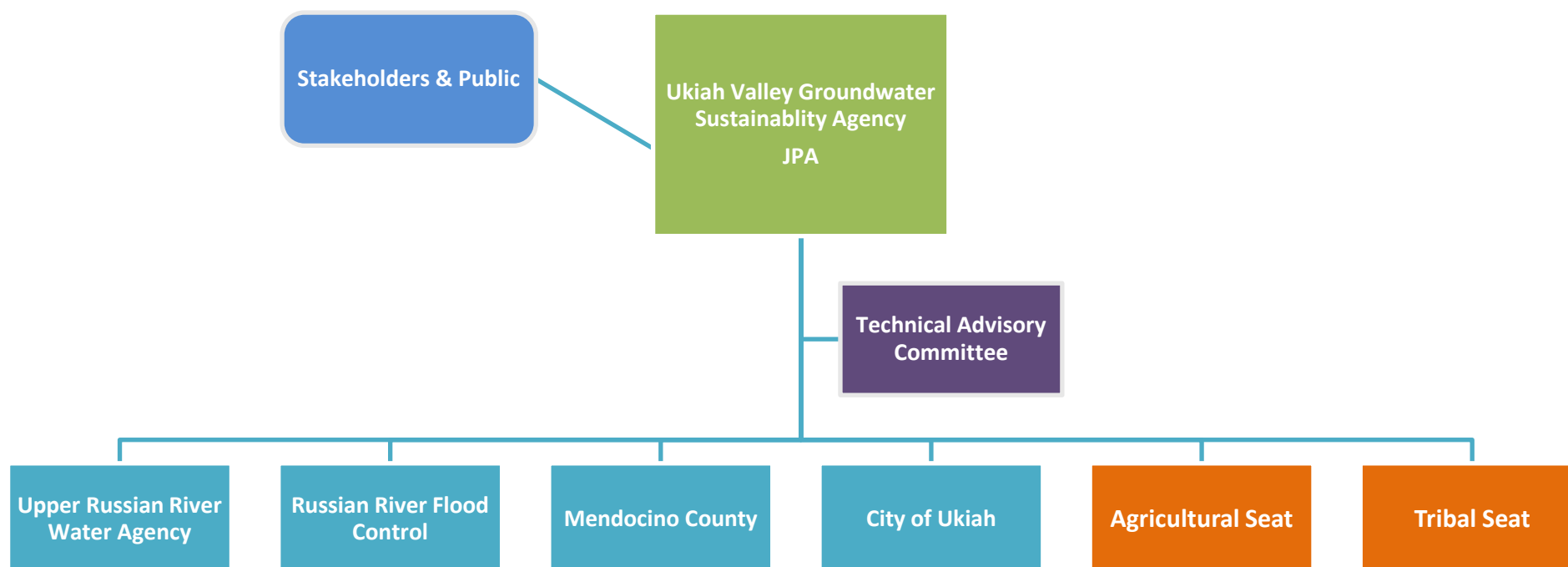
Proposed Structure for “Option 2” - New JPA



Notes:

1. JPA member are Upper Russian River Agency, Russian River Flood Control, Mendocino County, City of Ukiah and Sonoma County Water Agency (MCRCD – TBD).
2. Governing Board Seats: Upper Russian Rivers Water Agency (URRWA), Russian River Flood Control (RRFC), Mendocino County, City of Ukiah, Mendocino County Resource Conservation District (MCRCD), Sonoma County Water Agency (SCWA), an Agricultural Seat (appointment defined in JPA) and a Tribal Seat (appointment defined in JPA).
3. One vote per Governing Board entity. Non-paying members vote on only non-fiscal matters.
4. Governing Board two year appointment terms. Each member will appoint one representative and one alternate.
5. Majority vote for all decisions.
6. Public meetings will provide a mechanism for stakeholders and public input.
7. Create a mechanism for membership dues for operational cost of JPA.
8. Option for an advisory, ad hoc or technical committee in the bylaws, should the JPA need to utilize it at some point.

Proposed Structure for New JPA



Notes:

1. JPA members: Upper Russian River Water Agency, Russian River Flood Control, Mendocino County and City of Ukiah.
2. Technical Advisory Committee: Sonoma County Water Agency, Mendocino County Resource Conservation District, staff from each member agency. Additional members to the technical advisory committee can be added by the Board of Directors.
2. Stakeholder Director Seats: Agricultural Seat and Tribal Seat (appointments defined in JPA).
3. One vote per Board member entity. Non-paying stakeholder members vote on only non-fiscal matters.
4. Board of Directors two year appointment terms. Each member agency will appoint an elected representative from their respective board.
5. Majority vote for all decisions.
6. Public meetings will provide a mechanism for stakeholders and public input.
7. Annual dues will be developed by the Governing Board in the Bylaws (proposed at \$5,000 annually) and an MOU agreement for services will be developed.

Thoughts on groundwater vs surface water supply:

RRFC is a surface water from storage agency, as is SCWA.

Ensuring continuous water supply is our primary task.

City of Ukiah and the other water districts are groundwater users.

Does a seat on the GSA best serve the interests of the RRFC?

Would our interests be better served by a seat on the advisory committee along with SCWA?

While we have viewed ourselves as a vote for ag as a member of the GSA, we are only that way due to the dominance of ag related board members. That can change in an election cycle. Getting a second voting seat for ag in place of the RRFC seat would better serve the interests of ag and the RRFC going forward.

To be a voting member requires financial commitments that are undetermined and likely substantial. With our relationship to groundwater being only in the surface/groundwater interaction, and with that being essentially the same as SCWA's relationship, it makes more sense for us to sit on the advisory committee with them and work together on our position. To continue to have input in voting, our membership in the JPA provides our opportunity to influence that vote and limits our financial obligations to 20% as opposed to 100% or possibly 120%.

We are a water supply agency, and water supply must be our focus. It is where we must direct our management and financial resources first and foremost. We have significant financial liabilities ahead as we move through the FERC relicensing and the raising of the dam. SGMA has diverted our attention from our primary task. We need to reevaluate our involvement with it before we make any decision final.

I encourage the board to reconsider our position in light of the above points and restate our position as:

- We will participate as a member of an advisory committee along with SCWA.
- We will participate as a member of the JPA.
- We will advocate for two seats on the GSA for ag.



ITEM NO.: 12c

MEETING DATE: March 1, 2017

AGENDA SUMMARY REPORT

SUBJECT: AUTHORIZE THE DIRECTOR OF PUBLIC WORKS/CITY ENGINEER TO PAY THE REMAINDER OF FINES TO THE STATE WATER RESOURCES CONTROL BOARD FOR ADMINISTRATIVE CIVIL LIABILITY ORDER IN THE AMOUNT OF \$39,000 FOR THE WASTEWATER TREATMENT PLANT

Summary: Council will consider authorizing the Public Works Director/City Engineer to pay the remainder of fines to the State Water Resources Control Board for the Wastewater Treatment Plant

Background: On January 21, 2015, staff presented to Council an Administrative Civil Liability Complaint (ACLC) issued against the Waste Water Treatment Plant (WWTP) from the North Coast Regional Water Quality Control Board (RWQCB) for fines as a result of exceeding final effluent limitations. The constituents where exceedances occurred were mainly for Dichlorobromomethane (DCBM), Copper and Acute Toxicity. These exceedances were compared to our previous National Pollutant Discharge Elimination Permit (NPDES) which expired in 2010. Many of these exceedances would be within limits of the current NPDES permit which went into effect in 2012.

Previously, City staff worked with RWQCB staff to establish an Enhanced Compliance Action Project (ECA) that would be performed in lieu of 50% of the fines. RWQCB staff informed City staff that since the penalties are Mandatory Minimum Penalties they misdirected us in regards to the type of project that can be performed in lieu of a portion of the fines. City staff submitted a Supplemental Environmental Project (SEP) which would have involved performing a Source Control Study of the collection system to evaluate areas of high Biochemical Oxygen Demand (BOD) discharges to the system. RWQCB Staff approved this project as well as an extended project schedule from what was originally proposed due to the amount of time it took them to prepare the Settlement Order.

The original ACLC covered fines from the period of February 1, 2012, through December 11, 2012, but was amended to include fines for the period of November 4, 2014, to May 31, 2015. There was no effluent violation or river discharge for the period between the two previously listed. The total amount of fines for both time periods is \$63,000. In addition, a large number of the fines are exempt from penalties as the City is under interim effluent limitations for nitrate and ammonia. The amount of fines paid to the State Water Board was \$24,000 and the remaining \$39,000 would have been applied toward the proposed Source Control Study of the collection system. (Attachment 1)

Continued on Page 2

RECOMMENDED ACTION(S): Authorize the Director of Public Works/City Engineer to pay the remainder of fines to the State Water Resources Control Board for Administrative Civil Liability Order in the amount of \$39,000 for the Wastewater Treatment Plant.

ALTERNATIVES: Do not authorize the payment and provide direction to staff

Citizens advised: N/A
Requested by: Tim Eriksen, Director of Public Works/City Engineer.
Contact/Prepared by: Jarod Thiele, Public Works Management Analyst.
Coordinated with: Sage Sangiacomo, City Manager; Tim Eriksen, Director of Public Works/City Engineer; and Sean White, Director of Water and Sewer.
Presenters: Sean White, Director of Water and Sewer and Jarod Thiele, Public Works Management Analyst.
Attachment: 1. Revised Supplemental Environmental Project

COUNCIL ACTION DATE: _____: ☐ Approved ☐ Continued to _____ ☐ Other _____

RECORDS APPROVED: ☐ Agreement: _____ ☐ Resolution: _____ ☐ Ordinance: _____

Note: Please write Agreement No. in upper right corner of agreement when drafted.

Approved: 
Sage Sangiacomo, City Manager

Discussion: The proposed study would likely cost in excess of \$60,000. The Sanitary Sewer System would be responsible for funding the amount in excess of the \$39,000 approved with the SEP. Since the development of the proposed SEP project, the City has changed its approach for complying with nitrate and ammonia levels with the planned construction of a recycled water system. Since these fines cannot be applied to the Recycled Water Project, staff feel it is more prudent to pay the fines. The SEP study was not pursued due to the uncertainty of the Recycled Water Project funding as a result of the litigation with the Ukiah Valley Sanitation District. In addition, the results from the SEP study would have no real benefit given the alternate approach with recycled water.

There are currently two options the City can choose:

- 1) Request a deadline extension to complete the Supplemental Environmental Project study; or
- 2) Pay the remainder of fines in the amount of \$39,000

FISCAL IMPACT:				
Budgeted Amount in 16-17 FY	New Appropriation Source of Funds (Title & No.)	Account Number	Budget Amendment Required	Previous Contract or Purchase Order No.
\$50,000	N/A	84024425.94700	Yes ☐ No ☒	N/A



February 8, 2016

North Coast Regional Water Quality Control Board

Attn: Cecile Morris

5550 Skylane Blvd, Suite A

Santa Rosa, CA 95403

Transmitted Electronically to: NorthCoast@waterboards.ca.gov and CMorris@waterboards.ca.gov

Re: Revised Supplemental Environmental Project (SEP) for Administrative Civil Liability Complaint No R1-2015-0069

Dear Ms. Morris,

The City would like to propose a source control study of the collection system to evaluate potential high areas of BOD. This meets the requirements of the SEP Final Policy by performing a study that could benefit surface water quality, and the beneficial uses of water of the State by identifying source identification.

The goals for this project will be to issue a Request for Proposals (RFP) to engineering firms for technical assistance. The City is anticipating to include language in the RFP that requires a fixed amount of sample intervals in locations recommended by the selected firm. The City is planning to release the RFP and have proposals due in September with the following project schedule:

TASK	DESCRIPTION	DEADLINE
1	Request for Proposals (RFP) & Proposals Due	3/17/2016
2	Award Contract to Engineering Consultant	4/20/2016
3	Begin Sampling & Data Collection	5/1/2016
4	Quarterly Report 1	6/17/2016
5	Receive Draft Plan	9/1/2016
6	City Submits Comments to Consultant	9/15/2016
7	Quarterly Report 2	9/17/2016
8	Receive Final Plan	9/30/2016
9	SEP Completion & Final Report	12/31/2016

The estimated cost for the Source Control Study is estimated to be \$60,000. The City has additional funds budgeted should they be needed. The City will provide reports to the Regional Board identifying progress in regards to the Study.

Please let me know if you have questions or would like further information.

Sincerely,

Jarod L. Thiele
Project Analyst



ITEM NO.: 13a

MEETING DATE: March 1, 2017

AGENDA SUMMARY REPORT

SUBJECT: APPROVE RECLASSIFICATION AND TITLE CHANGES FOR WATER AND WASTEWATER POSITIONS AND APPROVE THE ADDITION OF A MECHANIC POSITION, OPERATOR IN TRAINING POSITION, AND DELETION OF A SENIOR WASTEWATER TREATMENT PLANT OPERATOR/MECHANIC

Summary: Council will consider the approval of restructuring the Water and Wastewater divisions including reclassifications and title changes.

Background: Around 2008, prior staff began implementing a reorganization of the Water and Wastewater Departments. Changes made at that time included the reclassification of "Water Treatment Plant Operators" to "Operator/Mechanic". A similar reclassification was anticipated for Operators at the Wastewater Treatment Plant but was never completed.

Discussion: The reorganization in 2008, has resulted in an inequality amongst job classifications between Water and Wastewater divisions. In review, the addition of "Mechanic" to the "Operator" classification did not substantially change job duties. In order to eliminate inequalities and realign classifications with actual duties, staff has engaged the Human Resources Director and recommends the following changes:

- 1) Change the title of "Water Treatment Operators/Mechanics" to "Water Treatment Operators".
- 2) Increase the classification of "Wastewater Treatment Plant Operator" to the current "Water Treatment Plant Operator/Mechanic" level.
- 3) Change the title of "Senior Water Treatment Plant Operator/Mechanic" to "Senior Water Treatment Plant Operator" and increase the classification of "Senior Water Treatment Plant Operator" to the current "Senior Wastewater Treatment Plant Operator" level.

In an effort to improve maintenance effectiveness and reduce costs, staff has engaged the Human Resources Director and recommends the following changes:

Continued on Page 2

RECOMMENDED ACTION(S): Approve reclassification and title changes for the Water and Wastewater positions and approve the addition of a Mechanic Position, Operator In Training position, and deletion of a Senior Wastewater Treatment Plant Operator/Mechanic.

ALTERNATIVES: Do not approve and provide direction to staff.

Citizens advised:	N/A
Requested by:	Sean White, Director of Water and Sewer.
Contact/Prepared by:	Sean White, Director of Water and Sewer and Jarod Thiele, Public Works Management Analyst.
Coordinated with:	Sean White, Director of Water and Sewer; Dave Kirch, Fleet Maintenance Supervisor; and Sheri Mannion, Human Resources Director; Tim Eriksen, Director of Public Works/City Engineer
Presenters:	Sean White, Director of Water and Sewer and Jarod Thiele, Public Works Management Analyst.
Attachments:	1) Revised Salary Schedule 2) Current Organization Chart 3) Proposed Organization Chart

COUNCIL ACTION DATE: _____ : ☐ Approved ☐ Continued to _____ ☐ Other _____

RECORDS APPROVED: ☐ Agreement: _____ ☐ Resolution: _____ ☐ Ordinance: _____

Note: Please write Agreement No. in upper right corner of agreement when drafted.

Approved: 
Sage Sangiacomo, City Manager

- 1) Eliminate the “Senior Wastewater Treatment Plant Operator/Mechanic” position, which is currently vacant.
- 2) Create an additional “Equipment Mechanic” position which will be overseen by the Fleet Maintenance Supervisor. This position will be dedicated and shared between the Water and Wastewater Treatment Plants.

The net cost of eliminating inequalities and restructuring mechanical services is approximately \$6,800 per year.

After reviewing each division’s structure and workloads, staff is also recommending the addition of a “Wastewater Treatment Plant Operator-In-Training” position. This position will primarily perform entry level duties and assist the Equipment Mechanic with maintenance and repairs of the facility. In addition, the position will facilitate succession planning within the division. The total cost of adding this position is approximately \$45,760 in Salary. Total cost including benefits is \$78,717 annually. This change will keep the number of FTE’s at nine (9) at the Wastewater Treatment Plant. Due to a vacant position at the Wastewater Treatment Plant there will be no financial impact to the current Fiscal Year.

The above changes can be seen in the Salary Schedule which is included as attachment 1. Attachments 2 and 3 show the current and proposed Organization Charts.

FISCAL IMPACT:				
Budgeted Amount in 16-17 FY	New Appropriation Source of Funds (Title & No.)	Account Number	Budget Amendment Required	Previous Contract or Purchase Order No.
N/A	N/A	N/A	Yes ☐ No ☒	N/A

City of Ukiah
Water Utilities/Mechanics Unit Salary Schedule

Revised for ASR 3/1/17

Job Class Title	Grade	Monthly				
		Step 0	Step 1	Step 2	Step 3	Step 4
Wastewater Treatment Plant OIT Water Treatment Plant OIT	6029 6129	3,105.11	3,260.37	3,423.39	3,594.56	3,774.29
Water & Sewer Attendant I	6232	3,343.87	3,511.06	3,686.61	3,870.94	4,064.49
Water & Sewer Attendant II	6135	3,600.99	3,781.04	3,970.09	4,168.59	4,377.02
Environmental Laboratory Technician I Wastewater Treatment Plant Operator (1) Water & Sewer Service Attendant	6536 6136 6236	3,691.01	3,875.57	4,069.35	4,272.82	4,486.46
Equipment Mechanic	6038	3,877.87	4,071.77	4,275.36	4,489.13	4,713.59
Environmental Laboratory Technician II Wastewater Treatment Plant Operator (2) Water Treatment Plant Operator/Mech (3)	6239 6X39 6339	3,974.82	4,173.56	4,382.24	4,601.35	4,831.42
Sr. Water Treatment Plant Operator/Mech (4)	6042	4,280.44	4,494.46	4,719.18	4,955.14	5,202.90
Sr. Wastewater Treatment Plant Operator Sr. Water Treatment Plant Operator (5) Water & Sewer Lead Worker	6144 6X44 6044	4,497.14	4,721.99	4,958.09	5,205.99	5,466.29
Environmental Laboratory Technician III Sr. Wastewater Treatment Plant Oper/Mech (6)	6145 6045	4,609.57	4,840.05	5,082.05	5,336.15	5,602.96
Lead Wastewater Treatment Plant Operator	6046	4,724.81	4,961.05	5,209.10	5,469.56	5,743.04

Reportable Special Compensation

Bilingual Pay	\$75 - \$100 per month
Career Step Pay & Longevity Pay	1%-5% added to base
Water Division Certificate pay	2.5%-7.5% added to base

(1) Reclassify to Grade 6X39

(2) New Grade Level

(3) Remove "Mechanic" from job title

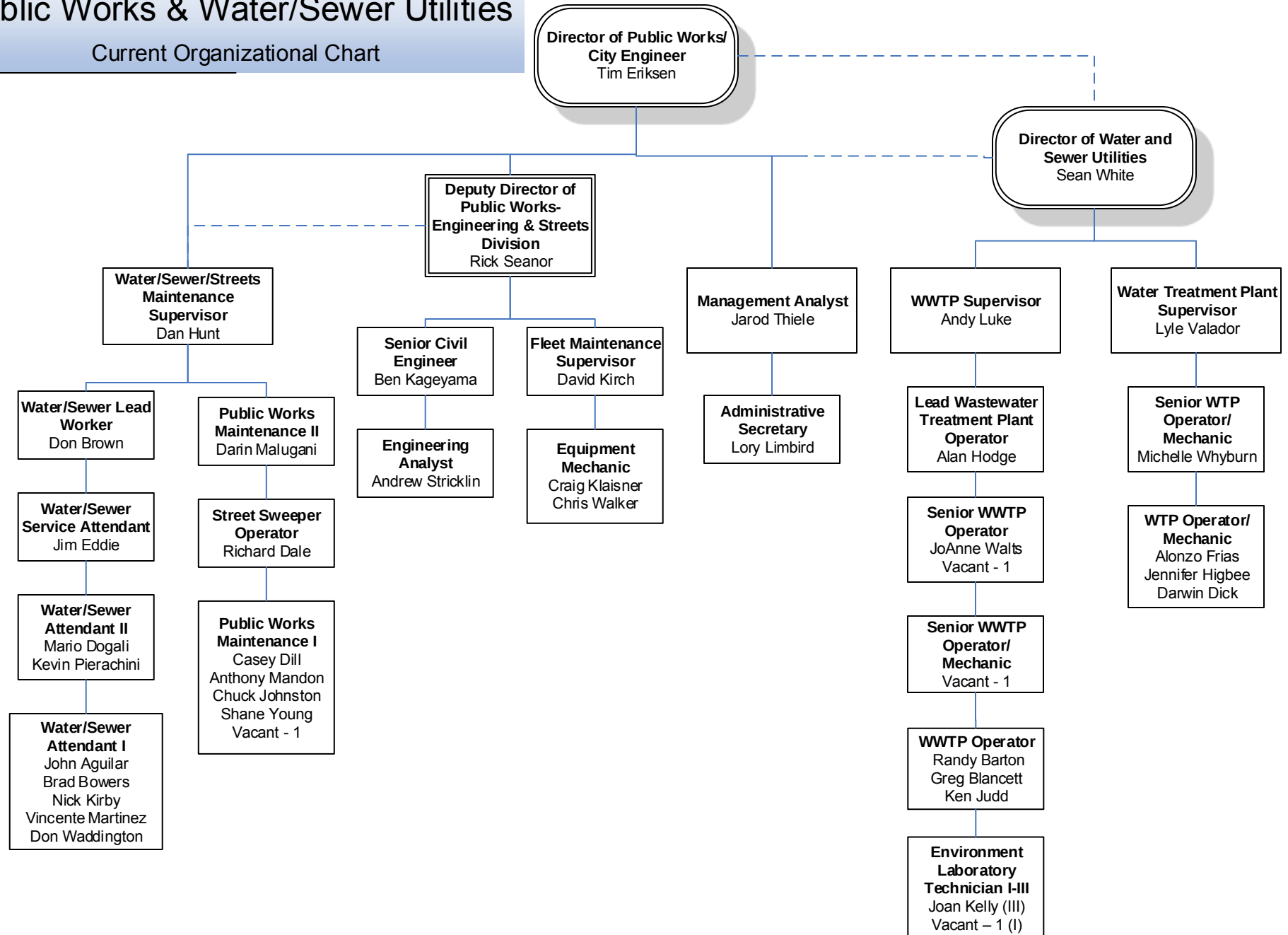
(4) Reclassify to Grade 6X44 and remove "Mechanic" from job title

(5) New Grade Level

(6) Eliminate position

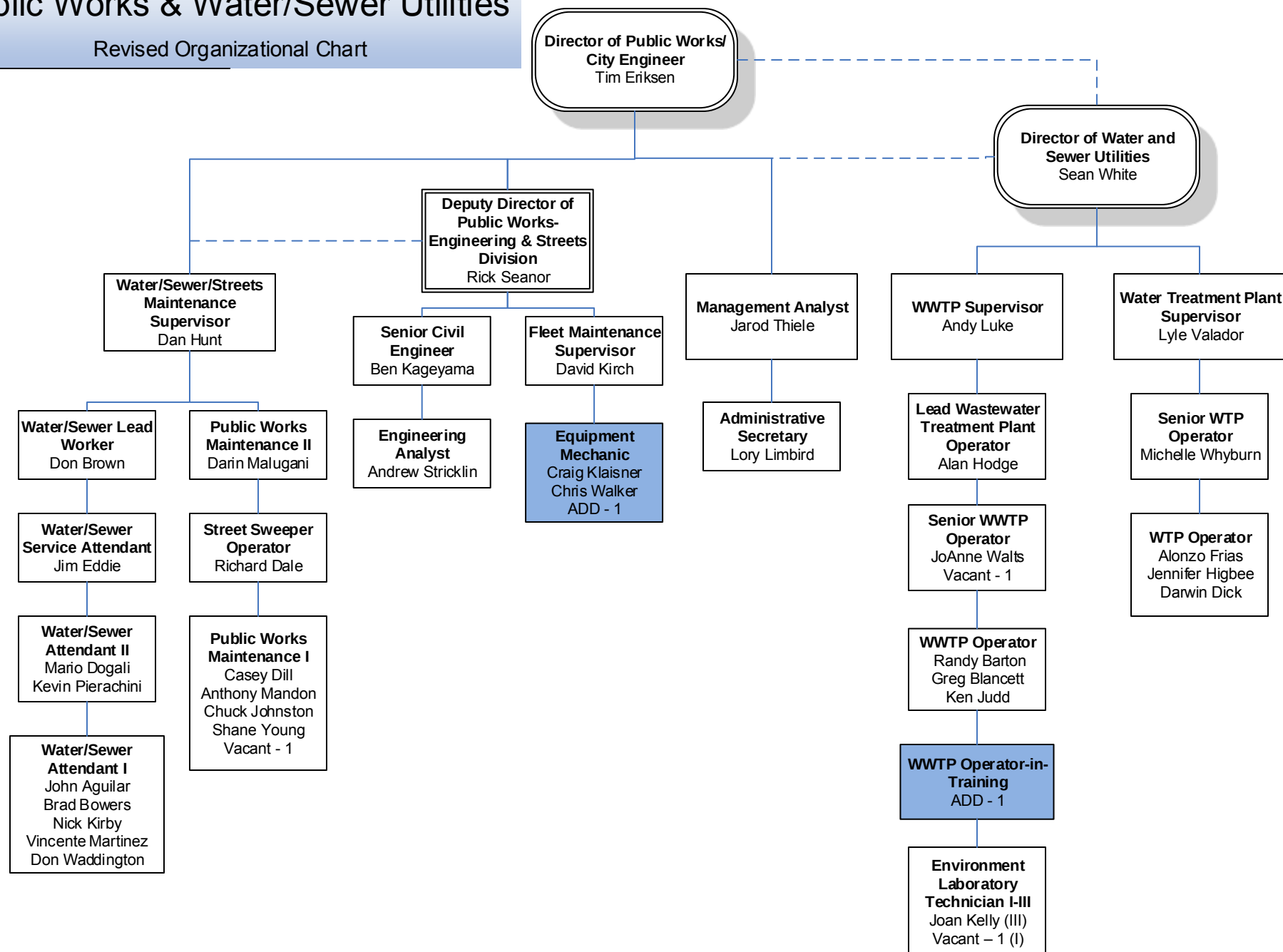
Public Works & Water/Sewer Utilities

Current Organizational Chart



Public Works & Water/Sewer Utilities

Revised Organizational Chart





ITEM NO.: 13b

MEETING DATE: March 1, 2017

AGENDA SUMMARY REPORT

SUBJECT: RECEIVE AN OVERVIEW OF THE UPDATED ELECTRIC UTILITY PUBLIC BENEFIT PROGRAMS, CONSIDER OPTIONS AND PROVIDE DIRECTION (EUD)

Summary: Council to receive an overview of the updated Electric Utility Public Benefit Programs, consider options and provide direction. Based on Council direction, the Public Benefit Programs may be presented at a future Council meeting for consideration and approval.

Background: The City's Electric Utility Department administers the Public Benefit (PB) Program created by the State legislation, AB1890, 1996. This legislation specifically requires programs to benefit all electric customers in four areas including Low-Income Programs, Energy Conservation, Renewable Energy, Research Development, and Demonstration projects. The PB program is funded based on a 2.85 percent of gross electric energy sales. In 2007, there was a large PB Fund balance being carried forward. The City Council directed staff to utilize the funds in ways that benefit Ukiah's Electric Utility customers. The Electric Utility worked closely with our program administrator Efficiency Services Group (ESG) to create and promote new customer programs. For the last several years, the Electric Utility has offered generous energy efficiency rebates to encourage residential and commercial customers to save energy and money. These PB programs were available and benefited either directly or indirectly all City electric customers. These programs were highly successful, and by Fiscal Year 2015-16, the excess Fund balance had been utilized.

Since 2008, at the start of the economic downturn, specific energy savings programs were offered to lower-income customers. These included bill payment assistance, emergency assistance, and no cost energy conservation measures. These measures included weatherization, incandescent light bulb replacement, low flow sink and shower heads. No cost energy audits and consultations are performed to assist customers in saving money and energy. In that same time period, the bill assistance programs experienced a significant increase in participation.

Beginning in Fiscal Year 2016-17, the Electric Utility modified programs and services to insure services are available to customers without expenditures exceeding Fund revenues. The Electric Utility and ESG have continued to evaluate the existing energy efficiency, renewable and low-income assistance

Continued on Page 2

RECOMMENDED ACTION(S): Receive an overview of the updated Electric Utility Public Benefit Programs, consider options and provide direction (EUD) .

ALTERNATIVES: Remand to staff with direction.

Citizens advised: N/A
Requested by: Mel Grandi, Electric Utility Director.
Contact/Prepared by: Diann Lucchetti, Electric Utility Program Coordinator.
Coordinated with: Mark Gosvener, Consultant with Efficiency Services Group.
Presenter: Mel Grandi, Electric Utility Director.
Attachment: N/A

COUNCIL ACTION DATE: _____: ☐ Approved ☐ Continued to _____ ☐ Other _____

RECORDS APPROVED: ☐ Agreement: _____ ☐ Resolution: _____ ☐ Ordinance: _____

Note: Please write Agreement No. in upper right corner of agreement when drafted.

Approved: 
Sage Sangiacomo, City Manager

programs in order to provide the best use of available funding. The recommended changes allow best programs to continue to be offered, while staying within the annual PB fund budget.

Discussion: Historically, PB funds have been utilized to provide services for Solar Photovoltaic (PV) Program, Energy Efficiency Programs and Services, and Low-Income Billing Assistance. Brief descriptions of these programs are below including an exciting new program for low-income housing construction.

Solar PV Program: Beginning in 2008, the State Legislature enacted SB1. This legislation required all publicly owned utilities in California to offer solar PV rebates to customers to encourage them to install rooftop solar systems for a period of ten years. For the last ten years, the PB budget included \$150K to fund the solar PV program. On December 31, 2016, the SB1 legislation expired, and there is no longer a requirement for public utilities to fund a solar PV program. There is now flexibility to utilize funds previously reserved for solar PV rebates in order to fund other qualified PB programs and services.

Recommendation: *Reallocate funding to other programs or as directed and approved by City Council.*

Energy Efficiency Programs and Services: In March of 2016, the State Legislature enacted AB2021. This legislation requires publicly owned utilities to adopt ten-year energy efficiency goals to save energy (kWh's) and reduce demand (kW reduction). Every four years, goals are reviewed and Council may revise and adopt new ten-year goals. The annual energy savings and demand reduction achieved by the Electric Utilities energy efficiency programs are reported to the State each year. As originally identified in AB1890, PB funds are tied directly to electric efficiency and now must achieve AB2021 energy efficiency goals.

Recommendation: *Yearly, develop a program budget to accomplish Council's energy efficiency goals per AB2021. Specific program measures are provided and approved during the City's budget adoption process. City Council may direct alternative method and funding amounts.*

Low-Income Billing Assistance: Currently, the City has three low-income bill assistance programs; Temporary Emergency Assistance, Senior Citizen Monthly Discount, Non-Senior Household Monthly Discount programs to help low-income and senior customers pay their electric bills. As a percentage of PB spending, the City has devoted a considerably higher percentage of PB funds to low-income bill assistance than other California public utilities. In addition, the monthly discount credit is a fixed amount vs. a tiered or percentage bill credit based on income adjusted quarterly.

Recommendation: *That staff provide a public review with Council of Low Income programs provided currently, other available programs and staff's suggested program alternatives. Council provide direction and associated approval.*

Low-Income Housing Incentive Program: The Electric Utility recommends implementing a new low-income housing program that would provide incentives to developers to build energy efficient low-income housing that exceeds Title 24 minimums. This would provide long-term energy savings.

Public Benefit budgets need to be established to adequately fund energy efficiency programs to meet AB2021 goals, and provide assistance to the City's low-income citizens. Individual program budgets will be established balancing revenues and expenditures. This requires the evaluation and prioritization of the City's goals and objectives, and then allocating PB funds to achieve objectives.

Fiscal Impact: These recommendations prioritize and reallocate program funding and have no net fiscal impact to the Public Benefit fund.

FISCAL IMPACT:				
Budgeted Amount in 16-17 FY	New Appropriation Source of Funds (Title & No.)	Account Number	Budget Amendment Required	Previous Contract or Purchase Order No.
\$428,620	Public Benefits	80626500 Fund	Yes ☐ No ☒	N/A



ITEM NO.: 13c

MEETING DATE: March 1, 2017

AGENDA SUMMARY REPORT

SUBJECT: DISCUSSION AND POSSIBLE LETTER OF SUPPORT FOR SENATE BILL 2 – BUILDING HOMES AND JOBS ACT

Summary: The Council will review Senate Bill 2, the Building Homes and Jobs Act, and consider authorizing a letter of support. The bill is intended to create a permanent source of funding for the creation of affordable housing for low and moderate-income Californians.

Background: SB 2 would create a permanent source of funding for the creation of affordable housing for low and moderate-income Californians. If enacted, the bill would impose a fee of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded. The bill is very similar to SB 391 in 2013, which failed due to insufficient votes in the Assembly. A key difference between the two pieces of legislation is that SB 2 proposes to cap the cost per transaction at \$225; the fee cap was not present in SB 391. SB 2 has support from the League of California Cities.

The bill would require that funds be used to support the development, acquisition, rehabilitation, and preservation of affordable homes, including transitional and permanent rental housing, foreclosure mitigation, and homeownership programs. It is estimated that this fee will generate approximately \$500 million each year to support affordable housing in California. Since the proposed fee is considered a tax under State law, it will require a 2/3 vote of the Legislature. 38 other states already have housing trust funds with permanent ongoing revenues, including five (Missouri, Ohio, Oregon, Pennsylvania, and Washington) that have dedicated ongoing revenues generated by document recording fees.

Discussion: If created, SB 2 (Attachment 1) would provide much-needed funding to finance and build affordable homes in California. This bill would help fill the funding void left following the dissolution of the State's redevelopment agencies. Funding is critically needed to increase, preserve, and improve the City's affordable housing stock for the City's workforce and to end homelessness.

While the bill represents a critical first step in identifying a permanent source of funding, it does not include an allocation method for distributing these funds or the scope of eligible uses at this time. It is unknown whether rural cities would receive a fair share of the funding or whether there would be a competitive process for the distribution.

Continued on Page 2

RECOMMENDED ACTION(S): Review SB 2 and determine whether to provide letter of support to the author, Senator Atkins.

ALTERNATIVES: Provide alternate direction to staff

Citizens advised: N/A
Requested by: Steven G. Scalmanini, Councilmember.
Prepared by: Shannon Riley, Senior Management Analyst.
Coordinated with: N/A
Presenter: Shannon Riley, Senior Management Analyst.
Attachments: 1. SB 2
2. Draft letter of support to Senator Atkins

COUNCIL ACTION DATE: _____: ☐ Approved ☐ Continued to _____ ☐ Other _____

RECORDS APPROVED: ☐ Agreement: _____ ☐ Resolution: _____ ☐ Ordinance: _____

Note: Please write Agreement No. in upper right corner of agreement when drafted.

Approved: 
Sage Sangiacomo, City Manager

Staff is recommending that the Council review and consider authorizing a letter in support of SB 2 (Attachment 2). Regardless of whether a letter of support is authorized, Staff will continue to monitor the status of this bill and work with our local legislators to encourage a clear plan for the equitable distribution of funds should the bill pass.

FISCAL IMPACT:				
Budgeted Amount in 16-17 FY	New Appropriation Source of Funds (Title & No.)	Account Number	Budget Amendment Required	Previous Contract or Purchase Order No.
N/A	N.A	N/A	Yes ☐ No ☒	N/A

AMENDED IN SENATE FEBRUARY 22, 2017

SENATE BILL**No. 2****Introduced by Senator Atkins**

(Coauthors: Senators Beall, Bradford, Dodd, Hertzberg, *Hill*, Hueso, Jackson, Mendoza, Mitchell, Roth, Skinner, Wieckowski, and Wiener)

(Coauthors: Assembly Members ~~Bonta~~ Bonta, Gloria, and Thurmond)

December 5, 2016

An act to add Section 27388.1 to the Government Code, and to add Chapter 2.5 (commencing with Section 50470) to Part 2 of Division 31 of the Health and Safety Code, relating to housing, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 2, as amended, Atkins. Building Homes and Jobs Act.

Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, homeownership for very low and low-income households, and downpayment assistance for first-time homebuyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law. Existing law requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

This bill would enact the Building Homes and Jobs Act. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to affordable housing development. The bill would impose a fee, except

as provided, of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, per each single transaction per single parcel of real property, not to exceed \$225. By imposing new duties on counties with respect to the imposition of the recording fee, the bill would create a state-mandated local program. The bill would require that revenues from this fee, after deduction of any actual and necessary administrative costs incurred by the county recorder, be sent quarterly to the Department of Housing and Community Development for deposit in the Building Homes and Jobs Fund, which the bill would create within the State Treasury. The bill would, upon appropriation by the Legislature, require that 20% of the moneys in the fund be expended for affordable owner-occupied workforce housing and 10% of the moneys for housing purposes related to agricultural workers and their families, and would authorize the remainder of the moneys in the fund to be expended to support affordable housing, homeownership opportunities, and other housing-related programs, as specified. The bill would impose certain auditing and reporting requirements and would establish the Building Homes and Jobs Trust Fund Governing Board that would, among other things, review and approve recommendations made by the Department of Housing and Community Development for the distribution of moneys from the fund.

This bill would state the intent of the Legislature to enact legislation that would create the Secretary of Housing within state government to oversee all activities related to housing in the state.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known as the Building Homes
- 2 and Jobs Act.

1 SEC. 2. (a) The Legislature finds and declares that having a
2 healthy housing market that provides an adequate supply of homes
3 affordable to Californians at all income levels is critical to the
4 economic prosperity and quality of life in the state.

5 (b) The Legislature further finds and declares all of the
6 following:

7 (1) Funding approved by the state's voters in 2002 and 2006,
8 as of June 2015, has financed the construction, rehabilitation, and
9 preservation of over 14,000 shelter spaces and 245,000 affordable
10 homes. These numbers include thousands of supportive homes for
11 people experiencing homelessness. In addition, these funds have
12 helped tens of thousands of families become or remain
13 homeowners. Nearly all of the voter-approved funding for
14 affordable housing has been awarded.

15 (2) The requirement in the Community Redevelopment Law
16 that redevelopment agencies set aside 20 percent of tax increment
17 for affordable housing generated roughly \$1 billion per year. With
18 the elimination of redevelopment agencies, this funding stream
19 has disappeared.

20 (3) In 2014, the Legislature committed 10 percent of ongoing
21 cap-and-trade funds for affordable housing that reduces greenhouse
22 gas emissions and dedicated \$100 million in one-time funding for
23 affordable multifamily and permanent supportive housing. In
24 addition, the people of California thoughtfully approved the
25 repurposing of \$600 million in already committed bond funds for
26 the creation of affordable rental and permanent supportive housing
27 for veterans through the passage of Proposition 41.

28 (4) In 2015, the Legislature approved \$2 billion in revenue
29 bonds for the construction and rehabilitation of permanent
30 supportive housing for homeless individuals with mental illness
31 through the "No Place Like Home" initiative and increased funding
32 for the CalWORKs Housing Support Program to \$47 million per
33 year. Another \$45 million was directed to Emergency Solutions
34 Grants to fund rapid rehousing, outreach, shelters, and homeless
35 prevention and \$10 million was provided to reduce homelessness
36 among families who are part of the child welfare system.

37 (5) Despite these investments, the need for affordable housing
38 in the State of California greatly exceeds the available resources,
39 demonstrated by the Public Policy Institute of California finding
40 that, as of January 2016, 31.5 percent of mortgaged homeowners

1 and 47 percent of all renters are spending more than 35 percent of
2 their household incomes on housing.

3 (6) California has 12 percent of the United States population,
4 but 20 percent of its homeless population. California has the highest
5 percentage of unsheltered homeless in the nation, with 64 percent
6 of homeless Californians not having shelter. California has 24
7 percent of the nation's homeless veterans population and one-third
8 of the nation's chronically homeless population. California also
9 has the largest ~~populations~~ *population* of unaccompanied homeless
10 children and youth, with 28 percent of the national total.

11 (7) Furthermore, four of the top 10 metropolitan areas in the
12 country with the highest rate of homelessness are in the following
13 metropolitan areas in California: San Jose-Sunnyvale-Santa Clara,
14 Los Angeles-Long Beach-Santa Ana, Fresno, and Stockton.

15 (8) California continues to have the second lowest
16 homeownership rate in the nation, and the Los Angeles
17 metropolitan area is now a majority renter area. In fact, five of the
18 eight lowest homeownership rates are in metropolitan areas in
19 California.

20 (9) Los Angeles and Orange Counties have been identified as
21 the epicenter of overcrowded housing, and numerous studies have
22 shown that children in crowded homes have poorer health, worse
23 scores on mathematics and reading tests, and higher rates of
24 depression and behavioral problems—even when poverty is taken
25 into account.

26 (10) Millions of Californians are affected by the state's chronic
27 housing shortage, including seniors, veterans, people experiencing
28 chronic homelessness, working families, people with mental,
29 physical, or developmental disabilities, agricultural workers, people
30 exiting jails, prisons, and other state institutions, survivors of
31 domestic violence, and former foster and transition-aged youth.

32 (11) Eight of the top 10 hardest hit cities by the foreclosure
33 crisis in the nation were in California. They include the Cities of
34 Stockton, Modesto, Vallejo, Riverside, San Bernardino, Merced,
35 Bakersfield, and Sacramento.

36 (12) California's workforce continues to experience longer
37 commute times as persons in the workforce seek affordable housing
38 outside the areas in which they work. If California is unable to
39 support the construction of affordable housing in these areas,

1 congestion problems will strain the state's transportation system
2 and exacerbate greenhouse gas emissions.

3 (13) Many economists agree that the state's higher than average
4 unemployment rate is due in large part to massive shrinkage in the
5 construction industry from 2005 to 2009, including losses of nearly
6 700,000 construction-related jobs, a 60-percent decline in
7 construction spending, and an 83-percent reduction in residential
8 permits. Restoration of a healthy construction sector will
9 significantly reduce the state's unemployment rate.

10 (14) The lack of sufficient housing impedes economic growth
11 and development by making it difficult for California employers
12 to attract and retain employees.

13 (15) To keep pace with continuing demand, the state should
14 identify and establish a permanent, ongoing source or sources of
15 funding dedicated to affordable housing development. Without a
16 reliable source of funding for housing affordable to the state's
17 workforce and most vulnerable residents, the state and its local
18 and private housing development partners will not be able to
19 continue increasing the supply of housing after existing housing
20 bond resources are depleted.

21 (16) The investment will leverage billions of dollars in private
22 investment, lessen demands on law enforcement and dwindling
23 health care resources as fewer people are forced to live on the
24 streets or in dangerous substandard buildings, and increase
25 businesses' ability to attract and retain skilled workers.

26 (17) In order to promote housing and homeownership
27 opportunities, the recording fee imposed by this act shall not be
28 applied to any recording made in connection with a sale of real
29 property. Purchasing a home is likely the largest purchase made
30 by Californians, and it is the intent of this act to not increase
31 transaction costs associated with these transfers.

32 SEC. 3. Section 27388.1 is added to the Government Code, to
33 read:

34 27388.1. (a) (1) Commencing January 1, 2018, and except as
35 provided in paragraph (2), in addition to any other recording fees
36 specified in this code, a fee of seventy-five dollars (\$75) shall be
37 paid at the time of recording of every real estate instrument, paper,
38 or notice required or permitted by law to be recorded, except those
39 expressly exempted from payment of recording fees, per each
40 single transaction per parcel of real property. The fee imposed by

1 this section shall not exceed two hundred twenty-five dollars
2 (\$225). “Real estate instrument, paper, or notice” means a
3 document relating to real property, including, but not limited to,
4 the following: deed, grant deed, trustee’s deed, deed of trust,
5 reconveyance, quit claim deed, fictitious deed of trust, assignment
6 of deed of trust, request for notice of default, abstract of judgment,
7 subordination agreement, declaration of homestead, abandonment
8 of homestead, notice of default, release or discharge, easement,
9 notice of trustee sale, notice of completion, UCC financing
10 statement, mechanic’s lien, maps, and covenants, conditions, and
11 restrictions.

12 (2) The fee described in paragraph (1) shall not be imposed on
13 any real estate instrument, paper, or notice recorded in connection
14 with a transfer subject to the imposition of a documentary transfer
15 tax as defined in Section 11911 of the Revenue and Taxation Code
16 or on any real estate instrument, paper, or notice recorded in
17 connection with a transfer of real property that is a residential
18 dwelling to an owner-occupier.

19 (b) The fees, after deduction of any actual and necessary
20 administrative costs incurred by the county recorder in carrying
21 out this section, shall be remitted quarterly, on or before the last
22 day of the month next succeeding each calendar quarterly period,
23 to the Department of Housing and Community Development for
24 deposit in the ~~California~~ *Building Homes and Jobs* Trust Fund
25 established by Section 50470 of the Health and Safety Code, to
26 be expended for the purposes set forth in that section. In addition,
27 the county shall pay to the Department of Housing and Community
28 Development interest, at the legal rate, on any funds not paid to
29 the Controller before the last day of the month next succeeding
30 each quarterly period.

31 SEC. 4. Chapter 2.5 (commencing with Section 50470) is added
32 to Part 2 of Division 31 of the Health and Safety Code, to read:

33
34 CHAPTER 2.5. BUILDING HOMES AND JOBS ACT

35
36 Article 1. General Provisions

37
38 50470. (a) (1) There is hereby created in the State Treasury
39 the Building Homes and Jobs Trust Fund. All interest or other
40 increments resulting from the investment of moneys in the fund

1 shall be deposited in the fund, notwithstanding Section 16305.7
2 of the Government Code.

3 (2) Moneys in the Building Homes and Jobs Trust Fund shall
4 not be subject to transfer to any other fund pursuant to any
5 provision of Part 2 (commencing with Section 16300) of Division
6 4 of Title 2 of the Government Code, except to the Surplus Money
7 Investment Fund. Upon appropriation by the Legislature:

8 (A) Twenty percent of moneys in the fund shall be expended
9 for affordable owner-occupied workforce housing.

10 (B) Ten percent of the moneys in the fund shall be expended to
11 address affordable homeownership and rental housing opportunities
12 for agricultural workers and their families.

13 (C) The remainder of the moneys in the fund may be expended
14 for the following purposes:

15 (i) The development, acquisition, rehabilitation, and preservation
16 of rental housing that is affordable to extremely low, very low,
17 low-, and moderate-income households, including necessary
18 operating subsidies.

19 (ii) Affordable rental and ownership housing that meets the
20 needs of a growing workforce earning up to 120 percent of area
21 median income.

22 (iii) Matching portions of funds placed into local or regional
23 housing trust funds.

24 (iv) Matching portions of funds available through the Low and
25 Moderate Income Housing Asset Fund pursuant to subdivision (d)
26 of Section 34176 of the Health and Safety Code.

27 (v) Capitalized reserves for services connected to the creation
28 of new permanent supportive housing, including, but not limited
29 to, developments funded through the Veterans Housing and
30 Homelessness Prevention ~~Program~~ *Bond Act of 2014*.

31 (vi) Emergency shelters, transitional housing, and rapid
32 rehousing.

33 (vii) Accessibility modifications.

34 (viii) Efforts to acquire and rehabilitate foreclosed or vacant
35 homes.

36 (ix) Homeownership opportunities, including, but not limited
37 to, ~~down-payment~~ *downpayment* assistance.

38 (x) Grants to local and regional agencies to assist in the
39 development and updating of planning documents and zoning
40 ordinances in order to accelerate housing production, including,

1 but not limited to, ~~General Plans~~, *general plans*, community plans,
2 specific plans, sustainable communities strategies, and local coastal
3 programs.

4 (xi) Fiscal incentives or matching funds to local agencies that
5 approve new housing for extremely low, very low, low-, and
6 moderate-income households.

7 (3) A state or local entity that receives an appropriation or
8 allocation pursuant to this chapter shall use no more than 5 percent
9 of that appropriation or allocation for costs related to the
10 administration of the housing program for which the appropriation
11 or allocation was made.

12 (b) Both of the following shall be paid and deposited in the
13 fund:

14 (1) Any moneys appropriated and made available by the
15 Legislature for purposes of the fund.

16 (2) Any other moneys that may be made available to the
17 department for the purposes of the fund from any other source or
18 sources.

19 (c) If a local government does not expend the moneys allocated
20 to it, pursuant to this chapter, within five years of that allocation,
21 those moneys shall revert to, and be paid and deposited in, the
22 fund.

23 50470.5. For purposes of this chapter:

24 (a) “Department” means the Department of Housing and
25 Community Development.

26 (b) “~~Governing Board~~” *board*” means the Building Homes and
27 Jobs Trust Fund Governing Board.

28 50470.7. (a) The Building Homes and Jobs Trust Fund
29 Governing Board is hereby established. The governing board shall
30 include one representative from the department, one representative
31 from the California Housing Finance Agency, and one
32 representative from the ~~Office~~ *office* of the Treasurer. The
33 governing board shall ~~consist~~ also include no fewer than two real
34 estate licensees, one from northern California and one from
35 southern California, each with not less than 10 years of real estate
36 experience and membership in a real estate trade organization with
37 not less than 20,000 licensees. The governing board shall include
38 a local government official from northern and southern California,
39 and a representative from the northern and southern California

home building industry, all of whom shall be appointed by the Governor.

(b) (1) The governing board also shall include six public members. Two of the public members must be representative of nonprofit affordable housing development, one appointed by the Speaker of the Assembly and one appointed by the Senate ~~Rules Committee~~. *Committee on Rules*. Two of the public members must be representative of for-profit affordable housing development, one appointed by the Speaker of the Assembly and one appointed by the Senate ~~Rules Committee~~. *Committee on Rules*. The Speaker of the Assembly and the Senate ~~Rules Committee~~ *Committee on Rules* shall each appoint one additional public member who shall be representative of, or have experience in, one or more of the following areas:

- (A) Private sector lending.
- (B) For-profit affordable housing development.
- (C) Nonprofit affordable housing development.
- (D) Working with special needs populations, including persons experiencing homelessness.
- (E) Architecture.
- (F) Housing development consultation.
- (G) Academia related to housing issues.

(2) Overall public membership shall contribute to a balance among geographic areas and between rural and urban interests.

50471. (a) In order to maximize efficiency and address comprehensive needs, the department, in consultation with the California Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee, shall develop and submit to the Legislature, at the time of the Department of Finance's adjustments to the proposed 2018–19 fiscal year budget pursuant to subdivision (e) of Section 13308 of the Government Code, the Building Homes and Jobs Investment Strategy. Notwithstanding Section 10231.5 of the Government Code, commencing with the 2023–24 fiscal year, and every five years thereafter, concurrent with the release of the Governor's proposed budget, the department shall update the investment strategy and submit it to the Legislature. The governing board shall review and advise the department regarding the investment strategy prior to its submission to the Legislature. The investment strategy shall do all of the following:

1 (1) Identify the statewide needs, goals, objectives, and outcomes
2 for housing for a five-year time period. Goals should include targets
3 of the total number for affordable homes created and preserved
4 with the funds.

5 (2) Meet the following minimum objectives:

6 (A) Encourage economic development and job creation by
7 helping to meet the housing needs of a growing workforce earning
8 up to 120 percent of area median income.

9 (B) Identify opportunities for coordination among state
10 departments and agencies to achieve greater efficiencies, increase
11 the amount of federal investment in production, services, and
12 operating costs of housing, and promote energy efficiency in
13 housing produced.

14 (C) Incentivize the use and coordination of nontraditional
15 funding sources including philanthropic funds, local realignment
16 funds, nonhousing tax increment, the federal Patient Protection
17 and Affordable Care Act, and other resources.

18 (D) Incentivize innovative approaches that produce cost savings
19 to local and state services by reducing the instability of housing
20 for frequent, high-cost users of hospitals, jails, detoxification
21 facilities, psychiatric hospitals, and emergency shelters.

22 (3) Provide for a geographically balanced distribution of funds,
23 including a 50 percent direct allocation of funds to local
24 governments.

25 (4) In order to receive an allocation a local government shall:

26 (A) Submit a plan to the department detailing how allocated
27 funds will be used by the local government in a manner consistent
28 with paragraph (2) of subdivision (a) of Section 50470.

29 (B) Have a compliant housing element with the state, submit
30 annual reports pursuant to Section 65400 of the Government Code,
31 and submit an annual report to the department that provides
32 ongoing tracking of the uses and expenditures of any allocated
33 funds.

34 (C) Emphasize investments that serve households that are at or
35 below 60 percent of area median income.

36 (b) Before submitting the Building Homes and Jobs Investment
37 Strategy to the Legislature, the department shall hold at least four
38 public workshops in different regions of the state to further inform
39 the development of the investment strategy.

1 (c) Expenditure requests contained in the Governor's proposed
2 budget shall be consistent with the Building Homes and Jobs
3 Investment Strategy developed and submitted pursuant to this part.
4 Moneys in the Building Homes and Jobs Trust Fund shall be
5 appropriated through the annual Budget Act.

6 (d) The Building Homes and Jobs Investment Strategy and
7 updates required by this section shall be submitted pursuant to
8 Section 9795 of the Government Code.

9 (e) The governing board shall have the authority to review and
10 approve department recommendations for all funds distributed
11 from the Building Homes and Jobs Trust Fund.

12
13 Article 2. Audits and Reporting
14

15 50475. The California State Auditor's Office shall conduct
16 periodic audits to ensure that the annual allocation to individual
17 programs is awarded by the department in a timely fashion
18 consistent with the requirements of this chapter. The first audit
19 shall be conducted no later than 24 months from the effective date
20 of this section.

21 50476. (a) In its annual report to the Legislature pursuant to
22 Section 50408, the department shall report how funds that were
23 made available pursuant to this chapter and allocated in the prior
24 year were expended, including efforts to promote a geographically
25 balanced distribution of funds. The report shall also assess the
26 impact of the investment on job creation and the economy. With
27 respect to any awards made specifically to house or support persons
28 who are homeless or at risk of homelessness, the report shall
29 include an analysis of the effectiveness of the funding in allowing
30 these households to retain permanent housing. The department
31 shall make the report available to the public on its Internet Web
32 site.

33 (b) (1) In the report, the department shall make a determination
34 of whether any of the moneys derived from fees collected pursuant
35 to Section 27388.1 of the Government Code are being allocated
36 by the state for any purpose not authorized by Section 50470 and
37 shall share the information with the county recorders.

38 (2) If the department determines that any moneys derived from
39 fees collected pursuant to Section 27388.1 of the Government
40 Code are being allocated by the state for a purpose not authorized

1 by Section 50470, the county recorders shall, upon notice of the
2 determination, immediately cease collection of the fees imposed
3 by Section 27388.1 of the Government Code, and shall resume
4 collection of those fees only upon notice that the moneys derived
5 from fees collected pursuant to Section 23788.1 of the Government
6 Code are being allocated by the state only for a purpose authorized
7 by Section 50470.

8 SEC. 5. (a) The Legislature finds and declares that the housing
9 market plays a critical role in the functioning of the California
10 economy.

11 (b) The Legislature further finds and declares all of the
12 following:

13 (1) The need for housing is something every Californian
14 encounters.

15 (2) Adequate and stable housing is a crucial component of all
16 Californians' quality of life.

17 (3) The expenditure for housing is one of the largest expenses
18 all Californians undertake in their day-to-day lives.

19 (4) Housing and housing-related activities are of such significant
20 importance to the state that it warrants a clear and unified voice
21 in state government.

22 (c) It is the intent of the Legislature to enact legislation that
23 would create a Secretary of Housing within state government to
24 oversee all activities related to housing in the state. In creating this
25 position, it is the intent of the Legislature that all professional
26 entities that play a role in the housing market would be authorized
27 to be incorporated in order to have a clearer and more unified
28 approach to housing in California.

29 SEC. 6. No reimbursement is required by this act pursuant to
30 Section 6 of Article XIII B of the California Constitution because
31 a local agency or school district has the authority to levy service
32 charges, fees, or assessments sufficient to pay for the program or
33 level of service mandated by this act, within the meaning of Section
34 17556 of the Government Code.

35 SEC. 7. This act is an urgency statute necessary for the
36 immediate preservation of the public peace, health, or safety within
37 the meaning of Article IV of the California Constitution and shall
38 go into immediate effect. The facts constituting the necessity are:

- 1 In order to provide affordable housing opportunities at the earliest
- 2 possible time, it is necessary for this act to take effect immediately.

O



March 1, 2017

The Honorable Toni G. Atkins
 Member, California State Senate
 State Capitol, Room 4072
 Sacramento, CA 95814
 FAX: 916-651-4939

RE: SB 2 (Atkins) Building Homes and Jobs Act--NOTICE OF SUPPORT

Dear Senator Atkins,

The City of Ukiah supports your SB 2, the Building Homes and Jobs Act. This measure would generate hundreds of millions of dollars per year for affordable rental or ownership housing, supportive housing, emergency shelters, transitional housing and other housing needs via a \$75 recordation fee on specified real estate documents.

Cities, including the City of Ukiah, are eager to help encourage the construction of affordable housing, but with the loss of over \$1 billion per year of redevelopment housing funds they lack the resources to do so. While the timeliness of the environmental review, permitting, and approval processes can always be improved to help reduce costs, affordable housing projects require some form of financial assistance. This measure is a significant step in the right direction.

While SB 2 would provide an ongoing, permanent state source of funding for much needed affordable housing projects, we also encourage you to help create a clear, equitable system for the distribution of funds. As a small, rural city, we do not have the resources necessary to engage in a cumbersome competitive process to access these funds. Specifically, we would be opposed to a process like what non-entitlement jurisdictions are subjected to as part of the CDBG program.

For these reasons, and with the aforementioned recommendation, the City of Ukiah **supports** SB 2.

Sincerely,

Jim O. Brown
 Mayor
 City of Ukiah

cc: Senator Jim Beall, Chair, Senate Housing and Transportation Committee, fax: 916-651-4915
 Senator Mike McGuire, fax: 916-651-4902
 Assembly Member Jim Wood, fax: 916-319-2102
 Alison Hughes, Consultant, Senate Housing and Transportation Committee, fax: 916-445-2209
 Sarah Boot, Legislative Director, Senator Toni Atkins, sarah.boot@sen.ca.gov
 Sara Rounds, League of California Cities, srounds@cacities.org
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