



City Council Regular Meeting **AGENDA**

Civic Center Council Chamber ♦ 300 Seminary Avenue ♦ Ukiah, CA 95482
August 16, 2017 - 6:00 PM

1 ROLL CALL

2 PLEDGE OF ALLEGIANCE

3 PROCLAMATIONS/INTRODUCTIONS/PRESENTATIONS

- 3.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.](#)

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

[UVSD Litigation Update Box Files location](#)

4 PETITIONS AND COMMUNICATIONS

5 APPROVAL OF MINUTES

- 5.a. [Minutes of August 2, 2017, a Regular Meeting.](#)

Recommended Action: Approve Minutes of August 2, 2017, a Regular Meeting, as submitted.

[Attachment 1 - Draft Minutes](#)

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.

- 7.a. [Approval of Notice of Completion for Airport Avgas Tank Pad and Fueling System Installation Project, Specification No. 17-04.](#)
Recommended Action: 1. Accept the work as complete; 2. Direct the City Clerk to file the Notice of Completion with the County Recorder for Airport Avgas Tank Pad and Fueling System Installation Project, Specification No. 17-04.
[Attachment 1 - Notice of Completion](#)
- 7.b. [Authorize City Manager to Assign Current Lease with Feather Lite, Inc. to Aero Composites LLC.](#)
Recommended Action: Authorize City Manager to assign current lease with Feather Lite, Inc. to Aero Composites LLC.
[Attachment 1 - 6-15-2000 Lease Agreement.pdf](#)
[Attachment 2 - Feather Lite Assignment.pdf](#)
- 7.c. [Notification of Award of Contract to Family Tree Service, Inc. in the Amount of \\$19,440 for Tree Trimming on School Street and at the Civic Center.](#)
Recommended Action: Receive report.
[Attachment 1 - Bid Results](#)
- 7.d. [Notification of Software License Renewal for Box, Inc. in the Amount of \\$23,400.](#)
Recommended Action: Receive report.
None
- 7.e. [Notification of the Purchase of a Graco Grindlazer and Graco Thermoplastic Line Striper System for the Streets Division in the Amount of \\$25,771.70 from JN Equipment.](#)

Recommended Action: Receive report on the purchase of a Grindlazer and Thermoplastic Line Striper System for the Streets Division in the amount of \$25,771,70.
None
- 7.f. [Notification of Two Repair Purchases from Vaughn's Industrial Repair for a Total Amount of \\$39,318.20 for the Open, Inspection, and Rebuild of Two 10" Vertical Turbine Solids Handling Pumps for the Wastewater Treatment Plant Influent Pump Station and Approve Staff to Authorize Additional Repairs, if Needed.](#)
Recommended Action: Approve purchase and authorize Staff to approve additional repairs once the pumps are inspected.
None
- 7.g. [Notification of Purchase of a Replacement Pump from Muniquip in the Amount of \\$29,715,76 for the Grit Removal System at the Wastewater Treatment Plant.](#)
Recommended Action: Receive report on the purchase of a replacement pump for the grit removal system at the Wastewater Treatment Plant.
None
- 7.h. [Notification of the Acquisition of Professional Services from Larry Walker and Associates for Technical Assistance to Prepare the Permit for Operation of the Recycled Water System in the Amount of \\$19,975.](#)
Recommended Action: Receive report on the acquisition of professional services from Larry

Walker and Associates for technical assistance related to the permitting for the Recycled Water System.

None

- 7.i. [Report to City Council Regarding the Contract for Professional Services with the North Bay Professional Officials Association \(NBPO\) for Adult Basketball Referees.](#)

Recommended Action: Receive Report
[Attachment 1 - NBPO Contract 2017](#)

- 7.j. [Notification of Purchase for a Replacement Heating, Ventilation, and Air Conditioning System \(HVAC\) for the Ukiah Police Department from Intercounty Mechanical & Electrical in the Amount of \\$20,500.](#)

Recommended Action: Receive Report
[Attachment 1.pdf](#)

- 7.k. [Adoption of Resolution Authorizing Contract Amendment with MuniServices to Provide Sales Tax Examination and Analysis for Measure Y.](#)

Recommended Action: Adopt a resolution authorizing MuniServices access to Measure Y records collected and held by the California Department of Tax and Fee Administration and authorize the City Manager to sign an amendment to the existing agreement with MuniServices including Measure Y transaction and use taxes in their scope of services.

[Attachment 1 - Ukiah DTX Amendment 07-28-17](#)

[Attachment 2 - Ukiah DRAFT 7056 Confidentiality Resolution](#)

[Attachment 3 - MuniServices Sales Tax Audit & Information Services \(Current Agreement\)](#)

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

- 12.a. [Creation of and Appointment of Two Council Members to a Cost Allocation Plan Ad Hoc Committee.](#)

Recommended Action: The Council will be asked to create an ad hoc committee and appoint two of its members to participate in the guidance of the proposed internal evaluation of the City's cost allocation plan.

None

- 12.b. Consideration and Possible Adoption of an Accessory Dwelling Unit Ordinance Adding and Amending Various Sections of the Ukiah City Code to Comply with California Government Code Section 65852.2 Regulating Accessory Dwelling Units.

Recommended Action: Adopt ordinance of the City of Ukiah adding and amending various sections of the Ukiah City Code to comply with California Government Code section 65852.2 regulating Accessory Dwelling Units.

Attachment 1 - ADU Ordinance Draft 1 Redline

Attachment 2 - ADU Ordinance Draft 1 CLEAN

Attachment 3 - AB 2299 Summary of Local Regulation Expanded

Attachment 4 - Table AB 2299 v City Code CC Meeting 8-16-2017

Attachment 5 - Dept of HCD ADU Memorandum

Attachment 6 - Survey of Municipal ADU Regulation

Attachment 7 - Government Code Section 65852.2

13 **NEW BUSINESS**

14 **CLOSED SESSION – CLOSED SESSION MAY BE HELD AT ANY TIME DURING THE MEETING.**

- 14.a. 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)

Recommended Action: Confer in Closed Session
None

- 14.b. 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)

Recommended Action: Confer in Closed Session
None

- 14.c. 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

Recommended Action: Confer in Closed Session
None

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.

CITY OF UKIAH
CITY COUNCIL AGENDA
Regular Meeting
CIVIC CENTER COUNCIL
CHAMBERS
300 Seminary Avenue
Ukiah, CA 95482
Kristine Lawler, City Clerk



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.

DEPARTMENT: Administration

PREPARED BY: Sage Sangiacomo

ATTACHMENTS:

[UVSD Litigation Update Box Files location](#)

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: Chronological History of Recent Correspondence and 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.

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

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: N/A

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

PREVIOUS CONTRACT/PURCHASE ORDER NO.: N/A

COORDINATED WITH: N/A

Approved: _____


Sage Sangiacomo, City Manager

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 that the 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.

At the March 1, 2017, City Council Meeting, the City Manager reported that the District remains nonresponsive to the requests for a joint meeting on the Fiscal Year 16/17 budget and recycled water project.

At the March 15, 2017, City Council Meeting, the City Manager reported the District continues to remain nonresponsive to the City's requests for a joint meeting on the Fiscal Year 16/17 budget and recycled water project. The City Manager also reported that District Manager McMichael had responded to the City's request for a staff meeting to prepare the bid package to rebid the installation of the barscreen at the Wastewater Treatment Plant as previously directed by the City Council and District Board. The barscreen meeting took place on the morning of March 15th.

At the April 5, 2017, City Council Meeting, the City Manager reported that the District continues to remain nonresponsive to the City's requests for a joint meeting on the Fiscal Year 16/17 budget and recycled water project. At the District's March 16, 2017 Board meeting, the City Manager reiterated the City's request for the joint meeting during public comment on non-agenda items. In addition, the City continues to be available and responsive to budget and billing inquiries from Mr. Dickerson and public information requests from the District's legal counsel, although none have been received in the past two weeks.

At the April 19, 2017, City Council Meeting, the City Manager reported that the District continues to remain nonresponsive to the City's requests for a joint meeting on the Fiscal Year 16/17 budget and recycled water project. In addition, the City has provided the District with a timeline for the City's proposed FY 17-18 Budget process and has sought input on how/when the District would prefer to coordinate the development and joint review of next year's FY 17-18 wastewater budget (UVSD Litigation Update Box File #21).

At the May 3, 2017, City Council Meeting, the City Manager reported that the UVSD continues to be nonresponsive to the City's ongoing requests for a joint meeting on the FY 16-17 Budget and recycled water project. In addition, the District has been nonresponsive to the City's request to engage in the development and joint review of the FY 17-18 wastewater budget. Furthermore, it was reported that the District was unwilling to provide details related to the maintenance of customer billing accounts as demonstrated by the District's refusal to share refund calculations and methodology related to a sizable refund reportedly authorized by the District at their January 19, 2017, board meeting. Given the District's uncooperative approach regarding account information through customary administrative communication, the City was forced to seek the information through a Public Records Act (PRA) request. Since the May 3rd meeting, the District has provided a response to the PRA request which is currently being reviewed by City staff.

At the May 17, 2017, City Council Meeting, the City Manager reported that mediation regarding the litigation resumed on May 11, 2017, and continues with the efforts remaining confidential due to the rules established for the meetings. In addition, the District remains nonresponsive to the City's ongoing request for a joint meeting

on the FY 16-17 budget and recycled water project. The District also continues to be nonresponsive to the City's numerous requests for engagement in the development and joint review of the FY 17-18 wastewater budget. Correspondence has been sent to the District detailing the budget development schedule and budget related items on the City Council's agenda, inclusive of the following dates:

- March 13-17: Budget Training in Munis
- March 20-31: First-round budget meetings
- March 31: Deadline for personnel requests for budget
- Friday April 7: Budget entry due. Budget will be locked to departments to allow for further processing and analysis by Finance
- April 17-28: Second-round budget meetings
- Wednesday, May 17: Budget 101 with Council
- May 19: Comment period on budget document closes
- June 7: First budget hearing and workshop with Council
- June 14: Final budget hearing with Council and adoption (tentative)

At the June 7, 2017, City Council Meeting, the City Manager reported the District continues to be nonresponsive to the City's request for a joint meeting regarding the current year budget, the recycled water project and the development of next fiscal year's budget. The City Attorney also reported that the mediation process is ongoing.

At the June 21, 2017, City Council Meeting, the City Manager again reported that the District continues to be unresponsive to the City's request for a joint meeting regarding the current year budget, the recycled water project and the development of next fiscal year's budget. In addition, Director White has sent correspondence to the District regarding the need for joint approval of the barscreen installation bid, given the \$100,000 Participation Agreement threshold for capital items. The City Council considered and approved the item at the June 21st meeting, but the District will need to approve the project if it is to proceed.

At the July 5, 2017, City Council meeting, the City Manager again reported that the District continues to be unresponsive to the City's request for a joint meeting regarding the current year budget, the recycled water project and the development of next fiscal year's budget. Given the continued lack of response from the District, the City Council, at its meeting of June 21, 2017, approved the Fiscal Year 17-18 budget inclusive of the budget for wastewater. The City continues to seek cooperation from the District, but delaying approval of the budget impedes the City's ability to effectively, efficiently, and responsibly provide wastewater services to the citizens of Ukiah and the UVSD.

In addition, the District had not yet considered the barscreen installation bid which requires joint approval. Director White has sent correspondence to the District regarding the need for joint approval of the barscreen installation bid, given the \$100,000 Participation Agreement threshold for capital items. The City Council considered and approved the item at the June 21st meeting, but the District will need to approve the project if it is to proceed.

The City Manager also reported the second mediation date is scheduled for July 14, 2017.

Furthermore, UVSD Director Marshall has contacted the City requesting a tour be scheduled for the District's new interim manager. The City is responding to coordinate the request.

At the July 19, 2017, City Council meeting, the City Manager again reported that the District continues to be unresponsive to the City's request for a joint meeting regarding the Fiscal Year 16-17 budget, 17-18 budget, and the recycled water project. In addition, a tour of the Wastewater Treatment Plant was given to the new District Manager and UVSD Board Member Marshall. Mediation meetings continue, but no public reports are available. The candidate filing period for 3 of the 5 District Board seats for the November 7th Election is open from July 17 - August 11.

At the August 2nd, 2017, City Council meeting, the City Manager again reported that the District continues to be unresponsive to the City's request for a joint meeting regarding the Fiscal Year 16-17 budget, 17-18 budget, and the recycled water project. City representatives attended the UVSD Board Meeting on July 20, 2017, and again requested cooperation from the District.

Regarding the barscreen rebid, the City Manager reported: On June 21st, the City Council approved the award of contract to Fort Bragg Electric for the installation of a barscreen at the Wastewater Treatment Plant. The award was contingent upon the District taking corresponding action of which they were informed. Due to an extended delay and no response from the UVSD, the City requested an extension of the expiring bid from the contractor to afford the District additional time to take action. The District approved the contract at its July 20, 2017, Board Meeting and the project will proceed.

Regarding the litigation impact, the City Manager reported: Staff completed an updated estimate of legal related expenses associated with the Ukiah Valley Sanitation District. Estimates demonstrated that the Ukiah Valley Sanitation District is closing in on \$4 million dollars of legal related expenses with over \$3.3 million directly paid to the Law Offices of Duncan James (UVSD Litigation Update Box File #22). In defense of the District's legal actions, the City has expended approximately \$814,000. On a cost per account base evaluation, this equates to \$1,225.55 per District customer account and \$207.39 per City customer account.

Discussion: At the August 16th City Council meeting, Staff will provide the latest status report on issues related to the operation of the sanitary sewer system.

Mediation: Representatives of the City of Ukiah and the Ukiah Valley Sanitation District continue to have meetings associated with the mediation process. Because of the confidential nature of mediations, the parties cannot reveal any further information about the mediation.

Budgets and Recycled Water Project: The City of Ukiah continues to seek cooperation from the UVSD to jointly approve budgets and review the recycled water project. The District remains unresponsive to the City's request to meet on these matters. However, the new District Manager and the City Manager have reached out to each other and are working to schedule a meeting to explore opportunities for improved cooperation.

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.

UVSD Litigation Update Box Files located at:

<https://cityofukiah.box.com/v/UVSDlitigationUpdates>



AGENDA SUMMARY REPORT

SUBJECT: Minutes of August 2, 2017, a Regular Meeting.

DEPARTMENT: City Clerk

PREPARED BY: Ashley Cocco

ATTACHMENTS:

[Attachment 1 - Draft Minutes](#)

Summary: Approve Minutes of August 2, 2017, a Regular Meeting, as submitted (Attachment 1).

Background: N/A

Discussion: N/A

RECOMMENDED ACTION: Approve Minutes of August 2, 2017, a Regular Meeting, as submitted.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: N/A

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

PREVIOUS CONTRACT/PURCHASE ORDER NO.: N/A

COORDINATED WITH: N/A

Approved: _____


Sage Sangiacomo, City Manager

**CITY OF UKIAH
CITY COUNCIL MINUTES
Regular Meeting
CIVIC CENTER COUNCIL CHAMBERS
300 Seminary Avenue
Ukiah, CA 95482
August 2, 2017
6:00 p.m.**

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE

Ukiah City Council met at a Regular Meeting on August 2, 2017, having been legally noticed on July 28, 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. **Staff Present:** Sage Sangiacomo, City Manager; David Rapport, City Attorney; and Ashley Cocco, Deputy City Clerk.

MAYOR BROWN PRESIDING.

The Pledge of Allegiance was led by Tim Eriksen, Director of Public Works / City Engineer.

3. PROCLAMATIONS/INTRODUCTIONS/PRESENTATIONS

a. Presentation of Employee Recognition Awards.

Presenters: Sage Sangiacomo, City Manager; Jake Burgess, Recreation Supervisor; Sage Sangiacomo, City Manager (*speaking a second time*); and Kirk Thomsen, Interim Fire Chief.

b. Annual Update and Presentation Regarding Visit Ukiah.

Presenter: Shannon Riley, Deputy City Manager.

c. Introduction of New Employee – Kippi Dayton, Payroll Specialist.

Presenter: Leigh Halvorsen, Senior Accountant.

d. 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.

Presenter: Sage Sangiacomo, City Manager.

Public Comment: Don Crawford.

4. PETITIONS AND COMMUNICATIONS

Presenter: Ashley Cocco, Deputy City Clerk.

5. APPROVAL OF MINUTES

a. Minutes of July 19, 2017, a Regular Meeting, as submitted.

b. Minutes of July 27, 2017, a Special Meeting, as submitted.

Motion/Second: Doble/Crane to approve Minutes of July 19, 2017, a Regular Meeting, with edits and Minutes of July 27, 2017, a Special 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. Adoption of Ordinance (#1179) of the City Council of the City of Ukiah Adding Section 2002 to Division 1, Chapter 12 and Section 4502.5 to Division 5, Chapter 7, Article 2 of the Ukiah City Code, Prohibiting Smoking within Certain City Owned Parks and/or City Sponsored Events – *Community Services*.

ORDINANCE NO. 1179

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UKIAH ADDING SECTION 2002 TO DIVISION 1, CHAPTER 12 AND SECTION 4502.5 TO DIVISION 5, CHAPTER 7, ARTICLE 2 OF THE UKIAH CITY CODE, PROHIBITING SMOKING WITHIN CERTAIN CITY OWNED PARKS AND/OR CITY SPONSORED EVENTS.

- b. Adoption of Ordinance (#1180) Amending Division 1, Chapter 4, Article 4, Section 1153 Regarding Compensation to Planning Commission Members – *Community Development and Planning*.

ORDINANCE NO. 1180

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UKIAH AMENDING UKIAH CITY CODE SECTION 1153 TO AUTHORIZE COMPENSATION TO PLANNING COMMISSIONERS.

- c. Authorization for the City Manager to Negotiate and Execute an Amendment to the Existing Contract (COU No. 1314-206-A1) with Borismetrics Inc. for an Additional Five Years to Assist the Ukiah Electric Utility with Regulatory Compliance and Market Analysis Support in the amount not to exceed \$50,000 per Year (EUD) – *Electric Utility Department*.
- d. Notification to City Council of the Contract #1617-220, and Subsequent Amendment 1 (COU No. 1617-220-A1), for the Inspection, Report and Repairs to the Hydro Unit #1 and Unit #2 Wicket Gates for the Electric Utility Department to Lee Mechanical, Inc. in the Total Amount of \$12,038.53 (EUD) – *Electric Utility Department*.
- e. Award Purchase of One New 2017 Toyota Highlander Hybrid to Thurston Auto Plaza, Ukiah, California in the Amount of \$43,500.00 (EUD) – *Electric Utility Department*.
- f. Award Purchase Order for Repair Services to Solomon Corporation of Solomon, Kansas to Repair Two (2), Cooper VFI9 Three Phase Switchgear for the Electric Utility Department for a Total Not to Exceed an Amount of \$30,000 Including all Taxes and Freight Charges (EUD) – *Electric Utility Department*.
- g. Authorize the City Manager to Negotiate and Execute a Visit Ukiah Contract (COU No. 1718-084) with Sunset – *Administration*.
- h. Adopt Resolution (2017-38) and Related Documents Authorizing Execution and Delivery of Site Lease (COU No. 1718-088) and Financing Lease (COU No. 1718-089) with California Infrastructure and Economic Development Bank ("I-Bank") – *Finance*.
- i. Notification to City Council of the Purchase of Professional Temporary Building Inspection Services from Coastland Civil Engineering, Inc. in the amount of up to \$20,000 and Authorize the City Manager to Negotiate and Execute an Amendment to Said Contract (COU No. 1617-223-A1) with Coastland Civil Engineering, Inc. to Extend the Contract Time of Completion to September 1, 2017 – *Community Development and Planning*.

Motion/Second: Crane/Scalmanini to approve to Approve Consent Calendar Items 7a-7i, as submitted. 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: Bill Smith – Aerial Fire Patrol; Edward Haynes – homeless shelter; Pinky Kushner – Bank of America closure; Bill Phasett – homeless shelter.

RECESS: 7:03 - 7:11 PM

9. **COUNCIL REPORTS**

Presenters: Councilmembers Mulheren, Crane, and Scalmanini.

10. **CITY MANAGER/CITY CLERK REPORTS**

Presenters: Sage Sangiacomo, City Manager; Tim Eriksen, Director of Public Works / City Engineer; Kirk Thomsen, Interim Fire Chief; Sage Sangiacomo, City Manager (*speaking a second time*).

11. **PUBLIC HEARINGS (6:15 PM)**

12. **UNFINISHED BUSINESS**

a. Adoption of an Accessory Dwelling Unity Ordinance Adding and Amending Various Sections of the Ukiah City Code to Comply with California Government Code Section 65852.2 Regulating Accessory Dwelling Units.

Presenters: Kevin Thompson, Principal Planner; Darcy Vaughn, Assistant City Attorney; Craig Schlatter, Community Development and Planning Director.

Public Comment: Phil Baldwin, Susan Knopf, and Pinky Kushner.

Mayor Brown motioned to continue this matter to the August 16, 2017, Regular meeting.

Motion dies for lack of a second.

Motion/Second: Crane/Doble to correct the ordinance so that any remaining instances of the phrase “second unit” are corrected to read “accessory dwelling unit” and bring back to Council at the August 16, 2017, Regular meeting. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

b. Award Contract to Granite Construction Company for North State Street Intersection – Low Gap Road / Brush Street, Storm Drain and Signalization Improvements, Specification No. 17-02 and Approval of Corresponding Budget Amendment.

Presenters: Tim Eriksen, Director of Public Works / City Engineer; Mary Horger, Procurement Manager.

Motion/Second: Crane/Doble to award contract (COU No. 1718-085) for North State Street Intersection - Low Gap Road / Brush Street, Storm Drain and Signalization Improvements, Specification No. 17-02 base bid to Granite Construction Company, the lowest responsive, responsible bidder based on bids submitted on July 25, 2017, with authorization to perform nighttime work; and approve corresponding budget amendment. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

RECESS: 8:48 - 8:53 PM

13. NEW BUSINESS

b. Consideration of Nominations and Possible Adoption of Resolution Making Appointments to the Airport Commission; Parks, Recreation, and Golf Commission (PRGC); and the Paths, Open Space, and Creeks Commission (POSCC).

Presenter: Ashley Cocco, Deputy City Clerk.

Motion/Second: Crane/Doble to approve the listed table of nominations and associated Resolution (2017-39) making appointments to the Airport Commission; Parks, Recreation, and Golf Commission (PRGC); and the Paths, Open Space, and Creeks Commission (POSCC). Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

a. Review and Consideration of a Draft Response to Grand Jury Report – Formula Business Restriction.

Presenter: Craig Schlatter, Community Development and Planning Director.

Motion/Second: Doble/Crane to approve response to Grand Jury report for transmission to the Grand Jury. Motion **carried** by the following roll call votes: AYES: Scalmanini, Crane, Mulheren, Doble, and Brown. NOES: None. ABSENT: None. ABSTAIN: None.

c. Authorize the City Manager to Negotiate and Execute Agreement(s) for Temporary Building Inspection Services with up to Five Building Inspection Services Firms.

Presenter: Craig Schlatter, Community Development and Planning Director.

Public Comment: Mark Hilliker.

Motion/Second: Crane/Scalmanini to authorize the City Manager to negotiate and execute agreement(s) with selected building services firms. 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 THE SUCCESSOR AGENCY TO THE UKIAH REDEVELOPMENT AGENCY AT 9:17 PM.

THE CITY COUNCIL RECONVENED THE REGULAR CITY COUNCIL MEETING AT 9:31 PM AND ADJOURNED TO CLOSED SESSION AT 9:31 PM.

14. CLOSED SESSION

a. 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)

b. 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)

c. 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

d. Conference with Labor Negotiator

(Government Code Section 54957.6)

Agency Representative: Sage Sangiacomo, City Manager Employee

Organization: Administrative and Maintenance Unit

No action was taken in closed session.

15. ADJOURNMENT

There being no further business, the meeting adjourned at 10:26 p.m.

Ashley Cocco, Deputy City Clerk

DRAFT



AGENDA SUMMARY REPORT

SUBJECT: Approval of Notice of Completion for Airport Avgas Tank Pad and Fueling System Installation Project, Specification No. 17-04.

DEPARTMENT: Airport

PREPARED BY: Greg Owen

ATTACHMENTS:

[Attachment 1 - Notice of Completion](#)

Summary: The Council will be asked to approve of notice of completion for airport Avgas tank pad and fueling system installation. The City has just completed the installation of a self-service fueling system to allow pilots to fuel their own aircraft.

Background: On March 10, 2017, the bid notice was released to all Class A contractors on the City's qualified bidder's list for the Airport Avgas Tank Pad and Fueling System Installation project, Specification No. 17-04. Specifications were also released to the builder's exchanges, the notice was advertised in the Ukiah Daily Journal on March 14th, March 21st and March 28th, and the bid specifications were posted on the City's website.

The work will finalize the installation of the new 12,000 gallon UL-2085 AvGas fueling system purchased from Bryant Fuel, and includes all material, equipment (excluding the fueling system) and labor to excavate existing pad, install the new concrete pad, install electrical, install conduits, install the fueling system, and perform

RECOMMENDED ACTION: 1. Accept the work as complete; 2. Direct the City Clerk to file the Notice of Completion with the County Recorder for Airport Avgas Tank Pad and Fueling System Installation Project, Specification No. 17-04.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: \$85,638; 77900000.80100.15042

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

PREVIOUS CONTRACT/PURCHASE ORDER NO.: N/A

COORDINATED WITH: Mary Horger, Procurement Manager

Approved: _____


Sage Sangiacomo, City Manager

successful start-up and training at the City of Ukiah Municipal Airport.

Discussion: The City Council awarded the contract on April 19, 2017, to Gregg Simpson Trucking of Ukiah, California (contractor) in the amount of \$77,010.50. The work of the contract was completed by the contractor in substantial conformance with the approved plans and specifications on July 26, 2017. The final contract cost, based on actual quantities constructed and the approved change orders, is \$85,638. Final payment of the retention will be made to the contractor after 35 days from the date of the attached Notice of Completion (Attachment 1) is filed with the County Recorder.

Please return to:

CITY OF UKIAH
300 Seminary Avenue
Ukiah, California 95482-5400
(707) 463-6200

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN:

1. That the real property described is owned by the following whose address is: City of Ukiah, a Municipal Corporation, 300 Seminary Avenue, Ukiah, California 95482-5400
2. That the nature of the title to the Airport Avgas Tank Pad and Fueling System Installation Project, Specification No. 17-04 of all said owners is that of fee simple.
3. That on the 26th day of July 2017, the Contract work for this project was actually completed.
4. That the name and address of the Contractor is Gregg Simpson Trucking 11 Highland Ct Ukiah, CA 95482
5. That the real property herein referred to is situated in the County of Mendocino, State of California, and is described as follows: City-owned property identified as Ukiah Municipal Airport within the City of Ukiah.

I hereby certify under penalty of perjury that the forgoing is true and correct:

City Council Approval CITY OF UKIAH, a Municipal Corporation

_____ By: _____ _____
Date Kristine Lawler, City Clerk Date

State of California

County of Mendocino



AGENDA SUMMARY REPORT

SUBJECT: Authorize City Manager to Assign Current Lease with Feather Lite, Inc. to Aero Composites LLC.

DEPARTMENT: Airport

PREPARED BY: Greg Owen

ATTACHMENTS:

[Attachment 1 - 6-15-2000 Lease Agreement.pdf](#)

[Attachment 2 - Feather Lite Assignment.pdf](#)

Summary: Authorize City Manager to assign current lease with Feather Lite, Inc. to Aero Composites LLC.

Background: Attached is the June 15, 2000, Feather Lite lease agreement between the City and Feather Lite LLC (Attachment 1). The City entered into a 40-year ground lease with Feather Lite, Inc. This agreement allowed Feather Lite to build a hangar on airport property for aviation-related purposes and/or the production of aviation products.

Discussion: Feather Lite has decided to sell their business to Aero Composites. Attached is the Feather Lite Assignment requesting approval of the lease assignment to Aero Composites LLC (Attachment 2). The lease agreement requires the assignment to be approved by Council. The assignment of the current lease from Feather Lite, Inc. to Aero Composites LLC will not in any way amend or alter the terms of the current lease. Aero Composites will have responsibility for the performance of all obligations of Feather Lite, Inc. under the current lease agreement.

RECOMMENDED ACTION: Authorize City Manager to assign current lease with Feather Lite, Inc. to Aero Composites LLC.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: N/A

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

PREVIOUS CONTRACT/PURCHASE ORDER NO.: N/A

COORDINATED WITH: David Rapport, City Attorney

Approved: _____


Sage Sangiacomo, City Manager

LEASE AGREEMENT

This Lease, made this 15th day of June, 2000 by and between the City of Ukiah, State of California, acting by and through its City Council, hereinafter referred to as "Lessor" and Feather Lite, Inc., hereinafter referred to as "Lessee."

RECITALS:

1. Lessor has the authority contained in Government Code Section 37380 and 37395 and does determine that the use of certain property owned by the Lessor is not required for its use at this time and is available for Lease, and

2. The use of said property by the Lessee would be and is beneficial for the citizens of the City of Ukiah.

LEASE AGREEMENT**1. LEASE.**

The parties hereto agree that on the terms and conditions hereinafter expressed, Lessor does hereby let to Lessee and Lessee does hereby hire from Lessor a 7,000 square foot portion of that certain parcel of property commonly referred to as "Ukiah Regional Airport, located at 1411 South State Street, City of Ukiah, County, and more specifically described on the attached "Exhibit A" or together with a right of access thereto.

2. TERM.

The term of this Lease is for a period of forty(40) years commencing on the date set forth above. Lessee shall have the right to renew this lease subject to terms and conditions which shall be agreed upon at the time of renewal. The term of this lease shall not commence until such time as Lessee secures all necessary permits for the improvements to the property, except that, Lessee shall have six months from the date approval of this lease by the City Council to secure said permits, after which time lessee shall either initiate the lease or the approval shall be null and void.

3. RENT.

3.1 Amount. As rent for the term hereby demised, Lessee agrees to pay to Lessor the sum of \$210 per month. At the commencement of the second year and each year thereafter the rent shall increase by the percentage change in the Consumer Price Index (CPI) during the preceding calendar year (January to December) but not to exceed 5% in any calendar year. CPI means the index for all urban consumers (1982-1984 = 100), U.S. City average, all items, published by the United States Department of Labor, Bureau of Labor Statistics. In the event the CPI is discontinued or otherwise not available, "CPI" shall mean such comparable statistics on the purchasing power of the consumer dollar as is reasonably agreed on between Lessor and Lessee.

3.2 When due; late fees and interest. Rent shall be due on the fifth (5th) day of each month and shall be considered delinquent if not received by the Lessor's Finance Department located at 300 Seminary Avenue in Ukiah by 5:00 p.m. on the tenth (10th) day of the month. Lessee shall pay a late fee of \$10, if the payment is delinquent. In addition, Lessor may charge Lessee interest on the unpaid portion of the delinquent payment until paid in full as provided in Ukiah City Code section 2051.

3.3 Payment of taxes and assessments. Lessee shall also pay any real property, possessory interest or personal property taxes, and assessments imposed on the leased premises, property located on or affixed to the lease premises or as a result of the lease, use or ownership of the leased premises.

4. USE AND IMPROVEMENTS.

Lessee hereby agrees to install all permanent improvements which shall become part of said property and title to said improvements shall be vested in the Lessor upon termination of the forty(40) year term of this lease.

4.1 Condition of the leased premises: Except as provided in Paragraph 1.1 of this lease, Lessee hereby agrees to accept the use of the leased premises in "AS IS" condition, understanding that Lessor makes no representations as to the condition of the premises or its suitability for the uses contemplated by Lessee. Lessee assumes the obligation at its own expense to remove and properly dispose of any toxic or hazardous substances that may exist on the premises, if such substances are found to exist on the premises and must be removed in order for Lessee to make use of the leased premises. Lessee represents that it has made a thorough inspection of the premises and has undertaken to repair or adequately warn of any conditions on the premises that might constitute a hazard or danger to persons using or present on the leased premises.

4.2 Use of Improvements. Lessee shall use the leased premises exclusively for aviation related purposes and/or the production of aviation products. If Lessee fails to use the Leased Premises for such purposes for a period of ninety (90) days, the lease shall terminate and Lessee shall restore possession to Lessor. Lessee shall keep the exterior area surrounding the hangar neat and orderly, and clear of all cans, rags, boxes, excess aircraft parts, and other items. Lessee shall not interfere with the use of the airport by others and shall not maintain or allow a nuisance on the Premises.

4.3 Improvements and modifications. Lessee agrees to complete all improvements to the leased premises under the terms and conditions identified below:

- a. City to survey site to set preliminary building and drainage elevations
- b. Existing drainage ditch relocated by City.
- c. City to provide engineering for Water and Sewer Utilities extension with tenant providing installation at time of building construction.
- d. Capital improvement fees for utilities deferred by City for two years.
- e. Frontage road to be extended to north end of lease line by Tenant in two phases. First phase to be completed at time of building construction and extend to and including Tenant's southern most driveway entrance and parking lot . Second phase to be completed within two years from the date of lease execution or if City acquires a tenant for the property north of tenant's site, whichever comes first.
- f. Parking and circulation area to be located at western front of building and paved by Tenant at time of construction.
- g. Tenant shall provide and maintain landscaping on the west and southern borders of the building improvements at the approval of the Airport Manager.

Lessee shall not initiate any improvements or alterations to the leased premises without the prior written approval of Lessor through its City Manager or his or her designee.

4.4 Ownership of Improvements. Lessee shall retain during the term of this agreement ownership of all installed improvements on the leased premises. Title to said improvements shall vest in lessor upon termination of the lease.

4.5 Maintenance and repair. Lessee agrees to keep the premises and all improvements in good repair and order and to bear the full cost for all maintenance and repair of the leased premises and all Lessee installed improvements.

4.6 Storage or use of toxic or hazardous substances. Lessee shall not dispose or permit the disposal of hazardous or toxic substances on the leased premises. If any hazardous or toxic substances are disposed of or released on the leased premises by Lessee or as a result of Lessee's activities during the term of this lease, Lessee shall assume the entire obligation to clean up any such substances and shall fully indemnify, defend and hold harmless the Lessor and its officers, agents and employees from any claim, damage, loss, liability, cost or expense of any nature whatsoever arising out of the release or disposition on the leased premises of any toxic or hazardous substance.

4.7 Permits. Lessee shall acquire any necessary or required permits from the appropriate regulating body for the use of the leased premises.

4.8 Compliance with laws. Lessee shall insure that no alcoholic beverages are possessed or consumed on the leased premises at any time. Lessee shall not use or permit the leased premises to be used except in full compliance with all rules, regulations, laws or ordinances of the City of Ukiah and the State of California, and the Federal Government.

4.9 Utilities. Lessee shall furnish at its sole expense all utilities necessary for use of the leased premises, including, but not limited to, water, sewer service, electricity, natural gas, and garbage collection.

5. ASSIGNMENT.

Lessee will not assign this Lease or any interest therein and will not let or sublet the leased premises without the prior written consent of Lessor. The City Manager may consent to an assignment of the Lease on behalf of Lessor, if the assignment is to a lending institution and necessary for the Lessee to finance the construction of Lessor approved improvements on the leased premises. The City Manager may agree to commercially reasonable terms and conditions in connection with an assignment required for financing purposes. The City Council must approve all other assignments and subleases. Lessor shall not withhold approval unreasonably of Lessee's request to assign this Lease. Any assignee must meet all criteria duly adopted by Lessor for leasing said property for airport related uses and the assignment of the Lease must be consistent with the Airport Master Plan, adopted by Lessor. If any assignment occurs in violation of this paragraph, Lessor may terminate this Lease and recover possession of the leased premises, including any improvements located on the leased premises which, under the terms of this Lease, become the Lessor's property upon termination of the Lease. "Assignment" includes both voluntary assignments and assignments that occur involuntarily or by operation of law.

6. INDEMNIFICATION AND INSURANCE.

6.1 Indemnification. Lessor shall not be liable for and is free from the cost of any damages for personal injury or property damage resulting from the use made by Lessee of the leased premises, any defective condition or faulty construction of the leased premises existing at the time of letting or arising thereafter and Lessee covenants and agrees to indemnify and save harmless said Lessor and its officers, agents and employees from and against any and all claims, liability, loss, cost, or other obligation, including reasonable attorneys' fees, on account of or arising out of Lessee's use of the leased premises.

6.2 Liability insurance. Lessee covenants and agrees during the life of this Lease at Lessee's sole expense to comply with the requirements of Exhibit B, Insurance Requirements for Lessees (No Auto Risks), attached hereto and incorporated herein by reference.

7. TERMINATION.

Failure to pay rent, when due, or to comply with any other provision of this lease shall constitute a material breach of the lease and furnish grounds for termination of this lease. Any action taken or suffered by Lessee as a debtor under any insolvency or bankruptcy laws, including the filing of a voluntary or involuntary petition in the United States bankruptcy court, any assignment for the benefit of creditors or the appointment of a receiver shall constitute a breach of this lease. In such event, Lessor shall have the right to terminate this lease and retake possession of the lease premises and any improvements which upon termination of the lease become of the property of Lessor.

8. HOLDING OVER.

Holding over by the Lessee after the termination of this lease shall not constitute a renewal or extension thereof or give the Lessee any rights hereunder or in or to the leased premises.

9. INSPECTION.

The Lessor and its authorized representatives shall have the right, at any reasonable time during the term of this lease, to enter upon the leased premises, or any part thereof, to inspect the same and all buildings and other improvements erected and placed thereon.

10. ATTORNEY'S FEES.

In any legal action to enforce any of the terms of this Lease the prevailing party shall pay the other party its reasonable costs and attorneys' fees.

11. TIME OF ESSENCE.

Time is of the essence of this agreement.

12. WAIVER.

City's waiver of any default in Lessee's performance of any condition of this Lease, including the obligation to pay rent, shall not constitute a waiver of remedies available for a subsequent breach of the same or a different condition of this Lease. Acceptance of subsequent rental payments from Lessee or its assignees shall not constitute a waiver of the failure of Lessee to pay rent or obtain prior approval to an assignment of this Lease.

13. NOTICES.

Any written notice required hereby shall be deemed given and received when personally served or placed in the United States mail, with proper first class postage prepaid, and addressed as follows:

TO LESSEE:

Feather Lite
PO Box 781
Booneville, CA 95415

TO CITY:

City of Ukiah
300 Seminary Avenue
Ukiah, CA 95482

14. PARAGRAPH HEADINGS.

Paragraph headings are included for the convenience of the parties and are not intended to define or limit the scope of this Lease.

15. PREVIOUS AGREEMENTS.

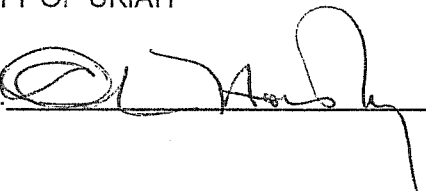
Any and all existing statements or agreements, whether oral or written, or renewals thereof, between the parties hereto, covering the same subject matter, are hereby canceled and superseded by the terms of this Lease, and such prior agreements, statements or understandings shall have no further force or effect.

16. DUPLICATE ORIGINALS.

This Lease may be executed in one or more duplicate originals bearing the original signature of both parties and when so executed any such duplicate original shall be admissible as proof of the existence and terms of this Lease.

Entered on the date first written above.

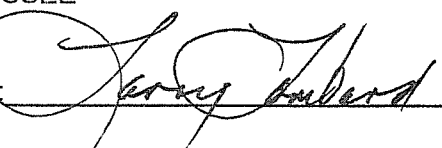
CITY OF UKIAH

By: 

ATTEST:

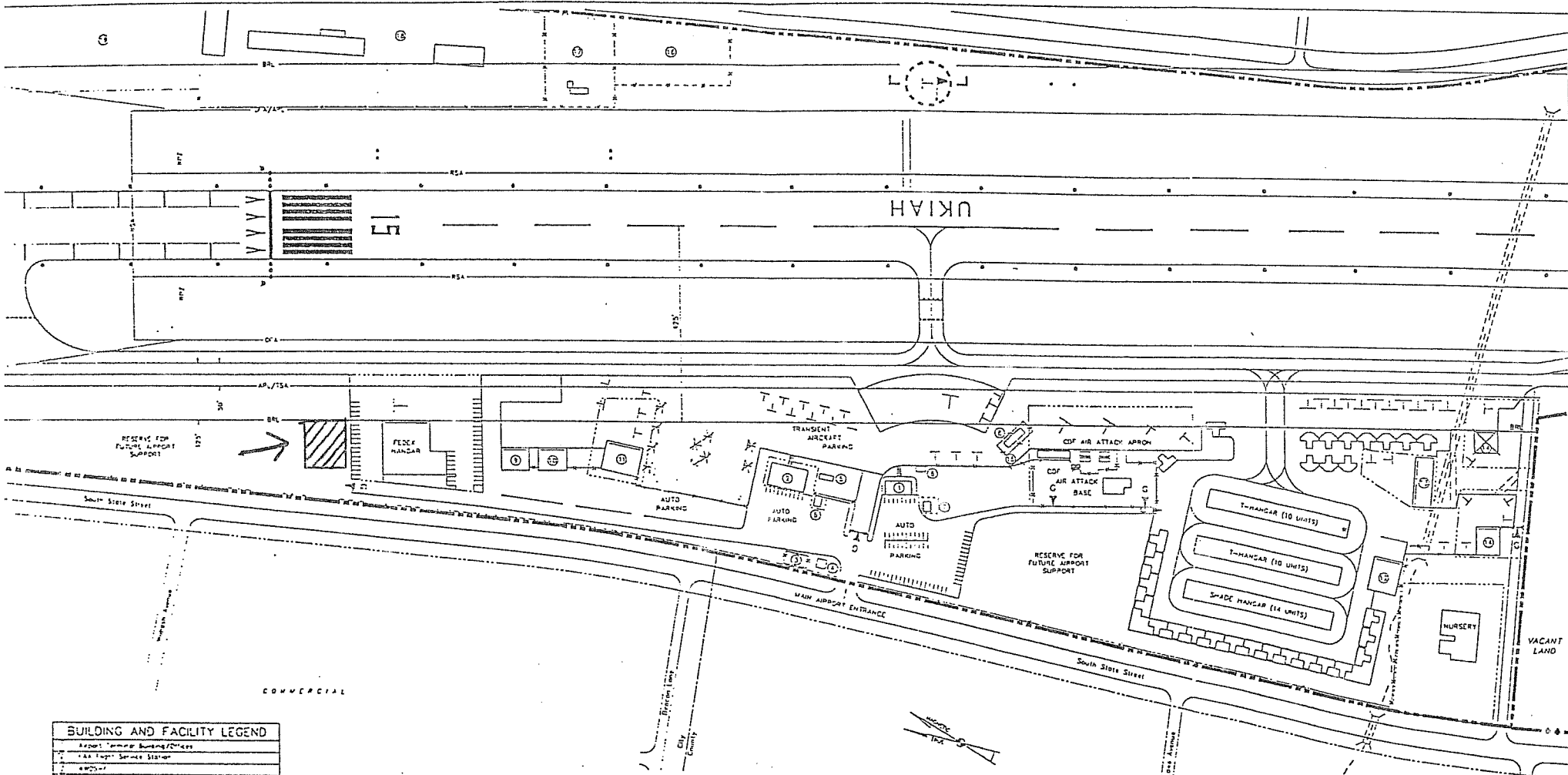

City Clerk

LESSEE

By: 

Its: _____

LD/AGR
FEATHERL.AGR



BUILDING AND FACILITY LEGEND

1	Airport Terminal Building/Office
2	Passenger Service Station
3	Hangar
4	Storage Shed
5	City of Ukiah Employee Green House Office
6	Airport Fuel Storage Tank (former location)
7	City of Ukiah Storage
8	Hangar 1982 & Fuel Tank (former location 1982)
9	Hangar 1982 & Fuel Tank (former location 1982)
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NO.	REVISION	SPONSOR	DATE
UKIAH MUNICIPAL AIRPORT			
UKIAH, CALIFORNIA			
BUILDING AREA PLAN			
SHUTT MOEN ASSOCIATES			
AIRPORT CONSULTANTS & ENGINEERS			
707 American Blvd., Santa Rosa, California 95403			
DESIGN	DBK	DATE	JULY 1988
DATE	JULY 1988	SHEET	2 OF 3

INSURANCE REQUIREMENTS FOR LESSEES (NO AUTO RISKS)

Lessee shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee's operation and use of the leased premises. The cost of such insurance shall be borne by the Lessee.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001).
2. Workers' Compensation insurance as required by the State of California and Employer's Liability insurance (for lessees with employees).
3. Property insurance against all risks of loss to any tenant improvements or betterments.

Minimum Limits of Insurance

Lessee shall maintain limits no less than:

1. General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
3. Property Insurance: Full replacement cost with no coinsurance penalty provision.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Lessee shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability policy is to contain, or be endorsed to contain, the following provisions:

1. The City, its officers, officials, employees and volunteers are to be covered as insureds with respect to liability arising out of ownership, maintenance or use of that part of the premises leased to the lessee.
2. The Lessee's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

Verification of Coverage

Lessee shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the City or on other than the City's forms, provided those endorsements or policies conform to the requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

**AFFIDAVIT IN SUPPORT OF CITY OF UKIAH'S
APPROVAL OF ASSIGNMENT OF LEASE**

The undersigned hereby depose and say:

1. We submit this affidavit to support our request of the City of Ukiah ("City") to approve under Section 5, thereof, an assignment of the Lease Agreement, dated June 15, 2000, between the City of Ukiah and Feather Lite, Inc. for the Leased Premises at the Ukiah Municipal Airport depicted on Exhibit A to the Lease Agreement with the street address of 1327 S. State Street, Ukiah, CA 95482 ("Leased Premises"). We request assignment of the Lease Agreement to Aero Composites LLC

2. We warrant and represent that on and before the effective date of the Lease Agreement Aero-Lite Products, Inc. ("Aero-Lite") a California for profit corporation in good standing under the laws of the State of California, incorporated on January 1, 1986, was and is doing business under the fictitious name "Feather Lite Products, Inc." ("Feather Lite"), when it entered the Lease Agreement and that no other person or entity has any legal or equitable interest in Aero-Lite, Feather Lite, the Lease Agreement or the Leased Premises.

3. We warrant and represent that the undersigned and Larry Lombard were and are the sole shareholders of Aero-Lite since its incorporation. Larry Lombard is deceased and his wife, Janet Lombard inherited her husband's shares in Aero-Lite.

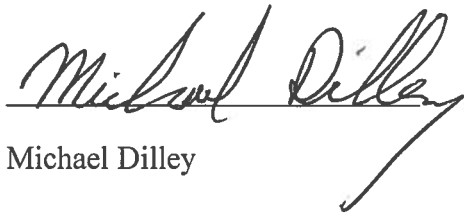
4. We warrant and represent that Michael Dilley is authorized by the shareholders to act as the chief executive of and to represent Aero-Lite.

5. The undersigned understand that the City has relied upon their warranties and representations in this affidavit in approving the assignment of the Lease Agreement as requested by them.

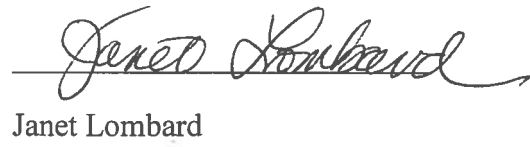
6. The undersigned agree to indemnify and defend the City, and its officers, agents and employees, from and against any claim, liability or expense arising from a claim by any other person or entity to a legal or equitable interest in the Lease Agreement, the Leased Premises, Aero-Lite or Feather Lite, if the claimed legal or equitable interest pre-dates the assignment of the Lease Agreement as requested by the undersigned. We agree to assume the legal defense of the City, and its officers, agents and employees, against any such claim, including, but not limited to, the fees and expenses of attorneys, investigators, experts, expert witnesses and consultants, court costs and any other litigation expenses, and to pay any settlement or judgment resulting from any such claim.

We declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on 7/26, 2017, by:



Michael Dilley



Janet Lombard



Bonnie Davi



AGENDA SUMMARY REPORT

SUBJECT: Notification of Award of Contract to Family Tree Service, Inc. in the Amount of \$19,440 for Tree Trimming on School Street and at the Civic Center.

DEPARTMENT: Finance

PREPARED BY: Mary Horger

ATTACHMENTS:

[Attachment 1 - Bid Results](#)

Summary: This is notification of award of contract to Family Tree Service, Inc. in the amount of \$19,440 for tree trimming on School Street and at the Civic Center.

Background: In October of 2016, staff released a Request for Bid for specific tree trimming along School Street and at the Ukiah Civic Center in accordance with the City's Tree Management Guidelines. The bids were due on November 8, 2016, and three bids were received. Please see Attachment 1 for a copy of the bid tabulation.

Discussion: The bids received were reviewed; Family Tree Service was deemed the lowest responsible and responsive contractor and was awarded the tree trimming contract in the amount of \$19,440.

RECOMMENDED ACTION: Receive report.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: \$8,640; FY 16-17; #10022100.52100; \$10,800; FY 16-17; #20822500.52100

PROPOSED BUDGET AMOUNT:

FINANCING SOURCE:

PREVIOUS CONTRACT/PURCHASE ORDER NO.: 44516

COORDINATED WITH: Jarrod Meyer, Parks Supervisor

Approved: _____

Sage Sangiacomo
Sage Sangiacomo, City Manager

ATTACHMENT 1

Tree Trimming - School Street and Civic Center										
Owner: City of Ukiah										
Bid Opening: 11/08/16				Family Tree Service, Inc.		Johnson's Quality Tree Care		Image Tree Service, Inc.		
				PO Box 1325 Laytonville, CA 95454		2700 Boonville Road Ukiah, CA 95482		564 Caletti Avenue Windsor, CA 95492		
Bid Schedule										
Item #	Item Description	QTY	UOM	Unit Price	Item Total	Unit Price	Item Total	Unit Price		Item Total
1	ALL LABOR, EQUIPMENT AND MATERIALS TO TRIM TREES ON SCHOOL STREET, FROM W. MILL STREET TO W. HENRY STREET, ON BOTH SIDES OF STREET, AS PER SPECIFICATIONS.	1	LS	\$8,640.00	\$8,640.00	\$9,000.00	\$9,000.00	\$27,427.00		\$27,427.00
2	ALL LABOR, EQUIPMENT AND MATERIALS TRIM TREES AT THE UKIAH CIVIC CENTER, 300 SEMINARY AVENUE, AS PER SPECIFICATIONS.	1	LS	\$10,800.00	\$10,800.00	\$16,500.00	\$16,500.00	\$20,700.00		\$20,700.00
Total Bid Amount					\$19,440.00		\$25,500.00			\$48,127.00



AGENDA SUMMARY REPORT

SUBJECT: Notification of Software License Renewal for Box, Inc. in the Amount of \$23,400.

DEPARTMENT: Finance

PREPARED BY: Mary Horger

ATTACHMENTS:

None

Summary: Staff is notifying City Council of the software license renewal from Box, Inc. in the amount of \$23,400.

Background: In 2012, the City of Ukiah began using Box, Inc. for cloud-based storage services. Box has since become an important resource platform utilized for data storage, sharing and management. Box provides the City with unlimited data storage capacity. Box also provides collaborative workflow benefits, as well as providing the ability to access all information from offsite and mobile sources. Box provides the ability for internal and external information storage, development and exchange for employees, the City Council, vendors, and the public.

In addition, Box, Inc. is currently being fully utilized on the City of Ukiah website for information sharing, including real-time data updates.

Discussion: Box is a cloud-based storage system for electronic data that provides a method for storage

RECOMMENDED ACTION: Receive report.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: \$23,400; FY 16-17; #20922900.54320

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE:

PREVIOUS CONTRACT/PURCHASE ORDER NO.: 44793

COORDINATED WITH:

Approved: _____


Sage Sangiacomo, City Manager

without having to pay for and maintain the infrastructure, security and backup for such storage. Furthermore, the data exchange/sharing and workflow benefits have proven to be valuable tools for the City.

In May of this year, the Box licensing was due to expire, and was therefore renewed, in the amount of \$23,400 for a one-year period, for 65 users at \$30 per user, per month.

Given that the cloud industry is evolving quickly, I.T. staff continually evaluates the other emerging platforms. Staff has determined that Box remains the best-suited enterprise option for the City at this time.

There are no Attachments to this Agenda Item.



AGENDA SUMMARY REPORT

SUBJECT: Notification of the Purchase of a Graco Grindlazer and Graco Thermoplastic Line Striper System for the Streets Division in the Amount of \$25,771.70 from JN Equipment.

DEPARTMENT: Public Works

PREPARED BY: Jarod Thiele

ATTACHMENTS:

None

Summary: Council will receive a report on the purchase of a Grindlazer and Thermoplastic Line Striper System for the Streets Division in the amount of \$25,771,70.

Background: Thermoplastic is applied to the street surfaces in order to delineate crosswalks and other pavement marking in high traffic areas. Past practice was to install thermoplastic markings directly over the existing ones, as the removal of some markings can be difficult.

Discussion: Over time, the process of adding additional layers of thermoplastic has resulted in an uneven surface and buildup of this product. Staff researched several different pieces of equipment and found that a thermoplastic grinder can be used to remove the old marking and replace it with a new one. Public Works coordinated with the Procurement Manager to purchase a new Thermoplastic Grindlazer and a Thermoplastic Line Striper from JN Equipment in the amount of \$25,771.70.

RECOMMENDED ACTION: Receive report on the purchase of a Grindlazer and Thermoplastic Line Striper System for the Streets Division in the amount of \$25,771,70.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: Streets Budget; Account 10024220.80100 Equipment; Budgeted Amount: \$30,000

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: Streets Department

PREVIOUS CONTRACT/PURCHASE ORDER NO.: PO 44873

COORDINATED WITH: Don Brown, Water/Sewer/Streets Supervisor; Mary Horger, Procurement Manager

Approved:


Sage Sangiacomo, City Manager

There are no Attachments to this Agenda Item.



AGENDA SUMMARY REPORT

SUBJECT: Notification of Two Repair Purchases from Vaughn's Industrial Repair for a Total Amount of \$39,318.20 for the Open, Inspection, and Rebuild of Two 10" Vertical Turbine Solids Handling Pumps for the Wastewater Treatment Plant Influent Pump Station and Approve Staff to Authorize Additional Repairs, if Needed.

DEPARTMENT: Water Resources

PREPARED BY: Jarod Thiele

ATTACHMENTS:

None

Summary: Council will receive a report on the repair of two pumps for the Wastewater Treatment Plant.

Background: Per Section 1522 of the Municipal Code, staff is reporting to City Council the purchase of services from Vaughn's Industrial Repair to open, inspect, and rebuild two ten-inch vertical turbine solids handling pumps for the Wastewater Treatment Plant. These two pumps failed on separate occasions.

Discussion: Due to the nature of these pumps and the type of influent they handle, they require periodic repairs. In June, the first pump that failed was shipped to Vaughn's Industrial Repair for opening, inspection, and basic rebuilding in the amount of \$19,659.10 against Purchase Order 44827. In late July, the second pump

RECOMMENDED ACTION: Approve purchase and authorize Staff to approve additional repairs once the pumps are inspected.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: WWTP Equipment Maintenance and Repair; Account 84024425.56120; Budgeted Amount FY 17-18: \$250,000

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: Sewer Operating Fund

PREVIOUS CONTRACT/PURCHASE ORDER NO.: PO #44827 and PO #44936

COORDINATED WITH: Sean White, Water Resources Director; Mary Horger, Procurement Manager; Dave Kirch, Fleet Maintenance Supervisor

Approved: _____

Sage Sangiacomo
Sage Sangiacomo, City Manager

failed, and has since been pulled and shipped to Vaughn's for opening, inspection, and basic rebuilding for the same amount as the first, against Purchase Order 44936, for a total of \$39,318.20. Should additional repairs be needed beyond the basic rebuild, staff is requesting approval to authorize Vaughn's Industrial Repair to do so. This pump is being repaired and not replaced due to the fact it was specially designed for this application and was installed as part of the Wastewater Plant upgrade project. The work being performed is a standard overhaul which needs to occur in order for this pump to continue to work in tandem with the rest of the influent pumps.

There are no Attachments to this Agenda Item.



AGENDA SUMMARY REPORT

SUBJECT: Notification of Purchase of a Replacement Pump from Muniquip in the Amount of \$29,715.76 for the Grit Removal System at the Wastewater Treatment Plant.

DEPARTMENT: Water Resources

PREPARED BY: Jarod Thiele

ATTACHMENTS:

None

Summary: Council will receive a report on the purchase of a replacement pump for the grit removal system at the Wastewater Treatment Plant.

Background: The grit removal facility at the Wastewater Treatment Plant removes small debris such as gravel and rocks out of the waste stream. There are several pumps that run continuously to perform this function.

Discussion: One of the two current grit pumps at the trickling filters experienced a failure beyond repair and needs to be replaced. The Procurement Manager worked with Public Works staff and purchased a pump from Muniquip, the local authorized distributor in Northern California, in the amount of \$29,715.76.

RECOMMENDED ACTION: Receive report on the purchase of a replacement pump for the grit removal system at the Wastewater Treatment Plant.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: WWTP Operating Budget, Equipment Maintenance and Repair Account
84024425.56120; Budgeted Amount: \$250,000

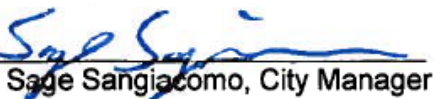
PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: WWTP Operating Fund

PREVIOUS CONTRACT/PURCHASE ORDER NO.: PO #44914

COORDINATED WITH: Sean White, Water Resources Director; Mary Horger, Procurement Manager; Dave Kirch, Fleet Maintenance Supervisor

Approved: _____


Sage Sangiacomo, City Manager

There are no Attachments to this Agenda Item.



AGENDA SUMMARY REPORT

SUBJECT: Notification of the Acquisition of Professional Services from Larry Walker and Associates for Technical Assistance to Prepare the Permit for Operation of the Recycled Water System in the Amount of \$19,975.

DEPARTMENT: Water Resources

PREPARED BY: Jarod Thiele

ATTACHMENTS:

None

Summary: Council will receive a report on the acquisition of professional services from Larry Walker and Associates for technical assistance related to the permitting for the Recycled Water System.

Background: Over the course of the past few years, the City has been making efforts towards implementing a Recycled Water System in order to minimize the discharge of effluent from the Russian River and put it to a more beneficial use. As Council is aware, the City has received substantial funding in order to construct the system.

Discussion: In order to put the Recycled Water to beneficial use, a new permit, separate from the existing National Pollutant Discharge Elimination (NPDES) Permit, is needed from the North Coast Region State Water Resources Control Board. Staff determined that it would be beneficial to use the firm that is preparing and negotiating the current NPDES Permit to perform the same work for the new permit, as both permits are

RECOMMENDED ACTION: Receive report on the acquisition of professional services from Larry Walker and Associates for technical assistance related to the permitting for the Recycled Water System.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: Recycled Water Fund; Account 83024430.52100; Budgeted Amount: \$25,000

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

PREVIOUS CONTRACT/PURCHASE ORDER NO.: COU No. 1617214

COORDINATED WITH: Sean White, Water Resources Director

Approved:


Sage Sangiacomo, City Manager

inter-related. Staff requested and received a proposal from Larry Walker and Associates for the additional permit. This contract is being funded from the City's Recycled Water Fund.

There are no Attachments to this Agenda Item.



AGENDA SUMMARY REPORT

SUBJECT: Report to City Council Regarding the Contract for Professional Services with the North Bay Professional Officials Association (NBPO) for Adult Basketball Referees.

DEPARTMENT: Community Services

PREPARED BY: Jake Burgess

ATTACHMENTS:

[Attachment 1 - NBPO Contract 2017](#)

Summary: The City Council will receive a report regarding the contract with North Bay Professional Officials Association (NBPO) to provide officials for the 2017 Adult Basketball Leagues.

Background: Pursuant to the requirements of Section 1522 of the Municipal Code, Staff is filing with the City Council this report regarding the contract with NBPO to provide officials for the 2017 Adult Basketball Leagues. This item is budgeted in account #10022821.52100. The amount issued for the 2017 season including Men's League, Women's League, and Summer League was \$10,880.

Discussion: The Recreation Department has utilized the services of NBPO to provide professional officials for the Adult Basketball leagues since 2011. They have provided a high level of service and have helped increase the popularity of the City's league. This program continues to be successful and currently provides an activity for 200 participants.

RECOMMENDED ACTION: Receive Report

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: \$11,500 from 10022821.52100

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: Adult Basketball Contractual Services

PREVIOUS CONTRACT/PURCHASE ORDER NO.: COU Nos. 1415-161, 1516-167, 1617-200

COORDINATED WITH: Mary Horger, Procurement Manager

Approved: _____


Sage Sangiacomo, City Manager

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North Bay Professional Official's Inc.

419 Enterprise Dr. Rohnert Park, CA 94928
 707-483-6039 / Email: nubo451@shcglobal.net

Program / League Contract for 2017

It is hereby agreed between North Bay Professional Official's Inc. herein after referred to as NBPO and the named league/program, herein after referred to as program, which the parties agree to enter into this contract pursuant to the following terms and conditions

1. It is specifically understood that the officials assigned to your program are not employees of NBPO and the officials assigned to the program serve as independent contractors.
2. The term of the agreement is for one calendar year. The specific years covered are 2017 only. A decision as to future contracts if any shall rest solely at the discretion of NBPO. In no event shall either party extend the terms of this agreement beyond one calendar year.
3. The program agrees to provide a safe environment and take on all responsibilities of field or court conditions. Fields and courts will be fit for play and be in accordance with articles 1.01 through 1.7 section 1 rule 1 of the 2017 official baseball or basketball rules whichever applies.
4. If at any time, for any reason, the field or court is not in accordance with the rules or is below normal standards, the league/program shall notify NBPO promptly and understand throughout the terms of this agreement that no officials will be provided until the program provides a field or court in safe condition for play.
5. The program understands that they are responsible for insurance coverage that covers the programs liability for facilities, participants and actions of the participants. Coverage must be in place throughout the course of this agreement. NBPO will have the independent contractors (officials) it assigns to games have a liability insurance to cover the independent contractor and his/her actions in performing his/her duties as an official assigned by NBPO.
6. The agreed compensation for services rendered by NBPO to the program shall be the amount negotiated by NBPO and the affiliated program. This amount is \$95 for 2 officials/game for the 2017 seasons. The program will be billed before the start of the season for half of the projected fees and the other half of the fees at the midpoint of the season. An audit will be conducted at the end of the season at which time the program will be refunded amounts owed or billed accordingly.
7. The Program agrees that any assignment is subject to cancellation by NBPO or the program, when and if, it deems. In its sole discretion, such cancellation to be in the best interest of the official, NBPO or the program/league.
8. The program agrees to hold harmless and indemnify NBPO, the officials assigned to the contest, its executive committee, and assignor, from any and all liability for injuries, proximately caused to any person or property during any contest of the program, except to the extent injuries are caused by the negligence or willfully wrongful acts or omissions of the assigned officials.
9. The program understands and is aware that NBPO does not provide insurance to the program, or the officials, but that the officials have obtained liability insurance coverage.
10. All alcoholic beverages, Tobacco products and narcotics are prohibited. Any violation of this clause shall result in the immediate termination of this contract.
11. All officials are instructed to report a violation of the NBPO drug and alcohol provisions of the contract and the program may be liable to the sanctions to be determined by NBPO.
12. If, at any time during the period of the agreement, the program fails to abide by the terms and conditions set forth and agreed to herein, say failure shall give NBPO in its sole discretion, cause to terminate the contract immediately.
13. If either the program or NBPO wishes to terminate this agreement without cause, either party may do so on a thirty- (30) day's written notice to the other party.
14. This writing comprises the entire agreement between NBPO and the program and may not be amended or changed in any manner except in writing and executed by both parties. Should court or legal decision hold any provisions of this agreement invalid, all other provisions shall continue in full force.
15. Any game site changes or time changes made within 7 days of the original assignment will be assessed a \$10 charge (MSBL only).
16. The program will be charged half a game fee for any game cancellations on game day and a full game fee if said cancellation is within two hours of game time.

This agreement is effective when signed by both parties as indicated below.

North Bay Professional Official's Inc.


 Ruben Candelaria, President
 5-24-17
 Date

Program Representative/President


 Signature Date

Sage Sangiacomo - City Manager

Name (please print)

City of Ukiah Adult Basketball

Program/League


 Signature Date

Julie Webb (707) 463-6714

Contact Person/Phone Number



AGENDA SUMMARY REPORT

SUBJECT: Notification of Purchase for a Replacement Heating, Ventilation, and Air Conditioning System (HVAC) for the Ukiah Police Department from Intercounty Mechanical & Electrical in the Amount of \$20,500.

DEPARTMENT: Community Services

PREPARED BY: Tami Bartolomei

ATTACHMENTS:

[Attachment 1.pdf](#)

Summary: Council will receive a report regarding work done to the Heating, Ventilation, and Air Conditioning (HVAC) system located in the Police Department building.

Background: In June, the National Weather Service issued a heat advisory and temperatures reached record highs. It was during this heat advisory period that the HVAC system failed in a portion of the Police Department building. The offices began immediately heating up, along with office equipment, including computers and servers. Building and Maintenance Staff determined the work needed was beyond their expertise, so Intercounty Mechanical & Electrical, Inc. was called for service.

It was determined by Intercounty Mechanical & Electrical, Inc. that the unit needed to be removed, and rebuilding needed to take place to accommodate a new unit. Staff determined because of the heat and threat of overheating to computers and services, the work needed to be done immediately. A purchase order was issued to Intercounty Mechanical & Electrical, Inc. in the amount of \$20,500 for the immediate replacement.

RECOMMENDED ACTION: Receive Report

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: \$20,500.00 in account no. 22022500.80100

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

PREVIOUS CONTRACT/PURCHASE ORDER NO.: PO 44822

COORDINATED WITH: Dan Buffalo, Director of Finance and Mary Horger, Procurement Manager

Approved: _____

Sage Sangiacomo
Sage Sangiacomo, City Manager

Discussion: As stated above, because of the risk to staff and equipment, the unit was removed and the rebuilding was completed to accommodate the installation of the new unit. The work also included replacement of existing duct work and a new sheet metal adapter to prevent water leakage (Attachment 1 - Purchase Order No. 44822-00). All work was completed by the first week of July.

Funds were budgeted in fiscal year 2016-17 for equipment and machinery replacement. The invoice was coded and resources expended for the project in fiscal year 2016-17. No budget adjustment is necessary.



ATTACHMENT 1

Purchase Order 3

Fiscal Year 2017

Page 1 of 1

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS.Purchase
Order #

44822-00

Delivery must be made within
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189 WABASH AVE
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OCITY OF UKIAH - ANNEX
411 W CLAY STREET
UKIAH CA 95482

Vendor Phone Number		Vendor Fax Number	Buyer		Date Ordered	Date Required
707-462-9800		707-462-9801	Candice Rasmason		06/28/2017	
Delivery Reference		Freight Method/Terms		Department/Location		Sales Tax Rate
		N30		COMMUNITY SERVICES		0.000
Item#	Description/Part No.	Qty	UOM	Unit Price	Extended Price	
1	HVAC SYSTEM REPLACEMENT -PD PACKAGE REPLACEMENT REMOVAL AND INSTALLLATOIN OF 3 TON PACKAGE UNIT. PROPOSAL INCLUDES REMOVING AND REBUILDINGCURB TO ACCOMMODATE NEW UNIT. ALL ROOFING AND SHEET METAL CAP INCLUDED IN PROPOSAL. EXISTING DUCT WORK ON ROOF TO BE REMOVED AND REPLACED ALONG WITH NEW SHEET METAL ADAPTER TO PREVENT WATER LEAKAGE. ECONOMIZER AND BAROMETRIC RELIEF HOOD TO BE INSTALLED FOR PER CODE. ELETRICAL DISCONNECT TO BE REPLACED ALONG WITH CONDENSATE DRAIN. 220.10.00.22.225.2250.22500.80100. REF REQ E35360 (CR) PER PROPOSAL DATED 6/6/17 *PREVAILING WAGE ADDENDUM APPLIES TO THIS P.O.	1.0	EACH	\$20,500.000	\$20,500.00	
					\$20,500.00	

RECEIVING COPY

PO Total

\$20,500.00



AGENDA SUMMARY REPORT

SUBJECT: Adoption of Resolution Authorizing Contract Amendment with MuniServices to Provide Sales Tax Examination and Analysis for Measure Y.

DEPARTMENT: Finance

PREPARED BY: Daniel Buffalo

ATTACHMENTS:

[Attachment 1 - Ukiah DTX Amendment 07-28-17](#)

[Attachment 2 - Ukiah DRAFT 7056 Confidentiality Resolution](#)

[Attachment 3 - MuniServices Sales Tax Audit & Information Services \(Current Agreement\)](#)

Summary: Council will consider adopting a resolution authorizing MuniServices access to Measure Y records collected and held by the California Department of Tax and Fee Administration and authorize the City Manager to sign an amendment to the existing agreement with MuniServices including Measure Y transaction and use taxes in their scope of services.

Background:

MuniServices currently provides sales tax analysis and forensic collection services to the City for its regular one-percent Bradley-Burns sales and use tax and half-cent Measure P district transaction and use tax. The City relies on these services to assist in budget preparation, economic development planning, and to understand trends in Ukiah's economic base. This amendment (Attachment 1) extends the scope of those

RECOMMENDED ACTION: Adopt a resolution authorizing MuniServices access to Measure Y records collected and held by the California Department of Tax and Fee Administration and authorize the City Manager to sign an amendment to the existing agreement with MuniServices including Measure Y transaction and use taxes in their scope of services.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: \$20,000 for sales tax analysis, reporting, and auditing, 10013400.52100

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

PREVIOUS CONTRACT/PURCHASE ORDER NO.: 1314-097

COORDINATED WITH: N/A

Approved: _____


Sage Sangiacomo, City Manager

services to include Measure Y revenues.

The California Board of Equalization (now called the California Department of Tax and Fee Administration (CDTFA) administers the collection and remittance of sales tax generated in the City of Ukiah. MuniServices accesses information collected by the CDTFA to perform analysis, which the City relies on for budgeting, financial and economic analysis, and planning purposes. To do so, CDFTA requires authorization by the City through resolution (Attachment 2). Further, MuniServices performs forensic collection work on behalf of the City, identifying errors in reporting and sales tax collection that typically result in revenues going to the City that otherwise may incorrectly go elsewhere.

Discussion: For their services, MuniServices charges the City a regular rate of \$625 per quarter for sales tax evaluation, analysis, and reporting. For services related to forensic audit and analysis, MuniServices charges the City a 25% share of the amount(s) identified and collected. This amendment does not alter the compensation provisions of the original agreement (Attachment 3).

**AMENDMENT TO CONTRACT BETWEEN
CITY OF UKIAH AND MUNISERVICES, LLC**

THIS CONTRACT AMENDMENT No. 1 (the “Amendment”) is entered into between City of Ukiah (“City”) and MuniServices, LLC (“MuniServices”), (collectively the “Parties”).

The City and MuniServices agree as follows:

WHEREAS, the City and MuniServices, entered into a Consultant Services Agreement on or about May 20, 1992 (hereinafter “Agreement”) to perform, among other things, Sales/Use Tax Misallocation Allocation Audit Services;

WHEREAS, on or about November 8, 2016 the City adopted the ***City of Ukiah Transactions and Use Tax, Measure Y (UKHG)*** which became effective on or about April 1, 2017 (the “District Tax”);

WHEREAS, the State Board of Equalization or its successor agency the California Department of Tax and Fee Administration (collectively, or in the alternative, the “Agency”) has taken the position that general references to “sales and use tax” are insufficient to allow access to information relating the collection of the District Tax by the Agency;

WHEREAS, the City and MuniServices, without conceding the correctness of the Agency’s interpretation, deem it prudent to comply with the interpretation by amending the Agreement to specifically refer to the District Tax;

WHEREAS, section 7056 of the California Revenue and Taxation Code imposes conditions on the access to information related to the collection of sales, transaction, and use tax by the Agency;

NOW THEREFORE, in order to satisfy the requirements of section 7056, the parties hereby amend the Agreement as follows:

1. The following language is incorporated into the Professional Services Agreement as if set forth therein.

Transaction and Use Tax

*“MuniServices qualifies under Section 7056 of the Revenue and Taxation Code to review (Bradley-Burns) confidential taxpayer information and documentation before the State Board of Equalization (BOE) or its successor agency, the Department of Tax and Fee Administration (collectively, or in the alternative, the “Agency”). MuniServices is hereby authorized by this Agreement to examine transaction tax, sales tax and use tax records of the Agency, including but not limited to the transaction and use tax that becomes effective on or about April 1, 2017 known as the **City of Ukiah Transactions and Use Tax, Measure Y (UKHG)** pertaining to the ascertainment of those sales or transactions and use taxes to be collected for the City.*

MuniServices is required to disclose information contained in, or derived from, those transaction, sales and use tax records only to an officer or employee of the City who is authorized by resolution to examine the information.

MuniServices is prohibited from performing consulting services for a retailer during the term of this Agreement.

MuniServices is prohibited from retaining the information contained in, or derived from, those transaction, sales and use tax records, after this Agreement has expired."

2. The City and MuniServices agree that although the scope of work generically refers to "sales and use tax" those references are meant to include "sales, transaction, and use tax" as part of the scope of work, including but not limited to any transaction and use taxes adopted after the effective date of the Agreement.
3. The Parties agree that Agreement is applicable to all Sales, Transaction and Use Tax Ordinances currently enacted in the City and which may become enacted while the Agreement is in effect.
4. The Parties agree that the City will adopt an updated resolution in substantially the same form as the template provided as Exhibit A to this Amendment.
5. Except as herein modified, all other provisions of the Agreement, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.
6. In case of a conflict between the terms of this Amendment and the terms of the Contract, the terms of this Amendment shall strictly prevail.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized representatives as of the date set forth below.

DATED: _____, 2017

CITY OF UKIAH

By: _____

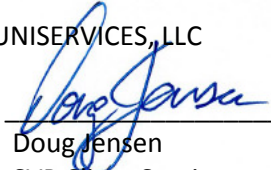
Name: _____

Title: _____

APPROVED AS TO FORM:

Office of the City Attorney

MUNISERVICES, LLC

By:  _____

Doug Jensen
SVP Client Services

Exhibit A

RESOLUTION NO. _____

A Resolution Authorizing the Examination of Sales or Transactions and Use Tax Records

WHEREAS, pursuant to Ordinance Nos. _____, the City of Ukiah entered into a contract with the State Board of Equalization to perform all functions incident to the administration and collection of the Transactions and Use Tax Ordinances and the local sales and use taxes; and

WHEREAS, City deems it necessary for authorized representatives of City to examine confidential sales and transactions and use tax records of the Board or its successor agency, the California Department of Tax and Fee Administration, (collectively, or in the alternative, the "Agency") pertaining to sales and transactions and use taxes collected for City by the Agency; and

WHEREAS, Section 7056 of the California Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of Agency records and establishes criminal penalties for the unlawful disclosure of information contained in, or derived from sales or transactions and use tax records of the Agency; and

WHEREAS, Section 7056 of the California Revenue and Taxation Code requires that any person designated by City shall have an existing contract to examine City's sales and transactions and use tax records.

NOW, THEREFORE IT IS RESOLVED AND ORDERED AS FOLLOWS:

Section 1. That the [insert title (i.e. Finance Director)], or other officer or employee of City designated in writing by the [insert title (i.e. Finance Director)] to the Agency is hereby appointed to represent City with authority to examine all of the sales and transactions and use tax records of the Agency pertaining to sales and transactions and use taxes collected for City by the Agency pursuant to the contract between City and the Agency. The information obtained by examination of Agency records shall be used for purposes related to the collection of City's sales and transactions and use taxes by the Agency pursuant to the contract.

Section 2. That the [insert title (i.e. Finance Director)], or other officer or employee of City designated in writing by the [insert title (i.e. Finance Director)] to the Agency, is also hereby appointed to represent City with the authority to examine those sales and transactions and use tax records of the Agency for purposes related to the following governmental functions of City:

- a) tracking and economic development
- b) forecasting and budget related functions
- c) detection of misallocations and deficiencies

The information obtained by examination of Agency records shall be used only for those governmental functions of City listed above.

Section 3. That MuniServices, LLC is hereby designated and authorized to examine all of the sales and transactions and use tax records of the Agency pertaining to all sales and use taxes collected for City and any transaction and use taxes collected for City under the following Transactions and Use Tax Ordinances and any future Transactions and Use Tax Ordinances that may be enacted in the City:

City of Ukiah Transactions and Use Tax, Measure Y (UKHG)

The person or entity designated by this section meets all of the following conditions:

- a) has an existing contract with City to examine sales and transactions and use tax records;
- b) is required by that contract to disclose information contained in, or derived from those sales and transactions and use tax records only to an officer or employee authorized under Section 1 (or Section 2) of this resolution to examine the information;
- c) is prohibited by that contract from performing consulting services for a retailer during the term of that contract;
- d) is prohibited by that contract from retaining the information contained in, or derived from those sales and transactions and use tax records after that contract has expired.

BE IT FURTHER RESOLVED that the information obtained by examination of Agency records shall be used only for purposes related to the collection of City's sales and transactions and use taxes by the Agency pursuant to the contracts between City and the Agency and for purposes relating to the governmental functions of City listed in Section 2 of this resolution.

Section 4. This resolution supersedes all prior sales and transactions and use tax resolutions of City adopted pursuant to subdivision (b) of Revenue and Taxation Code Section 7056.

Introduced, approved and adopted this _____ day of _____, 20__.

(Name & Title)

(Attest)

(Signature)

(Date)

City of Ukiah Transactions and Use Tax, Measure Y (UKHG)

The person or entity designated by this section meets all of the following conditions:

- a) has an existing contract with City to examine sales and transactions and use tax records;
- b) is required by that contract to disclose information contained in, or derived from those sales and transactions and use tax records only to an officer or employee authorized under Section 1 (or Section 2) of this resolution to examine the information;
- c) is prohibited by that contract from performing consulting services for a retailer during the term of that contract;
- d) is prohibited by that contract from retaining the information contained in, or derived from those sales and transactions and use tax records after that contract has expired.

BE IT FURTHER RESOLVED that the information obtained by examination of Agency records shall be used only for purposes related to the collection of City's sales and transactions and use taxes by the Agency pursuant to the contracts between City and the Agency and for purposes relating to the governmental functions of City listed in Section 2 of this resolution.

Section 4. This resolution supersedes all prior sales and transactions and use tax resolutions of City adopted pursuant to subdivision (b) of Revenue and Taxation Code Section 7056.

Introduced, approved and adopted this 16th day of August 2017.

Jim O. Brown, Mayor

Kristine Lawler, City Clerk

(Signature)

August 16, 2017

REC'D MAY 26 1992

CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT is made at Ukiah, California, as of May 20, 1992, by and between the City of Ukiah (hereafter referred to as "City") and Municipal Resource Consultants (hereafter referred to as "Consultant" or "MRC"), who agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in Exhibit "A". Consultant shall provide said services at the time, place, and in the manner specified in Exhibit "A". Consultant shall not be compensated for services outside the scope of Exhibit "A".
2. **Payment.** City shall pay Consultant for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit "A". The payments specified in Exhibit "A" shall be the only payments to be made to Consultant for services rendered pursuant to this Agreement, unless the City approves additional compensation for additional service. Consultant shall submit all billings for services rendered pursuant to this Agreement to City in the manner specified in Exhibit "A".
3. **Facilities and Equipment.** Consultant shall, at its sole cost and expense, furnish all facilities and equipment which may be required for furnishing services pursuant to this Agreement.
4. **General Provisions.** The general provisions set forth in Exhibit "B" are part of this Agreement. In the event of any inconsistency between said general provisions and any other terms or conditions of this Agreement, the other term or condition shall control insofar as it is inconsistent with the general provisions.

5. **Exhibits.** All Exhibits referred to herein are attached hereto and are by this reference incorporated herein.

EXECUTED as of the day and year first above stated.

Accepted for
City of Ukiah:

By: Charles L. Rough, Jr.
(Authorized Signature)

Municipal Resource Consultants
Partner: John T. Austin, Inc.

By: John T. Austin
(Authorized Signature)

Name: Charles L. Rough, Jr.
(Please Print or Type)

Name: John T. Austin

Title: City Manager

Title: President

Date: May 20, 1992

Date: January 31, 1992

CITY CLERK
City of Ukiah, California
Certified To Be A True and Exact Copy
May 21 92
Date Cathy McKay
Cathy McKay, City Clerk

EXHIBIT A - CONSULTANT SERVICES

Municipal Resource Consultants (MRC) shall provide sales tax audit and information services to the City of Ukiah (City). The objectives, scope, procedures, timing, compensation and qualifications are set forth as follows:

I. SALES/USE TAX ALLOCATION AUDITS

Many California cities are not receiving the sales/use tax revenue to which they are entitled due to point-of-sale and other types of taxpayer reporting errors (for discussion of misallocation causes, see enclosed MRC Insights newsletter). When businesses fail to properly report their California sales/use tax, the local allocation is distributed in error to pool accounts or other jurisdictions.

Accordingly, the purpose of MRC's initial and ongoing allocation audit service is to detect and correct taxpayer reporting errors and thereby generate new sales/use tax revenue which would not otherwise have been realized by the City of Ukiah. Unlike most tax audits, MRC's allocation audit service produces new revenue without causing any additional tax liability for business.

As discussed under Section IV, MRC's audit staff is organized into highly focused areas of specialization related to either the detection or correction of misallocations. In this regard, the audit service scope includes, but is not limited to, MRC performing the following procedures and tasks:

A. DETECTION OF MISALLOCATIONS

1. Procure a computer tape of sales/use tax permit records from the State Board of Equalization (SBE).
2. Establish master file from tape data provided in previous task.
3. Clean-up, standardize and computerize data from City's sales tax distribution reports provided by SBE for eight (8) previous quarters, current quarter and each future quarter service is provided.

4. Develop a target list of potential point-of-sale/use taxpayer reporting errors based on a physical canvassing and evaluation of sales/use tax generating businesses located in the City of Ukiah. These businesses are to be analyzed based on proprietary guidelines established by MRC, formulated through expert knowledge of corporate mergers and acquisitions, sales tax versus use tax, business marketing organization and methods, commercial/industrial sales/use tax reporting practices, and other conditions contributing to reporting errors.
5. Meet with designated City official(s) to review service objectives and scope, MRC workplan schedule, public relations and logistical matters. MRC will also establish an appropriate liaison with the City's coordinator and define logical checkpoints for reviewing the project's progress.

Note: with the exception of this initial meeting, MRC's service requires no time or effort on the part of City staff.

6. Contact personnel in sales, operations and/or tax accounting at each target business to determine whether a point-of-sale/use reporting error exists.

Note: this is accomplished with the highest regard to discretion and professional conduct, as evidenced by the fact that MRC's allocation audits have involved more than 400,000 direct contacts with taxpayer businesses without a single complaint from a taxpayer, client or the State Board of Equalization. Our allocation audits are predicated on a noncontroversial, constructive, public relations approach which emphasizes the importance of each business to the City and the mutual benefits of correcting reporting errors.

7. Provide to the City and State Board of Equalization, reports addressing each taxpayer reporting error individually, including the business name, address, telephone number, California sales tax permit number, individuals contacted, date(s) of contact, nature of business, reason(s) for error, recommended corrective procedure and, if available, estimated sales/use tax revenue which should be forthcoming to the City of Ukiah.

8. Respond to negative findings by SBE with timely reconfirmation documentation in order to preserve the City's original dates of knowledge.
9. Receive and process sales/use tax quarterly distribution reports provided to City by SBE.
10. Monitor and analyze the quarterly distribution reports with audit focus on the following:
 - a. Those accounts with previously detected reporting errors to ensure that the corrections are made for current quarters plus retroactive adjustments for eligible amounts improperly distributed in prior quarters.
 - b. Those accounts representing 90% of the City's total sales/use tax revenue to identify and investigate significant aberrations (e.g., negative fund transfers, declines, deficiency assessments, etc.).
 - c. Those accounts having a use tax designation to ascertain why the tax is being classified as use tax rather than sales tax.
 - d. Those accounts receiving deficiency assessments to ensure that the City receives its local allocation.
11. Review the City's purchases to identify opportunities for the City to recover the local allocation on transactions subject to use tax. MRC will also prepare the necessary documentation to facilitate recovery, including assistance in preparing and filing the returns.

B. TYPES OF AUDITS

MRC's allocation audit service includes five distinctly different types of audits:

- o Initial and periodic field audits
- o Permitization audits
- o Deficiency assessment audits
- o Purchases audits
- o Quarterly Distribution Report audits

The nature of each audit is further described as follows:

Field Audits

MRC's initial and periodic field audits include a physical canvassing and evaluation of sales/use tax generating businesses located in the City. In the absence of this labor-intensive, time-consuming undertaking, significant misallocations will remain undetected.

MRC's field audits focus on those businesses located in the City from which the City has not been receiving sales/use tax revenue, but should be.

Permitization Audits

Wholesalers, contractors, processors, manufacturers and other non-retail businesses will frequently not have a sales tax permit properly registered to the jurisdiction in which they are located because their business operations do not include a point-of-sale qualifying activity.

However, these companies will often generate local sales/use tax from audit deficiency assessments, occasional sales (i.e., mergers and acquisitions), and self-accrual of use tax on purchases.

MRC's field audits facilitate the identification and correction of improperly registered permits for companies not having point-of-sale operations in the City.

Deficiency Assessment Audits

When the California State Board of Equalization audits a business for sales/use tax compliance, it is not uncommon for the business to receive a substantial deficiency assessment due to underpayments and/or undercollections.

In many cases, the local allocation portion of the deficiency assessment is distributed in error to the State pool, County pools or other jurisdictions.

Accordingly, MRC has developed proprietary criteria and techniques to detect and correct SBE deficiency assessment misallocations and thus expand the benefits produced by our allocation audit service.

Purchases Audits

When California customers purchase tangible personal property for which title passes out-of-state, the transactions are subject to use tax (rather than sales tax) which is typically collected by the vendor who in turn remits it to the SBE, with the local allocation distributed statewide or countywide through the pools, based on customer location.

Under certain conditions, the City may elect to self-accrue the use tax and remit it directly to the SBE, in which case the local portion will come back to the City in the same manner as sales tax.

MRC's purchases audits will include a review of the City's purchases to identify opportunities for the City to recover the local allocation on transactions subject to use tax. In this regard, MRC will prepare the documentation to facilitate the recovery, including assistance in preparing and filing the tax returns.

Quarterly Distribution Report Audits

Every three months, the City receives a Quarterly Distribution Report (QDR) from the SBE with the local allocation amount broken down by permit number, grouped according to business code, for each account that has identified the City of Ukiah as the point-of-sale for the quarter ending three months prior to receipt of the QDR.

In conjunction with our initial field audit, we enter data from the current and previous eight QDRs for processing on our Sales Tax Analysis and Reporting System (STARS) in order to facilitate an ongoing sales/use tax audit program.

In the absence of such a program, there is no way of identifying misallocations that occur between field audits.

Our QDR audits have the same objective as our other allocation audits; to detect and correct taxpayer reporting errors and thereby generate new sales/use tax revenue for the City. However, our QDR audits focus on those accounts where we observe a decline in the City's sales/use tax revenue to either nothing or substantially less than what has been reported on an historical trend basis.

In most cases, the accounts showing zero balances have either relocated or simply reported late, in which case the payments will not be reflected until the next QDR. Therefore, six months elapse before the QDRs indicate whether a zero balance account can be attributed to a late payment or some other problem.

Although most zero balances and substantial declines occur for valid reasons, our QDR audits are resulting in the detection and correction of numerous accounts that were reporting properly until they changed their sales/use tax reporting procedures and created misallocations.

Whether the reporting procedures are changed due to a merger/acquisition, turnover of tax administration personnel, computerization of the sales/use tax compliance function or other reasons we encounter, the local amount of California sales tax is typically misallocated because it is reported on either a consolidated, destination or use tax basis.

Considering that:

- o there is a three-month lag time in reporting the quarterly sales tax distribution results
- o there is a six-month lag time in reporting late-paying businesses that all appear as zero balance accounts on the previous QDR

- o considerable time is required to input and analyze QDR data and contact the taxpayer in order to ascertain the cause of each potential misallocation
- o under California SBE regulations, cities and counties may only recover misallocated revenue for the three quarters prior to the SBE being notified of the reporting error

it is obvious that the QDR audits must be conducted in a highly efficient and timely manner or the eligibility window closes and the opportunity for the City to recover misallocated revenue is forfeited.

C. CORRECTION OF MISALLOCATIONS

For each misallocated account detected, MRC will coordinate with the business and SBE to make the necessary corrections plus retroactive adjustments for eligible amounts of sales/use tax improperly distributed in prior quarters. This task is simply stated, but enormously complex and time-consuming, for the following-described reasons:

When MRC detects taxpayer reporting errors, together with the reasons therefor, less than half of our audit work is accomplished. Most of our audit work is devoted to facilitating corrective action. This is largely due to the preponderance of reporting errors by out-of-state headquartered distributors, contractors, processors, manufacturers and lessors engaged in business-to-business sales in California. In terms of dollars, these companies account for more than 90% of misallocated sales/use tax revenue.

For these companies, there is considerable confusion due to the complexities posed by California's unique point-of-sale regulations. The reporting problems are further compounded when the regulations are applied to multiple California locations with each having a product/customer mix of business-to-business sales where some of the transactions are subject to sales tax, some are subject to use tax and some are exempt.

Unlike over-the-counter retail consumer outlets where all sales are taxable, business-to-business taxpayers sell to Original Equipment Manufacturers (OEMs), resellers and other types of exempt customers, as well as end users, with some products requiring installation affixing them to real property.

For convenience and expediency, it is common for taxpayers located outside of California to erroneously report by customer destination or characterize sales transactions as being subject to use tax or contractor-installed classifications.

The State Board of Equalization does not have sufficient staff or incentive to correct these types of misallocations.

In order to correct these complex reporting errors, MRC undertakes a travel-intensive liaison program to facilitate coordination and communication between typically four parties; sales/operations personnel at the taxpayer's local operation, tax personnel at the company's corporate headquarters, and State Board of Equalization personnel at Sacramento and the in-state/out-of-state District offices.

Implementation of corrective action normally requires that MRC's senior personnel travel to the taxpayer's headquarters to personally discuss the nature of the reporting error and applicable regulations with corporate tax counsel. The objective of these meetings is to correct the distribution reporting error by assisting the taxpayer in developing an allocation formula which is acceptable to the State Board of Equalization. (Note: All expenses incurred to provide the audit service are absorbed by MRC, including employee salaries, insurance, airfare, auto rentals, lodging, meals, communications, etc.).

D. TIMING CONSIDERATIONS

The SBE will only allow the City to recover misallocated sales/use tax for up to three quarters prior to the SBE being notified of the reporting error for a given account. Consequently, if a misallocating account has had its point-of-sale located in the City for more than three quarters, the City forfeits the right to recover a portion of its misallocated sales tax with every elapsed quarter that a reporting error remains undetected.

The preliminary workplan schedule following this page presents MRC's time frames for accomplishment of the prescribed tasks. As indicated, the initial field audit is to be completed within 90 to 120 working days following receipt of authorization.

By significantly accelerating the timetable for performance of the audit, MRC can convert a cost (forfeited revenue) into a benefit (recovered revenue).

Sales Tax Audit & Information

Schedule & Progress Chart

(Preliminary)

City of Ukiah

Contract Date

	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month
DESCRIPTION	1	2	3	4	5	6	7	8	9	10	11	12	13
Contract Authorization	x												
Mobilization/Orientation	x												
Procure Permit Listing & Quarterly Distribution Reports	xx												
Clean-up, Standardize & Computerize Permit Listing & QDR Data	xxxxx	xx											
Deliver & Review with City STARS Reports & Inquiry System		x											
Physically Canvas and Evaluate Businesses in City	xxxxx	xxxx											
Develop Target List of Potential Misallocations	x	xxxxx											
Review MRC Field Protocol with City	x		x										
Contact Each Business on Target List		xxxxx	xxxxx										
Prepare, Deliver & Review Initial Audit Reports				x									
Coordinate w/Taxpayers & SBE to Correct Misallocated Accounts				===	===	===	===	===	===	===	===	===	===
Receive, Process, Monitor & Analyze Quarterly Distribution Reports			===	===	===	===	===	===	===	===	===	===	===
Ongoing Detection & Correction of Misallocated Accounts			===	===	===	===	===	===	===	===	===	===	===
Deliver Ongoing Audit & Information Service Reports			===	===	===	===	===	===	===	===	===	===	===
Prepare & Submit Quarterly Audit Progress Reports					===	===	===	===	===	===	===	===	===

X Full Time Effort = Part Time Effort As Required

E. QUARTERLY PROGRESS REPORTS

On a quarterly basis, MRC is to provide the City with audit progress reports to include, but not be limited to, the following:

1. Status of audit work in progress, including:
 - a. Copies of reports provided to the SBE addressing each point-of-sale taxpayer reporting error individually, including the business name, address, telephone number, California sales tax permit number, individuals contacted, date(s) of contact, nature of business, reason for error and recommended corrective procedure.
 - b. Copies of misallocation reconfirmation documentation, in response to negative findings by the SBE, in order to preserve original dates of knowledge.
2. Actual sales/use tax produced for the City by MRC's audit service on a quarterly and cumulative basis.
3. Projected sales/use tax revenue forthcoming to the City as a result of MRC's allocation audits, delineated according to source, timing and one-time versus ongoing.
4. Alphabetical listing of all misallocated accounts detected for the City by MRC including, for each, the permit number, correction status, payment amount received by the City, quarter to which payment is related and payment source (e.g., fund transfer, deficiency assessment, etc.).

II. INFORMATION SERVICES

Much of the data developed as part of MRC's audit service is common to that required for the sales tax module of GRIP, MRC's proprietary Geobased Revenue Information Program (please refer to enclosed brochure).

The complete GRIP database encompasses all of a City's land parcels, its buildings, its commercial, industrial, institutional, and residential users, and its major sources of general fund revenue - such as business license tax, franchise fees, parking tax, property tax, sales tax, transient occupancy tax, use tax, utility users tax, etc.

MRC's GRIP service is the key to unlocking revenue enhancement strategies and solutions for California cities seeking fiscal self-reliance.

The GRIP sales tax module will enable MRC to assist the City of Ukiah maintain and enhance revenue by developing and implementing strategies and solutions based on:

- o Revenue Recovery Audits
- o Business Retention
- o Business Expansion
- o Fiscal Impact Analysis
- o SWOT¹ Analysis
- o Revenue Forecasting
- o Strategic Planning
- o Special Studies & Reports

Examples of these applications using the GRIP sales tax module are summarized as follows:

- o **REVENUE RECOVERY AUDITS**

The logical starting point for any city seeking revenue enhancement is to make sure it is receiving all the revenue it is entitled to from its businesses and intermediaries.

¹ Strengths, Weaknesses, Opportunities, Threats

Computerized access to sales tax registration and allocation data facilitates the auditing of sales tax and other City revenues. For example, the GRIP sales tax module includes a quarterly updated Sales Tax Inquiry System installed by MRC on IBM compatible PCs, designated by the City, to provide the City's business license staff with on-line access to sales tax information on all businesses that the SBE has registered to the City (further discussed below under sales Tax Inquiry System).

o BUSINESS RETENTION

Many cities are unaware that 80% or more of their general fund revenue is generated by 10% to 25% of their businesses. It is thus commonplace for cities to inadvertently neglect or alienate businesses that are vital to their fiscal health and allow - or unintentionally encourage - these businesses to leave, and take their revenue with them.

The GRIP sales tax module includes a quarterly updated report on the City's major (and top 100) sales tax producers ranked in order according to level of sales tax produced for current and prior periods.

With this accurate information, the City can develop and implement proactive public relations programs that will help retain these vital businesses and their revenue through improved communication and cooperation.

o BUSINESS EXPANSION

On a regular basis, taxpaying businesses (including institutions and government agencies) make arbitrary decisions that have positive and negative impacts on the City's revenue.

Typically, these taxpayers do not realize the revenue impact their decisions have on the City and the discretionary latitude they possess to enhance or impair City revenues.

By combining a GRIP sales tax analysis with our knowledge of how the administrative procedures of taxpayers and intermediaries affect City revenue, MRC can identify those taxpayers with the greatest potential for enhancing City revenue through modification of their procedures.

In addition to retaining vital businesses, a proactive taxpayer relations program enables the City and its taxpayers to explore opportunities for enhancing revenue without creating additional tax liability.

o FISCAL IMPACT ANALYSIS

Many cities charge impact fees that partially defray estimated infrastructure costs caused by development.

Rarely, however, is a provision made to recover the deficit produced when the ongoing actual cost for a county or City to service a development or business exceeds the general fund revenue produced. For this reason, many cities unknowingly subsidize developments and businesses that are not paying their way. Which is one of the reasons revenue shortfall gaps are widening.

In order to structure a self-sustaining impact analysis and cost recovery program, MRC's complete GRIP analysis provides a city with the contribution of revenue from each parcel, use, development, user and geographic area on a total amount and size-adjusted basis for individual and aggregated revenue sources.

By comparing revenue contribution to service costs, in equivalent units of measurement, a City can readily ascertain whether the revenue derived from a given use, development, parcel, user or geographic area is greater than, less than or equal to the related service costs.

The first task in building the complete GRIP database is to develop the sales tax module, which establishes a computerized system that identifies (and ranks) the contribution of sales/use tax revenue from each commercial, industrial, residential, institutional and governmental taxpayer in the City, as well as each address, development, shopping center or other designated geographic area.

o SWOT ANALYSIS

Every City has unique Strengths, Weaknesses, Opportunities and Threats (SWOTs) that affect its businesses and therefore its revenue base. Current examples include:

- Major businesses migrating inland at a record pace to avoid urban traffic congestion, high housing and land costs, and long-distance commutes for their employees
- Legally binding decisions entitling major industries and businesses to budget-busting tax reductions, exemptions and refunds
- Much of a jurisdiction's general fund revenue being generated by businesses in an industry which expects a prolonged economic downturn

To develop reliable revenue forecasts and proactive strategic plans that will maintain and enhance revenue, cities must be able to assess how constantly changing external dynamics translate to SWOTs for their businesses and revenue bases. The GRIP sales tax module provides much of the basis for this type of assessment.

o REVENUE FORECASTING

Although the downside implications for errant revenue forecasting can be severe and embarrassing, the typical city has no reliable basis for assessing how actual and potential changes or unusual developments will impact its revenue base and fiscal future.

Based on a GRIP SWOT analysis, MRC can assist the City in developing "what if" sales tax revenue forecasts based on pessimistic, optimistic and mixed-assumptions scenarios. This analysis is especially important to the City when an adverse impact is of sufficient magnitude to cause fiscal crisis. Developing these scenarios will lead the City to strategic planning that will help avoid catastrophic outcomes.

o STRATEGIC PLANNING

In order to develop and implement a strategic plan for maintaining and enhancing revenue, the City must be able to define its Strengths, Weaknesses, Opportunities and Threats (SWOTs).

With the GRIP sales tax module, MRC can assist the City in assessing its SWOTs and, based on that assessment, developing a strategic plan which will:

- Maintain and enhance revenue by capitalizing on the strengths and opportunities
- Contain losses by taking defensive steps to eliminate or reduce weaknesses and threats

o SPECIAL STUDIES & REPORTS

Cities frequently need special studies or reports for purposes such as:

- Negotiating revenue-sharing agreements with private developers, business users and other jurisdictions
- Evaluating and monitoring performance in specific developments, project areas, annexation areas, etc.
- Analyzing retail sales leakage
- Planning project development for revenue generation
- Promoting the City for business and industry

MRC's GRIP sales tax module provides the basis for estimating, tracking and evaluating revenue generation by land use, development, user, industry, parcel, address or designated geographic area. This multi-dimensional capability simplifies the task of planning and producing special reports and studies.

The GRIP sales tax module consists of a Sales Tax Inquiry System, STARS reports and related consulting, further described as follows:

A. SALES TAX INQUIRY SYSTEM

MRC will install and update quarterly the City's sales tax registration and allocation data on IBM compatible PCs designated by the City. MRC will also train authorized City staff in the use of the Inquiry System and an easy-to-follow user manual, also furnished by MRC.

Because the Sales Tax Inquiry System contains confidential information, access is limited to authorized personnel by making the System password - protected.

The Inquiry System will enable City staff to analyze the contribution of sales/use tax revenue from each business in the City, on an individual, grouped or sorted-order basis by business name, business type, permit number, size ranking, street address, development, shopping center or other geographic area.

All sales tax data processed by MRC is located on the Inquiry System. History for each account can be called up by account number and even by business tax registration number(s), if the latter are added to the Inquiry System. MRC has made the Inquiry System extremely user-friendly, even incorporating different types of name and address searches. For example, the address search only needs the street name and will fill in the direction and proper abbreviation for the street type.

Also, in looking up a particular type of business segment, a listing of business codes is shown on a "pop up" menu to help the user identify which code to select. The Inquiry System can also be used to geo-code specific areas such as business districts, shopping centers, project redevelopment areas, industrial parks, etc. MRC's Inquiry System will even generate the geo-coded addresses, thus eliminating the need to manually place a code by each business in a geo-area. The System will also eliminate a geo-area in a global command rather than having to eliminate geo-coded accounts one-by-one when removing a geo-area. MRC's Sales Tax Inquiry System would be a particularly valuable tool for administration of the City's business license tax program.

B. STARS (SALES TAX ANALYSIS & REPORTING SYSTEM) REPORTS

Quarterly, MRC will provide the City with an updated set of bound STARS reports (sample enclosed). The scope of MRC's STARS reports includes, but is not limited to, the following:

1. Cleaning up, standardizing and automating data from the City's sales and use tax distribution reports provided by the SBE for eight (8) previous quarters, the current quarter and each future quarter service. This is done to provide two benchmark years in the initial report to the City. Amounts for the most recent quarter are included in each STARS report, but are not used for benchmark purposes as many accounts are incomplete because of late-paying businesses.

MRC clients use STARS reports to gain a better understanding of where their sales tax comes from, what trends, good or bad, are occurring in their sales tax base, and to identify those businesses on which the jurisdiction is most dependent for its sales tax revenue.

2. Receiving and processing sales tax distribution reports quarterly.
3. Reorganizing and refining the computerized sales tax data for the City using MRC's STARS.
4. Analyzing the City's major sales tax producers.

All major sales producers and business categories are monitored and analyzed quarterly to include the following:

- a. Management Summary, Sales Tax Digest, Charts. MRC delivers each quarter with the STARS reports, a confidential Management Summary, a non-confidential Sales Tax Digest, and twelve color charts that portray graphically the City's sales tax performance and composition.

- b. Analysis Section. The Analysis Section of MRC's STARS report compares the sales tax performance for the latest complete quarter/report benchmark year to previous quarters and years. This section, which is an exclusive MRC report, was instituted to replace cumbersome manual comparisons between quarters and years.

The Analysis Section includes the following: (1) historical performance of the top 100 accounts for up to four years, (2) an automated analysis of the changes that occurred by economic category and by business sector with the specific businesses that made the major contribution to the change delineated; and (3) an analysis by magnitude of change indicating which key businesses grew or declined, measured in absolute dollars and percentages.

Quarterly aberrations due to SBE audits, fund transfers and other causes are also identified and analyzed for budget planning and revenue forecasting purposes.

- c. Major (and Top 100) Sales Tax Producers. Sales tax performance of the top 100 sales tax accounts is shown in order of sales tax produced with the results for the last five quarters prominently displayed. The proportion of City sales tax produced is also shown by each account.
- d. Sales Tax Accounts by Business Code. This report shows the various business codes assigned by the State Board of Equalization and the accounts assigned those codes in order of sales tax produced. Five quarters of sales tax data are shown for each account. The client can select the cut-off level of this report (i.e., all accounts or just accounts that produce over a certain amount per year). Misclassified sales tax accounts are corrected to make the report a true reflection of the sources of the City's sales tax income.

- e. Sales Tax Trend Report. Data is summarized by economic category and by business sector making up each category. Sales tax trends are shown by quarter and by successive benchmark years. Percent of sales tax is also shown to indicate trends in sales tax composition as well as performance.

Growth and decline comparisons are indicated by various categories for forecasting and analysis.

- f. Sales Tax By Account/Sub-Number. The State Board of Equalization does not provide the specific sales tax amounts generated by each individual location of a company with multiple locations in the same jurisdiction. Such a breakdown is needed if the City is to track sales tax by specific geo-areas, such as shopping centers, project areas, business districts, industrial parks, etc. STARS allocates sales tax by location and even customizes difficult allocations such as auto dealers with showrooms, leasing, used cars, and body repair shops. This report shows the amounts allocated to each individual location for a firm with multiple locations in the City.
- g. Geo-Coding. Tracks sales tax performance within designated areas of the City (e.g., key shopping centers, project areas, downtown business districts, etc.) Charts and printed reports are included for each geo-area.
- h. Cross Reference Reports. These reports allow the user to look up any account shown in the STARS reports by name, address, or account number.
- i. Special Business Tax Report. MRC's STARS includes a report that is specifically designed to facilitate the City's business license tax administration by replacing the manual yellow registration control cards.

These cards come in no particular order and are cumbersome to use. MRC produces a printed report each quarter that lists all changes to the City's sales tax records by the type of change (i.e., new businesses, closed businesses, new addresses, new owners, etc.). Under each type of change are the accounts in clean address order.

By correcting, cleaning up and standardizing addresses, business names and business classifications on all of the City's sales tax generators, MRC is able to provide the City's business license staff with another valuable audit tool. MRC will also provide the City with a copy of the cleaned up sales tax files on floppy disk or nine-track tape if the City wishes to add the data to its database.

C. CONSULTING SERVICES

In conjunction with the Sales Tax Inquiry System and STARS reports, MRC shall provide consulting services to include:

1. Providing City staff with post-audit sales tax orientation:
 - a. Conducting a technical seminar on California's local sales tax distribution process
 - b. Training staff in the fundamentals of sales/use tax allocation auditing should the City desire to assume responsibility for future maintenance of local retail accounts internally.
2. Preparing and analyzing a list of the City's major sales/use tax generators to assist the City in developing a public relations program to prevent the loss of these important businesses.
3. Profiling for Economic Development personnel the most economically desirable/undesirable types of developments/business uses and the reasons why.

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4. Providing a list of businesses located (or doing business) in the City that are not presently producing as much sales/use tax to the City as they could be through constructive changes in marketing/purchasing procedures (with the City's approval, MRC will assist the City in pursuing these opportunities and implementing the changes).
 5. Assisting in defining specific geographic areas for which the City would have an interest in knowing the sales/use tax produced.
 6. Serving as a resource to assist the City on an "as-needed" basis by providing legal and technical support on sales/use tax issues and questions regarding proposed legislation, estimated revenue on proposed projects, revenue-sharing negotiations, retail sales leakage, budget projections, etc.

D. TIMING

MRC shall commence preparing the Sales Tax Inquiry System and STARS reports within 10 working days following receipt of the following:

- o Contract approval and resolution designating MRC as the authorized City Consultant to examine sales and use tax records (see Exhibit C); and
- o State Board of Equalization quarterly distribution reports for most recent nine (9) consecutive quarters.

The initial Sales Tax Inquiry System shall be delivered and installed on IBM compatible PCs designated by City, together with the STARS reports, within 45 working days following receipt of the above. The quarterly updated Inquiry System and STARS reports will be delivered to the City within 30 working days following receipt of the quarterly distribution reports.

MRC will provide consulting services to the City in conjunction with delivery of the Inquiry System and STARS reports following completion of the enhancement audits.

III. COMPENSATION

In order to make MRC's services self-funding for the City, MRC's compensation for providing the audit and information services shall be entirely predicated and contingent upon MRC's audits producing new sales/use tax revenue that would not otherwise have been received by the City, further described as follows:

A. ALLOCATION AUDIT SERVICE

MRC's compensation for providing the allocation audit service is 25% of the new sales/use tax revenue received by the City as a result of MRC detecting and correcting the related point-of-sale/use distribution error. Said 25% applies to each correction for fund transfers (i.e., retroactive adjustments for eligible amounts improperly distributed in prior quarters) and the first six consecutive reporting quarters following completion of the audit by MRC and confirmation of corrections by the State Board of Equalization.

Sales/use tax audit invoices are submitted quarterly after the City has received the revenue from the correction and quarterly distribution report verifying it. Each invoice is to include the business name, permit number, local allocation amount received by the City and amount due MRC. Invoices are due and payable upon receipt.

B. INFORMATION SERVICE

MRC shall provide the Sales Tax Inquiry System and STARS reports for \$625 per quarter, payable only after the City has received the Sales Tax Inquiry System, STARS report(s) and sufficient funds to cover the charges from the City's share of new tax revenue produced from MRC's audit service. Stated another way, payment is deferred until there is adequate audit revenue to cover it. The following computation illustrates a hypothetical example:

New sales/use tax revenue produced for City from MRC audit service	\$ 50,000
Less MRC compensation for audit service @ 25%	-12,500
City's share of new sales tax revenue @ 75%	<u>\$ 37,500</u>
Less information service charge for full year @ \$625 per quarter	-2,500
Net new sales/use tax revenue to City after compensating MRC for audit and information services	<u>\$ 35,000</u>

Should MRC's audit service fail to generate sufficient new sales/use tax revenue for the City to cover the information service charges out of the City's 75% share, then MRC shall absorb the shortfall amount.

C. EXPENSES

All expenses incurred by MRC in providing the sales tax audit and information services are absorbed by MRC. These expenses include items such as employee salaries and benefits, insurance, airfare, auto rentals, meals, lodging, keypunching, computer processing, clerical, communications (e.g. personal meetings, telephone, mail, etc.) photocopying, overhead and miscellaneous out-of-pockets for consumable supplies and research material such as maps, directories, etc.

IV. QUALIFICATIONS

Since its inception in 1978, Municipal Resource Consultants (MRC) has specialized in providing innovative revenue enhancement audit services to municipalities located throughout California. MRC is the only firm in California (or the rest of the country), offering these proprietary enhancement audit services that encompass all sources of municipal tax revenue.

MRC's revenue enhancement audit services are complemented by geobased management information programs and consulting in areas such as strategic planning, economic development and redevelopment.

In 1978, MRC pioneered the concept of revenue enhancement consulting with its sales tax services for California municipalities. Since then, MRC has established a track record of consistently impressive results by providing ongoing revenue enhancement services to more than 100 California municipalities. To date, MRC's sales tax audits have produced more than \$70 million for the clients served.

MRC's revenue enhancement services are designed to provide clients with an ongoing, readily measurable economic return that is many times greater than the amount invested in the service.

On behalf of the clients served, MRC's revenue enhancement audit findings and recommendations have been validated and accepted by third party intermediaries throughout California, in addition to thousands of corporate tax departments throughout the United States.

MRC's 55 member staff serves California cities from five in-state office locations.

Please refer to Exhibit D for a representative list of MRC client cities, results achieved and references.

V. PROJECT TEAM

In providing sales tax audit and information services to the City, MRC will be employing a project team approach. MRC's team for providing these services consists of 25 full-time, permanent MRC employees and 1 attorney specializing in sales/use tax law. Project team personnel are described according to project role and functional area of specialization, as follows:

Project Co-Directors: John Austin & Allen Charkow

As Project Co-Directors, John and Allen are responsible for the overall quality control and timeliness of the project. They are also responsible for making MRC's resources available to the project and assisting in the technical direction, management and liaison activities.

Both John and Allen will be personally involved in providing MRC's sales tax audit, information and consulting services to the City. John is responsible for the design and provision of MRC's sales/use tax enhancement services, contract negotiations and client relations. Allen is responsible for the development and implementation of MRC's data processing and geobased information systems for auditing, monitoring, analyzing and projecting sales tax revenue.

Project Manager - Hunter Austin

As Project Manager, Hunter has day-to-day responsibility for the technical direction and coordination of the project, including the methodology and procedures utilized in detecting, documenting and correcting sales/use tax misallocations. In this capacity, his duties encompass creation and implementation of the workplan, including scheduling, coordinating and monitoring the activities of other project team members.

Legal Counsel - Joseph Vinatieri

When MRC's auditors or clients have questions or issues involving interpretation of sales/use tax law, they rely on the legal counsel of Joseph Vinatieri who is a Partner with Bewley, Lassleben & Miller.

Data Processing & Detection Analysis

Data Processing and Detection Analysis personnel are responsible for:

- o Creating MRC's quarterly STARS reports and Sales Tax Inquiry System
- o Developing MRC's target list of potentially misallocated accounts based on a physical canvassing and evaluation of sales/use tax generating businesses located in the unincorporated area of the County
- o Monitoring quarterly distribution reports for aberrations

For these purposes, MRC has developed proprietary electronic mapping and data processing technology.

Detection Auditing

Detection Auditing personnel are responsible for contacting target list businesses to determine whether allocation reporting errors exist and, for each misallocation detected, developing the substantiating documentation to be included in MRC's reports for submission to the County and State Board of Equalization.

Correction Auditing

Correction Auditing personnel are responsible for:

- o Correcting misallocated accounts by working with personnel at the taxpayer's local operation and corporate headquarters and the State Board of Equalization's in-state/out-of-state District offices and Local Tax Unit in Sacramento
- o Preserving the City's original dates of misallocation knowledge by responding to the SBE's negative findings with timely reconfirmation documentation
- o Recovering for the City eligible amounts misallocated in prior quarters.

Consulting

Consulting personnel have liaison responsibility for providing to the City GRIP sales tax module services, consisting of the Sales Tax Inquiry System, STARS reports and consulting to assist the City in developing and implementing strategies and solutions for:

- | | |
|--------------------------|-----------------------------|
| - Enhancement Audits | - SWOT Analysis |
| - Business Retention | - Revenue Forecasting |
| - Business Cooperation | - Strategic Planning |
| - Fiscal Impact Analysis | - Special Studies & Reports |

VI. CERTIFICATION OF CONFIDENTIALITY

Section 7056 of the State of California Revenue and Taxation Code specifically limits the disclosure of confidential taxpayer information contained in the records of the State Board of Equalization. This section specifies the conditions under which a City or county may authorize persons other than officers and employees to examine State Sales and Use Tax records.

- A. MRC is authorized by this Agreement to examine sales and use tax records of the State Board of Equalization provided to City pursuant to contract under the Bradley-Burns Uniform Sales and Use Tax Law.
- B. MRC is required to disclose information contained in, or derived from, those sales and use tax records only to an officer or employee of the City who is authorized by resolution to examine the information.
- C. MRC is prohibited from performing consulting services for a retailer during the term of this Agreement.
- D. MRC is prohibited from retaining the information contained in, or derived from, those sales and use tax records, after this Agreement has expired.

Information obtained by examination of State Board of Equalization records shall be used only for purposes related to collection of local sales and use tax or for other governmental functions of the City as set forth by resolution adopted pursuant to Section 7056(b) of the Revenue and Taxation Code.

The resolution shall designate MRC as a person authorized to examine sales and use tax records and certify that this Agreement meets the requirements set forth above and in Section 7056(b)(1) of the Revenue and Taxation Code (see Exhibit C).

MRC hereby certifies that any and all information examined in the conduct of work performed is to be utilized only for those purposes authorized by the City and by the Bradley-Burns Uniform Local Sales and Use Tax Law.

EXHIBIT B - GENERAL PROVISIONS

1. Independent Contractor. At all times during the term of this Contract, Municipal Resource Consultants (Consultant) shall be an Independent Contractor and shall not be an employee of the City of Ukiah (City). City shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement; however, City shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement.
2. Liability. City shall not be called upon to assume any liability for direct payment of any salaries, wages, or other compensation to any Consultant personnel or subcontractor performing services hereunder for City, or any liability other than provided for in this Agreement.

City shall not be liable for compensation or indemnity to any Consultant employee or subcontractor for injury or sickness arising out of his/her employment, or for any negligent actions of the Consultant or its employees.

All persons employed in the performance of such services and functions shall be employees of Consultant, and as such shall not, for any purposes, be considered employees of City and therefore shall have no right to any City service, civil service, or other City status.

3. Subcontracts. Any subcontracts entered into by Consultant for services to be rendered towards the completion of Consultant's portion of this Agreement shall be for Consultant's benefit alone, and as such shall be its responsibility with no liability resting on the City. Consultant agrees to provide a list of all subcontractors to be used in connection with services to be rendered toward the completion of its portion of this Agreement to the City within ten (10) working days of execution of this Agreement.
4. Licenses, Permits, Etc. Consultant represents and warrants to City that he has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Consultant to practice his profession. Consultant represents and warrants to City that Consultant shall, at his sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any licenses, permits, and approvals which are legally required for Consultant to practice his profession.

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5. Time. Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of Consultant's obligations pursuant to this Agreement. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.
6. Insurance.
- (a) Public Liability. During the term of this Agreement, Consultant shall maintain in full force and effect a policy of public liability insurance with minimum coverages as follows: \$1,000,000 for injury to one person in any one occurrence; \$1,000,000 aggregate; and, \$50,000.00 for property damage. Consultant shall cause the City, its officials and employees to be named on all liability policies described above as insured as respects: (1) activities performed for the City by or on behalf of the named insured, (2) products and completed operations of the Named Insured, and (3) premises owned, leased or used by the Named Insured.
- (b) Worker's Compensation. During the term of this Agreement, Consultant shall fully comply with the terms of the law of California concerning worker's compensation. Said compliance shall include, but not be limited to, maintaining in full force and effect one or more policies of insurance insuring against any liability Consultant may have for worker's compensation.
7. Consultant Not Agent. Except as City may specify in writing, Consultant shall have no authority, express or implied to act on behalf of City in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind City to any obligation whatsoever.
8. Assignment Prohibited. No party to this Agreement may assign any right or obligation pursuant to this agreement. Any attempt of purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

9. Personnel. Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires the removal of any person or persons assigned by Consultant to perform services pursuant to this Agreement, Consultant shall remove any such person immediately upon receiving notice from City of the desire of City for the removal of such person or persons.
10. Standard of Performance. Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices his profession. All products of whatsoever nature which Consultant delivers to City pursuant to this Agreement shall be prepared in a substantial, first class and workmanlike manner and conform to the standards of quality normally observed by a person practicing in Consultant's profession.
11. Reports, Charts or Other Products. All reports, charts and other products resulting from the performance of this agreement are the property of the City.
12. City Representative. The City Manager or his designee is the representative of the City and will administer this Agreement for the City.
13. Termination. This Agreement may terminate on ten (10) days written notice by either party, or within such time as both parties may find necessary to conclude the work currently under way and to summarize Consultant's findings for City.

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14. Indemnity and Hold Harmless. Consultant shall assume the defense of, and indemnify and save harmless, the City, its officers, employees, and agents, and each and every one of them, from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, the performance of the work, provided that such action, damage, claims, loss, or expense is attributable to bodily injury, sickness, disease or death, or to injury to, or destruction of property, whether upon or off the work, including the loss of use thereof, and is caused in whole or in part by any negligent act or omission of the Consultant, and subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, whether or not it is caused in part by a party indemnified hereunder.
15. Waiver of Breach No waiver of the breach of any of the covenants, agreements, restrictions or conditions of this Agreement by any partner shall be construed to be a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement. No delay or omission of any partner in exercising any right, power or remedy herein provided in the event of default shall be construed as a waiver thereof, or acquiescence therein, nor shall the acceptance of any payments made in a manner or at a time other than as herein provided be construed as a waiver of or variation in any of the terms of this Agreement
16. Whole and Entire Agreement This instrument contains the whole and entire agreement of the parties hereto relating to their partnership and correctly sets forth the rights, duties and obligations of each to the others as of its date. Any prior agreements, promises, negotiations or representations not expressly set forth in this Agreement are of no force and effect.
17. Equal Employment Opportunity: During the performance of this Agreement, Consultant, for itself, its assignees and successors in interest, agrees as follows:
- a. Compliance With Regulations: Consultant shall comply with the Executive Order 11246 entitled "Equal Employment Opportunity, as labor regulations (41 C.F.R. Part 60), hereinafter referred to as the "Regulations."

- b. Nondiscrimination: Consultant, with regard to the work performed by it after award and prior to completion of the work pursuant to this Agreement, shall not discriminate on the ground of race, color, religion, sex or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment.
- c. Solicitation for Subcontractor, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiations made by Consultant for work to be performed under any subcontract, including procurements of materials or equipment, such potential subcontractor or supplier shall be notified by Consultant of Consultant's obligation under this Agreement and the Regulations relative to nondiscrimination on the ground of race, color, religion, sex or national origins.
- d. Information and Reports: Consultant shall provide all information and reports required by the Regulations, or orders and instructions issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the City to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of Consultant is in the exclusive possession of another who fails or refuses to furnish this information, Consultant shall so certify to the City and shall set forth what efforts it has made to obtain the information.
- e. Sanctions for Noncompliance: In the event of noncompliance by Consultant with the nondiscrimination provisions of this Agreement, the City shall impose such contract sanctions as it may determine to be appropriate, including, but not limited to:
 - (1) Withholding of payments to Consultant under the contract until Consultant complies;
 - (2) Cancellation, termination, or suspension of the Agreement, in whole or in part.

- f. Incorporation of Provisions: Consultant shall include the provisions of paragraphs a through e in every subcontract, including Regulations, order, or instructions issued pursuant thereto. Consultant shall take such action with respect to any Regulations, order or instructions issued pursuant thereto. Consultant shall take such action with respect to any subcontract or procurement as the City may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event Consultant becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, Consultant may request City to enter such litigation to protect the interests of the City.
17. Notices. Any notice to be given from one party to the other pursuant to this Agreement shall be deposited with the United States Postal Service postage prepaid and addressed as follows:

To City: City Administrator
 CITY OF UKIAH
 300 Seminary Avenue
 Ukiah, CA 95482-5400

To Consultant: John Austin
 MUNICIPAL RESOURCE CONSULTANTS
 32107 W. Lindero Canyon Road
 Suite 233
 Westlake Village, CA 91361

Nothing in this Paragraph shall be construed to prevent the giving of notice by personal service.

<City> RESOLUTION NO. 17-

RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A JOINT POWERS AGREEMENT WITH THE UKIAH VALLEY FIRE DISTRICT FOR SHARED MANAGEMENT OF FIRE SERVICES

WHEREAS, the City of Ukiah and the Ukiah Valley Fire District are each empowered by law to acquire sites, construct, equip, staff, maintain, operate and lease public buildings and related facilities, including for providing fire, medical, and other emergency services; and

WHEREAS, the City of Ukiah and the Ukiah Valley Fire District desire to maximize use of the existing resources, create opportunities to reduce duplication of effort and explore efficiencies, maintain local control and continue to deliver fire, medical, and other emergency services at a high level of service; and

WHEREAS, the City of Ukiah and the Ukiah Valley Fire District are authorized to jointly exercise their powers pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1, Sections 6500 through 6530, of the Government Code of the State of California.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ukiah that the Mayor is hereby authorized to execute a Joint Powers Agreement, attached hereto as Exhibit A, by and between the City of Ukiah, a Municipal Corporation, and Ukiah Valley Fire District, a California fire protection district formed pursuant to Health and Safety Code Sections 13800 et seq., for shared management of fire services.

PASSED AND ADOPTED by the City Council of the City of Ukiah this __ day of _____, 2017, by the following vote:

<District> RESOLUTION NO. 17-

RESOLUTION AUTHORIZING THE DISTRICT PRESIDENT TO EXECUTE A JOINT POWERS AGREEMENT WITH THE CITY OF UKIAH FOR SHARED MANAGEMENT OF FIRE SERVICES

WHEREAS, the City of Ukiah and the Ukiah Valley Fire District are each empowered by law to acquire sites, construct, equip, staff, maintain, operate and lease public buildings and related facilities, including for providing fire, medical, and other emergency services; and

WHEREAS, the City of Ukiah and the Ukiah Valley Fire District desire to maximize use of the existing resources, create opportunities to reduce duplication of effort and explore efficiencies, maintain local control and continue to deliver fire, medical, and other emergency services at a high level of service; and

WHEREAS, the City of Ukiah and the Ukiah Valley Fire District are authorized to jointly exercise their powers pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1, Sections 6500 through 6530, of the Government Code of the State of California.

NOW, THEREFORE, BE IT RESOLVED by the District Board of the Ukiah Valley Fire District that the District President is hereby authorized to execute a Joint Powers Agreement, attached hereto as Exhibit A, by and between the City of Ukiah, a Municipal Corporation, and Ukiah Valley Fire District, a California fire protection district formed pursuant to Health and Safety Code Sections 13800 et seq., for shared management of fire services.

PASSED AND ADOPTED by the District Board of the Ukiah Valley Fire District this __ day of _____, 2017, by the following vote:

AGREEMENT FOR SHARED MANAGEMENT OF FIRE DEPARTMENTS

THIS AGREEMENT becomes effective on July 1, 2017 ("Effective Date") in Ukiah, California, between the City of Ukiah, a general law municipal corporation ("City") and the Ukiah Valley Fire Protection District, a California fire protection district formed pursuant to Health and Safety Code Sections 13800 et seq. ("District"), (collectively the "Parties" and individually "Party"), all of which are organized and existing under and by virtue of the Constitution and the laws of the State of California.

WITNESSETH:

WHEREAS, the Parties are each empowered by law to acquire sites, construct, equip, staff, maintain, operate and lease public buildings and related facilities to provide fire, medical, and other emergency services; and

WHEREAS, the Parties desire to maximize use of the existing resources, create cost containment opportunities, reduce duplication, maintain local control and continue to deliver fire, medical, and other emergency services at a high level of service; and

WHEREAS, the Parties desire to accomplish the aforesaid purpose by jointly exercising their common powers in the manner set forth in this Agreement; and

WHEREAS, the Parties are authorized to jointly exercise their powers pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1, Sections 6500 through 6530, of the Government Code of the State of California.

NOW, THEREFORE, the Parties, for and in consideration of the mutual benefits, promises, and agreements set forth herein, AGREE as Follows:

Section 1. Purpose

This Agreement is made pursuant to California Government Code Section 6500, et seq., hereinafter referred to as the "Act," to permit the joint exercise of certain powers common to the Parties. The purpose of this Agreement is to exercise these powers jointly by managing, equipping, maintaining, and operating fire, medical, and other emergency services to said Parties. Such purpose will be accomplished and common powers exercised in the manner set forth in this Agreement. The Parties may use the designation "Ukiah Valley Fire Authority" to identify the provision of the services provided under this Agreement, including on equipment, uniforms, buildings, letterhead, phone and other directories; provided, however, that the use of such designation shall not be deemed to create a separate legal entity or to change the liability of the Parties or change the contractual obligations of the Parties under this or any other agreements. All pre-existing obligations, rights, and privileges of the Parties shall continue hereunder, subject to the terms and conditions of this Agreement.

The legislative bodies of the Parties shall jointly meet a minimum of twice a year to review the activities and operation of this Agreement including a joint review of the annual budget development and a mid-fiscal year review. The Parties may call for additional joint meetings, as may be needed from time to time.

Section 2. Service Level

The Parties shall jointly coordinate an emergency response system inclusive of emergency medical response (EMS), structural firefighting, wildland firefighting, public education, hazardous material response, disaster response, rescue, fire prevention inspections, fire investigations and related public safety, managerial and administrative services, to the extent and in the manner consistent with this Agreement and approved annual budgets.

Section 3. Term

This Agreement shall become effective as of July 1, 2017 and shall be binding upon all parties hereto, and shall thereafter continue in full force and effect until such time as the Parties agree to terminate the Agreement, in the manner set forth in Section 9 or 10.

Section 4. Fire Executive Committee

- A. The Parties hereby agree that the duties set forth in Section 5 of this Agreement shall be conducted by an administrative entity to be known as the “Fire Executive Committee” whose membership shall consist of two appointees from each Party’s legislative bodies.
- B. Meeting of the Fire Executive Committee
 - 1. Regular Meetings of the Fire Executive Committee.

The Fire Executive Committee shall provide for its regular meetings; however, it shall hold at least one regular meeting each quarter. The Fire Executive Committee may call special meetings, as may be needed from time to time.
 - 2. The entire Fire Executive Committee shall constitute a quorum for the transaction of business. A majority vote of the members of the Fire Executive Committee is required to take action, although a lesser number of the Fire Executive Committee may adjourn for lack of a quorum.
 - 3. The Fire Executive Committee shall comply with the Brown Act.
 - 4. For those duties of Fire Executive Committee requiring collaboration, the term “collaboration”, “collaborate,” or “collaborative” shall mean the meaningful and timely process of the members each seeking, discussing, and considering carefully the information and views of each Party in a manner that is cognizant of all Parties’ values, reasonably attempting to reach agreement through cooperative efforts for the mutual benefit of the Parties. Collaboration among the members shall be conducted in a way that is mutually respectful of each Party’s discretionary authority. If agreement cannot reasonably be reached among the members with respect to any particular, necessary action concerning matters within the discretionary authority of a particular Party to this Agreement, then the Party with discretionary authority shall take the action it determines appropriate in the exercise of its discretion.

Section 5. Powers and Duties of the Fire Executive Committee

- A. Common Powers

The Parties shall retain the legislative authority to exercise their common powers for the purposes of this Agreement. The Parties do not intend the Fire Executive Committee to be a legal entity, separate and apart from the Parties. The Fire Executive Committee is not a joint powers agency or authority, partnership, joint venture, or joint enterprise of any kind.
- B. Duties

The Fire Executive Committee shall take any and all actions within its authority as specified in this Agreement necessary and appropriate to implement the purposes of this Agreement, including, but not limited to, any or all of the following:

 - 1. Jointly develop and recommend to their respective legislative bodies an annual budget and cost apportionment plan for each of the Parties to participate in the cooperative efforts contemplated by this Agreement; and
 - 2. Collaborate to ensure the cost for services are equitably shared among those receiving and/or benefiting from the services provided for under this Agreement; and
 - 3. Collaborate with the employing Party regarding the appointment of the Fire Chief, who shall be responsible for coordinating and overseeing the cooperative efforts of the Parties in providing fire, medical and other emergency services in each jurisdiction, in a manner consistent with this Agreement; and
 - 4. Collaborate to determine recommended service levels, facilities, apparatus, equipment and personnel in furtherance of each Party’s participation in the cooperative efforts contemplated by this Agreement; and
 - 5. Collaborate to identify and recommend comprehensive approaches for shared fire, medical, and other emergency services between the Parties including, but not limited to governance, personnel, apparatus, equipment and facilities; and
 - 6. Collaborate to identify and recommend fire and emergency medical service policies, ordinances, and fees consistent with the cooperative efforts contemplated by this Agreement.

Section 6. Key Management Services

The services identified below (“Key Management Personnel/Services”) shall be subject to this Agreement:

A. Fire Chief

1. The Fire Chief shall provide general administration and oversight of the City and District Fire Departments, all in accordance with the requirements and expectations of this Agreement, statutory law, local ordinances, applicable City and District rules and regulations and the customary duties of a Fire Chief.
2. The Fire Executive Committee identified in Section 4 of this agreement shall provide advisory support to the Fire Chief. The Fire Chief shall coordinate and cooperate with each Party regarding the performance of services within their respective jurisdiction. Each Party shall provide direction to the Fire Chief regarding services or any desired special projects to be performed for each Party. The Fire Executive Committee shall collaborate regarding directions from their respective Parties, for the purpose of avoiding conflicting guidance or creating conflicts relating to priority of services.

B. Financial and General Services

1. The City agrees to provide financial and general services to the District for the term of the Agreement, including accounts payable, procurement, billing and accounts receivable, general accounting and reporting, budget development and monitoring, and other general services such as human resources and city clerk services as may be deemed necessary by the District.
2. The City will perform these services pursuant to any applicable state and federal law and pursuant to City policies and regulations, unless otherwise directed by the District in writing. The District shall be responsible for and for understanding the financial and other activities and information performed or related to the services provided by the City to the District under this Agreement. The City is not performing these services as the District's agent but as a service provider and the parties agree that the City does not assume a fiduciary duty to the District in the performance of these financial and general services.
3. The District shall compensate the City for Financial and General Services as approved in its annual Cost Apportionment Plan.

Section 7. Budget and Cost Apportionment Plan

- A. The Parties, in adopting their annual budgets, will determine the specific expenditures and costs to be shared among the Parties (the “Cost Apportionment Plan”). The Cost Apportionment Plan shall be developed by the Fire Executive Committee and recommended for approval by the Parties. Payment and credits under the Cost Apportionment Plan shall be based on actual expenditures.
- B. The Fire Executive Committee has the authority to fully implement the approved Budget and Cost Apportionment Plan. The Fire Chief, with the approval of Fire Executive Committee, may recommend expenditures and transfers or adjustments of amounts authorized by the Cost Apportionment Plan. However, neither the Fire Chief nor Fire Executive Committee may exceed the personnel staffing authorized except for temporary, strike team or emergency positions, either in number, position classification, or salary. In addition, neither the Fire Chief nor Fire Executive Committee may increase the total amount of the approved expenditure budget without the approval of the legislative body of each Party.

Section 8. Services to Other Agencies

The Fire Executive Committee, through this Agreement may recommend that the Parties provide fire, medical, and/or other emergency services to other agencies that are not already a party to this Agreement. Such services may be provided with the concurrence of all Parties and upon execution of an amendment to this Agreement by all Parties, including any such additional agencies. The charges for such services shall be determined in accordance with the authority of the Parties under the provisions of Government Code section 55631, et seq.

Section 9. Withdrawal; Termination

A Party may withdraw as a party to this Agreement without penalty upon a minimum of 18 months notice with a July 1st effective date unless otherwise agreed to by both Parties. Such withdrawing Party shall perform all obligations

under this Agreement until the noticed July 1 date of withdrawal. A withdrawing Party shall remain obligated to perform obligations, including financial obligations arising prior to the July 1 withdrawal date,

Section 10. Dissolution

The Agreement shall terminate if the number of parties to this Agreement becomes less than two, or if the parties unanimously agree to terminate the Agreement. If the Parties have accumulated any assets relating to the shared management of fire, medical, and other emergency services prior to termination, such assets shall be distributed among the Parties per their respective contributions, or as the Parties may otherwise agree.

Section 11. Amendment to Agreement

The Fire Executive Committee may recommend an amendment to this Agreement. This Agreement may only be amended by approval of all the Parties to this Agreement. The Fire Executive Committee shall forward the proposed amendment with its recommendation to the legislative body of each party to the Agreement. The proposal shall be accompanied by a copy of the proposed amendment to the Agreement, which shall be adopted, properly executed, and returned to Fire Executive Committee if the party concurs with the amendment. This Section 11 shall not prevent the Parties from adopting an amendment to this agreement that is not recommended by the Fire Executive Committee.

Section 12. Additional Parties to the Agreement

Agencies, as defined in the Act, which are not parties hereto, may become Parties hereto only by amendment to this Agreement and upon approval of all the Parties to this Agreement.

Section 13. Notices

Whenever notice or other communication is permitted or required by this agreement, it shall be deemed given when personally delivered or when received, if delivered by overnight courier or email, if receipt is acknowledged in writing, or 48 hours after it is deposited in the United States mail with proper first class postage affixed thereto and addressed as follows:

To City: City of Ukiah
300 Seminary Ave.
Ukiah, CA 95482
Email:
Attention: Mayor and City Manager

To District: Ukiah Valley Fire District
1500 South State Street
Ukiah, CA 95482
Email:
Attention: Board Chair

A Party may change the address and email address to which notices shall be sent by giving notice of the change as provided herein.

Section 14. Severability

Should any part, term, portion, or provision of this Agreement or the application thereof of any person or circumstances, be in conflict with any State or Federal law, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, portions or provisions, or the application thereof to other persons or circumstances, shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to continue to constitute the Agreement that the parties intended to enter into in the first instance.

Section 15. Hold Harmless and Indemnity

Each party agrees to defend, indemnify, and save all other parties harmless from any and all claims arising out of said party's employees' negligent acts, errors, omissions or willful misconduct while performing pursuant to this Agreement, but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of said party, its officers, employees, or

agents.

Each party hereby agrees to defend itself from any claim, action or proceeding by third parties arising out of the concurrent acts or omissions of their employees. In such cases, each party agrees to retain their own legal counsel, bear their own defense costs, and waive their right to seek reimbursement of such costs.

Notwithstanding the above, where a trial verdict or arbitration award allocates or determines the comparative fault of the members, the members may seek reimbursement and/or reallocation of defense costs, settlement payments, judgments and awards, consistent with said comparative fault.

As required by Section 17 herein, the Parties are responsible to provide workers compensation insurance for injuries sustained in the normal course and scope of their respective employees' performance of services. The Parties waive any right of subrogation against each other for any and all losses sustained by the Parties, subject to such workers compensation coverage. The Parties further acknowledge that the so-called "firefighter's rule" regarding primary assumption of risk generally prevents public safety officers employed by one agency, or their agency itself, from being exposed to liability for injuries suffered by public safety officers employed by another agency in the line of duty. To the extent any such claims of liability or actions are brought by any employee(s) of one Party against another Party to this Agreement, or such other Party sustains any losses thereby, the Party employing such claimant(s) shall indemnify the other Party for any such claims, actions, or losses.

For purposes of this section, the terms "employee" or "employees" shall refer to and include employees, officers, agents, representatives, subcontractors or volunteers.

Notwithstanding the foregoing, no employee, officer, agent, representative, subcontractor or volunteer of any party to this Agreement shall be considered an "employee" of any other party to this Agreement for purposes of indemnification.

Section 16. Legal Representation and Advice

In the course of providing fire and emergency services in accordance with this Agreement, each Party shall seek legal counsel regarding legal matters or issues from their respective counsel. In the event that a legal matter or issue relates to two or more Parties where the Parties involved will benefit from joint representation, the Parties may choose to be represented by the same legal counsel so long as no conflict of interest arises by such representation, and the Parties may agree on an apportionment of costs, if applicable, as allowed by law. Under any circumstances when two or more Parties are represented by the same legal counsel, no Party may bind the others to a settlement agreement without the written consent of the other Parties.

Section 17. Insurance

Each Party shall be responsible for maintaining a program of insurance that shall cover each Party's indemnification obligations. Without in any way affecting the indemnity herein provided and in addition thereto, each Party shall secure and maintain throughout the Agreement the following types of insurance, including coverage through a pooled risk joint powers agency such as the Redwood Empire Municipal Insurance Fund with limits as shown.

A. Workers' Compensation:

A program of Workers' Compensation Insurance or a state-approved self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits covering all persons providing services on behalf of each Party and all risks to such persons under this Agreement.

B. Comprehensive General and Automobile Liability Insurance:

This coverage is to include contractual coverage and automobile liability coverage for owned, hired, and non-owned vehicles. The policy or self-insurance shall have combined single limits for bodily injury and property damage of not less than two million dollars (\$2,000,000.00).

Additional Named Insured:

All policies, and/or memoranda of coverage, except Workers' Compensation, shall contain additional endorsements naming each Party and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of each Party's performance hereunder.

C. Policies Primary and non-Contributory:

All policies required above are to be the primary and non-contributory with any insurance or self-insurance carried or administered by each Party.

Section 18. Mediation

Should any dispute arise out of this Agreement, any Party may request that it be submitted to mediation. The Parties shall meet in mediation within 30 days of a request. The mediator shall be agreed to by the Parties; in the absence of an agreement, the parties shall each submit one name from mediators listed by an agreed-upon service or parties themselves. The mediator shall be selected by a "blindfolded" process. The cost of mediation shall be borne equally by the Parties. No Party shall be deemed the prevailing party. No Party shall be permitted to file a legal action without first meeting in mediation in making a good-faith attempt to reach a mediated settlement. The mediation process, once commenced by a meeting with the mediator, shall not last more than 60 days, unless the 60 day period is extended in writing by the Parties.

Section 19. Additional Documents and Agreements

The parties agree to cooperate in the execution of any additional documents or agreements that may be required to carry out the terms of this Agreement.

Section 20. Successors

This Agreement shall bind and inure to the benefit of all successors and assigns of the parties and any associates in interest, and their respective directors, officers, agents, servants, and employees, and the successors and assigns of each of them, separately and collectively.

Section 21. Warranty of Legal Authority

Each party warrants and covenants that it has the present legal authority to enter into this Agreement and to perform the acts required of it hereunder. If any party is found to lack the authority to perform the acts required of it hereunder or is prevented from performing the acts by a court of competent jurisdiction, this Agreement shall be void.

Section 22. Assignment/Delegation

Neither party hereto shall assign, sublet, or transfer any interest in this Agreement or any duty hereunder without written consent of the other, and no assignment shall be of any force or effect whatsoever unless and until the other party shall have so consented.

Section 23. No Third-Party Beneficiary

This Agreement is only for the benefit of the Parties as municipal or corporate entities and shall not be construed as or deemed to operate as an agreement for the benefit of any third party or parties, and no third party or party shall have any right of action or obtain any right to benefits or position of any kind for any reason whatsoever.

Section 24. Successors

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto.

Section 25. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 26. Agreement Controlling

In the event of a conflict between the provisions of the text of this Agreement <and the Exhibits>, the provisions of the text shall prevail.

Section 27. Entire Agreement

This document is intended both as the final expression of the Agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement. This Agreement may be executed in counterparts, each of which shall constitute an original.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed as of the day and year first above written.

CITY OF UKIAH

By: _____

Approved to Form:

Its: Mayor

City Attorney

Attest:

City Clerk

UKIAH VALLEY FIRE DISTRICT

By: _____

Its: Board President

Approved to Form:

District Counsel

Attest:

District Secretary



AGENDA SUMMARY REPORT

SUBJECT: Creation of and Appointment of Two Council Members to a Cost Allocation Plan Ad Hoc Committee.

DEPARTMENT: Finance

PREPARED BY: Daniel Buffalo

ATTACHMENTS:

None

Summary: During the budget process for the 2017-18 fiscal year, Council directed staff to design a program to evaluate the City's Cost Allocation Plan. The evaluation is intended to provide insight into the reasonableness of the methodology, basis and justifications used in arriving at the allocation of indirect costs City-wide. Finance was tasked with designing the program, and an ad hoc is to be created to provide input and guidance during the development and implementation phases.

Background: The purpose of the City's Cost Allocation Plan is to identify the total costs of providing specific City services. Why is a separate cost accounting analysis required to do this? Because in almost all organizations—whether in the private or the public sector—the cost of producing goods or delivering services can be classified into two basic categories: direct and indirect costs.

“Direct costs,” by their nature, are usually easy to identify and relate to a specific service. However, this is not the case for “indirect costs.” As such, if we want to know the “total cost” of providing a specific service, then we need to develop an approach—a plan—for reasonably allocating indirect costs to direct cost programs.

RECOMMENDED ACTION: The Council will be asked to create an ad hoc committee and appoint two of its members to participate in the guidance of the proposed internal evaluation of the City's cost allocation plan.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: N/A

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

PREVIOUS CONTRACT/PURCHASE ORDER NO.: N/A

COORDINATED WITH: Sage Sangiacomo, City Manager

Approved:

Sage Sangiacomo, City Manager

Theoretically, all indirect costs could be directly charged to specific cost objectives; however, practical difficulties generally preclude such an approach for organizational and accounting reasons. As such, almost all organizations separately budget and account for direct and indirect costs at some level depending on their financial reporting needs and the complexity of their operations.

In order to determine the total cost of delivering specific services, some methodology for determining and distributing indirect costs must be developed, and that is the purpose of cost allocation plans: to identify indirect costs and to allocate them to benefiting direct cost programs in a logical, consistent and reasonable manner.

Further, detailed information about the City's cost allocation plan can be found on the City's website and within its adopted budget for 2017-18.

Discussion: The Cost Allocation Plan is in its third year of implementation. It relies on a number of assumptions, estimates, and generally accepted methodologies for determining a fair, equitable, and reasonable approach to allocating indirect cost. As such, it is prudent to test those assumptions, estimates, and generally accepted methodologies periodically to gauge their reasonableness. This ad hoc will be integral in assisting with that evaluation.

There are no Attachments to this Agenda Item.



AGENDA SUMMARY REPORT

SUBJECT: Consideration and Possible Adoption of an Accessory Dwelling Unit Ordinance Adding and Amending Various Sections of the Ukiah City Code to Comply with California Government Code Section 65852.2 Regulating Accessory Dwelling Units.

DEPARTMENT: Community Development and Planning

PREPARED BY: Kevin Thompson

ATTACHMENTS:

[Attachment 1 - ADU Ordinance Draft 1 Redline](#)
[Attachment 2 - ADU Ordinance Draft 1 CLEAN](#)
[Attachment 3 - AB 2299 Summary of Local Regulation Expanded](#)
[Attachment 4 - Table AB 2299 v City Code CC Meeting 8-16-2017](#)
[Attachment 5 - Dept of HCD ADU Memorandum](#)
[Attachment 6 - Survey of Municipal ADU Regulation](#)
[Attachment 7 - Government Code Section 65852.2](#)

Summary: This item is the proposed adoption of an ordinance amending various sections of the City Code pertaining to the regulation of Accessory Dwelling Units. These amendments are required to comply with State Laws AB 2299, SB 1069, and AB 2406.

Background: On July 19, 2017, the City Council conducted a public hearing and voted (4-1) to introduce a

RECOMMENDED ACTION: Adopt ordinance of the City of Ukiah adding and amending various sections of the Ukiah City Code to comply with California Government Code section 65852.2 regulating Accessory Dwelling Units.

BUDGET AMENDMENT REQUIRED: No

CURRENT BUDGET AMOUNT: N/A

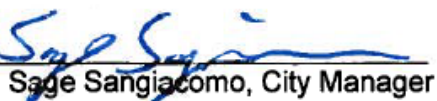
PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

PREVIOUS CONTRACT/PURCHASE ORDER NO.: N/A

COORDINATED WITH: Darcy Vaughn, Assistant City Attorney; Craig Schlatter, Community Development and Planning Director

Approved:


Sage Sangiacomo, City Manager

proposed Accessory Dwelling Unit Ordinance amending the City Code provisions regarding development standards and utility connection requirements for Accessory Dwelling Units in compliance with AB 2299, codified at Government Code Section 65852.2. On August 2, 2017, the City Council further discussed the Ordinance and provided staff direction to clean up two remaining items and return the Ordinance for adoption.

Discussion: The proposed amendments to the City Code drafted to comply with the requirements for local agency ordinances regulating Accessory Dwelling Units set forth in Government Code Section 65852.2 include:

1. Changing all references to “second units” to “Accessory Dwelling Units” (“ADU”)
2. Elimination of parking requirements for ADUs in certain situations
3. Reduction of setback requirements in certain situations
4. Elimination of fire sprinkler requirements in certain situations
5. Types and Size of Units
6. Assessment of Water and Sewer Utility Connection Fees

In order to further inform the Council on this item, Staff included following attachments: a red lined and clean version of the Ordinance (Attachments 1&2), a summary of AB 2299 (Attachment 3), a comparison table providing an analysis of City Code and the State regulations (Attachment 4), a Department of Housing and Community Development December 2016 Memorandum on ADUs (Attachment 5), a survey of local jurisdiction's compliance with requirements for ADUs (Attachment 6), and the Government Code Section 65852.2 (Attachment 7).

The current version reflects a wide array of community, Planning Commission, City staff, and City Council input. Most recently, at their August 2, 2017 meeting, the Council directed Staff to make the following revisions: 1) make a determination on whether the term "lot" or "parcel" should be used and uniformly use one of the two terms throughout the Ordinance (the selected term is "lot"); and 2) replace the one remaining reference of "second unit" to "Accessory Dwelling Unit." The Ordinance is now ready for consideration for adoption.

ORDINANCE NO.**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UKIAH ADDING AND AMENDING VARIOUS SECTIONS OF THE UKIAH CITY CODE TO COMPLY WITH CALIFORNIA GOVERNMENT CODE SECTION 65852.2 REGULATING ACCESSORY DWELLING UNITS**

The City Council of the City of Ukiah hereby ordains as follows.

SECTION 1

Findings and Declarations. The City Council finds and declares as follows:

- A. Housing in California is becoming increasingly unaffordable. The average California home currently costs about 2.5 times the national average home price and the monthly rent is 50% higher than the rest of the nation. With rising population growth, California must not only provide housing but also ensure affordability.
- B. In September 2016, Governor Brown signed into law Senate Bill 1069 and Assembly Bill 2299 relating to the creation of accessory dwelling units ("ADUs").
- C. These new bills were intended to address the housing crisis by easing regulatory barriers for homeowners who choose to build affordable housing in their own yards.
- D. SB 1069 and AB 2299, codified in part at California Government Code Section 65852.2, require cities to establish standards to allow for ministerial accessory dwelling units so as to provide additional rental housing stock as ADUs as an essential component of the housing supply in California.
- E. California Government Code Section 65852.150(b) provides that the Legislature's intent with the adoption of SB 1069 and AB 2299 was that local agencies adopt an ordinance relating to matters including unit size, parking, fees, and other requirements, that are not so arbitrary, excessive, or burdensome so as to unreasonably restrict the ability of homeowners to create accessory dwelling units in zones in which they are authorized by local ordinance.
- F. California Government Code Section 65852.2 is intended to relieve the expense and difficulty of developing ADUs by (1) limiting local agencies' ability to impose development standards for ADUs, (2) restricting circumstances in which local agencies may require new utility connections for ADUs, and (3) by restricting the methods by which local agencies may calculate connection fees or capacity charges for utility connections in ADUs.
- G. California Government Code Section 65852.2(a)(4) provides that any local ordinance that is inconsistent with the requirements of Section 65852.2 shall be null and void and state law shall apply unless or until the local agency adopts an ordinance consistent with this new law.
- H. This Ordinance is adopted to comply with these new State mandates regarding ADUs, and to reduce regulatory constraints affecting their production.

SECTION 2

Section 3702.5 of Division 4, Chapter 2, Article 3 of the Ukiah City Code is amended to read as follows:

§3702.5 SEWER REQUIRED

Any structure located within the City in which plumbing is to be installed and to which a public sewer is available shall, at the expense of the owner of the property, connect the plumbing of such structure directly to the proper public sewer in accordance with the provisions of this ordinance. A public sewer shall be deemed to be available if a public sewer is located within two hundred feet (200') of the property line of the property involved.

However, no new connection between an Accessory Dwelling Unit (as defined in Section 9278 of this Code) and the proper public sewer will be required for an Accessory Dwelling Unit contained within the existing space of an existing primary residence or accessory structure and located in the R-1 zone.

SECTION 3

Division 4, Chapter 2, Article 12 of the Ukiah City Code is hereby amended to read as follows (unchanged text is omitted and is shown by “* * *”):

§3731A SEWER CONNECTION CHARGES

The following charges are hereby established for the connection of the plumbing of any building or structure which discharges to the sanitary sewer system of the city and said charges are separate from any other charges presently levied or which may be levied in the future:

A. Residential Schedule:

Ten thousand nine hundred eleven dollars (\$10,911.00) for equivalent sewer service unit (ESSU) per dwelling unit connected to the wastewater system based on the number of bedrooms according to the following schedule:

	Connection Fee	ESSU
1. One bedroom	\$ 9,820.00	0.9
2. Two bedroom	10,911.00	1.0
3. Three bedroom	12,002.00	1.1
4. For each additional bedroom	1,091.00	0.1

* * *

D. Connection Fees for Accessory Dwelling Units

1. Accessory dwelling units shall not be considered new residential uses for the purposes of calculating local agency connection fees or capacity charges for utilities, including water and sewer service.
2. As provided in Section 3702.5, the City will not require a new connection between an Accessory Dwelling Unit (as defined in Section 9278 of this Code) and the sanitary sewer system for an Accessory Dwelling Unit contained within the existing space of an existing primary residence or accessory structure and located in the R-1 zone. Notwithstanding Section 3734A, the City shall not impose a connection fee or capacity charge for this type of Accessory Dwelling Unit.
3. For Accessory Dwelling Units that are not contained within the existing space of an existing primary residence or accessory structure or not located in the R-1 zone, the City may charge a connection fee or capacity charge that is proportionate to the burden of the proposed Accessory Dwelling Unit, based upon either its size or the number of fixture unit values as set forth in the current edition of the California Plumbing Code ("fixture units"), upon the sewer system. This fee or charge shall not exceed the reasonable cost of providing this service.
4. The connection fee for an Accessory Dwelling Unit shall be calculated based on the number of fixture units in the developed ADU, as determined by the City Engineer.
5. In the event that the property on which a primary dwelling and an Accessory Dwelling Unit are located is subdivided to create a new parcel lot on which the Accessory Dwelling Unit is located, and the Accessory Dwelling Unit was constructed on or after January 1, 2017, the property owner must pay to the City the difference between the sewer connection fee initially calculated for the Accessory Dwelling Unit pursuant to subdivision D4 of this Section and the connection fee that would have been calculated pursuant to subdivision A if the dwelling unit were the primary dwelling unit on a parcel lot.

SECTION 4

Section 3861 of Division 4, Chapter 4 of the Ukiah City Code is hereby amended to read as follows (unchanged text is omitted and is shown by " *"):**

§3861 WATER CONNECTION FEES

A. Payment of Fees

The storage and transmission and production and treatment facilities' fees are based on the size of the service. Said fees shall be due and payable prior to use and occupancy of the new facility requiring the service. No certificate of occupancy shall be issued and permanent water service shall not be provided until payment is received.

B. Connection Fees for Accessory Dwelling Units

1. Accessory dwelling units shall not be considered new residential uses for the purposes of calculating connection fees or capacity charges.
2. No new water connection shall be required, and no fee charged, for an Accessory Dwelling Unit (as defined in Section 9278 of this Code) contained within the existing space of an existing primary residence or accessory structure and located in the R-1 zone.

3. Accessory Dwelling Units that are not contained within the existing space of an existing primary residence or accessory structure or not located in the R-1 zone are subject to connection fees for water service as provided in Section 3861.

SECTION 5

Article 3 of Division 9, Chapter 2 of the Ukiah City Code is hereby amended to read as follows (unchanged text is omitted and is shown by “* * *”):

§9016 ALLOWED USES

The following uses are allowed in single family residential (R-1) districts:

* * *

Accessory Dwelling Units on parcels developed with a single-family residence subject to the following standards/criteria:

- A. The requirements of this subsection are applicable to all existing Accessory Dwelling Units as well as those proposed after the effective date hereof, except for legal nonconforming units, or as is otherwise specifically provided herein. Existing Accessory Dwelling Units as of the date hereof inconsistent with the provisions listed herein, shall be considered legal nonconforming, provided that they were legal at the time of their creation.
- B. Pursuant to California Government Code 65852.2(a)(1)(C), accessory dwelling units shall be deemed not to exceed the allowable density for the residential lot upon which an Accessory Dwelling Unit is located, and Accessory Dwelling Units are deemed a residential use that is consistent with the existing general plan and zoning designation for the residential lot on which an Accessory Dwelling Unit is located.
- C. These regulations do not allow the division of property upon which an Accessory Dwelling Unit ~~second unit~~ is located unless all requirements of the applicable zoning district, and any other requirements of this Code are met.
- D. The Accessory Dwelling Unit may be used for rental purposes. The minimum term of a lease for an Accessory Dwelling Unit shall be thirty (30) days.
- E. Accessory Dwelling Units may be attached to existing single-family residences or detached as separate structures. Accessory Dwelling Units shall incorporate the same or substantially similar architectural features, height, building materials and colors as the main dwelling unit or compatible dwellings located on adjacent properties. Architecture not similar to the architecture of the principal dwelling or buildings on adjacent properties shall be subject to the use permit process.
- F. The minimum lot size upon which an Accessory Dwelling Unit may be placed is five thousand (5,000) square feet for an interior lot, and seven thousand (7,000) square feet for a corner lot.
- G. The maximum size of an Accessory Dwelling Unit shall be ten percent (10%) of the lot size with a maximum size of one thousand two hundred (1,200) square feet. The increased floor area of an Accessory Dwelling Unit that is attached to the primary residence shall not exceed 50 percent (50%) of the existing living area.

- H. Parking requirements for the Accessory Dwelling Unit shall be one off street space (independently accessible or tandem) for each bedroom in addition to the two (2) independently accessible parking spaces required for the existing single-family residence. If the primary residence was legally constructed at a time when on-site parking was not required, then only the parking space(s) for the Accessory Dwelling Unit shall be required.

Off-street parking shall be permitted in setback areas in compliance with the definition of "Off-street Parking" found in Section 9278B of this Code or through tandem parking.

Parking standards will not be imposed for an Accessory Dwelling Unit in any of the following instances:

- (1) The Accessory Dwelling Unit is located within one-half mile of public transit.
 - (2) The Accessory Dwelling Unit is located within an architecturally and historically significant historic district.
 - (3) The Accessory Dwelling Unit is part of the existing primary residence or an existing accessory structure.
 - (4) When on-street parking permits are required but not offered to the occupant of the Accessory Dwelling Unit.
 - (5) When there is a car share vehicle located within one block of the Accessory Dwelling Unit.
- I. The Accessory Dwelling Unit must meet all applicable building and fire codes, and shall have electric, water and sewer service provided through the city with the type of meter arrangement at the property owner's option. Water, sewer, and electrical services shall be available prior to the issuance of a building permit for an Accessory Dwelling Unit~~second dwelling unit~~. No new water or sewer connection fees may be required for Accessory Dwelling Units that are contained within the existing space of a single-family residence or accessory structure as provided in Sections 3731A and 3861B. Accessory Dwelling Units shall not be required to provide fire sprinklers if they are not required for the primary residence.
- J. The Accessory Dwelling Unit shall comply with all applicable requirements of this code.
- K. The maximum height for Accessory Dwelling Units shall be eighteen feet (18'), except for attached accessory dwelling units, which shall have a maximum height of thirty feet (30'), pursuant to Section 9018 of this Chapter. Taller units may be approved through the use permit process.
- L. The following yard setback requirements shall apply to Accessory Dwelling Units in the R-1 (single-family residential) zoning district:
1. Front Yard: The same as the existing single-family residence, but no closer than five feet (5').
 2. Side Yard, Single-Story: Side yard for single-story unit: Five feet (5').
 3. Side Yard, Two-Story: Side yard for two-story unit: Ten feet (10').
 4. Rear Yard, Single-Story: Rear yard for single-story unit: Five feet (5').
 5. Rear Yard, Two-Story: Rear yard for two-story unit: Ten feet (10').

If the subject parcel abuts a differently zoned parcel, then the side and rear yard setbacks shall be the same as for the adjoining parcel.

Existing structures proposed for conversion to an Accessory Dwelling Unit must comply with the above yard setback requirements, except that no setback will be required for an existing garage that is converted to an accessory dwelling unit. A setback of no more than five feet from the side and rear lot lines shall be required for an accessory dwelling unit that is constructed above a garage.

M. The proposed Accessory Dwelling Units shall have a separate front door, which, in the event of an attached unit, shall not be located along the front of the existing single-family residence unless it is not obviously visible from the street in front of the residence.

N. One of the units on the parcel shall be occupied by the property owner.

O. Any balcony, window or door of an Accessory Dwelling Unit shall utilize techniques to lessen the privacy impacts onto adjacent properties. These techniques may include use of obscured glazing, window placement above eye level, or locating balconies, windows and doors toward the existing on site primary residence. In addition, trees shall be planted and maintained in a viable condition by the property owner, where appropriate, to preserve the privacy of neighboring property owners.

This requirement will not apply to an Accessory Dwelling Unit that is contained within the existing space of a single-family residence or accessory structure.

P. Driveways accessing Accessory Dwelling Units shall be set back a minimum of five feet (5') from any structure on an adjoining parcel that has a bedroom adjacent to the proposed driveway.

Q. The minimum width of a driveway serving an Accessory Dwelling Unit shall be twelve feet (12'), unless the City Fire Marshal determines that adequate fire protection can be provided to the Accessory Dwelling Unit~~second unit~~ even though the driveway has a width less than twelve feet (12').

R. Unless otherwise indicated, relief from the above criteria and standards may be pursued through the use permit process pursuant to article 20 of this chapter.

S. Applications for a building permit for an Accessory Dwelling Unit shall be considered ministerially without discretionary review or a hearing within 120 days after receiving the application.

T. Applications for a building permit for an Accessory Dwelling Unit that is contained within the existing space of an existing primary residence or accessory structure and located in the R-1 zone shall be approved ministerially if the unit is the sole Accessory Dwelling Unit on the lot, has independent exterior access from the existing residence, and has side and rear setbacks that are sufficient for fire safety. No additional parking or other development standards as set forth in subdivisions (F) through (H), (K) through (M), and (O) through (R) of this Section shall be applied except for building code requirements. This subdivision shall not apply to Accessory Dwelling Units that are not located within the R-1 zone.

* * *

§9018 BUILDING HEIGHT LIMITS

The following shall be the maximum limits for height of buildings in single-family residential (R-1) districts:

- A. For single-family dwellings and attached Accessory Dwelling Units, a maximum height of thirty feet (30').
- B. For accessory buildings a maximum height of twenty feet (20') or the maximum height of the main building whichever is less.
- C. The height limits for both dwelling units and accessory structures may be exceeded with the securing of a use permit. The height limit for Accessory Dwelling Units ~~second dwelling units~~ may be exceeded through the ~~second unit~~ use permit process, provided a finding is made that the higher structure would not adversely impact the health, safety, and general welfare of the public.

* * *

§9021 REQUIRED PARKING

- A. The minimum parking area required in single-family residential (R-1) districts is two (2) on site independently accessible spaces for each dwelling unit. Accessory Dwelling Units ~~Second dwelling units~~ require one additional on-site independently accessible parking space, except as provided in Section 9016 of this Chapter. The parking requirements for all other allowed or permitted uses shall be subject to the provisions of section 9198 of this chapter.

SECTION 6

Section 9278 in Division 9, Chapter 2, Article 21 of the Ukiah City Code (unchanged text is omitted and is shown by “* * *”):

* * *

DWELLING UNIT: A residential building or portion thereof providing complete, independent living facilities for one family including permanent provisions of living, sleeping, eating, cooking, and sanitation.

DWELLING UNIT, ACCESSORY:

An attached or a detached residential dwelling unit, located on a parcel lot in the R-1, R-2, and R-3 Zoning Districts that has been developed with a primary single-family residence, which provides complete independent living facilities for one or more persons. It can be wholly contained within the footprint of the existing primary, single-family residence or an existing accessory structure. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel lot as the single-family dwelling is situated. An Accessory Dwelling Unit also includes the following:

- (A) An efficiency unit, as defined in Section 17958.1 of Health and Safety Code.
- (B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.

EASEMENT: A right given by the owner of land to another party for specific limited use or enjoyment of that land.

* * *

SECTION 7

1. SEVERABILITY.

If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, is for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases of this Ordinance, or its application to any other person or circumstance. The City Council of the City of Ukiah hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof, irrespective of the fact that any one or more other sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases hereof be declared invalid or unenforceable.

2. EFFECTIVE DATE.

This Ordinance shall be published as required by law in a newspaper of general circulation in the City of Ukiah, and shall become effective thirty (30) days after its adoption.

Introduced by title only on _____, 2017 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Adopted on _____, 2017, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Jim O. Brown, Mayor

ATTEST:

Kristine Lawler, City Clerk

ORDINANCE NO.**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UKIAH ADDING AND AMENDING VARIOUS SECTIONS OF THE UKIAH CITY CODE TO COMPLY WITH CALIFORNIA GOVERNMENT CODE SECTION 65852.2 REGULATING ACCESSORY DWELLING UNITS**

The City Council of the City of Ukiah hereby ordains as follows.

SECTION 1

Findings and Declarations. The City Council finds and declares as follows:

- A. Housing in California is becoming increasingly unaffordable. The average California home currently costs about 2.5 times the national average home price and the monthly rent is 50% higher than the rest of the nation. With rising population growth, California must not only provide housing but also ensure affordability.
- B. In September 2016, Governor Brown signed into law Senate Bill 1069 and Assembly Bill 2299 relating to the creation of accessory dwelling units ("ADUs").
- C. These new bills were intended to address the housing crisis by easing regulatory barriers for homeowners who choose to build affordable housing in their own yards.
- D. SB 1069 and AB 2299, codified in part at California Government Code Section 65852.2, require cities to establish standards to allow for ministerial accessory dwelling units so as to provide additional rental housing stock as ADUs as an essential component of the housing supply in California.
- E. California Government Code Section 65852.150(b) provides that the Legislature's intent with the adoption of SB 1069 and AB 2299 was that local agencies adopt an ordinance relating to matters including unit size, parking, fees, and other requirements, that are not so arbitrary, excessive, or burdensome so as to unreasonably restrict the ability of homeowners to create accessory dwelling units in zones in which they are authorized by local ordinance.
- F. California Government Code Section 65852.2 is intended to relieve the expense and difficulty of developing ADUs by (1) limiting local agencies' ability to impose development standards for ADUs, (2) restricting circumstances in which local agencies may require new utility connections for ADUs, and (3) by restricting the methods by which local agencies may calculate connection fees or capacity charges for utility connections in ADUs.
- G. California Government Code Section 65852.2(a)(4) provides that any local ordinance that is inconsistent with the requirements of Section 65852.2 shall be null and void and state law shall apply unless or until the local agency adopts an ordinance consistent with this new law.
- H. This Ordinance is adopted to comply with these new State mandates regarding ADUs, and to reduce regulatory constraints affecting their production.

SECTION 2

Section 3702.5 of Division 4, Chapter 2, Article 3 of the Ukiah City Code is amended to read as follows:

§3702.5 SEWER REQUIRED

Any structure located within the City in which plumbing is to be installed and to which a public sewer is available shall, at the expense of the owner of the property, connect the plumbing of such structure directly to the proper public sewer in accordance with the provisions of this ordinance. A public sewer shall be deemed to be available if a public sewer is located within two hundred feet (200') of the property line of the property involved.

However, no new connection between an Accessory Dwelling Unit (as defined in Section 9278 of this Code) and the proper public sewer will be required for an Accessory Dwelling Unit contained within the existing space of an existing primary residence or accessory structure and located in the R-1 zone.

SECTION 3

Division 4, Chapter 2, Article 12 of the Ukiah City Code is hereby amended to read as follows (unchanged text is omitted and is shown by “* * *”):

§3731A SEWER CONNECTION CHARGES

The following charges are hereby established for the connection of the plumbing of any building or structure which discharges to the sanitary sewer system of the city and said charges are separate from any other charges presently levied or which may be levied in the future:

A. Residential Schedule:

Ten thousand nine hundred eleven dollars (\$10,911.00) for equivalent sewer service unit (ESSU) per dwelling unit connected to the wastewater system based on the number of bedrooms according to the following schedule:

	Connection Fee	ESSU
1. One bedroom	\$ 9,820.00	0.9
2. Two bedroom	10,911.00	1.0
3. Three bedroom	12,002.00	1.1
4. For each additional bedroom	1,091.00	0.1

* * *

D. Connection Fees for Accessory Dwelling Units

1. Accessory dwelling units shall not be considered new residential uses for the purposes of calculating local agency connection fees or capacity charges for utilities, including water and sewer service.
2. As provided in Section 3702.5, the City will not require a new connection between an Accessory Dwelling Unit (as defined in Section 9278 of this Code) and the sanitary sewer system for an Accessory Dwelling Unit contained within the existing space of an existing primary residence or accessory structure and located in the R-1 zone. Notwithstanding Section 3734A, the City shall not impose a connection fee or capacity charge for this type of Accessory Dwelling Unit.
3. For Accessory Dwelling Units that are not contained within the existing space of an existing primary residence or accessory structure or not located in the R-1 zone, the City may charge a connection fee or capacity charge that is proportionate to the burden of the proposed Accessory Dwelling Unit, based upon either its size or the number of fixture unit values as set forth in the current edition of the California Plumbing Code ("fixture units"), upon the sewer system. This fee or charge shall not exceed the reasonable cost of providing this service.
4. The connection fee for an Accessory Dwelling Unit shall be calculated based on the number of fixture units in the developed ADU, as determined by the City Engineer.
5. In the event that the property on which a primary dwelling and an Accessory Dwelling Unit are located is subdivided to create a new lot on which the Accessory Dwelling Unit is located, and the Accessory Dwelling Unit was constructed on or after January 1, 2017, the property owner must pay to the City the difference between the sewer connection fee initially calculated for the Accessory Dwelling Unit pursuant to subdivision D4 of this Section and the connection fee that would have been calculated pursuant to subdivision A if the dwelling unit were the primary dwelling unit on a lot.

SECTION 4

Section 3861 of Division 4, Chapter 4 of the Ukiah City Code is hereby amended to read as follows (unchanged text is omitted and is shown by " * **"):**

§3861 WATER CONNECTION FEES

A. Payment of Fees

The storage and transmission and production and treatment facilities' fees are based on the size of the service. Said fees shall be due and payable prior to use and occupancy of the new facility requiring the service. No certificate of occupancy shall be issued and permanent water service shall not be provided until payment is received.

B. Connection Fees for Accessory Dwelling Units

1. Accessory dwelling units shall not be considered new residential uses for the purposes of calculating connection fees or capacity charges.
2. No new water connection shall be required, and no fee charged, for an Accessory Dwelling Unit (as defined in Section 9278 of this Code) contained within the existing space of an existing primary residence or accessory structure and located in the R-1 zone.

3. Accessory Dwelling Units that are not contained within the existing space of an existing primary residence or accessory structure or not located in the R-1 zone are subject to connection fees for water service as provided in Section 3861.

SECTION 5

Article 3 of Division 9, Chapter 2 of the Ukiah City Code is hereby amended to read as follows (unchanged text is omitted and is shown by “* * *”):

§9016 ALLOWED USES

The following uses are allowed in single family residential (R-1) districts:

* * *

Accessory Dwelling Units on lots developed with a single-family residence subject to the following standards/criteria:

- A. The requirements of this subsection are applicable to all existing Accessory Dwelling Units as well as those proposed after the effective date hereof, except for legal nonconforming units, or as is otherwise specifically provided herein. Existing Accessory Dwelling Units as of the date hereof inconsistent with the provisions listed herein, shall be considered legal nonconforming, provided that they were legal at the time of their creation.
- B. Pursuant to California Government Code 65852.2(a)(1)(C), accessory dwelling units shall be deemed not to exceed the allowable density for the residential lot upon which an Accessory Dwelling Unit is located, and Accessory Dwelling Units are deemed a residential use that is consistent with the existing general plan and zoning designation for the residential lot on which an Accessory Dwelling Unit is located.
- C. These regulations do not allow the division of property upon which an Accessory Dwelling Unit is located unless all requirements of the applicable zoning district, and any other requirements of this Code are met.
- D. The Accessory Dwelling Unit may be used for rental purposes. The minimum term of a lease for an Accessory Dwelling Unit shall be thirty (30) days.
- E. Accessory Dwelling Units may be attached to existing single-family residences or detached as separate structures. Accessory Dwelling Units shall incorporate the same or substantially similar architectural features, height, building materials and colors as the main dwelling unit or compatible dwellings located on adjacent properties. Architecture not similar to the architecture of the principal dwelling or buildings on adjacent properties shall be subject to the use permit process.
- F. The minimum lot size upon which an Accessory Dwelling Unit may be placed is five thousand (5,000) square feet for an interior lot, and seven thousand (7,000) square feet for a corner lot.
- G. The maximum size of an Accessory Dwelling Unit shall be ten percent (10%) of the lot size with a maximum size of one thousand two hundred (1,200) square feet. The increased floor area of an Accessory Dwelling Unit that is attached to the primary residence shall not exceed 50 percent (50%) of the existing living area.

- H. Parking requirements for the Accessory Dwelling Unit shall be one off street space (independently accessible or tandem) for each bedroom in addition to the two (2) independently accessible parking spaces required for the existing single-family residence. If the primary residence was legally constructed at a time when on-site parking was not required, then only the parking space(s) for the Accessory Dwelling Unit shall be required.

Off-street parking shall be permitted in setback areas in compliance with the definition of "Off-street Parking" found in Section 9278B of this Code or through tandem parking.

Parking standards will not be imposed for an Accessory Dwelling Unit in any of the following instances:

- (1) The Accessory Dwelling Unit is located within one-half mile of public transit.
 - (2) The Accessory Dwelling Unit is located within an architecturally and historically significant historic district.
 - (3) The Accessory Dwelling Unit is part of the existing primary residence or an existing accessory structure.
 - (4) When on-street parking permits are required but not offered to the occupant of the Accessory Dwelling Unit.
 - (5) When there is a car share vehicle located within one block of the Accessory Dwelling Unit.
- I. The Accessory Dwelling Unit must meet all applicable building and fire codes, and shall have electric, water and sewer service provided through the city with the type of meter arrangement at the property owner's option. Water, sewer, and electrical services shall be available prior to the issuance of a building permit for an Accessory Dwelling Unit. No new water or sewer connection fees may be required for Accessory Dwelling Units that are contained within the existing space of a single-family residence or accessory structure as provided in Sections 3731A and 3861B. Accessory Dwelling Units shall not be required to provide fire sprinklers if they are not required for the primary residence.
- J. The Accessory Dwelling Unit shall comply with all applicable requirements of this code.
- K. The maximum height for Accessory Dwelling Units shall be eighteen feet (18'), except for attached accessory dwelling units, which shall have a maximum height of thirty feet (30'), pursuant to Section 9018 of this Chapter. Taller units may be approved through the use permit process.
- L. The following yard setback requirements shall apply to Accessory Dwelling Units in the R-1 (single-family residential) zoning district:
1. Front Yard: The same as the existing single-family residence, but no closer than five feet (5').
 2. Side Yard, Single-Story: Side yard for single-story unit: Five feet (5').
 3. Side Yard, Two-Story: Side yard for two-story unit: Ten feet (10').
 4. Rear Yard, Single-Story: Rear yard for single-story unit: Five feet (5').
 5. Rear Yard, Two-Story: Rear yard for two-story unit: Ten feet (10').

If the subject lot abuts a differently zoned lot, then the side and rear yard setbacks shall be the same as for the adjoining lot.

Existing structures proposed for conversion to an Accessory Dwelling Unit must comply with the above yard setback requirements, except that no setback will be required for an existing garage that is converted to an accessory dwelling unit. A setback of no more than five feet from the side and rear lot lines shall be required for an accessory dwelling unit that is constructed above a garage.

- M. The proposed Accessory Dwelling Units shall have a separate front door, which, in the event of an attached unit, shall not be located along the front of the existing single-family residence unless it is not obviously visible from the street in front of the residence.
- N. One of the units on the lot shall be occupied by the property owner.
- O. Any balcony, window or door of an Accessory Dwelling Unit shall utilize techniques to lessen the privacy impacts onto adjacent properties. These techniques may include use of obscured glazing, window placement above eye level, or locating balconies, windows and doors toward the existing on site primary residence. In addition, trees shall be planted and maintained in a viable condition by the property owner, where appropriate, to preserve the privacy of neighboring property owners.

This requirement will not apply to an Accessory Dwelling Unit that is contained within the existing space of a single-family residence or accessory structure.

- P. Driveways accessing Accessory Dwelling Units shall be set back a minimum of five feet (5') from any structure on an adjoining lot that has a bedroom adjacent to the proposed driveway.
- Q. The minimum width of a driveway serving an Accessory Dwelling Unit shall be twelve feet (12'), unless the City Fire Marshal determines that adequate fire protection can be provided to the Accessory Dwelling Unit even though the driveway has a width less than twelve feet (12').
- R. Unless otherwise indicated, relief from the above criteria and standards may be pursued through the use permit process pursuant to article 20 of this chapter.
- S. Applications for a building permit for an Accessory Dwelling Unit shall be considered ministerially without discretionary review or a hearing within 120 days after receiving the application.
- T. Applications for a building permit for an Accessory Dwelling Unit that is contained within the existing space of an existing primary residence or accessory structure and located in the R-1 zone shall be approved ministerially if the unit is the sole Accessory Dwelling Unit on the lot, has independent exterior access from the existing residence, and has side and rear setbacks that are sufficient for fire safety. No additional parking or other development standards as set forth in subdivisions (F) through (H), (K) through (M), and (O) through (R) of this Section shall be applied except for building code requirements. This subdivision shall not apply to Accessory Dwelling Units that are not located within the R-1 zone.

* * *

§9018 BUILDING HEIGHT LIMITS

The following shall be the maximum limits for height of buildings in single-family residential (R-1) districts:

- A. For single-family dwellings and attached Accessory Dwelling Units, a maximum height of thirty feet (30').
- B. For accessory buildings a maximum height of twenty feet (20') or the maximum height of the main building whichever is less.
- C. The height limits for both dwelling units and accessory structures may be exceeded with the securing of a use permit. The height limit for Accessory Dwelling Units may be exceeded through the use permit process, provided a finding is made that the higher structure would not adversely impact the health, safety, and general welfare of the public.

* * *

§9021 REQUIRED PARKING

- A. The minimum parking area required in single-family residential (R-1) districts is two (2) on site independently accessible spaces for each dwelling unit. Accessory Dwelling Units require one additional onsite independently accessible parking space, except as provided in Section 9016 of this Chapter. The parking requirements for all other allowed or permitted uses shall be subject to the provisions of section 9198 of this chapter.

SECTION 6

Section 9278 in Division 9, Chapter 2, Article 21 of the Ukiah City Code (unchanged text is omitted and is shown by “* * *”):

* * *

DWELLING UNIT: A residential building or portion thereof providing complete, independent living facilities for one family including permanent provisions of living, sleeping, eating, cooking, and sanitation.

DWELLING UNIT, ACCESSORY:

An attached or a detached residential dwelling unit, located on a lot in the R-1, R-2, and R-3 Zoning Districts that has been developed with a primary single-family residence, which provides complete independent living facilities for one or more persons. It can be wholly contained within the footprint of the existing primary, single-family residence or an existing accessory structure. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same lot as the single-family dwelling is situated.

An Accessory Dwelling Unit also includes the following:

- (A) An efficiency unit, as defined in Section 17958.1 of Health and Safety Code.
- (B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.

EASEMENT: A right given by the owner of land to another party for specific limited use or enjoyment of that land.

* * *

SECTION 7

1. SEVERABILITY.

If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, is for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases of this Ordinance, or its application to any other person or circumstance. The City Council of the City of Ukiah hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof, irrespective of the fact that any one or more other sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases hereof be declared invalid or unenforceable.

2. EFFECTIVE DATE.

This Ordinance shall be published as required by law in a newspaper of general circulation in the City of Ukiah, and shall become effective thirty (30) days after its adoption.

Introduced by title only on _____, 2017 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Adopted on _____, 2017, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Jim O. Brown, Mayor

ATTEST:

Kristine Lawler, City Clerk

SUMMARY OF AB 2299, CODIFIED AT GOVT. CODE § 65852.2

An Accessory Dwelling Unit, or ADU, means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons, and also includes efficiency units and manufactured homes. An ADU can also be wholly contained within the footprint of the existing primary, single-family residence or an existing accessory structure. To qualify for special treatment under Govt. Code § 65852.2, an ADU must include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the primary single-family dwelling is situated. In addition, Govt. Code § 65852.2 applies only to the development of ADUs in single-family and multifamily residential zones.

Effect on Current City Code:

As set forth in Section 65852.2 and confirmed by the Department of Housing and Community Development Accessory Dwelling Unit Memorandum (See Attachment 4) any existing local agency ADU ordinance that does not meet Section 65852.2's requirements is null and void as of January 1, 2017. In such cases, a jurisdiction must approve accessory dwelling units based on the development standards explicitly set forth in Section 65852.2 until the jurisdiction adopts a compliant ordinance. That is to say, until the City adopts an ordinance that complies with Section 65852.2, it is limited to "state standards" for ADU development in reviewing an application to develop an ADU and cannot include additional requirements such unit height, architectural review, and privacy features.

The "state standards" are as follows (See Page 32 of the Department of Housing Memorandum for a chart):

- Unit is not intended for sale separate from the primary residence and may be rented.
- Lot is zoned for single-family or multifamily use and contains an existing, single-family dwelling.
- Accessory dwelling unit is either attached to the existing dwelling or located within the living area of the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.
- Increased floor area of an attached accessory dwelling unit does not exceed 50 percent of the existing living area, with a maximum increase in floor area of 1,200 square feet.
- Total area of floor space for a detached accessory dwelling unit does not exceed 1,200 square feet.
- Passageways are not required in conjunction with the construction of an accessory dwelling unit.
- Setbacks are not required for an existing garage that is converted to an accessory dwelling unit, and a setback of no more than five feet from the side and rear lot lines are not required for an accessory dwelling unit that is constructed above a garage.
- Local building code requirements that apply to detached dwellings are met, as appropriate.
- Parking requirements do not exceed one parking space per unit or per bedroom. These spaces may be provided as tandem parking on an existing driveway. (Exceptions from Section 65852.2(d) still apply, e.g. no parking requirements may be imposed on an ADU within one half mile of public transportation.)

Aspects of ADU Development the City Can Regulate by Adopting a Compliant ADU Ordinance:

Location of ADUs:

The City can designate areas where ADUs are permitted, based on criteria such as the adequacy of water and sewer services and the impact of ADUs on traffic flow and public safety.

Building Standards:

The City can impose standards on ADUs that include, but are not limited to:

- Parking*
- Height
- Setback*
- Lot coverage
- Landscape
- Architectural review
- Maximum and Minimum size of a unit*
- Standards that prevent adverse impacts on any real property that is listed in the California Register of Historic Places.

* But see *below* for limitations on these standards.

Owner Occupancy:

The City may require owner occupancy of the primary residence on the lot on which an ADU is located.

Lease Term:

The City may require that an ADU must be used for rentals of terms longer than 30 days.

Miscellaneous Health and Safety Requirements:

Local building codes apply to all ADUs.

The City's Ability to Regulate ADU Development is Limited As Follows:

Building Standards:

Maximum and Minimum Size:

A local agency may establish minimum and maximum unit size requirements for both attached and detached ADUs. No minimum or maximum size for an ADU, or size based upon a percentage of the existing dwelling, for either attached or detached dwellings, shall be established by ordinance, that does not permit at least an efficiency unit to be constructed in compliance with local development standards. Pursuant to state law, an efficiency unit can have a minimum floor area of 150 square feet and can also have partial kitchen or bathroom facilities.

The increased floor area of an attached ADU shall not exceed 50 percent of the existing living area, with a maximum increase in floor area of 1,200 square feet. The City can set a smaller maximum size, provided that the requirement does not burden (e.g. make development cost prohibitive or impossible under the standards imposed) or prevent the development of ADUs.

The total area of floor space for a detached ADU shall not exceed 1,200 square feet. The City can set a smaller maximum size, provided that the requirement does not burden or prevent the development of ADUs.

Setbacks:

No setback shall be required for an existing garage that is converted to an ADU unit.

A setback of no more than five feet from the side and rear lot lines shall be required for an ADU that is constructed above a garage.

Parking:

Parking requirements for ADUs shall not exceed one parking space per unit or per bedroom. These spaces may be provided as tandem parking on an existing driveway. While “tandem parking” is not currently defined in Section 65852.2, AB 464, currently in committee before the State legislature, would amend Section 65852.2 to define “tandem parking” as meaning that “two or more automobiles are parked on a driveway or in any other location on a lot, lined up behind one another.”

Off-street parking shall be permitted in setback areas in locations determined by the City or through tandem parking, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site or regional topographical or fire and life safety conditions, or that it is not permitted anywhere else in the jurisdiction.

If a garage, carport, or covered parking structure is demolished in conjunction with the construction of an ADU, and the City requires that those off-street parking spaces be replaced, the replacement spaces may be located in any configuration on the same lot as the ADU, including, but not limited to, as covered spaces, uncovered spaces, or tandem spaces, or by the use of mechanical automobile parking lifts.

The City may not impose parking standards for an ADU in any of the following instances:

- (1) The ADU is located within one-half mile of public transit.
- (2) The ADU is located within an architecturally and historically significant historic district.
- (3) The ADU is part of the existing primary residence or an existing accessory structure.
- (4) When on-street parking permits are required but not offered to the occupant of the ADU.
- (5) When there is a car share vehicle located within one block of the ADU.

Fire Sprinklers:

ADUs shall not be required to provide fire sprinklers if they are not required for the primary residence.

Passageways:

No passageway shall be required in conjunction with the construction of an ADU. “Passageway” means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the accessory dwelling

Utility Connections and Fees:

ADUs shall not be considered new residential uses for the purposes of calculating local agency connection fees or capacity charges for utilities, including water and sewer service.

For an ADU located in a single-family residential zone that is contained within the existing space of a single-family residence or accessory structure, the City may not require the applicant to install a new or separate utility connection directly between the ADU and the utility or impose a related connection fee or capacity charge.

For all other ADUs, the City may require a new or separate utility connection directly between the ADU and the utility. That connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed ADU, based upon either its size or the number of its plumbing fixtures, upon the water or sewer system. This fee or charge shall not exceed the reasonable cost of providing this service.

Other Requirements for City Regulation of ADUs:

An ADU Ordinance must require that an ADU is not intended for sale separate from the primary residence and may be rented.

An ADU Ordinance must state that an ADU can only be located on a lot is zoned for single-family or multifamily use and contains an existing, single-family dwelling.

An application for a building permit for an ADU shall be considered ministerially without discretionary review or a hearing.

An application for a building permit to create, within a single-family residential zone, one ADU per single-family lot, if the unit is contained within the existing space of a single-family residence or accessory structure, has independent exterior access from the existing residence, and the side and rear setbacks are sufficient for fire safety, must be approved ministerially (meaning without being required to get a use or other permit that requires public notice and a hearing) and are not subject to development standards other than building code requirements.

Comparison of AB 2299 and Ukiah City Code Provisions Regulating Creation of Second Units and Proposed Amendments in ADU Ordinance for Compliance with AB 2299

*These regulations only apply to Accessory Dwelling Units located within single-family and multifamily residential zoned properties.

Provisions of AB 2299 , Codified at Gov't Code Section 65852.2	Conflicting Provisions of City Code	Corresponding Amendment to City Code in Accessory Dwelling Unit Ordinance
Section 65852.2 replaces all occurrences of "second unit" with "accessory dwelling unit" ("ADU").	Section 9016 in the City Zoning Ordinance currently refers to "second dwelling units" or "second units".	The proposed ADU ordinance changes all references to "second dwelling units" or "second units" to "accessory dwelling unit" would make the City Code consistent with terms in State law.
Applications for permits for ADUs be processed within 120 days of receiving application	None	The proposed ADU ordinance adds language about the 120 day limit for processing ADU permit applications to the City Code.
An application for a building permit for an ADU shall be considered ministerially without discretionary review or a hearing.	None	The proposed ADU ordinance adds this language to the City Code.
An application to create within a single family residential zone one ADU per single family lot must be ministerially approved if the unit is: • contained within an existing residence or accessory structure. • has independent exterior access from the existing residence. • has side and rear setbacks that are sufficient for fire safety. These provisions apply within all single family residential zones and ADUs within existing space must be allowed in all of these zones. No additional	None	The proposed ADU ordinance adds this language to the City Code.

parking or other development standards can be applied except for building code requirements.		
Maximum size: Increased floor space of an attached ADU shall not exceed 50% of the existing living space and shall not exceed 1,200 square feet. The total area of floor space for a detached ADU shall not exceed 1,200 square feet. Minimum size- 150 square foot efficiency unit, as defined in the California Building Code	Section 9016 in the City Zoning Ordinance currently limits the size of a second unit to 10% of the total lot size, with a maximum size of 750 square feet. Section 9016 does not set forth a minimum size requirement for second units.	The proposed ADU Ordinance increases the maximum size of an ADU in the City's jurisdiction to 1,200 square feet and amends the definition of an ADU/second unit to include an efficiency unit as defined in the California Building Code.
Setbacks: No setback shall be required for an existing garage that is converted to an ADU, beyond what would be required by local building and fire codes. A setback of no more than 5 feet from the side and rear lot lines shall be required for an ADU constructed above a garage.	Section 9016 in the City Zoning Ordinance states that the following setback requirements shall apply to all second dwelling units in the R-1 (single-family residential) zoning district: 1. Front Yard: The same as the existing single-family residence, but no closer than five feet (5'). 2. Side Yard, Single-Story: Side yard for single-story unit: Five feet (5'). 3. Side Yard, Two-Story: Side yard for two-story unit: Ten feet (10'). 4. Rear Yard, Single-Story: Rear yard for single-story unit: Five feet (5'). 5. Rear Yard, Two-Story: Rear yard for two-story unit: Ten feet (10').	The proposed ADU Ordinance amends the City Code to state that (1) No setback shall be required for an existing garage or accessory building that is converted to an ADU as long as it meets fire and building code requirements and (2) An ADU constructed above a garage shall have a minimum setback of five feet from the side and rear lot lines.
Parking Standards: Local governments may not impose parking standards if: (1) ADU is within ½ mile of public transit; (2) ADU is located within an architecturally and historically significant historic district; (3) ADU is	Section 9016, subsection G, in the City Zoning Ordinance states that parking requirements for the second unit shall be one off street space (independently accessible or tandem) for each bedroom in addition to the two (2) independently accessible parking spaces required for the existing	The proposed ADU Ordinance amends the parking provisions in the City Code applicable to second dwelling units to incorporate AB 2299's prohibition on parking standards if: (1) ADU is within ½ mile of public transit; (2) ADU is located

part of an existing primary residence or an existing accessory structure; (4) on-street parking permits are required but not offered to ADU; (5) a car share vehicle is within one block of ADU. For ADUs not fitting any of the above categories, local governments may only require one parking space per unit or per bedroom, and spaces may be provided as tandem parking on an existing driveway. Off-street parking shall be permitted in setback areas in locations determined by the local agency or through tandem parking, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site or regional topographical or fire and life safety conditions, or that it is not permitted anywhere else in the jurisdiction.	single-family residence. If the primary residence was legally constructed at a time when on-site parking was not required, then only the parking space(s) for the second dwelling unit shall be required. Section 9021 in the City Zoning Ordinance states that second dwelling units require one additional on-site independently accessible parking space.	within an architecturally and historically significant historic district; (3) ADU is part of an existing primary residence or an existing accessory structure; (4) on-street parking permits are required but not offered to ADU; (5) a car share vehicle is within one block of ADU. The proposed ADU Ordinance also allows off-street parking in setback areas or through tandem parking.
Sprinklers: Installation of sprinklers not required if not required for primary residence.	Section 5216 of the City Fire Prevention Code, amending Section 903.2 of the CA Fire Code as adopted by the City, requires that: A. Approved automatic sprinkler systems shall be provided in new buildings and structures requiring a fire flow of 2,000 gallons per minute or greater as determined by appendix B of this code. B. Approved automatic sprinkler systems shall be provided in additions to existing structures where the new total building area would require a fire flow of 2,000 gallons per minute or greater as	The proposed ADU Ordinance amends the City Code to state that installation of fire sprinklers is not required for an ADU if they would not be required for the primary residence.

	determined by appendix B of this code. C. Approved automatic sprinkler systems shall be provided in existing structures which are remodeled, added to or altered, except for ordinary maintenance and repair not involving structural alterations, requiring a fire flow of 2,000 gallons per minute or greater as determined by appendix B of this code, and when the cost of such remodels, additions, or alterations within any 36 month period exceeds \$60,000. . . . E. Approved automatic sprinkler systems shall be provided in those new, additions to existing, remodeled, added to or altered buildings and structures which require a fire flow, as determined by appendix B of this code, in excess of the capability of the available water supply.	
Utility Connection Fees: ADUs shall not be considered new residential uses for the purposes of calculating local agency connection fees or capacity charges for utilities, including water and sewer service. For an ADU that is contained within the existing space of an existing primary residence or accessory structure in a single-family residential zone, the local agency shall not require the applicant to install a new or separate utility connection directly between the ADU and the utility or impose a related connection fee or capacity charge. For all other ADUs, a local	Section 3702.5 of the City Code states that any structure located within the City in which plumbing is to be installed and to which a public sewer is available shall, at the expense of the owner of the property, connect the plumbing of such structure directly to the proper public sewer in accordance with the provisions of this ordinance Section 3731A of the City Code, while not explicitly referring to second units, would treat any second unit as a new residential use for the purpose of calculating sewer connection charges and would impose a sewer connection fee. Section 3861 of the City Code, while not explicitly referring to second units, would treat any second unit as a new residential use for the purpose of calculating	The proposed ADU Ordinance makes the following amendments to the City Code: Section 3702.5, to state that no new sewer connection shall be required for an ADU that is contained within the existing space of an existing primary residence or accessory structure in a single-family residential zone. Sections 3731A and 3861, to state that ADUs shall not be treated as new residential uses for assessing sewer connection fees and to exempt ADUs that are contained within the existing space of an existing primary residence or accessory structure in the R-1zone from connection fees. Section 3731A is also

agency may require a new or separate utility connection directly between the ADU and the utility. Consistent with state law, the connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed ADU upon the water or sewer system. This fee or charge shall not exceed the reasonable cost of providing this service.	water connection charges and would impose a water connection fee.	amended to state that for ADUs that are not contained within the existing space of an existing primary residence or accessory structure or not located in the R-1 zone, the City may charge a connection fee or capacity charge that is proportionate to the burden of the proposed ADU. That fee will be determined based upon the number of its plumbing fixture units under the California Plumbing Code, and shall not exceed the reasonable cost of providing service.
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ATTACHMENT 5

Courtesy of Karen Chapple, UC Berkeley

California Department of Housing and Community Development
Where Foundations Begin

Accessory Dwelling Unit Memorandum

December 2016



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Understanding Accessory Dwelling Units and Their Importance



Courtesy of Karen Chapple, UC Berkeley

California's housing production is not keeping pace with demand. In the last decade less than half of the needed housing was built. This lack of housing is impacting affordability with average housing costs in California exceeding the rest of the nation. As affordability becomes more problematic, people drive longer distances between a home that is affordable and where they work, or double up to share space, both of which reduces quality of life and produces negative environmental impacts.

Beyond traditional market-rate construction and government subsidized production and preservation there are alternative housing models and emerging trends that can contribute to addressing home supply and affordability in California.

One such example gaining popularity are Accessory Dwelling Units (ADUs) (also referred to as second units, in-law units, or granny flats).

What is an ADU

An ADU is a secondary dwelling unit with complete independent living facilities for one or more persons and generally takes three forms:

- *Detached*: The unit is separated from the primary structure
- *Attached*: The unit is attached to the primary structure
- *Repurposed Existing Space*: Space (e.g., master bedroom) within the primary residence is converted into an independent living unit
- *Junior Accessory Dwelling Units*: Similar to repurposed space with various streamlining measures

ADUs offer benefits that address common development barriers such as affordability and environmental quality. ADUs are an affordable type of home to construct in California because they do not require paying for land, major new infrastructure, structured parking, or elevators. ADUs are built with cost-effective one- or two-story wood frame construction, which is significantly less costly than homes in new multifamily infill buildings. ADUs can provide as much living space as the new apartments and condominiums being built in new infill buildings and serve very well for couples, small families, friends, young people, and seniors.

ADUs are a different form of housing that can help California meet its diverse housing needs. Young professionals and students desire to live in areas close to jobs, amenities, and schools. The problem with high-opportunity areas is that space is limited. There is a shortage of affordable units and the units that are available can be out of reach for many people. To address the needs of individuals or small families seeking living quarters in high opportunity areas, homeowners can construct an ADU on their lot or convert an underutilized part of their home like a garage

into a junior ADU. This flexibility benefits not just people renting the space, but the homeowner as well, who can receive an extra monthly rent income.

ADUs give homeowners the flexibility to share independent living areas with family members and others, allowing seniors to age in place as they require more care and helping extended families to be near one another while maintaining privacy.

Relaxed regulations and the cost to build an ADU make it a very feasible affordable housing option. A UC Berkeley study noted that one unit of affordable housing in the Bay Area costs about \$500,000 to develop whereas an ADU can range anywhere up to \$200,000 on the expensive end in high housing cost areas.

ADUs are a critical form of infill-development that can be affordable and offer important housing choices within existing neighborhoods. ADUs are a powerful type of housing unit because they allow for different uses, and serve different populations ranging from students and young professionals to young families, people with disabilities and senior citizens. By design, ADUs are more affordable and can provide additional income to homeowners. Local governments can encourage the development of ADUs and improve access to jobs, education and services for many Californians.

Summary of Recent Changes to ADU Laws



Courtesy of Karen Chapple, UC Berkeley

The California legislature found and declared that, among other things, allowing accessory dwelling units (ADUs) in single family and multifamily zones provides additional rental housing and are an essential component in addressing housing needs in California. Over the years, ADU law has been revised to improve its effectiveness such as recent changes in 2003 to require ministerial approval. In 2017, changes to ADU laws will further reduce barriers, better streamline approval and expand capacity to accommodate the development of ADUs.

ADUs are a unique opportunity to address a variety of housing needs and provide affordable housing options for family members, friends, students, the elderly, in-home health care providers, the disabled, and others. Further, ADUs offer an opportunity to maximize and integrate housing choices within existing neighborhoods.

Within this context, the Department has prepared this guidance to assist local governments in encouraging the development of ADUs. Please see Attachment 1 for the complete statutory changes. The following is a brief summary of the changes for each bill.

SB 1069 (Wieckowski)

S.B. 1069 (Chapter 720, Statutes of 2016) made several changes to address barriers to the development of ADUs and expanded capacity for their development. The following is a brief summary of provisions that go into effect January 1, 2017.

Parking

SB 1069 reduces parking requirements to one space per bedroom or unit. The legislation authorizes off street parking to be tandem or in setback areas unless specific findings such as fire and life safety conditions are made. SB 1069 also prohibits parking requirements if the ADU meets any of the following:

- Is within a half mile from public transit.
- Is within an architecturally and historically significant historic district.
- Is part of an existing primary residence or an existing accessory structure.
- Is in an area where on-street parking permits are required, but not offered to the occupant of the ADU.
- Is located within one block of a car share area.

Fees

SB 1069 provides that ADUs shall not be considered new residential uses for the purpose of calculating utility connection fees or capacity charges, including water and sewer service. The bill prohibits a local agency from requiring an ADU applicant to install a new or separate utility connection or impose a related connection fee or capacity charge for ADUs that are contained within an existing residence or accessory structure. For attached and detached ADUs, this fee or charge must be proportionate to the burden of the unit on the water or sewer system and may not exceed the reasonable cost of providing the service.

Fire Requirements

SB 1069 provides that fire sprinklers shall not be required in an accessory unit if they are not required in the primary residence.

ADUs within Existing Space

Local governments must ministerially approve an application to create within a single family residential zone one ADU per single family lot if the unit is:

- contained within an existing residence or accessory structure.
- has independent exterior access from the existing residence.
- has side and rear setbacks that are sufficient for fire safety.

These provisions apply within all single family residential zones and ADUs within existing space must be allowed in all of these zones. No additional parking or other development standards can be applied except for building code requirements.

No Total Prohibition

SB 1069 prohibits a local government from adopting an ordinance that precludes ADUs.

AB 2299 (Bloom)

Generally, AB 2299 (Chapter 735, Statutes of 2016) requires a local government (beginning January 1, 2017) to ministerially approve ADUs if the unit complies with certain parking requirements, the maximum allowable size of an attached ADU, and setback requirements, as follows:

- The unit is not intended for sale separate from the primary residence and may be rented.
- The lot is zoned for single-family or multifamily use and contains an existing, single-family dwelling.
- The unit is either attached to an existing dwelling or located within the living area of the existing dwelling or detached and on the same lot.
- The increased floor area of the unit does not exceed 50% of the existing living area, with a maximum increase in floor area of 1,200 square feet.
- The total area of floorspace for a detached accessory dwelling unit does not exceed 1,200 square feet.
- No passageway can be required.
- No setback can be required from an existing garage that is converted to an ADU.

- Compliance with local building code requirements.
- Approval by the local health officer where private sewage disposal system is being used.

Impact on Existing Accessory Dwelling Unit Ordinances

AB 2299 provides that any existing ADU ordinance that does not meet the bill's requirements is null and void upon the date the bill becomes effective. In such cases, a jurisdiction must approve accessory dwelling units based on Government Code Section 65852.2 until the jurisdiction adopts a compliant ordinance.

AB 2406 (Thurmond)

AB 2406 (Chapter 755, Statutes of 2016) creates more flexibility for housing options by authorizing local governments to permit junior accessory dwelling units (JADU) through an ordinance. The bill defines JADUs to be a unit that cannot exceed 500 square feet and must be completely contained within the space of an existing residential structure. In addition, the bill requires specified components for a local JADU ordinance. Adoption of a JADU ordinance is optional.

Required Components

The ordinance authorized by AB 2406 must include the following requirements:

- Limit to one JADU per residential lot zoned for single-family residences with a single-family residence already built on the lot.
- The single-family residence in which the JADU is created or JADU must be occupied by the owner of the residence.
- The owner must record a deed restriction stating that the JADU cannot be sold separately from the single-family residence and restricting the JADU to the size limitations and other requirements of the JADU ordinance.
- The JADU must be located entirely within the existing structure of the single-family residence and JADU have its own separate entrance.
- The JADU must include an efficiency kitchen which includes a sink, cooking appliance, counter surface, and storage cabinets that meet minimum building code standards. No gas or 220V circuits are allowed.
- The JADU may share a bath with the primary residence or have its own bath.

Prohibited Components

This bill prohibits a local JADU ordinance from requiring:

- Additional parking as a condition to grant a permit.
- Applying additional water, sewer and power connection fees. No connections are needed as these utilities have already been accounted for in the original permit for the home.

Fire Safety Requirements

AB 2406 clarifies that a JADU is to be considered part of the single-family residence for the purposes of fire and life protections ordinances and regulations, such as sprinklers and smoke detectors. The bill also requires life and protection ordinances that affect single-family residences to be applied uniformly to all single-family residences, regardless of the presence of a JADU.

JADUs and the RHNA

As part of the housing element portion of their general plan, local governments are required to identify sites with appropriate zoning that will accommodate projected housing needs in their regional housing need allocation (RHNA) and report on their progress pursuant to Government Code Section 65400. To credit a JADU toward the RHNA, HCD and the Department of Finance (DOF) utilize the census definition of a housing unit which is fairly flexible. Local government count units as part of reporting to DOF. JADUs meet these definitions and this bill would allow cities and counties to earn credit toward meeting their RHNA allocations by permitting residents to create less costly accessory units. See additional discussion under JADU frequently asked questions.

Frequently Asked Questions: Accessory Dwelling Units

Should an Ordinance Encourage the Development of ADUs?

Yes, ADU law and recent changes intend to address barriers, streamline approval and expand potential capacity for ADUs recognizing their unique importance in addressing California's housing needs. The preparation, adoption, amendment and implementation of local ADU ordinances must be carried out consistent with Government Code Section 65852.150:

(a) The Legislature finds and declares all of the following:

- (1) Accessory dwelling units are a valuable form of housing in California.*
 - (2) Accessory dwelling units provide housing for family members, students, the elderly, in-home health care providers, the disabled, and others, at below market prices within existing neighborhoods.*
 - (3) Homeowners who create accessory dwelling units benefit from added income, and an increased sense of security.*
 - (4) Allowing accessory dwelling units in single-family or multifamily residential zones provides additional rental housing stock in California.*
 - (5) California faces a severe housing crisis.*
 - (6) The state is falling far short of meeting current and future housing demand with serious consequences for the state's economy, our ability to build green infill consistent with state greenhouse gas reduction goals, and the well-being of our citizens, particularly lower and middle-income earners.*
 - (7) Accessory dwelling units offer lower cost housing to meet the needs of existing and future residents within existing neighborhoods, while respecting architectural character.*
 - (8) Accessory dwelling units are, therefore, an essential component of California's housing supply.*
- (b) It is the intent of the Legislature that an accessory dwelling unit ordinance adopted by a local agency has the effect of providing for the creation of accessory dwelling units and that provisions in this ordinance relating to matters including unit size, parking, fees, and other requirements, are not so arbitrary, excessive, or burdensome so as to unreasonably restrict the ability of homeowners to create accessory dwelling units in zones in which they are authorized by local ordinance.*

Are Existing Ordinances Null and Void?



Courtesy of Karen Chapple, UC Berkeley

Yes, any local ordinance adopted prior to January 1, 2017 that is not in compliance with the changes to ADU law will be null and void. Until an ordinance is adopted, local governments must apply “state standards” (See Attachment 4 for State Standards checklist). In the absence of a local ordinance complying with ADU law, local review must be limited to “state standards” and cannot include additional requirements such as those in an existing ordinance.

Are Local Governments Required to Adopt an Ordinance?

No, a local government is **not required** to adopt an ordinance. ADUs built within a jurisdiction that lacks a local ordinance must comply with state standards (See Attachment 4). Adopting an ordinance can occur through different forms such as a new ordinance, amendment to an existing ordinance, separate section or special regulations within the zoning code or integrated into the zoning code by district. However, the ordinance should be established legislatively through a public process and meeting and not through internal administrative actions such as memos or zoning interpretations.

Can a Local Government Preclude ADUs?

No local government cannot preclude ADUs.

Can a Local Government Apply Development Standards and Designate Areas?

Yes, local governments may apply development standards and may designate where ADUs are permitted (GC Sections 65852.2(a)(1)(A) and (B)). However, ADUs within existing structures must be allowed in all single family residential zones.

For ADUs that require an addition or a new accessory structure, development standards such as parking, height, lot coverage, lot size and maximum unit size can be established with certain limitations. ADUs can be avoided or allowed through an ancillary and separate discretionary process in areas with health and safety risks such as high fire hazard areas. However, standards and allowable areas must not be designed or applied in a manner that burdens the development of ADUs and should maximize the potential for ADU development. Designating areas where ADUs are allowed should be approached primarily on health and safety issues including water, sewer, traffic flow and public safety. Utilizing approaches such as restrictive overlays, limiting ADUs to larger lot sizes, burdensome lot coverage and setbacks and particularly concentration or distance requirements (e.g., no less than 500 feet between ADUs) may unreasonably restrict the ability of the homeowners to create ADUs, contrary to the intent of the Legislature.

Requiring large minimum lot sizes and not allowing smaller lot sizes for ADUs can severely restrict their potential development. For example, large minimum lot sizes for ADUs may constrict capacity throughout most of the community. Minimum lot sizes cannot be applied to ADUs within existing structures and could be considered relative to health and safety concerns such as areas on septic systems. While larger lot sizes might be targeted for various reasons such as ease of compatibility, many tools are available (e.g., maximum unit size, maximum lot coverage, minimum setbacks, architectural and landscape requirements) that allows ADUs to fit well within the built environment.

Can a Local Government Adopt Less Restrictive Requirements?

Yes, ADU law is a minimum requirement and its purpose is to encourage the development of ADUs. Local governments can take a variety of actions beyond the statute that promote ADUs such as reductions in fees, less restrictive parking or unit sizes or amending general plan policies.

Santa Cruz has confronted a shortage of housing for many years, considering its growth in population from incoming students at UC Santa Cruz and its proximity to Silicon Valley. The city promoted the development of ADUs as critical infill-housing opportunity through various strategies such as creating a manual to promote ADUs. The manual showcases prototypes of ADUs and outlines city zoning laws and requirements to make it more convenient for homeowners to get information. The City found that homeowners will take time to develop an ADU only if information is easy to find, the process is simple, and there is sufficient guidance on what options they have in regards to design and planning.

The city set the minimum lot size requirement at 4,500 sq. ft. to develop an ADU in order to encourage more homes to build an ADU. This allowed for a majority of single-family homes in Santa Cruz to develop an ADU. For more information, see <http://www.cityofsantacruz.com/departments/planning-and-community-development/programs/accessory-dwelling-unit-development-program>.

Can Local Governments Establish Minimum and Maximum Unit Sizes?

Yes, a local government may establish minimum and maximum unit sizes (GC Section 65852.2(c)). However, like all development standards (e.g., height, lot coverage, lot size), unit sizes should not burden the development of ADUs. For example, setting a minimum unit size that substantially increases costs or a maximum unit size that unreasonably restricts opportunities would be inconsistent with the intent of the statute. Typical maximum unit sizes range from 800 square feet to 1,200 square feet. Minimum unit size must at least allow for an efficiency unit as defined in Health and Safety Code Section 17958.1.

ADU law requires local government approval if meeting various requirements (GC Section 65852.2(a)(1)(D)), including unit size requirements. Specifically, attached ADUs shall not exceed 50 percent of the existing living area or 1,200 square feet and detached ADUs shall not exceed 1,200 square feet. A local government may choose a maximum unit size less than 1,200 square feet as long as the requirement is not burdensome on the creation of ADUs.

Can ADUs Exceed General Plan and Zoning Densities?

An ADU is an accessory use for the purposes of calculating allowable density under the general plan and zoning. For example, if a zoning district allows one unit per 7,500 square feet, then an ADU would not be counted as an additional unit. Minimum lot sizes must not be doubled (e.g., 15,000 square feet) to account for an ADU. Further, local governments could elect to allow more than one ADU on a lot.

New developments can increase the total number of affordable units in their project plans by integrating ADUs. Aside from increasing the total number of affordable units, integrating ADUs also promotes housing choices within a development. One such example is the Cannery project in Davis, CA. The Cannery project includes 547 residential units with up to 60 integrated ADUs. ADUs within the Cannery blend in with surrounding architecture, maintaining compatibility with neighborhoods and enhancing community character. ADUs are constructed at the same time as the primary single-family unit to ensure the affordable rental unit is available in the housing supply concurrent with the availability of market rate housing.

How Are Fees Charged to ADUs?

All impact fees, including water, sewer, park and traffic fees must be charged in accordance with the Fee Mitigation Act, which requires fees to be proportional to the actual impact (e.g., significantly less than a single family home).

Fees on ADUs, must proportionately account for impact on services based on the size of the ADU or number of plumbing fixtures. For example, a 700 square foot new ADU with one bathroom that results in less landscaping should be charged much less than a 2,000 square foot home with three bathrooms and an entirely new landscaped parcel which must be irrigated. Fees for ADUs should be significantly less and should account for a lesser impact such as lower sewer or traffic impacts.

What Utility Fee Requirements Apply to ADUs?

Cities and counties cannot consider ADUs as new residential uses when calculating connection fees and capacity charges.

Where ADUs are being created within an existing structure (primary or accessory), the city or county cannot require a new or separate utility connections for the ADU and cannot charge any connection fee or capacity charge.

For other ADUs, a local agency may require separate utility connections between the primary dwelling and the ADU, but any connection fee or capacity charge must be proportionate to the impact of the ADU based on either its size or the number of plumbing fixtures.

What Utility Fee Requirements Apply to Non-City and County Service Districts?

All local agencies must charge impact fees in accordance with the Mitigation Fee Act (commencing with Government Code Section 66000), including in particular Section 66013, which requires the connection fees and capacity charges to be proportionate to the burden posed by the ADU. Special districts and non-city and county service districts must account for the lesser impact related to an ADU and should base fees on unit size or number of plumbing fixtures. Providers should consider a proportionate or sliding scale fee structures that address the smaller size and lesser impact of ADUs (e.g., fees per square foot or fees per fixture). Fee waivers or deferrals could be considered to better promote the development of ADUs.

Do Utility Fee Requirements Apply to ADUs within Existing Space?

No, where ADUs are being created within an existing structure (primary or accessory), new or separate utility connections and fees (connection and capacity) must not be required.

Does “Public Transit” Include within One-half Mile of a Bus Stop and Train Station?

Yes, “public transit” may include a bus stop, train station and paratransit if appropriate for the applicant. “Public transit” includes areas where transit is available and can be considered regardless of tighter headways (e.g., 15 minute intervals). Local governments could consider a broader definition of “public transit” such as distance to a bus route.

Can Parking Be Required Where a Car Share Is Available?

No, ADU law does not allow parking to be required when there is a car share located within a block of the ADU. A car share location includes a designated pick up and drop off location. Local governments can measure a block from a pick up and drop off location and can decide to adopt broader distance requirements such as two to three blocks.

Is Off Street Parking Permitted in Setback Areas or through Tandem Parking?

Yes, ADU law deliberately reduces parking requirements. Local governments may make specific findings that tandem parking and parking in setbacks are infeasible based on specific site, regional topographical or fire and life safety conditions or that tandem parking or parking in setbacks is not permitted anywhere else in the jurisdiction. However, these determinations should be applied in a manner that does not unnecessarily restrict the creation of ADUs.

Local governments must provide reasonable accommodation to persons with disabilities to promote equal access housing and comply with fair housing laws and housing element law. The reasonable accommodation procedure must provide exception to zoning and land use regulations which includes an ADU ordinance. Potential exceptions are not limited and may include development standards such as setbacks and parking requirements and permitted uses that further the housing opportunities of individuals with disabilities.

Is Covered Parking Required?

No, off street parking must be permitted through tandem parking on an existing driveway, unless specific findings are made.

Is Replacement Parking Required When the Parking Area for the Primary Structure Is Used for an ADU?

Yes, but only if the local government requires off-street parking to be replaced in which case flexible arrangements such as tandem, including existing driveways and uncovered parking are allowed. Local governments have an opportunity to be flexible and promote ADUs that are being created on existing parking space and can consider not requiring replacement parking.

Are Setbacks Required When an Existing Garage Is Converted to an ADU?

No, setbacks must not be required when a garage is converted or when existing space (e.g., game room or office) above a garage is converted. Rear and side yard setbacks of no more than five feet are required when new space is added above a garage for an ADU. In this case, the setbacks only apply to the added space above the garage, not the existing garage and the ADU can be constructed wholly or partly above the garage, including extending beyond the garage walls.

Also, when a garage, carport or covered parking structure is demolished or where the parking area ceases to exist so an ADU can be created, the replacement parking must be allowed in any “configuration” on the lot, “...including,

but not limited to, covered spaces, uncovered spaces, or tandem spaces, or....” Configuration can be applied in a flexible manner to not burden the creation of ADUs. For example, spatial configurations like tandem on existing driveways in setback areas or not requiring excessive distances from the street would be appropriate.

Are ADUs Permitted in Existing Residence or Accessory Space?

Yes, ADUs located in single family residential zones and existing space of a single family residence or accessory structure must be approved regardless of zoning standards (Section 65852.2(a)(1)(B)) for ADUs, including locational requirements (Section 65852.2(a)(1)(A)), subject to usual non-appealable ministerial building permit requirements. For example, ADUs in existing space does not necessitate a zoning clearance and must not be limited to certain zones or areas or subject to height, lot size, lot coverage, unit size, architectural review, landscape or parking requirements. Simply, where a single family residence or accessory structure exists in any single family residential zone, so can an ADU. The purpose is to streamline and expand potential for ADUs where impact is minimal and the existing footprint is not being increased.

Zoning requirements are not a basis for denying a ministerial building permit for an ADU, including non-conforming lots or structures. The phrase, “..within the existing space” includes areas within a primary home or within an attached or detached accessory structure such as a garage, a carriage house, a pool house, a rear yard studio and similar enclosed structures.

Are Owner Occupants Required?

No, however, a local government can require an applicant to be an owner occupant. The owner may reside in the primary or accessory structure. Local governments can also require the ADU to not be used for short term rentals (terms lesser than 30 days). Both owner occupant use and prohibition on short term rentals can be required on the same property. Local agencies which impose this requirement should require recordation of a deed restriction regarding owner occupancy to comply with GC Section 27281.5

Are Fire Sprinklers Required for ADUs?

Depends, ADUs shall not be required to provide fire sprinklers if they are not or were not required of the primary residence. However, sprinklers can be required for an ADU if required in the primary structure. For example, if the primary residence has sprinklers as a result of an existing ordinance, then sprinklers could be required in the ADU. Alternative methods for fire protection could be provided.

If the ADU is detached from the main structure or new space above a detached garage, applicants can be encouraged to contact the local fire jurisdiction for information regarding fire sprinklers. Since ADUs are a unique opportunity to address a variety of housing needs and provide affordable housing options for family members, students, the elderly, in-home health care providers, the disabled, and others, the fire departments want to ensure the safety of these populations as well as the safety of those living in the primary structure. Fire Departments can help educate property owners on the benefits of sprinklers, potential resources and how they can be installed cost effectively. For example, insurance rates are typically 5 to 10 percent lower where the unit is sprinklered. Finally, other methods exist to provide additional fire protection. Some options may include additional exits, emergency escape and rescue openings, 1 hour or greater fire-rated assemblies, roofing materials and setbacks from property lines or other structures.

Is Manufactured Housing Permitted as an ADU?

Yes, an ADU is any residential dwelling unit with independent facilities and permanent provisions for living, sleeping, eating, cooking and sanitation. An ADU includes an efficiency unit (Health and Safety Code Section 17958.1) and a manufactured home (Health and Safety Code Section 18007).

Health and Safety Code Section 18007(a) “**Manufactured home**,” for the purposes of this part, means a structure that was constructed on or after June 15, 1976, is transportable in one or more sections, is eight body feet or more in width, or 40 body feet or more in length, in the traveling mode, or, when erected on site, is 320 or more square feet, is built on a permanent chassis and designed to be used as a single-family dwelling with or without a foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein. “Manufactured home” includes any structure that meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification and complies with the standards established under the National Manufactured Housing Construction and Safety Act of 1974 (42 U.S.C., Sec. 5401, and following).

Can an Efficiency Unit Be Smaller than 220 Square Feet?

Yes, an efficiency unit for occupancy by no more than two persons, by statute (Health and Safety Code Section 17958.1), can have a minimum floor area of 150 square feet and can also have partial kitchen or bathroom facilities, as specified by ordinance or can have the same meaning specified in the Uniform Building Code, referenced in the Title 24 of the California Code of Regulations.

The 2015 International Residential Code adopted by reference into the 2016 California Residential Code (CRC) allows residential dwelling units to be built considerably smaller than an Efficiency Dwelling Unit (EDU). Prior to this code change an EDU was required to have a minimum floor area not less than 220 sq. ft unless modified by local ordinance in accordance with the California Health and Safety Code which could allow an EDU to be built no less than 150 sq. ft. For more information, see HCD’s Information Bulletin at <http://www.hcd.ca.gov/codes/manufactured-housing/docs/ib2016-06.pdf> .

Does ADU Law Apply to Charter Cities and Counties?

Yes. ADU law explicitly applies to “local agencies” which are defined as a city, county, or city and county whether general law or chartered (Section 65852.2(i)(2)).

Do ADUs Count toward the Regional Housing Need Allocation?

Yes, local governments may report ADUs as progress toward Regional Housing Need Allocation pursuant to Government Code Section 65400 based on the actual or anticipated affordability. See below frequently asked questions for JADUs for additional discussion.

Must ADU Ordinances Be Submitted to the Department of Housing and Community Development?

Yes, ADU ordinances must be submitted to the State Department of Housing and Community Development within 60 days after adoption, including amendments to existing ordinances. However, upon submittal, the ordinance is not subject to a Department review and findings process similar to housing element law (GC Section 65585)

Frequently Asked Questions: Junior Accessory Dwelling Units

Is There a Difference between ADU and JADU?



Courtesy of Lilypad Homes and Photo Credit to Jocelyn Knight

Yes, AB 2406 added Government Code Section 65852.22, providing a unique option for Junior ADUs. The bill allows local governments to adopt ordinances for JADUs, which are no more than 500 square feet and are typically bedrooms in a single-family home that have an entrance into the unit from the main home and an entrance to the outside from the JADU. The JADU must have cooking facilities, including a sink, but is not required to have a private bathroom. Current law does not prohibit local governments from adopting an ordinance for a JADU, and this bill explicitly allows, not requires, a local agency to do so. If the ordinance requires a permit, the local agency shall not require additional parking or charge a fee for a water or sewer connection as a condition of granting a permit for a JADU. For more information, see below.

ADUs and JADUs

REQUIREMENTS	ADU	JADU
Maximum Unit Size	Yes, generally up to 1,200 Square Feet or 50% of living area	Yes, 500 Square Foot Maximum
Kitchen	Yes	Yes
Bathroom	Yes	No, Common Sanitation is Allowed
Separate Entrance	Depends	Yes
Parking	Depends, Parking May Be Eliminated and Cannot Be Required Under Specified Conditions	No, Parking Cannot Be Required
Owner Occupancy	Depends, Owner Occupancy May Be Required	Yes, Owner Occupancy Is Required
Ministerial Approval Process	Yes	Yes
Prohibition on Sale of ADU	Yes	Yes

Why Adopt a JADU Ordinance?

JADUs offer the simplest and most affordable housing option. They bridge the gap between a roommate and a tenant by offering an interior connection between the unit and main living area. The doors between the two spaces can be secured from both sides, allowing them to be easily privatized or incorporated back into the main living area. These units share central systems, require no fire separation, and have a basic kitchen, utilizing small plug in appliances, reducing development costs. This provides flexibility and an insurance policy in homes in case additional income or housing is needed. They present no additional stress on utility services or infrastructure because they simply repurpose spare bedrooms that do not expand the homes planned occupancy. No additional address is required on the property because an interior connection remains. By adopting a JADU ordinance, local governments can offer homeowners additional options to take advantage of underutilized space and better address its housing needs.

Can JADUs Count towards the RHNA?

Yes, as part of the housing element portion of their general plan, local governments are required to identify sites with appropriate zoning that will accommodate projected housing needs in their regional housing need allocation (RHNA) and report on their progress pursuant to Government Code Section 65400. To credit a unit toward the RHNA, HCD and the Department of Finance (DOF) utilize the census definition of a housing unit. Generally, a JADU, including with shared sanitation facilities, that meets the census definition and is reported to the Department of Finance as part of the DOF annual City and County Housing Unit Change Survey can be credited toward the RHNA based on the appropriate income level. Local governments can track actual or anticipated affordability to assure the JADU is counted to the appropriate income category. For example, some local governments request and track information such as anticipated affordability as part of the building permit application.

A housing unit is a house, an apartment, a mobile home or trailer, a group of rooms, or a single room that is occupied, or, if vacant, is intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any other persons in the building and which have direct access from the outside of the building or through a common hall.

Can the JADU Be Sold Independent of the Primary Dwelling?

No, the JADU cannot be sold separate from the primary dwelling.

Are JADUs Subject to Connection and Capacity Fees?

No, JADUs shall not be considered a separate or new dwelling unit for the purposes of fees and as a result should not be charged a fee for providing water, sewer or power, including a connection fee. These requirements apply to all providers of water, sewer and power, including non-municipal providers.

Local governments may adopt requirements for fees related to parking, other service or connection for water, sewer or power, however, these requirements must be uniform for all single family residences and JADUs are not considered a new or separate unit.

Are There Requirements for Fire Separation and Fire Sprinklers?

Yes, a local government may adopt requirements related to fire and life protection requirements. However, a JADU shall not be considered a new or separate unit. In other words, if the primary unit is not subject to fire or life protection requirements, then the JADU must be treated the same.

Resources



Courtesy of Karen Chapple, UC Berkeley

Attachment 1: Statutory Changes (Strikeout/Underline)

Government Code Section 65852.2

(a) (1) ~~Any~~ A local agency may, by ordinance, provide for the creation of ~~second-accessory dwelling~~ units in single-family and multifamily residential zones. The ordinance ~~may~~ shall do ~~any~~ all of the following:

(A) Designate areas within the jurisdiction of the local agency where ~~second-accessory dwelling~~ units may be permitted. The designation of areas may be based on criteria, that may include, but are not limited to, the adequacy of water and sewer services and the impact of ~~second-accessory dwelling~~ units on traffic ~~flow~~. flow and public safety.

(B) (i) Impose standards on ~~second-accessory dwelling~~ units that include, but are not limited to, parking, height, setback, lot coverage, landscape, architectural review, maximum size of a unit, and standards that prevent adverse impacts on any real property that is listed in the California Register of Historic Places.

(ii) Notwithstanding clause (i), a local agency may reduce or eliminate parking requirements for any accessory dwelling unit located within its jurisdiction.

(C) Provide that ~~second-accessory dwelling~~ units do not exceed the allowable density for the lot upon which the ~~second-accessory dwelling~~ unit is located, and that ~~second-accessory dwelling~~ units are a residential use that is consistent with the existing general plan and zoning designation for the lot.

(D) Require the accessory dwelling units to comply with all of the following:

(i) The unit is not intended for sale separate from the primary residence and may be rented.

(ii) The lot is zoned for single-family or multifamily use and contains an existing, single-family dwelling.

(iii) The accessory dwelling unit is either attached to the existing dwelling or located within the living area of the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.

(iv) The increased floor area of an attached accessory dwelling unit shall not exceed 50 percent of the existing living area, with a maximum increase in floor area of 1,200 square feet.

(v) The total area of floorspace for a detached accessory dwelling unit shall not exceed 1,200 square feet.

(vi) No passageway shall be required in conjunction with the construction of an accessory dwelling unit.

(vii) No setback shall be required for an existing garage that is converted to a accessory dwelling unit, and a setback of no more than five feet from the side and rear lot lines shall be required for an accessory dwelling unit that is constructed above a garage.

(viii) Local building code requirements that apply to detached dwellings, as appropriate.

(ix) Approval by the local health officer where a private sewage disposal system is being used, if required.

(x) (I) Parking requirements for accessory dwelling units shall not exceed one parking space per unit or per bedroom. These spaces may be provided as tandem parking on an existing driveway.

(II) Offstreet parking shall be permitted in setback areas in locations determined by the local agency or through tandem parking, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site or regional topographical or fire and life safety conditions, or that it is not permitted anywhere else in the jurisdiction.

(III) This clause shall not apply to a unit that is described in subdivision (d).

(xi) When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an accessory dwelling unit, and the local agency requires that those offstreet parking spaces be replaced, the replacement spaces may be located in any configuration on the same lot as the accessory dwelling unit, including, but not limited to, as covered spaces, uncovered spaces, or tandem spaces, or by the use of mechanical automobile parking lifts. This clause shall not apply to a unit that is described in subdivision (d).

(2) The ordinance shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.

(3) When a local agency receives its first application on or after July 1, 2003, for a permit pursuant to this subdivision, the application shall be considered ministerially without discretionary review or a hearing, notwithstanding Section 65901 or 65906 or any local ordinance regulating the issuance of variances or special use permits. ~~Nothing in this paragraph may be construed to require a local government to adopt or amend an ordinance for the creation of ADUs.~~ permits, within 120 days after receiving the application. A local agency may charge a fee to reimburse it for costs that it incurs as a result of amendments to this paragraph enacted during the 2001–02 Regular Session of the Legislature, including the costs of adopting or amending any ordinance that provides for the creation of ADUs. an accessory dwelling unit.

~~(b) (4) (1) An~~ When existing ordinance governing the creation of an accessory dwelling unit by a local agency which has not adopted an ordinance governing ADUs in accordance with subdivision (a) or (c) receives its first application on or after July 1, 1983, for a permit pursuant to this subdivision, the local agency shall accept the application and approve or disapprove the application ministerially without discretionary review pursuant to this subdivision unless it or an accessory dwelling ordinance adopted by a local agency subsequent to the effective date of the act adding this paragraph shall provide an approval process that includes only ministerial provisions for the approval of accessory dwelling units and shall not include any discretionary processes, provisions, or requirements for those units, except as otherwise provided in this subdivision. In the event that a local agency has an existing accessory dwelling unit ordinance that fails to meet the requirements of this subdivision, that ordinance shall be null and void upon the effective date of the act adding this paragraph and that agency shall thereafter apply the standards established in this subdivision for the approval of accessory dwelling units, unless and until the agency adopts an ordinance in accordance with subdivision (a) or (c) within 120 days after receiving the application. Notwithstanding Section 65901 or 65906, every local agency shall grant a variance or special use permit for the creation of a ADU if the ADU complies with all of the following: that complies with this section.

~~(A) The unit is not intended for sale and may be rented.~~

~~(B) The lot is zoned for single family or multifamily use.~~

~~(C) The lot contains an existing single family dwelling.~~

~~(D) The ADU is either attached to the existing dwelling and located within the living area of the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.~~

~~(E) The increased floor area of an attached ADU shall not exceed 30 percent of the existing living area.~~

~~(F) The total area of floorspace for a detached ADU shall not exceed 1,200 square feet.~~

~~(G) Requirements relating to height, setback, lot coverage, architectural review, site plan review, fees, charges, and other zoning requirements generally applicable to residential construction in the zone in which the property is located.~~

~~(H) Local building code requirements which apply to detached dwellings, as appropriate.~~

~~(I) Approval by the local health officer where a private sewage disposal system is being used, if required.~~

~~(2)~~ (5) No other local ordinance, policy, or regulation shall be the basis for the denial of a building permit or a use permit under this subdivision.

~~(3)~~ (6) This subdivision establishes the maximum standards that local agencies shall use to evaluate ~~proposed ADUs on lots~~ a proposed accessory dwelling unit on a lot zoned for residential use ~~which contain~~ that contains an existing single-family dwelling. No additional standards, other than those provided in this ~~subdivision or subdivision~~ (a), subdivision, shall be utilized or imposed, except that a local agency may require an applicant for a permit issued pursuant to this subdivision to be an ~~owner-occupant~~ owner-occupant or that the property be used for rentals of terms longer than 30 days.

~~(4)~~ (7) ~~No changes in zoning ordinances or other ordinances or any changes in the general plan shall be required to implement this subdivision. Any~~ A local agency may amend its zoning ordinance or general plan to incorporate the policies, procedures, or other provisions applicable to the creation of ADUs an accessory dwelling unit if these provisions are consistent with the limitations of this subdivision.

~~(5)~~ (8) A ADU ~~which conforms to the requirements of~~ An accessory dwelling unit that conforms to this subdivision shall be deemed to be an accessory use or an accessory building and shall not be considered to exceed the allowable density for the lot upon which it is located, and shall be deemed to be a residential use ~~which that is~~ consistent with the existing general plan and zoning designations for the lot. The ADUs accessory dwelling unit shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.

~~(e)~~ (b) ~~No~~ When a local agency shall adopt an ordinance which totally precludes ADUs within single-family or multifamily zoned areas unless the ordinance contains findings acknowledging that the ordinance may limit housing opportunities of the region and further contains findings that specific adverse impacts on the public health, safety, and welfare that would result from allowing ADUs within single-family and multifamily zoned areas justify adopting the ordinance. that has not adopted an ordinance governing accessory dwelling units in accordance with subdivision (a) receives its first application on or after July 1, 1983, for a permit to create an accessory dwelling unit pursuant to this subdivision, the local agency shall accept the application and approve or disapprove the application ministerially without discretionary review pursuant to subdivision (a) within 120 days after receiving the application.

~~(d)~~ (c) A local agency may establish minimum and maximum unit size requirements for both attached and detached ~~second~~ accessory dwelling units. No minimum or maximum size for ~~a second~~ an accessory dwelling unit, or size based upon a percentage of the existing dwelling, shall be established by ordinance for either attached or detached dwellings ~~which that~~ does not permit at least an efficiency unit to be constructed in compliance with local development standards. Accessory dwelling units shall not be required to provide fire sprinklers if they are not required for the primary residence.

(d) Notwithstanding any other law, a local agency, whether or not it has adopted an ordinance governing accessory dwelling units in accordance with subdivision (a), shall not impose parking standards for an accessory dwelling unit in any of the following instances:

(1) The accessory dwelling unit is located within one-half mile of public transit.

(2) The accessory dwelling unit is located within an architecturally and historically significant historic district.

(3) The accessory dwelling unit is part of the existing primary residence or an existing accessory structure.

(4) When on-street parking permits are required but not offered to the occupant of the accessory dwelling unit.

(5) When there is a car share vehicle located within one block of the accessory dwelling unit.

~~(e) Parking requirements for ADUs shall not exceed one parking space per unit or per bedroom. Additional parking may be required provided that a finding is made that the additional parking requirements are directly related to the~~

use of the ADU and are consistent with existing neighborhood standards applicable to existing dwellings. Off-street parking shall be permitted in setback areas in locations determined by the local agency or through tandem parking, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site or regional topographical or fire and life safety conditions, or that it is not permitted anywhere else in the jurisdiction. Notwithstanding subdivisions (a) to (d), inclusive, a local agency shall ministerially approve an application for a building permit to create within a single-family residential zone one accessory dwelling unit per single-family lot if the unit is contained within the existing space of a single-family residence or accessory structure, has independent exterior access from the existing residence, and the side and rear setbacks are sufficient for fire safety. Accessory dwelling units shall not be required to provide fire sprinklers if they are not required for the primary residence.

(f) (1) Fees charged for the construction of ~~second~~ accessory dwelling units shall be determined in accordance with Chapter 5 (commencing with Section ~~66000~~ 66000) and Chapter 7 (commencing with Section 66012).

(2) Accessory dwelling units shall not be considered new residential uses for the purposes of calculating local agency connection fees or capacity charges for utilities, including water and sewer service.

(A) For an accessory dwelling unit described in subdivision (e), a local agency shall not require the applicant to install a new or separate utility connection directly between the accessory dwelling unit and the utility or impose a related connection fee or capacity charge.

(B) For an accessory dwelling unit that is not described in subdivision (e), a local agency may require a new or separate utility connection directly between the accessory dwelling unit and the utility. Consistent with Section 66013, the connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed accessory dwelling unit, based upon either its size or the number of its plumbing fixtures, upon the water or sewer system. This fee or charge shall not exceed the reasonable cost of providing this service.

(g) This section does not limit the authority of local agencies to adopt less restrictive requirements for the creation of ADUs. an accessory dwelling unit.

(h) Local agencies shall submit a copy of the ~~ordinances~~ ordinance adopted pursuant to subdivision (a) ~~or (e)~~ to the Department of Housing and Community Development within 60 days after adoption.

(i) As used in this section, the following terms mean:

(1) "Living ~~area~~, area" means the interior habitable area of a dwelling unit including basements and attics but does not include a garage or any accessory structure.

(2) "Local agency" means a city, county, or city and county, whether general law or chartered.

(3) For purposes of this section, "neighborhood" has the same meaning as set forth in Section 65589.5.

(4) ~~Second~~ "Accessory dwelling unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. ~~A second~~ An accessory dwelling unit also includes the following:

(A) An efficiency unit, as defined in Section 17958.1 of Health and Safety Code.

(B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.

(5) "Passageway" means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the accessory dwelling unit.

(j) Nothing in this section shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act (Division 20 (commencing with Section 30000) of the Public Resources Code), except that the local government shall not be required to hold public hearings for coastal development permit applications for ~~second~~ accessory dwelling units.

Government Code Section 65852.22.

(a) Notwithstanding Section 65852.2, a local agency may, by ordinance, provide for the creation of junior accessory dwelling units in single-family residential zones. The ordinance may require a permit to be obtained for the creation of a junior accessory dwelling unit, and shall do all of the following:

(1) Limit the number of junior accessory dwelling units to one per residential lot zoned for single-family residences with a single-family residence already built on the lot.

(2) Require owner-occupancy in the single-family residence in which the junior accessory dwelling unit will be permitted. The owner may reside in either the remaining portion of the structure or the newly created junior accessory dwelling unit. Owner-occupancy shall not be required if the owner is another governmental agency, land trust, or housing organization.

(3) Require the recordation of a deed restriction, which shall run with the land, shall be filed with the permitting agency, and shall include both of the following:

(A) A prohibition on the sale of the junior accessory dwelling unit separate from the sale of the single-family residence, including a statement that the deed restriction may be enforced against future purchasers.

(B) A restriction on the size and attributes of the junior accessory dwelling unit that conforms with this section.

(4) Require a permitted junior accessory dwelling unit to be constructed within the existing walls of the structure, and require the inclusion of an existing bedroom.

(5) Require a permitted junior accessory dwelling to include a separate entrance from the main entrance to the structure, with an interior entry to the main living area. A permitted junior accessory dwelling may include a second interior doorway for sound attenuation.

(6) Require the permitted junior accessory dwelling unit to include an efficiency kitchen, which shall include all of the following:

(A) A sink with a maximum waste line diameter of 1.5 inches.

(B) A cooking facility with appliances that do not require electrical service greater than 120 volts, or natural or propane gas.

(C) A food preparation counter and storage cabinets that are of reasonable size in relation to the size of the junior accessory dwelling unit.

(b) (1) An ordinance shall not require additional parking as a condition to grant a permit.

(2) This subdivision shall not be interpreted to prohibit the requirement of an inspection, including the imposition of a fee for that inspection, to determine whether the junior accessory dwelling unit is in compliance with applicable building standards.

(c) An application for a permit pursuant to this section shall, notwithstanding Section 65901 or 65906 or any local ordinance regulating the issuance of variances or special use permits, be considered ministerially, without discretionary review or a hearing. A permit shall be issued within 120 days of submission of an application for a

permit pursuant to this section. A local agency may charge a fee to reimburse the local agency for costs incurred in connection with the issuance of a permit pursuant to this section.

(d) For the purposes of any fire or life protection ordinance or regulation, a junior accessory dwelling unit shall not be considered a separate or new dwelling unit. This section shall not be construed to prohibit a city, county, city and county, or other local public entity from adopting an ordinance or regulation relating to fire and life protection requirements within a single-family residence that contains a junior accessory dwelling unit so long as the ordinance or regulation applies uniformly to all single-family residences within the zone regardless of whether the single-family residence includes a junior accessory dwelling unit or not.

(e) For the purposes of providing service for water, sewer, or power, including a connection fee, a junior accessory dwelling unit shall not be considered a separate or new dwelling unit.

(f) This section shall not be construed to prohibit a local agency from adopting an ordinance or regulation, related to parking or a service or a connection fee for water, sewer, or power, that applies to a single-family residence that contains a junior accessory dwelling unit, so long as that ordinance or regulation applies uniformly to all single-family residences regardless of whether the single-family residence includes a junior accessory dwelling unit.

(g) For purposes of this section, the following terms have the following meanings:

(1) "Junior accessory dwelling unit" means a unit that is no more than 500 square feet in size and contained entirely within an existing single-family structure. A junior accessory dwelling unit may include separate sanitation facilities, or may share sanitation facilities with the existing structure.

(2) "Local agency" means a city, county, or city and county, whether general law or chartered.

Attachment 2: Sample ADU Ordinance

Section XXX1XXX: Purpose

This Chapter provides for accessory dwelling units on lots developed or proposed to be developed with single-family dwellings. Such accessory dwellings contribute needed housing to the community's housing stock. Thus, accessory dwelling units are a residential use which is consistent with the General Plan objectives and zoning regulations and which enhances housing opportunities, including near transit on single family lots.

Section XXX2XXX: Applicability

The provisions of this Chapter apply to all lots that are occupied with a single family dwelling unit and zoned residential. Accessory dwelling units do exceed the allowable density for the lot upon which the accessory dwelling unit is located, and are a residential use that is consistent with the existing general plan and zoning designation for the lot.

Section XXX3XXX: Development Standards

Accessory Structures within Existing Space

An accessory dwelling unit within an existing space including the primary structure, attached or detached garage or other accessory structure shall be permitted ministerially with a building permit regardless of all other standards within the Chapter if complying with:

1. Building and safety codes
2. Independent exterior access from the existing residence
3. Sufficient side and rear setbacks for fire safety.

Accessory Structures (Attached and Detached)

General:

1. The unit is not intended for sale separate from the primary residence and may be rented.
2. The lot is zoned for residential and contains an existing, single-family dwelling.
3. The accessory dwelling unit is either attached to the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.
4. The increased floor area of an attached accessory dwelling unit shall not exceed 50 percent of the existing living area, with a maximum increase in floor area of 1,200 square feet.
5. The total area of floor space for a detached accessory dwelling unit shall not exceed 1,200 square feet.
6. Local building code requirements that apply to detached dwellings, as appropriate.
7. No passageway shall be required in conjunction with the construction of an accessory dwelling unit.
8. No setback shall be required for an existing garage that is converted to a accessory dwelling unit, and a setback of no more than five feet from the side and rear lot lines shall be required for an accessory dwelling unit that is constructed above a garage.
9. Accessory dwelling units shall not be required to provide fire sprinklers if they are not required for the primary residence and may employ alternative methods for fire protection.

Parking:

1. Parking requirements for accessory dwelling units shall not exceed one parking space per unit or per bedroom. These spaces may be provided as tandem parking, including on an existing driveway or in setback areas, excluding the non-driveway front yard setback.
2. Parking is not required in the following instances:
 - The accessory dwelling unit is located within one-half mile of public transit, including transit stations and bus stations.

- The accessory dwelling unit is located in the WWWWW Downtown, XXX Area, YYY Corridor and ZZZ Opportunity Area.
 - The accessory dwelling unit is located within an architecturally and historically significant historic district.
 - When on-street parking permits are required but not offered to the occupant of the accessory dwelling unit.
 - When there is a car share vehicle located within one block of the accessory dwelling unit.
3. Replacement Parking: When a garage, carport, or covered parking structure is demolished or converted in conjunction with the construction of an accessory dwelling unit, replacement parking shall not be required and may be located in any configuration on the same lot as the accessory dwelling unit.

Section XXX4XXX: Permit Requirements

ADUs shall be permitted ministerially, in compliance with this Chapter within 120 days of application. The Community Development Director shall issue a building permit or zoning certificate to establish an accessory dwelling unit in compliance with this Chapter if all applicable requirements are met in Section XXX3XXXXX, as appropriate. The Community Development Director may approve an accessory dwelling unit that is not in compliance with Section XXX3XXXXX as set forth in Section XXX5XXXXX. The XXXX Health Officer shall approve an application in conformance with XXXXXX where a private sewage disposal system is being used.

Section XXX5XXX: Review Process for Accessory Structure Not Complying with Development Standards

An accessory dwelling unit that does not comply with standards in Section XXX3XX may be permitted with a zoning certificate or an administrative use permit at the discretion of the Community Development Director subject to findings in Section XXX6XX.

Section XXX6XXX: Findings

A. In order to deny an administrative use permit under Section XXX5XXX, the Community Development Director shall find that the Accessory Dwelling Unit would be detrimental to the public health and safety or would introduce unreasonable privacy impacts to the immediate neighbors.

B. In order to approve an administrative use permit under Section XXX5XXX to waive required accessory dwelling unit parking, the Community Development Director shall find that additional or new on-site parking would be detrimental, and that granting the waiver will meet the purposes of this Chapter.

Section XXX7XXX: Definitions

(1) "Living area means the interior habitable area of a dwelling unit including basements and attics but does not include a garage or any accessory structure.

(2) "Accessory dwelling unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An accessory dwelling unit also includes the following:

(A) An efficiency unit, as defined in Section 17958.1 of Health and Safety Code.

(B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.

(3) "Passageway" means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the accessory dwelling unit.

(4) (1) “Existing Structure” for the purposes of defining an allowable space that can be converted to an ADU means within the four walls and roofline of any structure existing on or after January 1, 2017 that can be made safely habitable under local building codes at the determination of the building official regardless of any non-compliance with zoning standards.

Attachment 3: Sample JADU Ordinance

(Lilypad Homes at <http://lilypadhomes.org/>)

Draft Junior Accessory Dwelling Units (JADU) – Flexible Housing

Findings:

1. Causation: Critical need for housing for lower income families and individuals given the high cost of living and low supply of affordable homes for rent or purchase, and the difficulty, given the current social and economic environment, in building more affordable housing
2. Mitigation: Create a simple and inexpensive permitting track for the development of junior accessory dwelling units that allows spare bedrooms in homes to serve as a flexible form of infill housing
3. Endangerment: Provisions currently required under agency ordinances are so arbitrary, excessive, or burdensome as to restrict the ability of homeowners to legally develop these units therefore encouraging homeowners to bypass safety standards and procedures that make the creation of these units a benefit to the whole of the community
4. Co-Benefits: Homeowners (particularly retired seniors and young families, groups that tend to have the lowest incomes) – generating extra revenue, allowing people facing unexpected financial obstacles to remain in their homes, housing parents, children or caregivers; Homebuyers - providing rental income which aids in mortgage qualification under new government guidelines; Renters – creating more low-cost housing options in the community where they work, go to school or have family, also reducing commute time and expenses; Municipalities – helping to meet RHNA goals, increasing property and sales tax revenue, insuring safety standard code compliance, providing an abundant source of affordable housing with no additional infrastructure needed; Community - housing vital workers, decreasing traffic, creating economic growth both in the remodeling sector and new customers for local businesses; Planet - reducing carbon emissions, using resources more efficiently;
5. Benefits of Junior ADUs: offer a more affordable housing option to both homeowners and renters, creating economically healthy, diverse, multi-generational communities;

Therefore the following ordinance is hereby enacted:

This Section provides standards for the establishment of junior accessory dwelling units, an alternative to the standard accessory dwelling unit, permitted as set forth under State Law AB 1866 (Chapter 1062, Statutes of 2002) Sections 65852.150 and 65852.2 and subject to different provisions under fire safety codes based on the fact that junior accessory dwelling units do not qualify as “complete independent living facilities” given that the interior connection from the junior accessory dwelling unit to the main living area remains, therefore not redefining the single-family home status of the dwelling unit.

- A) *Development Standards.* Junior accessory dwelling units shall comply with the following standards, including the standards in Table below:
- 1) *Number of Units Allowed.* Only one accessory dwelling unit or, junior accessory dwelling unit, may be located on any residentially zoned lot that permits a single-family dwelling except as otherwise regulated or restricted by an adopted Master Plan or Precise Development Plan. A junior accessory dwelling unit may only be located on a lot which already contains one legal single-family dwelling.
 - 2) *Owner Occupancy:* The owner of a parcel proposed for a junior accessory dwelling unit shall occupy as a principal residence either the primary dwelling or the accessory dwelling, except when the home is held by an agency such as a land trust or housing organization in an effort to create affordable housing.
 - 3) *Sale Prohibited:* A junior accessory dwelling unit shall not be sold independently of the primary dwelling on the parcel.

- 4) *Deed Restriction:* A deed restriction shall be completed and recorded, in compliance with Section B below.
- 5) *Location of Junior Accessory Dwelling Unit:* A junior accessory dwelling unit must be created within the existing walls of an existing primary dwelling, and must include conversion of an existing bedroom.
- 6) *Separate Entry Required:* A separate exterior entry shall be provided to serve a junior accessory dwelling unit.
- 7) *Interior Entry Remains:* The interior connection to the main living area must be maintained, but a second door may be added for sound attenuation.
- 8) *Kitchen Requirements:* The junior accessory dwelling unit shall include an efficiency kitchen, requiring and limited to the following components:
 - a) A sink with a maximum waste line diameter of one-and-a-half (1.5) inches,
 - b) A cooking facility with appliance which do not require electrical service greater than one-hundred-and-twenty (120) volts or natural or propane gas, and
 - c) A food preparation counter and storage cabinets that are reasonable to size of the unit.
- 9) *Parking:* No additional parking is required beyond that required when the existing primary dwelling was constructed.

Development Standards for Junior Accessory Dwelling Units

SITE OR DESIGN FEATURE	SITE AND DESIGN STANDARDS
Maximum unit size	500 square feet
Setbacks	As required for the primary dwelling unit
Parking	No additional parking required

- B) *Deed Restriction:* Prior to obtaining a building permit for a junior accessory dwelling unit, a deed restriction, approved by the City Attorney, shall be recorded with the County Recorder's office, which shall include the pertinent restrictions and limitations of a junior accessory dwelling unit identified in this Section. Said deed restriction shall run with the land, and shall be binding upon any future owners, heirs, or assigns. A copy of the recorded deed restriction shall be filed with the Department stating that:
 - 1) The junior accessory dwelling unit shall not be sold separately from the primary dwelling unit;
 - 2) The junior accessory dwelling unit is restricted to the maximum size allowed per the development standards;
 - 3) The junior accessory dwelling unit shall be considered legal only so long as either the primary residence, or the accessory dwelling unit, is occupied by the owner of record of the property, except when the home is owned by an agency such as a land trust or housing organization in an effort to create affordable housing;
 - 4) The restrictions shall be binding upon any successor in ownership of the property and lack of compliance with this provision may result in legal action against the property owner, including revocation of any right to maintain a junior accessory dwelling unit on the property.
- C) *No Water Connection Fees:* No agency should require a water connection fee for the development of a junior accessory dwelling unit. An inspection fee to confirm that the dwelling unit complies with development standard may be assessed.
- D) *No Sewer Connection Fees:* No agency should require a sewer connection fee for the development of a junior accessory dwelling unit. An inspection fee to confirm that the dwelling unit complies with development standard

may be assessed.

- E) *No Fire Sprinklers and Fire Attenuation*: No agency should require fire sprinkler or fire attenuation specifications for the development of a junior accessory dwelling unit. An inspection fee to confirm that the dwelling unit complies with development standard may be assessed.

Definitions of Specialized Terms and Phrases.

“Accessory dwelling unit” means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An accessory dwelling unit also includes the following:

(1) An efficiency unit, as defined in Section 17958.1 of Health and Safety Code.

(2) A manufactured home, as defined in Section 18007 of the Health and Safety Code.

“Junior accessory dwelling unit” means a unit that is no more than 500 square feet in size and contained entirely within an existing single-family structure. A junior accessory dwelling unit may include separate sanitation facilities, or may share sanitation facilities with the existing structure.

Attachment 4: State Standards Checklist (As of January 1, 2017)

YES/NO	STATE STANDARD*	GOVERNMENT CODE SECTION
	Unit is not intended for sale separate from the primary residence and may be rented.	65852.2(a)(1)(D)(i)
	Lot is zoned for single-family or multifamily use and contains an existing, single-family dwelling.	65852.2(a)(1)(D)(ii)
	Accessory dwelling unit is either attached to the existing dwelling or located within the living area of the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.	65852.2(a)(1)(D)(iii)
	Increased floor area of an attached accessory dwelling unit does not exceed 50 percent of the existing living area, with a maximum increase in floor area of 1,200 square feet.	65852.2(a)(1)(D)(iv)
	Total area of floor space for a detached accessory dwelling unit does not exceed 1,200 square feet.	65852.2(a)(1)(D)(v)
	Passageways are not required in conjunction with the construction of an accessory dwelling unit.	65852.2(a)(1)(D)(vi)
	Setbacks are not required for an existing garage that is converted to an accessory dwelling unit, and a setback of no more than five feet from the side and rear lot lines are not required for an accessory dwelling unit that is constructed above a garage.	65852.2(a)(1)(D)(vi i)
	(Local building code requirements that apply to detached dwellings are met, as appropriate.	65852.2(a)(1)(D)(vi ii)
	Local health officer approval where a private sewage disposal system is being used, if required.	65852.2(a)(1)(D)(ix)
	Parking requirements do not exceed one parking space per unit or per bedroom. These spaces may be provided as tandem parking on an existing driveway.	65852.2(a)(1)(D)(x)

* Other requirements may apply. See Government Code Section 65852.2

Attachment 5: Bibliography

Reports

[ACCESSORY DWELLING UNITS: CASE STUDY](#) (26 pp.)

By United States Department of Housing and Urban Development, Office of Policy Development and Research. (2008)

Introduction: Accessory dwelling units (ADUs) — also referred to as accessory apartments, ADUs, or granny flats — are additional living quarters on single-family lots that are independent of the primary dwelling unit. The separate living spaces are equipped with kitchen and bathroom facilities, and can be either attached or detached from the main residence. This case study explores how the adoption of ordinances, with reduced regulatory restrictions to encourage ADUs, can be advantageous for communities. Following an explanation of the various types of ADUs and their benefits, this case study provides examples of municipalities with successful ADU legislation and programs. Section titles include: History of ADUs; Types of Accessory Dwelling Units; Benefits of Accessory Dwelling Units; and Examples of ADU Ordinances and Programs.

[THE MACRO VIEW ON MICRO UNITS](#) (46 pp.)

By Bill Whitlow, et al. — Urban Land Institute (2014)
Library Call #: H43 4.21 M33 2014

The Urban Land Institute Multifamily Housing Councils were awarded a ULI Foundation research grant in fall 2013 to evaluate from multiple perspectives the market performance and market acceptance of micro and small units.

[RESPONDING TO CHANGING HOUSEHOLDS: Regulatory Challenges for Micro-units and Accessory Dwelling Units](#) (76 pp.)

By Vicki Been, Benjamin Gross, and John Infranca (2014)
New York University: Furman Center for Real Estate & Urban Policy
Library Call # D55 3 I47 2014

This White Paper fills two gaps in the discussion regarding compact units. First, we provide a detailed analysis of the regulatory and other challenges to developing both ADUs and micro-units, focusing on five cities: New York; Washington, DC; Austin; Denver; and Seattle. That analysis will be helpful not only to the specific jurisdictions we study, but also can serve as a model for those who want to catalogue regulations that might get in the way of the development of compact units in their own jurisdictions. Second, as more local governments permit or encourage compact units, researchers will need to evaluate how well the units built serve the goals proponents claim they will.

[SCALING UP SECONDARY UNIT PRODUCTION IN THE EAST BAY: Impacts and Policy Implications](#) (25 pp.)

By Jake Webmann, Alison Nemirow, and Karen Chapple (2012)
UC Berkeley: Institute of Urban and Regional Development (IURD)
Library Call # H44 1.1 S33 2012

This paper begins by analyzing how many secondary units of one particular type, detached backyard cottages, might be built in the East Bay, focusing on the Flatlands portions of Berkeley, El Cerrito, and Oakland. We then investigate the potential impacts of scaling up the strategy with regard to housing affordability, smart growth, alternative transportation, the economy, and city budgets. A final section details policy recommendations, focusing on regulatory reforms and other actions cities can take to encourage secondary unit construction, such as promoting carsharing programs, educating residents, and providing access to finance.

[SECONDARY UNITS AND URBAN INFILL: A literature Review \(12 pp.\)](#)

By Jake Wegmann and Alison Nemirow (2011)
UC Berkeley: IURD
Library Call # D44 4.21 S43 2011

This literature review examines the research on both infill development in general, and secondary units in particular, with an eye towards understanding the similarities and differences between infill as it is more traditionally understood – i.e., the development or redevelopment of entire parcels of land in an already urbanized area – and the incremental type of infill that secondary unit development constitutes.

[YES, BUT WILL THEY LET US BUILD? The Feasibility of Secondary Units in the East Bay \(17 pp.\)](#)

By Alison Nemirow and Karen Chapple (2012)
UC Berkeley: IURD
Library Call # H44.5 1.1 Y47 2012

This paper begins with a discussion of how to determine the development potential for secondary units, and then provides an overview of how many secondary units can be built in the East Bay of San Francisco Bay Area under current regulations. The next two sections examine key regulatory barriers in detail for the five cities in the study (Albany, Berkeley, El Cerrito, Oakland, and Richmond), looking at lot size, setbacks, parking requirements, and procedural barriers. A sensitivity analysis then determines how many units could be built were the regulations to be relaxed.

[YES IN MY BACKYARD: Mobilizing the Market for Secondary Units \(20 pp.\)](#)

By Karen Chapple, J. Weigmann, A. Nemirow, and C. Dentel-Post (2011)
UC Berkeley: Center for Community Innovation.
Library Call # B92 1.1 Y47 2011

This study examines two puzzles that must be solved in order to scale up a secondary unit strategy: first, how can city regulations best enable their construction? And second, what is the market for secondary units? Because parking is such an important issue, we also examine the potential for secondary unit residents to rely on alternative transportation modes, particular car share programs. The study looks at five adjacent cities in the East Bay of the San Francisco Bay Area (Figure 1) -- Oakland, Berkeley, Albany, El Cerrito, and Richmond -- focusing on the areas within ½ mile of five Bay Area Rapid Transit (BART) stations.

Journal Articles and Working Papers:

[BACKYARD HOMES LA \(17 pp.\)](#)

By Dana Cuff, Tim Higgins, and Per-Johan Dahl, Eds. (2010)
Regents of the University of California, Los Angeles.
City Lab Project Book.

[DEVELOPING PRIVATE ACCESSORY DWELLINGS \(6 pp.\)](#)

By William P. Macht. Urbanland online. (June 26, 2015)
Library Location: Urbanland 74 (3/4) March/April 2015, pp. 154-161.

[GRANNY FLATS GAINING GROUND](#) (2 pp.)

By Brian Barth. Planning Magazine: pp. 16-17. (April 2016)
Library Location: Serials

["HIDDEN" DENSITY: THE POTENTIAL OF SMALL-SCALE INFILL DEVELOPMENT](#) (2 pp.)

By Karen Chapple (2011)
UC Berkeley: IURD Policy Brief.
Library Call # D44 1.2 H53 2011

California's implementation of SB 375, the Sustainable Communities and Climate Protection Act of 2008, is putting new pressure on communities to support infill development. As metropolitan planning organizations struggle to communicate the need for density, they should take note of strategies that make increasing density an attractive choice for neighborhoods and regions.

[HIDDEN DENSITY IN SINGLE-FAMILY NEIGHBORHOODS: Backyard cottages as an equitable smart growth strategy](#) (22 pp.)

By Jake Wegmann and Karen Chapple. Journal of Urbanism 7(3): pp. 307-329. (2014)

Abstract (not available in full text): Secondary units, or separate small dwellings embedded within single-family residential properties, constitute a frequently overlooked strategy for urban infill in high-cost metropolitan areas in the United States. This study, which is situated within California's San Francisco Bay Area, draws upon data collected from a homeowners' survey and a Rental Market Analysis to provide evidence that a scaled-up strategy emphasizing one type of secondary unit – the backyard cottage – could yield substantial infill growth with minimal public subsidy. In addition, it is found that this strategy compares favorably in terms of affordability with infill of the sort traditionally favored in the 'smart growth' literature, i.e. the construction of dense multifamily housing developments.

[RETHINKING PRIVATE ACCESSORY DWELLINGS](#) (5 pp.)

By William P. Macht. Urbanland online. (March 6, 2015)
Library Location: Urbanland 74 (1/2) January/February 2015, pp. 87-91.

[ADUS AND LOS ANGELES' BROKEN PLANNING SYSTEM](#) (4 pp.)

By CARLYLE W. Hall. The Planning Report. (April 26, 2016).
Land-use attorney Carlyle W. Hall comments on building permits for accessory dwelling units.

News:

[HOW ONE COLORADO CITY INSTANTLY CREATED AFFORDABLE HOUSING](#)

By Anthony Flint. The Atlantic-CityLab. (May 17, 2016).

In Durango, Colorado, zoning rules were changed to allow, for instance, non-family members as residents in already-existing accessory dwelling units.

[NEW HAMPSHIRE WINS PROTECTIONS FOR ACCESSORY DWELLING UNITS](#) (1 p.)

NLIHC (March 28, 2016)

Affordable housing advocates in New Hampshire celebrated a significant victory this month when Governor Maggie Hassan (D) signed Senate Bill 146, legislation that allows single-family homeowners to add an accessory

dwelling unit as a matter of right through a conditional use permit or by special exception as determined by their municipalities. The bill removes a significant regulatory barrier to increasing rental homes at no cost to taxpayers.

[NEW IN-LAW SUITE RULES BOOST AFFORDABLE HOUSING IN SAN FRANCISCO](#). (3 pp.)

By Rob Poole. Shareable. (June 10, 2014).

The San Francisco Board of Supervisors recently approved two significant pieces of legislation that support accessory dwelling units (ADUs), also known as “in-law” or secondary units, in the city...

[USING ACCESSORY DWELLING UNITS TO BOLSTER AFFORDABLE HOUSING](#) (3 pp.)

By Michael Ryan. Smart Growth America. (December 12, 2014).

**SURVEY OF LOCAL AGENCY RESPONSES TO ACHIEVE
COMPLIANCE WITH REQUIREMENTS FOR ACCESSORY DWELLING
UNIT REGULATION FROM GOVERNMENT CODE SECTION 65852.2**

Summary:

The purpose of this survey is to respond to the Council's request for verification of public comments regarding how other local agencies in the State of California regulate the development of Accessory Dwelling Units ("ADUs") in light of the restrictions imposed by AB 2299 and SB 1069, codified at Government Code Section 65852.2. Specifically, this survey examines how other local agencies have regulated public participation in the ADU permitting process, parking requirements, design review and architectural review, privacy for adjacent properties, and affordable housing.

All other jurisdictions reviewed in this survey have noted that the ministerial review requirements for ADU permit applications prohibits public hearing and notice requirements for ADUs that comply with the most restrictive development standards. However, some jurisdictions have included courtesy notice provisions in their ADU Ordinances. Other jurisdictions have taken the same approach as the City of Ukiah, that is, requiring a use permit, variance, or exception process that requires public hearing and notice for ADUs that, as proposed, do not meet development standards.

Most jurisdictions have noted that Section 65852.2's list of exceptions for parking requirements for ADUs effectively preclude them from imposing any parking requirements. However, some jurisdictions have interpreted these exceptions narrowly, particularly the exception for ADUs located within a half mile of public transportation, by only applying the exception for particular public transportation lines.

Most jurisdictions surveyed herein have retained a process for design review and architectural review, including requirements for preserving the privacy of dwellings on adjacent properties, to the extent allowed by Section 65852.2.

Finally, some jurisdictions have included incentives in their ADU permitting process to encourage creation of affordable housing. None of the jurisdictions surveyed currently uses restrictive mechanisms for creation of affordable housing, such as restricting ADU occupancy to low income households, noting that Section 65852.2 would preclude such a restriction.

Public Participation:

Because issuance of a permit to build an ADU is, by law, ministerial, if a proposed ADU meets the objective development standards set by a local agency in compliance with Govt. Code Section 65852.2, then a local agency must issue a permit without the requirement of public notice and hearing, and any public comments cannot be considered in their decision. Many jurisdictions note this limitation on public participation in their ADU Ordinances or in their handouts for ADU applicants. For example, the City of Oakland notes in its informational handout for ADU/Secondary Unit zoning regulations, SB1069 and AB2299 indicate that the review procedure for ADUs involves a Design Review Exemption, that the application will be considered ministerially, without discretionary review or hearing, that no public notice is required and public input cannot be considered pursuant to State law.

Courtesy Notice:

Jurisdictions providing for courtesy notice in their ADU ordinances indicate that while notice is not required for a ministerial process, that notice of an ADU application will be provided to neighbors of the parcel for which an ADU is proposed. Because notice is not required and proscribed, procedures for notice vary. The City of Novato imposes a courtesy notice requirement by simply stating that: “A courtesy notice shall be mailed to the owners of real property that adjoin the parcel on which the accessory dwelling unit is proposed.” The Town of Tiburon states: “Courtesy notice shall be provided to owners of property within one hundred feet of the subject property, as set forth on equalized county tax assessment rolls, at least ten days prior to a decision by the director [of community development].”

The City of Lafayette notes that their current ADU regulations do not require a public hearing, as ADUs must be acted on ministerially. But, the City’s Zoning Administrator does send out a “Courtesy Notice” advising the neighbors there has been an application for an ADU and that it will be approved if it meets all of the development standards. While this practice is a courtesy it still does not allow the neighbors to object to the approval if all of the objective development standards are met. City staff has recommended that the City dispense with the Courtesy Notice policy to reduce the fee and processing time for ADU applicants.

Notice and Hearing for Discretionary Permits- Use Permits, Exceptions, and Variances:

The ADU Ordinance for the City of Piedmont explicitly states:

Accessory dwelling units that meet all of the development standards listed in section 17.38.060. If your proposed accessory dwelling unit meets all development standards and does not require any variances or exceptions, your application will be reviewed by Planning staff, and will be approved without a public hearing. No notice to your neighbors will be required.

However, much as the City of Ukiah currently requires, and would require under the proposed ADU Ordinance, that an ADU that requires an exception from the development standards imposed by the City must obtain a use permit that would be discretionary and thus subject to public notice and hearing procedures, the City of Piedmont requires notice and public hearing if an ADU application requires a variance or exception from one or more of the development standards in regulating setbacks, lot coverage, height restriction, floor area ratio, or unit size, due to the fact that issuance of a variance or exception is a discretionary procedure and not ministerial. For example, Piedmont has set its maximum unit size for an ADU from at 800 square feet, though an applicant may request an exception and construct a larger ADU if the exception is granted.¹ If an applicant for an ADU desires an exception to the unit size standard, that application will be reviewed by the Piedmont

¹ The Department of Housing and Community Development Accessory Dwelling Unit Memorandum states that “A local government may choose a maximum unit size less than 1,200 square feet as long as the requirement is not burdensome on the creation of ADUs” and that “Typical maximum unit sizes range from 800 square feet to 1,200 square feet.” The Staff Report for Piedmont’s ADU Ordinance does not analyze whether 800 square feet as a maximum unit size is burdensome on the creation of ADUs in the City of Piedmont.

Planning Commission at a noticed public hearing, and notice of that hearing must be provided to the adjacent property owners at least 30 days prior to the hearing.

Parking:

As set forth in the AB 2299 Summary attached to the Staff Report as Attachment 2, Govt. Code Section 65852.2 states that for a local agency's ADU Ordinance, development standards for parking requirements for ADUs shall not exceed one parking space per unit or per bedroom. However, in subdivision (d) of Section 65852.2, the State sets forth a set of exceptions to parking requirements. Specifically, a local agency is prohibited from imposing parking standards for an ADU if: (1) the ADU is located within one-half mile of public transit, (2) the ADU is located within an architecturally and historically significant historic district, (3) the ADU is part of the existing primary residence or an existing accessory structure, (4) when on-street parking permits are required but not offered to the occupant of the ADU, or (5) when there is a car share vehicle located within one block of the ADU. It is likely that exception #1 for ADUs within one-half mile of public transit would effectively preclude the City from requiring any off-street parking for most ADUs, due to the proximity of Mendocino Transit Authority bus stops to residentially-zoned districts in the City.

Many California cities have also noted that the subdivision (d) exceptions effectively preclude any parking requirements for ADUs and have crafted their ADU Ordinances accordingly. The City of Piedmont mapped the areas in its jurisdiction that would be affected by the prohibition on parking requirements for ADUs within one-half mile of public transit and noted that "all Piedmont properties are in ½ mile" of a public transit stop. As such, Piedmont set the minimum number of off-street, covered, non-tandem parking spaces required for ADUs in its jurisdiction at zero, though Piedmont does still include development standards for parking in its ordinance, presumably for voluntary inclusion of off-street parking.

The City of Healdsburg's ADU Ordinance states: "No additional Parking shall be required for an accessory dwelling unit. However, if construction of an accessory dwelling unit includes removal of required parking established for the primary unit, then equivalent or better replacement parking shall be provided for the primary residence in substantial conformance with location, design and setback requirements of the underlying zoning district." The City of Fort Bragg also imposes location and design requirements for ADU off-street parking spaces but notes that off-street parking is preferred but not required for an ADU.

A common approach to the parking requirement exception issue is simply to require one off-street parking spot per ADU or per bedroom in the ADU but then state that this requirement will be waived in the event that one of the subdivision (d) exceptions applies. Local agencies using this approach include the Town of Tiburon, City of Lafayette, City of Pasadena, and the County of Santa Clara. Most cities using this approach either do not define "public transit" in the ADU Ordinance or define it broadly, e.g. from the Town of Tiburon ADU Ordinance: "a signed and designated bus stop, train stop, ferry terminal or other public transit station."

The City of El Cerrito's ADU Ordinance requires one off-street parking space per ADU and then states that the requirement is waived in the event that any of the five exceptions from subdivision (d) apply. However, El Cerrito has opted to define "public transit" narrowly and indicates that the public transit exception applies only for ADUs in a half mile of a BART station or a public transit stop "that serves one or more public transit lines that cumulatively provide both 15-minute or more

frequent peak-hour service on weekdays and 60 minute or more frequent service on Saturdays, Sundays, and holidays.” In the staff report for the Ordinance, the City rationalizes its narrower application of the public transit exception noting that “public transit” is not defined in the State ADU law, and that cities should interpret and apply this provision:

Staff believes that the parking exemption based on proximity to public transit should relate to the potential for reduced parking demand. The principle behind the parking exemption is that if residents have access to good public transit, it can reduce their need for car ownership and parking spaces. Therefore, the provision should apply to transit stops and stations that provide relatively frequent service for the majority of the day, not just during peak commute hours, and on weekends as well as weekdays.

Note that the City of El Cerrito is correct that “public transit” is not defined in the State law. The Department of Housing and Community Development Guidance Memo for ADUs addresses the question: Does “Public Transit” Include within One-half Mile of a Bus Stop and Train Station?:

Yes, “public transit” may include a bus stop, train station and paratransit if appropriate for the applicant. “Public transit” includes areas where transit is available and can be considered regardless of tighter headways (e.g., 15 minute intervals). Local governments could consider a broader definition of “public transit” such as distance to a bus route

Design Review or Architectural Review:

Note that the City of Ukiah does not currently require single-family residences or ADUs to go through the design review process, which is reserved for commercial buildings and multi-family residences. As such, the proposed ADU ordinance will not change the status quo. The City’s proposed ADU Ordinance does require a process of architectural review for a permit application for new construction ADUs. However, Government Code Section 65862.2, subdivision (e) exempts ADUs that are created within an existing residence or accessory building and located within the R-1 zone from the application of most development standards, including architectural review. From the Department of Housing and Community Development Accessory Dwelling Unit Memorandum, Attachment 4 to the Staff Report, on page 13:

ADUs located in single family residential zones and existing space of a single family residence or accessory structure must be approved regardless of zoning standards (Section 65852.2(a)(1)(B)) for ADUs, including locational requirements (Section 65852.2(a)(1)(A)), subject to usual non-appealable ministerial building permit requirements. For example, ADUs in existing space does not necessitate a zoning clearance and must not be limited to certain zones or areas or subject to height, lot size, lot coverage, unit size, architectural review, landscape or parking requirements. Simply, where a single family residence or accessory structure exists in any single family residential zone, so can an ADU. The purpose is to streamline and expand potential for ADUs where impact is minimal and the existing footprint is not being increased.

Emphasis added.

The City of Piedmont’s ADU Ordinance states as follows:

If a proposed accessory dwelling unit requires new exterior construction, the applicant must submit a separate application for a design review permit and must comply with the zoning regulations for the district in which it is located... The design of the structure(s) housing the proposed accessory dwelling unit must meet the design criteria in the Piedmont Design Guidelines. As provided in section 17.66.030.b, an accessory dwelling unit application that proposes only interior remodeling of an existing building and does not propose to change the exterior form of the building is exempt from the design review permit requirement.

To summarize, the City of Piedmont currently requires design review for any new exterior construction and has retained this policy in its ADU ordinance. While neither the Piedmont ADU ordinance nor any of the staff reports for readings of the ordinance address explicitly the issue of Section 65852.2's preclusion of architectural review for an ADU developed within an existing dwelling or accessory building, the design review exemption for an ADU that involves interior remodeling only touches on the issue.

As noted above in the discussion of Public Participation, the City of Oakland exempts ADUs from the design review process.

Privacy:

As noted during discussion of the ADU Ordinance at past Council meetings, the City currently requires, and will require under the proposed ADU Ordinance, that balconies, doors, and windows will utilize objective techniques to reduce privacy impacts on neighboring properties.²

Other jurisdictions have also retained very similar development standards for ADUs to promote privacy. The City of Santa Rosa's proposed ADU Ordinance states: "A balcony, window or door of a second story accessory dwelling unit shall be designed to lessen privacy impacts to adjacent properties. Appropriate design techniques may include obscured glazing, window placement above eye level, screening treatments, or locating balconies, windows and doors toward the existing on-site residence." The City of Healdsburg, the City of San Bruno, the City of Palo Alto and a number of other jurisdictions use nearly identical language in their respective ADU ordinances.

The Town of Tiburon has imposed empirical architectural standards for ADUs, one of which states: "Privacy: Windows shall be located to avoid line of sight to windows of adjacent or nearby property. Obscured glass and other techniques may be used to address line-of-sight issues."

From the City of Fort Bragg's Inland Land Development Code, as amended by its ADU Ordinance: "An accessory dwelling unit that is placed 20 feet or less from a residential unit on the same parcel or an adjacent parcel shall not have windows that directly face windows in the other unit. An accessory dwelling unit that is two stories or located over a garage shall not have windows or balconies that directly face a neighboring yard. This limitation applies only to side yards, not to windows facing alleys."

² Note that the imposition of these development standards, as with all other development standards set forth in Subdivision (a) of Section 65852.2, cannot be required for issuance of a permit for ADUs created within existing residences or accessory buildings. See Department of Housing and Community Development Accessory Dwelling Unit Memorandum, Attachment 4 to the Staff Report, page 13.

Affordable Housing Incentives:

Government Code Section 65852.2 does not require that a local agency ADU ordinance address affordable housing in order to be compliant and valid. The Planning Commission and Council have not directed staff to draft any provisions in the ADU Ordinance that promote or address affordable housing. Some jurisdictions that already used the ADU permitting process as a method of promoting affordable housing options have continued these practices where possible in their current ADU ordinances. This is accomplished through offering incentives for ADU developers to rent ADUs to low income households. For example, the City of Piedmont grants exceptions to size limits for ADUs without requiring the owner to get a variance or exception as long as the owner agrees to rent the new unit to a low, very low, or extremely low income household for a period of ten years.

While the County of Santa Cruz did at one point impose occupancy restrictions on what it previously called “second units”, which required that owners could not rent a second unit for continuous occupation unless the occupant was a lower-income household, a senior household, or a person sharing residency with and related to the property owner, these restrictions are no longer in effect after the enactment of AB 2299.

California Government Code

Section 65852.2

(a)

(1) A local agency may, by ordinance, provide for the creation of accessory dwelling units in single-family and multifamily residential zones. The ordinance shall do all of the following:

(A) Designate areas within the jurisdiction of the local agency where accessory dwelling units may be permitted. The designation of areas may be based on criteria, that may include, but are not limited to, the adequacy of water and sewer services and the impact of accessory dwelling units on traffic flow and public safety.

(B)

(i) Impose standards on accessory dwelling units that include, but are not limited to, parking, height, setback, lot coverage, landscape, architectural review, maximum size of a unit, and standards that prevent adverse impacts on any real property that is listed in the California Register of Historic Places.

(ii) Notwithstanding clause (i), a local agency may reduce or eliminate parking requirements for any accessory dwelling unit located within its jurisdiction.

(C) Provide that accessory dwelling units do not exceed the allowable density for the lot upon which the accessory dwelling unit is located, and that accessory dwelling units are a residential use that is consistent with the existing general plan and zoning designation for the lot.

(D) Require the accessory dwelling units to comply with all of the following:

(i) The unit is not intended for sale separate from the primary residence and may be rented.

(ii) The lot is zoned for single-family or multifamily use and contains an existing, single-family dwelling.

(iii) The accessory dwelling unit is either attached to the existing dwelling or located within the living area of the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.

(iv) The increased floor area of an attached accessory dwelling unit shall not exceed 50 percent of the existing living area, with a maximum increase in floor area of 1,200 square feet.

(v) The total area of floorspace for a detached accessory dwelling unit shall not exceed 1,200 square feet.

(vi) No passageway shall be required in conjunction with the construction of an accessory dwelling unit.

- (vii) No setback shall be required for an existing garage that is converted to a accessory dwelling unit, and a setback of no more than five feet from the side and rear lot lines shall be required for an accessory dwelling unit that is constructed above a garage.
 - (viii) Local building code requirements that apply to detached dwellings, as appropriate.
 - (ix) Approval by the local health officer where a private sewage disposal system is being used, if required.
 - (x)
 - (I) Parking requirements for accessory dwelling units shall not exceed one parking space per unit or per bedroom. These spaces may be provided as tandem parking on an existing driveway.
 - (II) Offstreet parking shall be permitted in setback areas in locations determined by the local agency or through tandem parking, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site or regional topographical or fire and life safety conditions, or that it is not permitted anywhere else in the jurisdiction.
 - (III) This clause shall not apply to a unit that is described in subdivision (d).
 - (xi) When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an accessory dwelling unit, and the local agency requires that those offstreet parking spaces be replaced, the replacement spaces may be located in any configuration on the same lot as the accessory dwelling unit, including, but not limited to, as covered spaces, uncovered spaces, or tandem spaces, or by the use of mechanical automobile parking lifts. This clause shall not apply to a unit that is described in subdivision (d).
- (2) The ordinance shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.
 - (3) When a local agency receives its first application on or after July 1, 2003, for a permit pursuant to this subdivision, the application shall be considered ministerially without discretionary review or a hearing, notwithstanding Section 65901 or 65906 or any local ordinance regulating the issuance of variances or special use permits, within 120 days after receiving the application. A local agency may charge a fee to reimburse it for costs that it incurs as a result of amendments to this paragraph enacted during the 2001–02 Regular Session of the Legislature, including the costs of adopting or amending any ordinance that provides for the creation of an accessory dwelling unit.
 - (4) An existing ordinance governing the creation of an accessory dwelling unit by a local agency or an accessory dwelling ordinance adopted by a local agency subsequent to the effective date of the act adding this paragraph shall provide an approval process that includes only ministerial provisions for the approval of accessory dwelling units and shall not include any discretionary processes, provisions, or requirements for those units, except as otherwise provided in this subdivision. In the event that a local agency has an existing accessory

dwelling unit ordinance that fails to meet the requirements of this subdivision, that ordinance shall be null and void upon the effective date of the act adding this paragraph and that agency shall thereafter apply the standards established in this subdivision for the approval of accessory dwelling units, unless and until the agency adopts an ordinance that complies with this section.

- (5) No other local ordinance, policy, or regulation shall be the basis for the denial of a building permit or a use permit under this subdivision.
 - (6) This subdivision establishes the maximum standards that local agencies shall use to evaluate a proposed accessory dwelling unit on a lot zoned for residential use that contains an existing single-family dwelling. No additional standards, other than those provided in this subdivision, shall be utilized or imposed, except that a local agency may require an applicant for a permit issued pursuant to this subdivision to be an owner-occupant or that the property be used for rentals of terms longer than 30 days.
 - (7) A local agency may amend its zoning ordinance or general plan to incorporate the policies, procedures, or other provisions applicable to the creation of an accessory dwelling unit if these provisions are consistent with the limitations of this subdivision.
 - (8) An accessory dwelling unit that conforms to this subdivision shall be deemed to be an accessory use or an accessory building and shall not be considered to exceed the allowable density for the lot upon which it is located, and shall be deemed to be a residential use that is consistent with the existing general plan and zoning designations for the lot. The accessory dwelling unit shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.
- (b) When a local agency that has not adopted an ordinance governing accessory dwelling units in accordance with subdivision (a) receives its first application on or after July 1, 1983, for a permit to create an accessory dwelling unit pursuant to this subdivision, the local agency shall accept the application and approve or disapprove the application ministerially without discretionary review pursuant to subdivision (a) within 120 days after receiving the application.
 - (c) A local agency may establish minimum and maximum unit size requirements for both attached and detached accessory dwelling units. No minimum or maximum size for an accessory dwelling unit, or size based upon a percentage of the existing dwelling, shall be established by ordinance for either attached or detached dwellings that does not permit at least an efficiency unit to be constructed in compliance with local development standards. Accessory dwelling units shall not be required to provide fire sprinklers if they are not required for the primary residence.
 - (d) Notwithstanding any other law, a local agency, whether or not it has adopted an ordinance governing accessory dwelling units in accordance with subdivision (a), shall not impose parking standards for an accessory dwelling unit in any of the following instances:
 - (1) The accessory dwelling unit is located within one-half mile of public transit.

- (2) The accessory dwelling unit is located within an architecturally and historically significant historic district.
- (3) The accessory dwelling unit is part of the existing primary residence or an existing accessory structure.
- (4) When on-street parking permits are required but not offered to the occupant of the accessory dwelling unit.
- (5) When there is a car share vehicle located within one block of the accessory dwelling unit.
- (e) Notwithstanding subdivisions (a) to (d), inclusive, a local agency shall ministerially approve an application for a building permit to create within a single-family residential zone one accessory dwelling unit per single-family lot if the unit is contained within the existing space of a single-family residence or accessory structure, has independent exterior access from the existing residence, and the side and rear setbacks are sufficient for fire safety. Accessory dwelling units shall not be required to provide fire sprinklers if they are not required for the primary residence.
- (f)
 - (1) Fees charged for the construction of accessory dwelling units shall be determined in accordance with Chapter 5 (commencing with Section 66000) and Chapter 7 (commencing with Section 66012).
 - (2) Accessory dwelling units shall not be considered new residential uses for the purposes of calculating local agency connection fees or capacity charges for utilities, including water and sewer service.
 - (A) For an accessory dwelling unit described in subdivision (e), a local agency shall not require the applicant to install a new or separate utility connection directly between the accessory dwelling unit and the utility or impose a related connection fee or capacity charge.
 - (B) For an accessory dwelling unit that is not described in subdivision (e), a local agency may require a new or separate utility connection directly between the accessory dwelling unit and the utility. Consistent with Section 66013, the connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed accessory dwelling unit, based upon either its size or the number of its plumbing fixtures, upon the water or sewer system. This fee or charge shall not exceed the reasonable cost of providing this service.
- (g) This section does not limit the authority of local agencies to adopt less restrictive requirements for the creation of an accessory dwelling unit.
- (h) Local agencies shall submit a copy of the ordinance adopted pursuant to subdivision (a) to the Department of Housing and Community Development within 60 days after adoption.
- (i) As used in this section, the following terms mean:
 - (1) "Living area" means the interior habitable area of a dwelling unit including basements and attics but does not include a garage or any accessory structure.

- (2) "Local agency" means a city, county, or city and county, whether general law or chartered.
- (3) For purposes of this section, "neighborhood" has the same meaning as set forth in Section 65589.5.
- (4) "Accessory dwelling unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An accessory dwelling unit also includes the following:
 - (A) An efficiency unit, as defined in Section 17958.1 of Health and Safety Code.
 - (B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.
- (5) "Passageway" means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the accessory dwelling unit.
- (j) Nothing in this section shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act (Division 20 (commencing with Section 30000) of the Public Resources Code), except that the local government shall not be required to hold public hearings for coastal development permit applications for accessory dwelling units.

Amended by Stats. 2016, Ch. 735, Sec. 1.5. Effective January 1, 2017.