



AGENDA

JANUARY 21, 2014

REGULAR MEETING
CITY COUNCIL
CITY OF YUBA CITY

5:00 P.M. – CLOSED SESSION: BUTTE ROOM
6:00 P.M. – REGULAR MEETING: COUNCIL CHAMBERS

MAYOR	• Kash Gill
VICE MAYOR	• John Dukes
COUNCILMEMBER	• John Buckland
COUNCILMEMBER	• Tej Maan
COUNCILMEMBER	• Craig Starkey
CITY MANAGER	• Steven Kroeger
CITY ATTORNEY	• Timothy Hayes

1201 Civic Center Blvd
Yuba City CA 95993

Wheelchair Accessible



*If you need assistance in order to attend the City Council meeting, or if you require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the City Council, the City is happy to assist you. Please contact City offices at 530/822-4817 at least 72 hours in advance so such aids or services can be arranged. **City Hall TTY: 530-822-4732***

**AGENDA
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CITY COUNCIL
CITY OF YUBA CITY
COUNCIL CHAMBERS
JANUARY 21, 2014
5:00 P.M. – CLOSED SESSION
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Materials related to an item on this Agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's office at 1201 Civic Center Blvd., Yuba City, during normal business hours. Such documents are also available on the City of Yuba City's website at www.yubacity.net subject to staff's availability to post the documents before the meeting.

Closed Session—Butte Room

Public Comment: Any member of the public wishing to address the City Council on any item listed on the closed session agenda will have an opportunity to present testimony to the City Council prior to the City Council convening into closed session. Comments from the public will be limited to three (3) minutes. No member of the public will be allowed to be present once the City Council convenes into closed session. Contact the City Clerk in advance of the closed session either in person at City Hall, by phone 822-4817, or email tlocke@yubacity.net to allow for time for testimony.

- A. Confer with real property negotiators Steven Kroeger and Diana Langley pursuant to Government Code Section 54956.8 regarding negotiations for the possible purchase of the following properties or portions thereof: APN's 51-660-084 Clark Avenue and 51-670-074 Birmingham Drive.

Regular Meeting—Council Chambers

Call to Order

Roll Call: _____ Mayor Gill
 _____ Vice Mayor Dukes
 _____ Councilmember Buckland
 _____ Councilmember Maan
 _____ Councilmember Starkey

Invocation

Pledge of Allegiance to the Flag

Presentations and Proclamations

1. **Proclamation for the Retirement of Brent Novak**
2. **Yuba Sutter Area 211 Call Center Steering Committee Presentation**
3. **Yuba Sutter Recology Community Benefit Report**

4. Public Safety Presentation – by Chief of Police Rob Landon

Public Communication

You are welcome and encouraged to participate in this meeting. Public comment is taken on items listed on the agenda when they are called. Public comment on items not listed on the agenda will be heard at this time. Comments on controversial items may be limited and large groups are encouraged to select representatives to express the opinions of the group.

5. Written Requests

Members of the public submitting written requests, at least 24 hours prior to the meeting, will be normally allotted 5 minutes to speak.

6. Appearance of Interested Citizens

Members of the public may address the City Council on items of interest that are within the City's jurisdiction. Individuals addressing general comments are encouraged to limit their statements to 3 minutes.

Consent Calendar

All matters listed under Consent Calendar are considered to be routine and can be enacted in one motion. There will be no separate discussion of these items prior to the time that Council votes on the motion unless members of the City Council, staff or public request specific items to be discussed or removed from the Consent Calendar for individual action.

7. Minutes of January 7, 2014

Recommendation: Approve the City Council Meeting Minutes of January 7, 2014.

8. Annual Investment Policy Adoption

Recommendation: Approve Investment Policy as amended

9. Annexing 1441 & 1445 Garden Highway, into the Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1

Recommendation: Adopt the following Resolutions to modify the Lighting and Landscape Maintenance District:

- a. Resolution to modify Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1 (proportionate maintenance costs for Garden Highway landscape medians, located at 1441 & 1445 Garden Highway)
- b. Resolution of Intention, Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1 (pursuant to the Landscaping and Lighting Act of 1972).

General Items

10. Possible Disposition of 15.2 acres of City Owned Property North of Northridge Park between Clark Avenue and Live Oak Blvd (APN 51-580-014, -013, -012)

Recommendation: Initiate a 45 day Request for Proposals from any interested parties

11. Professional Services Agreement with Fehr & Peers for the Preparation of a Traffic Study for the El Margarita Master Plan Area

Recommendation: Award a professional services agreement to Fehr & Peers of Roseville, CA, for the preparation of a traffic study for the El Margarita Master Plan Area in the amount of \$66,000 with the finding that it is in the best interest of the City, and approve a budget transfer in the amount of \$76,000 from unallocated Developer Impact Fees for Roads to Account Number 931194

12. Water Supply Evaluation for 2014

Recommendation: Note and file presentation

13. Final Financial Report for Fiscal Year Ending June 30, 2013

Recommendation: Note and File the Final Financial Report for the Fiscal Year Ending June 30, 2013

14. Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2013

Recommendation: Accept the Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2013

Business from the City Council

15. City Council Reports

- Councilmember Buckland
- Councilmember Maan
- Councilmember Starkey
- Vice Mayor Dukes
- Mayor Gill

Adjournment



Proclamation

of the City Council

BRENT LEE NOVAK
Police Officer
In Recognition of your Retirement

WHEREAS, Brent Lee Novak was hired as a Police Officer by the City of Yuba City on January 16, 1988, after participating in a very competitive selection process; and

WHEREAS, Brent successfully tested and was ultimately selected as a Field Training Officer, a position that is instrumental in the selection and training of patrol officers; and

WHEREAS, Officer Novak was awarded the department's Life Saving Medal for initiating CPR on a drowning victim who displayed no signs of life upon Officer Novak's arrival at the scene. The victim survived as a direct result of Officer Novak's selfless acts; and

WHEREAS, Brent has been recognized with numerous awards and commendations for his exemplary performance, including a Police Commendation Medal and two Police Achievement ribbons; and

WHEREAS, Officer Novak has always demonstrated a strong ability to proactively prevent crimes by his knowledge of his assigned beat and working cohesively with his fellow officers and the community; and

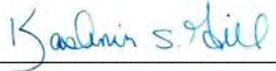
WHEREAS, Brent continuously improved his knowledge as an officer by successfully completing the California Peace Officers Standards Training (POST), earning the POST Advanced Certificate, the highest certificate for an Officer in California; and

WHEREAS, Officer Novak took an oath when he was hired to, "Preserve, Protect and Defend the Constitution," an oath he never broke; and

WHEREAS, Officer Brent Lee Novak kept faith with the public he so honorably served for more than 25 years.

NOW, THEREFORE, LET IT BE RESOLVED, that I, Kash Gill, Mayor of the City of Yuba City, on behalf of the entire Council and citizens we serve, do hereby congratulate Officer Brent Novak on the occasion of his honorable retirement, December 27th, 2013. We wish Officer Novak, the very best in his future.

Done on this 21st day of January, 2014 in the City of Yuba City, County of Sutter, State of California.


Kash Gill, Mayor

2-1-1

Like 9-1-1 for emergency services, 2-1-1 has been set aside nationally by the Federal Communications Commission for the public to more easily access community information.

2-1-1 is a one-stop source of information for people looking for community services and resources, especially for those who need essential services such as food, shelter, counseling, employment assistance and more. 2-1-1 creates the community infrastructure for linking the array of services of nonprofit and public agencies into a more efficient, coordinated network. Government, nonprofits, and service organizations will receive fewer inappropriate requests for help, and their dollars can be focused on providing services.

2-1-1 calls are answered by a live Information and Referral Specialist, who is trained in navigating the maze of human services agencies and programs, with all communication being confidential. Non-English speaking callers are assisted by a bilingual specialist, or seamlessly through a telephone interpreting service with access to interpreters in more than 150 languages.

2-1-1 is also a central resource for community information during and in recovery from disasters. To illustrate:

2007 Southern California Wildfires: the importance of 2-1-1 during disaster was underscored during the October 2007 wildfires in Southern California, where 2-1-1 San Diego call volume peaked at 30,000 calls a day as residents sought information about evacuation sites, road closures, shelters, medical assistance, pet and large-animal care and more.

2005 Hurricane Katrina. Calls to Texas' statewide 2-1-1 system handled more than 10,000 calls a day after the storm, as people sought food, shelter and other assistance. Three weeks after Katrina, more than 170,000 Texas callers had received 2-1-1 assistance.

The California Public Utilities Commission ruled in 2003 that 2-1-1 service would be established on a county-by-county basis. 2-1-1 cell phone coverage would be available through most service carriers including AT&T Wireless, Verizon Wireless and Sprint/Nextel.

Yuba County hopes to partner with First Five, Yuba and Sutter County Offices of Emergency Services, Area 4 Agency on Aging, United Way and others to fund this program in the Yuba-Sutter area.

The Federal 2-1-1 program launched in 1997, and California's first 2-1-1 service launched on February 11, 2005, in Ventura County. As of October 2011, 2-1-1 serves over 260 million Americans (86.6% of the entire population}, and as of July 2012, 2-1-1 is in 27 California counties.



**YUBA SUTTER
RECOLOGY
COMMUNITY BENEFIT REPORT**

COMMUNITY ORGANIZATIONS SUPPORTED BY THE EMPLOYEE OWNERS OF RECOLOGY YUBA-SUTTER

Agnes Dean Community Center * City of Marysville Veterans Day Parade * Live Oak Peach Festival * St. Andrew's Presbyterian Church * Alpha Sigma Iota * Dobbins/Oregon House Volunteer Fire Department * Loma Rica Lioness Club * St. Isidore's Parents Club/Spring Rummage Sale * American Cancer Society Relay for Life * East Nicolaus High School * Loma Rica School * Sutter Area Little League * American Red Cross * East Nicolaus Labor Day Parade * Mary Aaron Memorial Museum * Sutter Buttes Day * Anna Mc Kenney PTSO Pride Day * Early Risers Kiwanis Club Brews, Blues & BBQ * Marysville Christmas Parade & Celebration * Sutter Buttes Little League * BAFB Operation Warm Heart * Feather River Aquatic Club * Marysville High School Baseball * Sutter North Medical Foundation * Barry School * First United Methodist Church * Marysville Kiwanis Fishing Derby * Sutter Youth Organization * Bike Around the Buttes * Foothill Lions Club, Wild Hog Glory Daze * Marysville Little League * The Acting Company * Bistro in the Buttes * Fremont Rideout Health Group – Fairway to Health * Marysville Peach Festival * Three Rivers Animal Adoption Center * Bok Kai Parade and Festival * Fremont Rideout Foundation * Marysville Rotary Club * Tierra Buena School PTA Spaghetti Dinner * Boy Scouts Tree Recycling Program * Golden West EAA Regional Fly In * Marysville Youth & Civic Center * Twin Cities Rescue Center * Brittan Elementary School * Habitat for Humanity * Meridian Baseball Park * Wheatland City Clean Up * Brownsville Community Center * Home & Garden Show * Meridian Fireworks Show & Picnic * Wheatland Little League * Brownsville Mountain Fair * Honda Food Culture Museum * Meridian Fireman Association Fireworks * Yuba City Children's Freedom Parade * Butchie's Pool Fundraiser * Hop Sing Society * Meridian Lions Club BBQ * Yuba City Education Foundation * California Waterfowl Association * Johnson Park Elementary School Pride Day * North Yuba Little League * Yuba City High School * Calvary Temple for Veteran's Day * Kiwanis Club Lobster Feed * Olivehurst Elementary School * Yuba City Moose Lodge * Camptonville Community Partnership * Kiwanis Italian Night * Peach Bowl Little League * Yuba City Parks & Recreation * Camptonville Fire Department Clean Up and Recycling * Kynoch Elementary School * Pink October Breast Cancer Awareness Month * Yuba City Rotary Club * Casa De Esperanza * Lake Francis Boat Races * Riverside Restoration Center * Yuba Gardens * City of Colusa Annual Clean Up Day * Linda-Olivehurst Clean Up Day * Riverbend Elementary School * Yuba County Senior Center * City of Live Oak Clean Up * Lindhurst High School * Shady Creek Outdoor Camp * Yuba Sutter Chamber of Commerce * City of Live Oak Community Picnic * Live Oak Assembly * Soroptomist International of Marysville Yuba City * Yuba Sutter Fair * City of Live Oak Fire Department Clean Up * Live Oak Fall Festival * South Sutter Baseball & Softball * Yuba Sutter Gold Sox * Live Oak Lions Club Food Drive * South Sutter Little League * Yuba Sutter Regional Arts Council * Live Oak Little League * Spring Fine Arts Festival * Yuba Sutter Veteran's Stand Down * Hands of Hope * R.E.S.T Program *

**Join Recology and our employee ownership in
making Yuba-Sutter a cleaner, greener, place to live.**

Your contributions make a difference!



Community Benefit Report
2013

Waste Zero

Recology Yuba-Sutter serves the cities of Live Oak, Marysville, Wheatland, Yuba City, Beale Air Force Base and all unincorporated areas of Yuba and Sutter Counties. On a weekly basis, this covers recycling and refuse handling service to 2,992 commercial and 41,865 residential customers. Recology and its 112 employee owners are passionate about and committed to reducing waste going into our landfills. Helping our customers recycle everything possible is what WASTE ZERO is all about.

Recology is dedicated to providing information to our service area that will help our residents:

- Use resources wisely.
- Generate waste only when necessary.
- Find ways to use waste products in ways that benefit the environment.
- Landfill only those items that do not have a current recyclable designation.

How can you participate? It's simple!

- Replace plastic cups with reusable alternatives as well as plates and linens instead of disposable plates and napkins.
- Purchase products that use minimal packaging to reduce waste.
- Sort it out! Sort your waste into the appropriate containers, green for yard waste, blue for recyclable items (Do not include plastic bags. Return them to the store or place them in your garbage container.) A comprehensive list of appropriate items by container is located on our website, www.recologyyubasutter.com.
- Close the loop – buy recycled. It's easier than you think and makes a difference!
- Reuse and reduce for the future! You can help the environment and your pocketbook by buying reusable products and donating unwanted clothing and household items rather than throwing them away.

Investing In Our Community

The Employee ownership of Recology lead the way in our community by making a conscious effort to reduce the carbon footprint at home and work and participate in WASTE ZERO training and certifications programs.

To Recology employees, serving the community is personal. The employees live and work in the community, send their children to school in the community, and are invested in the communities they serve. The employees go above and beyond their normal job duties by volunteering in local organizations. In 2013, they gave over 645 hours of service at 30 local events and made over \$200,000 in cash and in-kind donations to over 115 local organizations.



Impressive Totals of Diverted Items in 2013

52,684 Tons 1,055,680 Pounds



Green and Food Waste
25,962 tons



Electronics
280 tons



Glass
1,772 tons



Metal
1,196 tons



Newspaper
141 tons



Plastic
620 tons



Tires
177 Tons



Wood Biomass
3,338 tons



Wood ADC
455 tons



Fines ADC
6,912 Tons



Construction & Demolition
1,559 tons



Aluminum
40 tons



Cardboard
3,017 Tons



Carpet
38 tons



Mixed Paper
6,340 tons

Roots and Routes

Recology's roots have always been in recycling and employee ownership. The original "scavengers" sorted through society's refuse to find what was salvageable. Bottles were rewashed, repackaged and sold to wineries. Rags and papers were sorted from other refuse and were re-purposed. Wood, food scraps, and all other materials were reused in many different ways.

Today, Recology is 100% owned by the Recology Employee Stock Ownership Plan

(ESOP). It is the largest employee-owned company in the industry. There are no outside investors. In 2013, the employees dedicated approximately 240,493 job hours serving the residential and commercial customers. They also interacted and assisted our customers 83,190 times by phone. Daily, our drivers drove 45 pick-up routes logging 1,258,927 miles and 15,675 gallons of Natural Gas for the three CNG Trucks purchased in 2013, with a total of 169,122 tons of materials collected and processed.

Recology Yuba-Sutter



112 Employee Owners

240,493 Job Hours

83,190 Phone Calls

45 Routes

1,258,927 Miles Driven

457,167 Gallons of Fuel

15,675 Gallons of Natural Gas

Reduce, Reuse, Recycle. It's What We Do!

At Recology we are continually working to find ways to improve our efficiency and service to our customers. Optimizing resource recovery involves using the right facilities, technologies, and practice — this is the core to what we do. Safety is a company priority and an important aspect of that goal.

The environmental, aesthetic and overall health benefits are the reason for mandatory service.

The results of this services includes a decrease in illegal dumping, preventing build up and long term storage of garbage in residential neighborhoods, and decreasing undesirable insects and rodents. Required collection service enables the refuse to enter a complex waste management system designed to reduce landfill intake and recycle raw materials. This contributes to a cleaner community.

• Daily supervisor safety meetings	• WASTE ZERO training
• Weekly safety tailgate meetings	• Machine Equipment Safety
• Monthly defensive driving meetings	• Fire Safety
• On-going customer service training	• CPR training
• OSHA compliance training	• General Maintenance Safety
• Hazardous materials handling training	

Recycling and Beyond

Recology offers programs and services to the communities we serve to help them reduce, reuse, recycle and make the best and highest use of the resources around them.

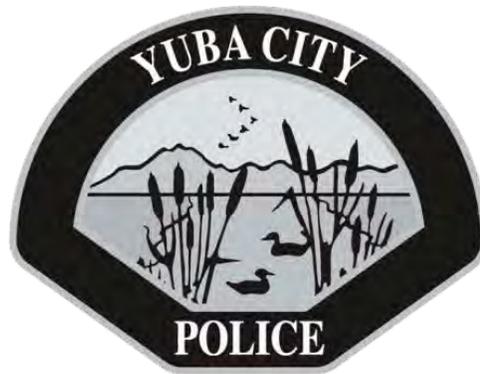
- School site recycling programs (Cafeteria recycling, presentations and workshops).
- Design lessons and activities for fourth grade students to enhance recycling awareness visiting classrooms and providing hands on activities and hand outs.
- Fund bus transportation for field trips to the waste transfer station for education purposes.
- Conduct commercial and residential audits to educate about additional recycling opportunities.
- Conduct tours to service groups to educate and increase public awareness about resource recovery.
- Offers low income senior discount programs to qualified seniors.
- Distribute quarterly newsletters to educate and provide various incentive coupons to assist local residents in their waste management and recycling efforts. There were 45,000 coupons distributed in 2013, with 14,760 dump/bulky item coupons used, and 2,000 compost coupons redeemed in 2013. Assisted 6620 customers at the HHW.
- Operation of the Yuba Sutter Hazardous Waste Facility. Assisted 6,620 customers with hazardous waste management in 2013.
- Offers special services, including bulky item pick up, rental of seven yard residential day bins and rental of landscaping debris boxes.
- Provide recycling tips and instruction via social media and website.

Have You Ever Wondered...

...what becomes of the items you drop off at Recology?

Most of the items go on to live another day as part of the cycle.

- Cardboard and paper is pulped, de-inked and turned into newsprint and cardboard.
- Cans are shredded, melted and turned into new drink cans.
- Plastic bottles are washed, melted, and turned into plastic pipes, fleece and new bottles.
- Glass is crushed and mixed with raw materials before being melted in a furnace. The melted materials are then molded into new bottles or jars. Sometimes the crushed glass is used as sand in the construction industry.
- Wood waste is used to produce wood chip for use as biomass material.
- Green and food waste are organics such as yard trimmings, grass clippings, and other residential agricultural wastes. After approximately 12 weeks of active management, the material is processed to separate the fine compost material from the larger material in the windrow. The fine material is the finished product known as Clean City Compost which is sold into select agricultural and landscape markets or bagged for residential use.
- C&D (Construction and Demolition) Inerts and Fines ADC (Dirt used for cover on the landfill) are essentially the same product coming from two different recycling processes. It is the sand, concrete and dirt left over after the product comes over the recycle lines.
- E-waste is sent to a processor and is 100% recycled into three main commodities; metals, plastic and glass. No electronics are placed in landfills.



Public Safety Presentation

Crime report and staffing.

Provided by: Chief of Police, Robert Landon

CITY OF YUBA CITY

Written Requests

Members of the public submitting written requests at least 24 hours prior to the meeting will normally be allotted 5 minutes to speak.

Procedure

When requesting to speak, please indicate your name and the topic and mail to:

City of Yuba City
Attn: City Clerk
1201 Civic Center Blvd
Yuba City CA 95993

Or email to:

Terrel Locke, City Clerk tlocke@yubacity.net

The Mayor will call you to the podium when it is time for you to speak.

CITY OF YUBA CITY

Appearance of Interested Citizens

Members of the public may address the City Council on items of interest that are within the City's jurisdiction. Individuals addressing general comments are encouraged to limit their statements.

Procedure

Complete a Speaker Card located in the lobby and give to the City Clerk. When a matter is announced, wait to be recognized by the Mayor. Comment should begin by providing your name and place of residence. A three minute limit is requested when addressing Council.

- For Items on the Agenda

Public comments on items on the agenda are taken during Council's consideration of each agenda item. If you wish to speak on any item appearing on the agenda, please note the number of the agenda item about which you wish to speak. If you wish to speak on more than one item, please fill out a separate card for each item.

- Items not listed on the Agenda

Public comments on items not listed on the agenda will be heard during the Public Communication portion of the meeting.

**MINUTES (Draft)
REGULAR MEETING OF THE
CITY COUNCIL
CITY OF YUBA CITY
COUNCIL CHAMBERS
January 7, 2014
6:00 P.M. – REGULAR MEETING**

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Regular Meeting—Council Chambers

The City of Yuba City City Council meeting was called to order by Mayor Gill at 6:00 p.m.

Roll Call

Present: Councilmembers Dukes (6:05 p.m.), Maan, Starkey and Mayor Gill

Absent: Councilmember Buckland

Invocation

Economic Development Manager Darin Gale gave the invocation.

Pledge of Allegiance to the Flag

Councilmember Starkey led the Pledge of Allegiance.

Presentations and Proclamations

1. Proclamation for the Retirement of Brad Howell

Mayor Gill presented a Proclamation to Public Works Maintenance Worker Brad Howell in honor of his 31 years of service to the community.

2. Presentation from the Friends of Parks and Recreation Foundation

Sharen Cornils, 2013 Chairmen of the Friends of Yuba City Parks and Recreation Foundation, gave a presentation to Council on the activities of the Friends Foundation.

Public Hearing

3. Tax-Exempt Bond Financing for Kingsbury Real Estate Holdings, LLC

Mayor Gill opened the Public Hearing. The following person spoke:

- Pat Miller, Sutter County Tax Payer's Association

Hearing no further comment, Mayor Gill closed the Public Hearing.

Councilmember Dukes moved to:

- 1) Adopt **Resolution No. 14-001** approving the City of Yuba City joining the ABAG Finance Authority for Nonprofit Corporations, executing associate membership agreement with the Authority; and
- 2) Adopt **Resolution No. 14-002** approving the issuance of Industrial Development Bonds by the Authority to Finance the acquisition and installation of a manufacturing facility to be owned by Kingsbury Real Estate Holdings, LLC.

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

Public Communication

4. **Written Requests** - None
5. **Appearance of Interested Citizens** - None

Consent Calendar

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

6. **Minutes of December 17, 2013**
Approved the City Council Meeting Minutes of December 17, 2013.
7. **Feather River Air Quality Management District (FRAQMD) Agreement No. VF13-04 – Acceptance of Blue Sky Grant for \$38,000 for the Yuba City Class II Bike Lanes Project 2014 and Agreement No. VF 13-05 – Acceptance of Blue Sky Grant for \$8,500 for the May is Bike Month 2014 Project**
 - a) Adopted **Resolution No. 14-003** authorizing the Public Works Director to execute FRAQMD Agreement No. VF 13-04, accepting \$38,000 in Blue Sky Grant funds for the Yuba City Class II Bike Lanes Project 2014 including the necessary budget adjustments outlined in the fiscal impact
 - b) Adopted **Resolution No. 14-004** authorizing the Public Works Director to execute FRAQMD Agreement No. VF 13-05, accepting \$8,500 in Blue Sky Grant funds for the May is Bike Month 2014 Project including the necessary budget adjustments outlined in the fiscal impact
8. **Annual Community Facilities District Report Pursuant to Government Code Section 53411**
Noted & Filed Community Facility District Annual Report

General Items

9. **Plumas Boulevard Median Extension (Plans & Specifications)**
Staff requested that this item be removed from the agenda to a future date.
10. **Helen Avenue Drainage Improvements Project (Plans and Specifications)**

Councilmember Starkey moved to adopt **Resolution No. 14-005** approving the plans and specifications for the Helen Avenue Drainage Improvements Project and authorizing advertisement for bids on the project. Councilmember Maan seconded the motion that passed with a unanimous vote.

11. Establishment of an Economic Development Work Plan Advisory Committee

Councilmember Starkey moved to establish an Economic Development Work Plan Advisory Committee of business and community leaders that will assist in the Comprehensive Update to the City's Economic Development Work Plan. Councilmember Dukes seconded the motion that passed with a unanimous vote.

Business from the City Council

12. Appointments to City of Yuba City Boards and Commissions

Councilmember Maan moved to approve the City Council Screening Committee Recommendations for Appointments. Councilmember Starkey seconded the motion that passed with a unanimous vote.

13. City Council Reports

- Councilmember Maan
- Councilmember Starkey
- Vice Mayor Dukes
- Mayor Gill

Adjournment

Mayor Gill adjourned the Regular Meeting of the City Council of the City of Yuba City at 6:35 p.m.

Kash Gill, Mayor

ATTEST:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: January 21, 2014
To: Honorable Mayor & Members of the City Council
From: City Treasurer
Presentation By: Spencer Morrison, City Treasurer

Summary

Subject: Annual Investment Policy Adoption
Recommendation: Approve Investment Policy as amended
Fiscal Impact: None

Purpose:

To review the City's Investment Policy to ensure that it continues to meet statutory requirements and reflects treasury best practices.

Background:

In accordance with the City's Investment Policy ("Policy") and Government Code Section 53646 (a) (1), the Policy is submitted annually to the City Council for review and approval.

Analysis:

As a result of this year's review, several minor changes are proposed:

Section VI. Providers of Financial Services – Authorized Broker/Dealers

- The requirement that each broker sign a certification indicating receipt and review of the investment policy has been removed. The certification is not required by Code, and removing the certification requirement will broaden the universe of potential broker/dealers, as many are not willing to sign certifications. As investment advisor, Cutwater ensures that all portfolio recommendations meet policy guidelines and as standard practice Cutwater will distribute the policy to all approved brokers even if the certification is not required.
- Authorization to purchase commercial paper from direct issuers has been added, as such direct issuers are not broker/dealers.

Section VII. Suitable and Authorized Investments

- State and Local Agency Obligations: Where it first appears, NRSRO is defined as Nationally Recognized Statistical Rating Organization.
- Placement Service Certificates of Deposit: AB 279, September 18, 2012 authorizes the City

to use placement services, such as CDARS, to invest in FDIC insured certificates of deposit until January 1, 2017, unless modified, at which time the statute will revert back to the current authorization under existing law.

- Repurchase Agreements: Rating requirements for counterparties to repurchase agreements have been deleted, as such ratings are not required by Code. Important safeguards for repurchase agreement transactions are reflected in the requirements that counterparties serve as Primary Dealers and 102 percent collateralization be maintained with daily mark-to-market of collateral value.
- Medium-Term Notes: The investment in AAA rated FDIC-guaranteed corporate bonds has been removed as this program has expired and these securities no longer exist in the market.
- Adds CDARS and FDIC to the glossary.

Fiscal Impact:

None.

Alternatives:

1. Do not approve amendments. If this alternative is chosen, then the City will continue to invest funds using the Investment Policy as adopted September 18, 2012.
2. Approve with modifications as desired by the Council.

Recommendation:

Staff recommends approval of the Investment Policy as amended.

Attachment:

- *Current Investment Policy with redlines showing proposed changes*

Prepared and Submitted By:

/s/ Spencer Morrison

Spencer Morrison
Accounting Manager/City Treasurer

Reviewed By:

Finance

RB



City of Yuba City

Investment Policy

TABLE OF CONTENTS

	<u>Page</u>
I. PURPOSE	1
II. SCOPE	1
III. OBJECTIVES	1
IV. STANDARD OF CARE	2
Prudence	
V. INVESTMENT AUTHORITY & RESPONSIBILITIES	2
Delegation of Authority	
Investment Procedures	
Internal Controls	
Ethics and Conflicts of Interest	
VI. PROVIDERS OF FINANCIAL SERVICES	3
Authorized Brokers/Dealers	
Contracted Investment Advisor Services	
Safekeeping and Custody	
VII. SUITABLE AND AUTHORIZED INVESTMENTS	4
Investment Types	
Due Diligence Requirement	
Legislative Changes	
VIII. INVESTMENT PARAMETERS	7
Diversification	
Maximum Maturities	
IX. EVALUATION OF INVESTMENT PERFORMANCE	8
X. REPORTING	8
XI. POLICY REVIEW AND ADOPTION	8
GLOSSARY	9

I. PURPOSE

It is the policy of the City of Yuba City to invest public funds in a prudent manner which will provide maximum security while meeting daily cash flow demands and conforming to all statutes governing the investment of public funds. Within these parameters, funds will be invested to optimize investment return.

II. SCOPE

This Investment Policy (“the Policy”) shall apply to all financial assets, other than proceeds of debt issues, of the City of Yuba City and the Successor Agency to the Redevelopment Agency of Yuba City (collectively “the City”). These funds are accounted for in the City comprehensive annual financial report and include:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Trust and Agency Funds
- Any new fund created by the governing body, unless specifically exempted by the governing body

This Policy applies to all transactions involving the financial assets and related activity of all the foregoing funds, with the exception of the proceeds of debt issuance. Investment of bond proceeds will be governed by the permitted investment section of bond documents.

III. OBJECTIVES

The City’s funds shall be invested in accordance with all applicable City policies, ordinances, and codes, State statutes, and Federal regulations, and in the manner designed to accomplish the following primary objectives, in priority order:

- Preservation of capital and protection of investment principal
- Maintenance of sufficient liquidity to meet anticipated cash flows
- Diversification to avoid incurring unreasonable market risks
- Attainment of a market rate of return.
- Conformance with all applicable City ordinances, State statutes and Federal regulations.

IV. STANDARD OF CARE

Prudence. The standard of prudence to be used by investment officials shall be the “prudent investor standard” which states:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic

conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Investment officers acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy.

V. INVESTMENT AUTHORITY AND RESPONSIBILITIES

Delegation of Authority. Authority to manage the investment program is granted to the City Treasurer and derived from the California Government Code Section 53607 and the City of Yuba City Municipal Code Section 3-7.201. The City Treasurer serves as the chief investment officer for the City and the Successor Agency to the Redevelopment Agency of Yuba City, and is authorized to invest or deposit the City’s funds in accordance with this policy, California Government Code Sections 53600 and 53630 et seq., and all other related federal and State laws.

The City Finance Director is responsible for the day-to-day administration and implementation of the Investment Policy.

Internal Controls. An internal control structure shall be established and maintained to ensure that the financial assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Internal controls shall be subject to an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

Investment Procedures. Written investment procedures for the operation of the investment program shall be established that are consistent with this Policy. The procedures should include reference to:

- Safekeeping
- Master repurchase agreements
- Wire transfer agreements
- Banking service contracts

- Collateral/depository agreements

Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the established procedures set forth.

Ethics and Conflicts of Interest. City employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees shall disclose to the City Manager any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio, and they shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

VI. PROVIDERS OF FINANCIAL SERVICES

Authorized Broker/Dealers. A list of broker/dealers from which the City purchases investments directly shall be maintained. It shall be the policy of the City to purchase securities only from those authorized firms. To be eligible, a firm must have minimum capital of \$10,000,000 and, at least five years of operation. These may include “primary” dealers, financial firms that have a primary dealer within their holding company structure or regional dealers. All must qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

All approved broker/dealers must supply the following annually:

- (1) Audited financial statements
- (2) Proof of Financial Industry Regulatory Authority (FINRA) registration
- (3) Proof of State registration
- (4) Completed broker/dealer questionnaire

The City may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria for commercial paper in the Suitable and Authorized Investments section of this Policy.

~~(4) Certification of having read and understood this investment policy~~

An annual review of the minimum capital requirement and registration of qualified financial institutions and broker/dealers will be conducted.

From time to time, the City Treasurer may choose to invest in instruments offered by minority and community financial institutions. In such situations, a waiver to the criteria above may be granted. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with State or local law. These types of investment purchases should be approved by the City Council in advance.

Contracted Investment Advisor Services. The City Treasurer may engage the services of registered external investment advisors in regard to the City’s investment program. The City Treasurer may, by written agreement with investment advisors, delegate the day-to-day placement of investments. Investment advisors shall make all investment decisions and transactions in strict accordance with State

law and this investment policy.

If the City has granted to an outside investment advisor authority to buy or sell securities, the investment advisor may place orders for the execution of such transactions with the broker/dealers of its choice, provided such broker/dealers meet the eligibility requirements set forth above. In such case, in lieu of the broker/dealer supplying items (1) through (5) above, the investment advisor can fulfill this obligation by providing certification that its broker/dealers meet or exceed the requirements set forth in the City's broker/dealer questionnaire and that the investment advisor agrees to comply with the Policy and continue to provide due diligence reviews of their broker/dealers.

Safekeeping and Custody. One or more banks shall be selected to provide safekeeping and custodial services for the City. A Safekeeping Agreement approved by the City shall be executed with each custodian bank prior to utilizing the bank's safekeeping services. Custodian banks will be selected on the basis of their ability to provide services for the City's account and the competitive pricing of their safekeeping related services.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. All securities, except non-negotiable Certificates of Deposit, Money Market Funds, LAIF and CAMP will be delivered by book entry to be held by the City's custodian bank, its correspondent bank or its Depository Trust Company (DTC) participant account.

VII. SUITABLE AND AUTHORIZED INVESTMENTS

All investments and deposits of the City shall be made in accordance with California Government Code Sections 16429.1, 53600-53609 and 53630-53686. Percentage limits and credit criteria, where listed, are applied at the time of purchase. Credit ratings, where shown, specify the minimum credit rating category required at purchase without regard to +/- or 1, 2, 3 modifiers, if any. In the event a security held by the City is subject to a credit rating change that brings it below the minimum credit ratings specified in this Policy, the City Treasurer will review the security with the course of action to be determined on a case-by-case basis, considering such factors as the reason for the credit rating change, prognosis for recovery or further rate drops, and the market price of the security. The City has further restricted authorized investments to the following:

Government Obligations.

1. **United States Treasury** bills, notes, bonds, or strips with a final maturity not exceeding five years from the date of trade settlement.
2. Federal Agency or United States government-sponsored enterprise senior debt obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government sponsored enterprises securities with a final maturity not exceeding five years from the date of trade settlement. There is no limit to that amount of the City's portfolio that may be invested in Federal Agency or GSE securities, except that the aggregate investment in Federal Agency mortgage-backed securities shall not exceed 20% of the City's total portfolio.

State and Local Agency Obligations.

1. **State Obligations:** Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the states. Such obligations must have a final maturity not exceeding five years from the date of trade settlement, and rated at least “A-1”, or the equivalent, short-term; or “A”, or the equivalent, long-term by a Nationally Recognized Statistical Rating Organization (NRSRO) ~~NRSRO~~ at the time of trade settlement. No more than 5% of the City’s total portfolio shall be invested in the State obligations of any one issuer.
2. **Local Agency Obligations.** (1) Obligations of local agencies within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency with a final maturity not exceeding five years from the date of trade settlement, and rated at least “A” or the equivalent by NRSRO at the time of trade settlement; and (2) Obligations of the City of Yuba City and the Redevelopment Agency of the City of Yuba City. No more than 5% of the City’s total portfolio shall be invested in the local agency obligations of any one issuer.

Special Assessment District Obligations. Limited Obligation Improvement Bonds issued by the City of Yuba City related to special assessment districts. Investment in such obligations requires the approval of the City Council and maturities may extend to 30 years from the date of trade settlement.

Banker’s Acceptances. Eligible Banker’s Acceptances with a maturity not exceeding 180 days from the date of trade settlement, rated at least “A-1” or the equivalent by a NRSRO, drawn on or accepted by a commercial bank with combined capital and surplus of at least \$250 million, whose deposits are insured by the FDIC, and whose senior long-term debt is rated at least “A” or the equivalent by a NRSRO at the time of trade settlement. No more than 5% of the City’s total portfolio shall be invested in banker’s acceptances of any one issuer, and the aggregate investment in banker’s acceptances shall not exceed 40% of the City’s total portfolio.

Commercial Paper. Prime Commercial Paper with a maturity not exceeding 270 days from the date of trade settlement with the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either sub-paragraph A. or sub-paragraph B. below:

A. The entity shall (1) be organized and operating in the United States as a general corporation, (2) have total assets in excess of five hundred million dollars (\$500,000,000) and (3) have debt other than commercial paper, if any, that is rated “A” or higher by a NRSRO.

B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program-wide credit enhancements, including, but not limited to, over collateralization, letters of credit or

surety bond and (3) have commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.

No more than 5% of the City’s total portfolio shall be invested in the commercial paper of any one issuer, and the aggregate investment in commercial paper shall not exceed 25% of the City’s total portfolio.

Negotiable Certificates of Deposit. Negotiable Certificates of Deposit with a maturity not exceeding five years from the date of trade settlement, issued by a nationally or State-chartered bank, a savings association or a federal association, a State or federal credit union, or by a federally licensed or State licensed bank of a foreign bank.. Purchases are limited to institutions which have long-term debt rating of at least “A” or the equivalent, by a NRSRO. No more than 5% of the City’s total portfolio shall be invested in the Negotiable Certificates of Deposit of any one issuer. The aggregate investment in Negotiable Certificates of Deposit and Placement Service Certificates of Deposit shall not exceed 30% of the City’s total portfolio.

Bank Deposits. Deposits in FDIC insured financial institutions located in California including, but not limited to, demand deposit accounts, savings accounts, market rate accounts, negotiable order of withdrawal accounts, and non-negotiable certificates of deposits are required to be collateralized as specified under Government Code. Collateral may be waived for any portion that is covered by federal deposit insurance. The amount on deposit shall not exceed the shareholder’s equity of any depository bank, nor shall the deposit exceed the total net worth of any institution. In addition, the financial institution must have received a minimum overall satisfactory rating for meeting the needs of California Communities in its most recent evaluation under the Community Reinvestment Act. For non-negotiable certificates of deposit, the maximum maturity is five years from the date of trade settlement and the maximum allocation is 30% of the City’s total portfolio.

Placement Service Certificates of Deposit. The City may invest in Placement Service Certificates of Deposit with a “Selected Depository Institution” in accordance with California Government Code Section 53601.8. The aggregate investment in Placement Service Certificates of Deposit and Negotiable Certificates of Deposit shall not exceed 30% of the City’s total portfolio. [AB 279, September 18, 2012 authorizes the City to use placement services, such as CDARS, to invest in FDIC insured certificates of deposit until January 1, 2017, unless modified, at which time the statute will revert back to the current authorization under existing law.](#)

Repurchase Agreements. Repurchase Agreements with a final termination date not exceeding 30 days collateralized by U.S. Treasury obligations, Federal Agency securities, or Federal Instrumentality securities listed above with the maturity of the collateral not exceeding five years. For the purpose of this section, the term collateral shall mean purchased securities under the terms of the City’s Master Repurchase Agreement. The purchased securities shall have a minimum market value including accrued interest of 102% of the dollar value of the funds borrowed. The market value of the collateral securities shall be marked-to-the-market daily. All collateral securing Repurchase Agreement must be delivered to the City’s custodian bank, or be handled under a tri-party repurchase agreement. The City or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

Repurchase Agreements shall be entered into only with broker/dealers who are recognized as Primary Dealers with the Federal Reserve Bank of New York, or with financial firms that have a primary dealer within their holding company structure. ~~Approved Repurchase Agreement counterparties shall have a short term credit rating of at least "A-1" or the equivalent and a long term credit rating of at least "A" or the equivalent. Repurchase agreement counterparties shall execute a City approved Master Repurchase Agreement with the City.~~ A copy of the City's Master Repurchase Agreement shall be maintained along with a list of the broker/dealers who have executed same.

Medium-Term Notes. Medium-Term Notes ("Corporate Notes") issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, with a final maturity not exceeding five years from the trade settlement, and rated at least "A" or the equivalent by a NRSRO at the time of purchase. No more than 5% of the City's total portfolio shall be invested in medium-term notes of any one issuer, and the aggregate investment in medium term notes shall not exceed 30% of the City's total portfolio. ~~In addition, "AAA" rated FDIC guaranteed corporate bonds are herein authorized, within the aforementioned diversification and maturity requirements.~~

Asset Backed Obligations. Any asset backed obligation with a final maturity not exceeding five years from the trade settlement, rated at least "AA" or the equivalent by a NRSRO. The aggregate investment in Asset backed obligations shall not exceed 20% of the City's total portfolio.

Money Market Funds. Money Market Funds registered under the Investment Company Act of 1940 that (1) are "no-load" (meaning no commission or fee shall be charged on purchases or sales of shares); (2) have a constant daily net asset value per share of \$1.00; (3) invest only in the securities and obligations authorized in this Policy and (4) have a rating of "AAAm" or the equivalent by at least two NRSROs. The aggregate investment in money market funds shall not exceed 20% of the City's total portfolio and no more than 10% may be invested in any one Money Market Fund.

Local Government Investment Pools. State of California's Local Agency Investment Fund (LAIF) and shares of beneficial interest issued by a joint powers authority such as the California Asset Management Program (CAMP), as authorized respectively in Government Code Sections 16429.1 and 53601 (p), up to the maximum allowed by the pools.

Due Diligence Requirement. A thorough investigation of an investment pool is required prior to investing and on a continual basis. At a minimum, the following information shall be required for each pool:

- A description of eligible investment securities, and a written statement of investment policy and objectives
- A description of interest calculations, how interest is distributed, and how gains and losses are treated
- A description of how these securities are safeguarded (including the settlement process), and how often these securities are priced and the program audited
- A description of who may invest in the program, how often, and the size of deposits and withdrawals
- A schedule for receiving statements and portfolio listings

- Whether reserves, retained earnings, etc. are utilized by the pool/fund
- A fee schedule, and when and how fees are assessed
- Whether the pool/fund is eligible for bond proceeds and/or will it accept such proceeds

Legislative Changes. Any State of California legislative action that further restricts allowable maturities, investment types or percentage allocations will be incorporated into this Policy and supersede any and all previous applicable language. If the City is holding an investment that is subsequently prohibited by a legislative change, the City may hold that investment until the maturity date to avoid an unnecessary loss.

VIII. INVESTMENT PARAMETERS

Diversification. The City shall diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy, the securities markets, and the City’s anticipated cash flow needs. Notwithstanding anything herein to the contrary, no more than 5% of the City’s total portfolio may be deposited with or invested in securities issued by one corporate, financial, or municipal issuer with the exception of the U.S. Treasury, federal agency institutions, government sponsored enterprises, and investment pools.

Maximum Maturities. To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements and known future liabilities. The City will invest in securities maturing within five years from the date of trade settlement. Notwithstanding the five year maturity limitation, the City Council grants its express authority per Government Code Section 53601, to invest in Special Assessment District obligations and obligations of the City of Yuba City and the Redevelopment Agency of the City of Yuba City with maturities extending beyond five years.

Sale of Investments Prior to Maturity. The City recognizes that investments occasionally may be sold prior to maturity and measured losses may be desirable in a diversified portfolio as long as such sales are consistent with the overall objectives of the City and the guidelines established by this Policy. Such sales shall be considered within the context of the overall portfolio’s return, provided that the sale of a security is in the best long term interest of the City.

IX. EVALUATION OF INVESTMENT PERFORMANCE

The investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. An appropriate performance benchmark shall be established against which portfolio performance shall be compared on a regular basis. The selected performance shall be representative of the City’s overall investment objectives and liquidity requirements.

X. REPORTING

The City Treasurer shall prepare and present a quarterly investment report to the City Council. This report will include the following elements relative to the investments held at quarter-end.

- Type of Investment
- Issuer of Investment

- Maturity date
- Coupon rate
- Yield to maturity
- Face value
- Market value
- A list of monthly transactions
- A description of investments that are under the management of contracted parties
- A statement of compliance of the City's portfolio with this Policy
- A statement of the City's ability to meet expenditure requirements for the following six months, or an explanation of why sufficient funds may not be available
- Other information regarding the City's portfolio as appropriate

XI. POLICY REVIEW AND ADOPTION

This Investment Policy shall be submitted annually to the City Council for adoption. The Policy shall be reviewed at least annually to ensure its consistency with the overall objectives of the City and its relevance to current law and financial and economic trends. Any modifications made thereto must be approved by the City Council.

GLOSSARY OF SELECTED TERMS*

Benchmark

A passive index used to compare the performance, relative to risk and return, of an investor's portfolio.

Cash Flow

A comparison of cash receipts (revenues) to required payments (debt service, operating expenses, etc.).

CDARS

The Certificate of Deposit Account Registry Service: a convenient way for safety-conscious investors to earn interest and access FDIC insurance on certificates of deposit larger than the \$250,000 FDIC limit.

Credit Risk

The chance that an issuer will be unable to make scheduled payments of interest and principal on an outstanding obligation. Another concern for investors is that the market's perception of a corporation's credit will cause the market value of a security to fall, even if default is not expected.

Credit Rating

Various alphabetical and numerical designations used by institutional investors, Wall Street underwriters, and commercial rating companies to give relative indications of bond and note creditworthiness. Standard & Poor's and Fitch Ratings use the same system, starting with their highest rating, of AAA, AA, A, BBB, BB, B, CCC, CC, C, and D for default. Moody's Investors Service uses Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C, and D. Each of the services use pluses (+), minuses (-), or numerical modifiers to indicate steps within each category. The top four letter categories are considered investment grade ratings.

Duration

A measure of the timing of cash flows to be received from a security that provides the foundation for a measure of the interest rate sensitivity of a bond. Duration is an elasticity measure and represents the percentage change in price divided by the percentage change in interest rates. A high duration measure indicates that for a given level of movement in interest rates, prices of securities will vary considerably.

FDIC

The Federal Deposit Insurance Corporation (FDIC) is an independent agency created by the Congress to maintain stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions for safety and soundness and consumer protection, and managing receiverships.

Fiduciary

An individual who holds something in trust for another and bears liability for its safekeeping.

Liquidity

The ease with which an investment may be converted to cash, either by selling it in the secondary market or by demanding its repurchase pursuant to a put or other prearranged agreement with the issuer or another party.

Liquidity Risk

The chance that a security, sold prior to maturity, will be sold at a loss of value. For a local agency, the liquidity risk of an individual investment may not be as critical as how the overall liquidity of the portfolio allows the agency to meet its cash needs.

Market Risk

The chance that the value of a security will decline as interest rates rise. In general, as interest rates fall, prices of fixed income securities rise. Similarly, as interest rates rise, prices fall. Market risk also is referred to as systematic risk or risk that affects all securities within an asset class similarly.

Maturity

The stated date on which all or a stated portion of the principal amount of a security becomes due and payable.

Net Present Value

An amount that equates future cash flows with their value in present terms.

Par Amount or Par Value

The principal amount of a note or bond which must be paid at maturity. Par, also referred to as the “face amount” of a security, is the principal value stated on the face of the security. A par bond is one sold at a price of 100 percent of its principal amount.

Pooled Investment

A market institution authorized under various sections of state law that represents the combined deposits of more than one local agency and pays returns based upon each local agency’s share of investment in the pool.

Portfolio

The combined holdings of all investment assets held by an investor.

Principal Amount

The face amount or par amount of a bond or issue of bonds payable on stated dates of maturity.

Put

The ability of a holder of an investment security to sell at a specified time and for a specified price the security back to the issuer or prior holder.

Return

The principal plus interest on an investment or portfolio of investments. In certain unfavorable market environments or due to risk factors, income derived from principal and interest may be less than the original amount invested.

Risk

The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

Yield

For the purposes of this publication, return and yield are synonymous.

*Excerpted from Understanding Public Investment Reporting - A Handbook For Local Elected Officials, California Debt and Investment Advisory Commission, 2003.

GLOSSARY OF INVESTMENT INSTRUMENTS*

Asset-Backed Securities

Securities that are supported by pools of assets, such as installment loans or leases, or by pools of revolving lines of credits. Asset-backed securities are structured as trusts in order to perfect a security interest in the underlying assets.

Bank Note

A senior, unsecured, direct obligation of a bank or U. S. branch of a foreign bank.

Banker's Acceptance

Normally, a short-term bill of exchange that is accepted as payment by banks engaged in financing trade of physical assets or merchandise.

Bond

A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

Callable Security

An investment security that contains an option allowing the issuer to retire the security prior to its final maturity date.

Certificate of Deposit

A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. Those appropriate to public agency investing include:

Negotiable Certificates of Deposit

Generally, short term debt instruments that usually pay interest and are issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Non-Negotiable Certificates of Deposit

CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for these non-negotiable CDs, but include a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to the amount of \$250,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities including Treasuries or agency securities such as those issued by the Federal National Mortgage Association.

Commercial Paper

A short-term, unsecured promissory note issued by a large corporation.

Corporate Notes and Bonds

Debt instruments, typically unsecured, issued by corporations, with original maturities in most cases greater than one year and less than ten years.

Federal Agency and Instrumentality Obligations

Obligations issued by a government-sponsored entity or a federally regulated institution.

Mortgage Pass-Through Obligations

Securities that are created when residential mortgages (or other mortgages) are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

Municipal Notes, Bonds, and Other Obligations

Obligations issued by state and local governments to finance capital and operating expenses.

Notes

Debt obligations of a firm or public entity, usually maturing in less than ten years.

Repurchase Agreements

From the perspective of a local agency, the short term, often overnight, purchase of securities with an agreement to resell the securities at an agreed upon price.

Reverse Repurchase Agreements

Differs from a repurchase agreement in the sense that a reverse repurchase agreement is an agreement to sell securities in return for cash with an agreement to repurchase the securities at an agreed upon price.

State and Local Investment Pools

The combined deposits of state and local agencies organized and operated by a state treasurer or a local official. These pools operate much like a mutual fund, with local agencies investing money together in order to increase efficiency and reduce costs.

State Notes, Bonds, and Warrants

Obligations of the State of California or another state government with different maturity lengths.

Zero-Interest Bond

A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-interest bonds are typically issued at a discount and repaid at par upon maturity.

*Excerpted from Understanding Public Investment Reporting - A Handbook For Local Elected Officials, California Debt and Investment Advisory Commission, 2003.

CITY OF YUBA CITY
STAFF REPORT

Date: January 21, 2014
To: Honorable Mayor & Members of the City Council
From: Department of Public Works
Presentation by: Benjamin K. Moody, Senior Engineer

Summary

Subject: Annexing 1441 & 1445 Garden Highway, into the Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1

Recommendation: Adopt the following resolutions to modify the Lighting and Landscape Maintenance District:

- a. Resolution to modify Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1 (proportionate maintenance costs for Garden Highway landscape medians, located at 1441 & 1445 Garden Highway)
- b. Resolution of Intention, Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1 (pursuant to the Landscaping and Lighting Act of 1972).

Fiscal Impact: Revenue from the assessed parcel is to be used to provide maintenance services and district administration costs associated with the Garden Highway landscape medians and street lighting; \$29.91 assessed annually with an inflation factor per parcel.

Purpose:

Add the properties, 1441 and 1445 Garden Highway into a Lighting and Landscape Maintenance District for the maintenance of the Garden Highway medians.

Background:

The properties located at 1441 and 1445 Garden Highway were conditioned per a parcel subdivision, TM 13-01, to enter into an existing Lighting and Landscape Maintenance District To provide a proportionate share of the funding for the operation and maintenance of the Garden Highway landscape medians and street lighting system. The owner/developer's representative has been contacted regarding the Lighting and Landscape Maintenance District (LLMD) formation procedure. The assessed funds will be used for operating and maintaining the Garden Highway landscape medians.

Analysis:

The City has created and modified several Lighting and Landscape Maintenance Districts that cover many commercial projects and subdivisions, over the past few years. When projects are conditioned to participate in a LLMD, there is a procedure that has to be followed in order to annex the project into an existing district. The process starts with the adoption of a Resolution to Modify an existing district and a Resolution of Intention to create a Zone of Benefit for the project within the district and set the public hearing. Upon Council adoption of the Resolution to Modify and Resolution of Intention, staff sends out a Notice of Public Hearing and a ballot to all affected property owners at least 45 days prior to the date of the public hearing. The assessment ballots are to be received by the City Clerk prior to the public hearing. The Council conducts a public hearing, and the City Clerk then tabulates the votes. If the majority of the property owners have voted in favor of the LLMD, Council adopts a Resolution Confirming Diagram and Assessment and Levying Assessment for the fiscal year. During this process, the Public Works Department is required to prepare an Engineer's Report providing specific information related to the LLMD and to file it with the City Clerk. This information is provided to the Sutter County Tax Collector so that the properties can be assessed accordingly.

The attached resolutions set a public hearing for March 18, 2014, to receive input from the affected property owners and set the proposed assessments in accordance with the Engineer's Report which will be filed with the City Clerk later this month.

Fiscal Impact:

Revenue from the assessed parcel is to be used to provide maintenance services and district administration costs. The Engineer's Report for the Yuba City Lighting and Landscape Maintenance District No. 1 Zone of Benefit B_1 has determined that the annual assessed amount for the (LLMD) is \$29.91 per parcel, with an annual inflation adjustment.

Alternatives:

Do not adopt the following resolutions and fund the operation and maintenance of the streetlight from alternate sources.

Recommendation: Adopt the following resolutions to modify the Lighting and Landscape Maintenance District:

- a. Resolution to modify Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1 (proportionate maintenance costs for Garden Highway landscape medians, located at 1441 & 1445 Garden Highway)
- b. Resolution of Intention, Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1 (pursuant to the Landscaping and Lighting Act of 1972).

Prepared by:

/s/ Benjamin K. Moody

Benjamin K. Moody
Senior Civil Engineer

Submitted by:

/s/ Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed by:

Department Head

DL

Finance

RB

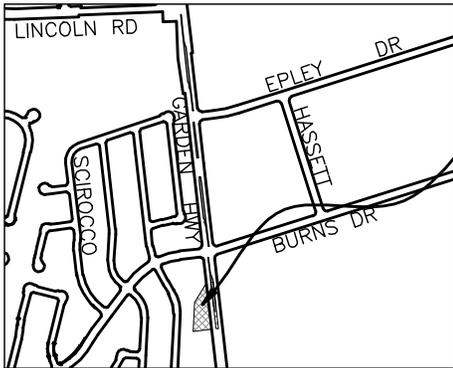
City Attorney

TH



SCALE: 1" = 300'

1441 & 1445 GARDEN HIGHWAY
LANDSCAPE MAINTENANCE DISTRICT No. 1
ZONE OF BENEFIT B_1



SUBJECT AREA



AREA TO BE ADDED

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
INITIATING PROCEEDINGS TO MODIFY THE YUBA CITY LIGHTING AND
LANDSCAPE MAINTENANCE DISTRICT NO. 1, ZONE OF BENEFIT B_1**

(Pursuant to the Landscaping and Lighting Act of 1972)

THE CITY COUNCIL OF THE CITY OF YUBA CITY RESOLVES:

1. The City Council proposes to modify a lighting and landscape maintenance district pursuant to the Landscaping and Lighting Act of 1972 (Section 22500 and following Streets and Highways Code) for the purpose of operating and maintaining lighting and landscape facilities associated with the Garden Highway landscape medians adjacent to 1441 and 1445 Garden Highway.

2. The proposed assessment district Zone of Benefit shall be designated as Zone of Benefit B_1 of the Yuba City Lighting and Landscape Maintenance District No. 1, City of Yuba City, Sutter County, California, and shall include the lands shown on the attached map designated "Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1," which is on file with the City Clerk and is hereby approved.

3. The City Engineer, or designee, of the City of Yuba City is hereby designated engineer for the purpose of these formation proceedings. The City Council hereby directs the engineer to prepare and file with the City Clerk a report in accordance with Article 5 of Chapter 1 of the Landscaping and Lighting Act of 1972.

The foregoing resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 21st day of January 2014.

AYES:

NOES:

ABSENT:

MAYOR

ATTEST:

CITY CLERK

RESOLUTION NO. _____

**RESOLUTION OF INTENTION
YUBA CITY LIGHTING AND LANDSCAPE MAINTENANCE
DISTRICT NO. 1, ZONE OF BENEFIT B_1**

(Pursuant to the Landscaping and Lighting Act of 1972)

THE CITY COUNCIL OF THE CITY OF YUBA CITY RESOLVES:

1. The City Council intends to form the assessment district and to levy and collect assessments in accordance with the Landscaping and Lighting Act of 1972.

2. The improvements to be made in this assessment district are generally described as follows:

Operation and maintenance of street lighting and landscape facilities associated with the Garden Highway landscape medians adjacent to 1441 and 1445 Garden Highway.

3. This assessment district shall be known as the Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1, City of Yuba City, Sutter County, California.

4. In accordance with the City Council's resolution initiating proceedings, the City Engineer, or designee, will file with the City Clerk later this month the report required by the Landscaping and Lighting Act of 1972. All interested persons are referred to that report for a full and detailed description of the improvements, the boundaries of the assessment district, and the proposed assessments upon assessable lots and parcels of land within the assessment district to include an annual increase in assessments equal to the annual increase in the "All Urban Consumers" Consumer Price Index, US City Average, as compiled by the United States Department of Labor Bureau of Labor Statistics.

5. On March 18, 2014, at the hour of 6:00 P.M., the City Council will conduct a public hearing on the formation of this assessment district and the levy of the proposed assessment. The hearing will be held in the City Hall Council Chambers, 1201 Civic Center Boulevard, Yuba City, California.

6. City Clerk is authorized and directed to give the notice of hearing required by the Landscaping and Lighting Act of 1972.

The foregoing resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 21st day of January 2014.

AYES:

NOES:

ABSENT:

MAYOR

ATTEST:

CITY CLERK

ENGINEER'S REPORT

YUBA CITY LIGHTING AND LANDSCAPE MAINTENANCE DISTRICT NO. 1



2013 - 2014

**ZONE OF BENEFIT B_1
(1441 & 1445 Garden Highway)**

**ENGINEER'S REPORT
FOR
YUBA CITY LIGHTING AND LANDSCAPE MAINTENANCE DISTRICT NO. 1
(PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972)**

The undersigned respectfully submits the enclosed report as directed by the City Council.
Dated : December 10, 2013

By : _____
Engineer of Work

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment and Assessment diagrams thereto attached, was filed with me on the ____ of _____, 2014.

Terrel Locke, City Clerk
City of Yuba City
Sutter County, California

By: _____

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment and Assessment diagrams thereto attached, was approved and confirmed by the City Council of the City of Yuba City, California, on the ____ of _____, 2014.

Terrel Locke, City Clerk
City of Yuba City
Sutter County, California

By : _____

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment and Assessment diagrams thereto attached, was filed with the County Auditor of the County of Sutter, on the ____ of _____, 2014.

Terrel Locke, City Clerk
City of Yuba City
Sutter County, California

By : _____

ENGINEER'S REPORT
YUBA CITY LIGHTING AND LANDSCAPE MAINTENANCE DISTRICT NO. 1
ZONE OF BENEFIT B_1
(1441 & 1445 Garden Highway)
(Pursuant to the Landscaping and Lighting Act of 1972)

Diana Langley, Engineer of work for the Yuba City Lighting and Landscape Maintenance District No. 1, Zone of Benefit B_1, City of Yuba City, County of Sutter County, California, makes this report as directed by City Council, pursuant to Section 22585 of the Streets and Highway Code (Landscape and Lighting Act of 1972).

The improvements to be maintained subject to this report include the operation and maintenance of street lighting and landscape medians located adjacent to parcel number 54-090-010, 1441 & 1445 Garden Highway.

This report consists of five parts, as follows:

Part A- Plans and specifications (the improvements to be maintained are not filed with the City Clerk, since this will be a maintenance district only).

Part B - An estimate of the cost of maintenance.

Part C - An assessment of the estimated cost of maintenance on each benefited parcel of land within the assessment district (see attached list).

Part D - A statement of the method by which the undersigned has determined the amount proposed to be assessed against each parcel.

Part E - A diagram showing all of the parcels of real property within this assessment district. The diagram is keyed to Part C by assessment number.

Respectfully submitted,

Diana Langley
Engineer of Work
City of Yuba City

**PART A
PLANS AND SPECIFICATIONS**

**YUBA CITY LIGHTING AND LANDSCAPE MAINTENANCE DISTRICT NO. 1
ZONE OF BENEFIT B_1
(1441 & 1445 Garden Highway)**

This is a maintenance district only -- no plans or specifications are required.

PART B
ESTIMATE OF COST OF MAINTENANCE

Yuba City Lighting and Landscape Maintenance District No. 1
Zone of Benefit B-1
(2 Parcels)

The existing LLMD No. 1, Zone B-1, established a fee per parcel for the maintenance, landscaping, and lighting of the Garden Highway Median, with an inflation index. The fee was determined per parcel, and based on the cost calculation used for the adjacent district LLMD 1, Zone B. The property APN 54-090-010 has been conditioned to participate in the LLMD for the Garden Highway Median per parcel subdivision TM 13-01.

		<u>Total</u>
Established rate <u>per parcel in year 2012</u> per the formation of LLMD No. 1 Zone B-1	=	<u>\$ 29.50</u>
Subtotal	=	\$ 29.50
CPI multiplier (1.014)	=	\$ 29.91
10% Administration (included in parcel rate)	=	<u>\$ 0.00</u>
Subtotal Assessment per parcel	=	\$ 29.91

**PART C
ASSESSMENT ROLL**

**Yuba City Lighting and Landscape Maintenance District No. 1
ZONE OF BENEFIT B-1**

Assessment #	Assessor's #	Amount of Assmt.
1 (1441 Garden Hwy.)	TBD	\$ 29.91
2 (1445 Garden Hwy.)	TBD	\$ 29.91

PART D
METHOD OF APPORTIONMENT OF ASSESSMENT

Yuba City Lighting and Landscape Maintenance District No. 1
Zone of Benefit B_1

All the parcels within the LLMD will share equally in the maintenance costs for the median facilities (\$29.91 per year, year 2013). All additional lots added to this Zone of Benefit will benefit in like manner.

The proposed assessments upon assessable lots and parcels of land within the assessment district shall be adjusted annually on each July 1 to reflect changes from May of the previous year to May of the current year of the “All Urban Consumers” Consumer Price Index, US City Average, as compiled by the United States Department of Labor, Bureau of Labor Statistics.

Consumer Price Index

Year	Consumer Price Index	Multiplier
May 2012	229.815	1.000
May 2013	232.945	1.014

PART E

ASSESSMENT DIAGRAM

Yuba City Lighting and Landscape Maintenance District No. 1

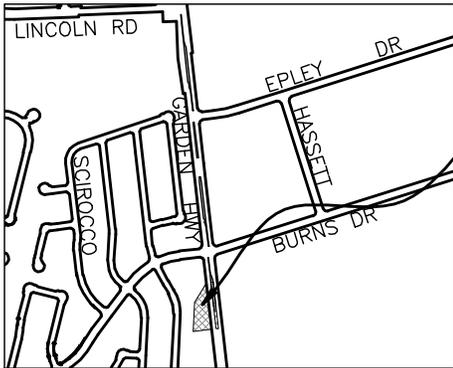
ZONE OF BENEFIT B_1

(1441 & 1445 Garden Highway)



SCALE: 1" = 300'

1441 & 1445 GARDEN HIGHWAY
LANDSCAPE MAINTENANCE DISTRICT No. 1
ZONE OF BENEFIT B_1



SUBJECT AREA



AREA TO BE ADDED

CITY OF YUBA CITY
STAFF REPORT

Date: January 21, 2014
To: Honorable Mayor & Members of the City Council
From: Parks and Recreation
Presentation By: Brad McIntire, Parks and Recreation Director

Summary

Subject: Possible Disposition of 15.2 acres of City Owned Property North of Northridge Park between Clark Avenue and Live Oak Blvd (APN 51-580-014, -013, -012)

Recommendation: Initiate a 45 day Request for Proposals from any interested parties.

Fiscal Impact: There is no fiscal impact to initiate a Request for Proposals.

Purpose:

To solicit interest regarding ideas for potential development of 15.2 acres of City Owned Property.

Background:

In 1994, the City purchased the above mentioned property. The Acquisition Agreement stated that the City's "current intention in acquiring the subject property is to utilize as a community park." Northridge Park was constructed in 1994 and is a 4.5 acre park adjacent to the property in question.

To date, the Property has never been used or dedicated for park purposes, nor have any public funds been expended to improve the land as a park, nor was the Property purchased from funds realized from the sale of bonds authorized for the purpose of acquiring the land for park purposes. The City Attorney has advised that ultimate use or sale of the property is at the discretion of the City Council.

In 2006, approximately 4 acres of the 15.2 acres was dedicated for use as a storm water detention pond. The current General Plan designation for this property is Residential.

Analysis:

In the past six months, the City received a request to purchase and develop the property. In order to move forward, it is proposed the City establish a 45 day Request for Proposals (RFP) to formally announce the City's interest in the potential sale of the property and solicit interest regarding development ideas. The RFP would require the following information from any potential developer of the property:

1. Organization's Background & Experience
2. Financial Ability
3. Project Proposal & Schedule
4. Benefit to the Community

5. Business Terms

Once the RFPs are received, the proposals will be reviewed and a recommendation will be brought back to the Council for consideration.

Fiscal Impact:

There is no fiscal impact to initiate a Request for Proposals.

Recommendation:

Initiate a 45 day Request for Proposal from any interested parties.

Alternatives:

1. Open the RFP to only include non-profit organizations.
2. Retain site for future City use and not open an RFP.

Attachment:

- Property Map

Prepared by:

Submitted by:

/s/ Brad McIntire

/s/ Steven C. Kroeger

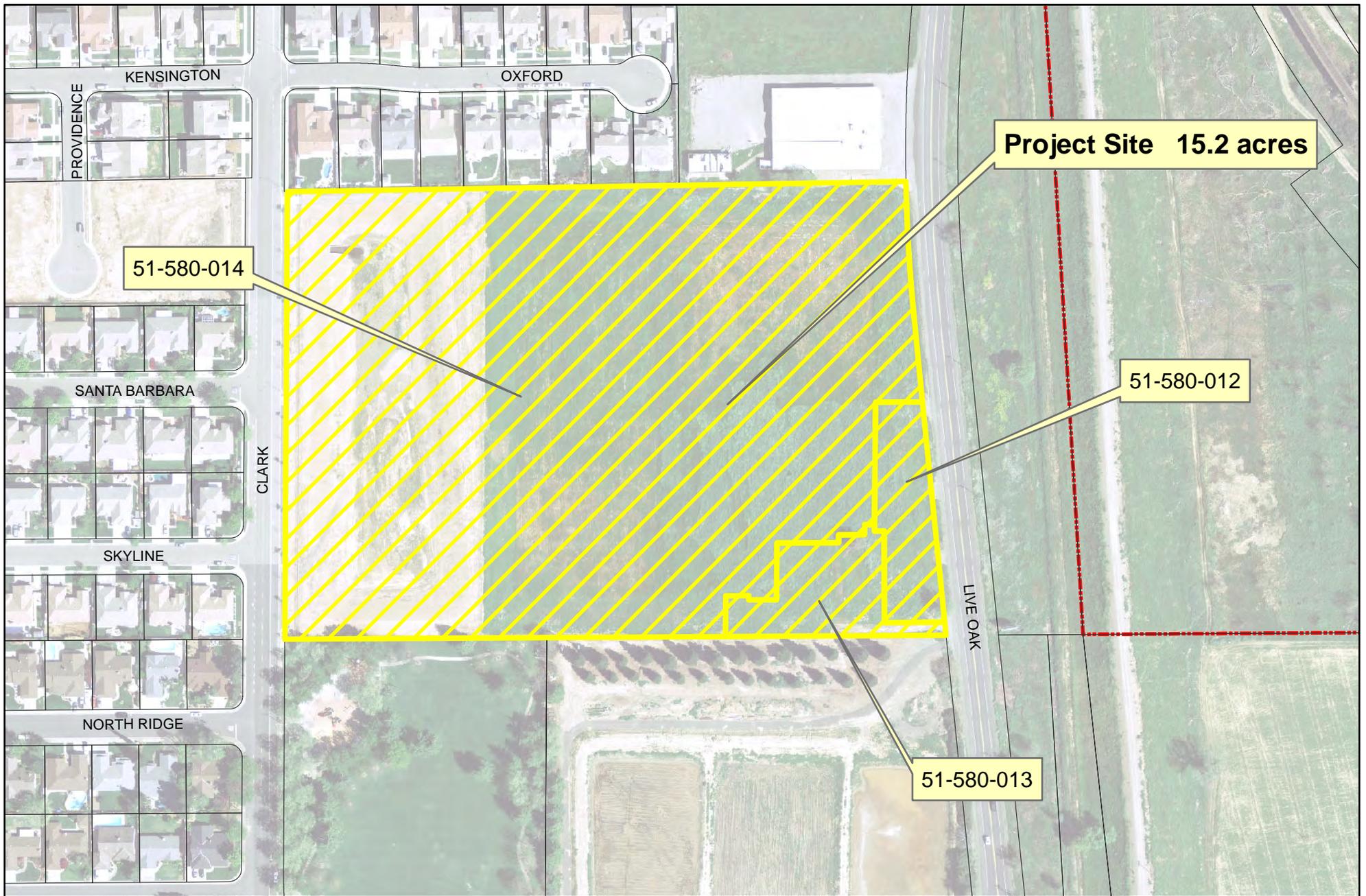
Brad McIntire
Parks and Recreation Director

Steven C. Kroeger
City Manager

Reviewed by:

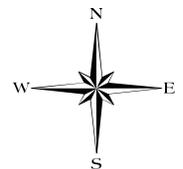
City Attorney
Finance

TH
RB



15.2 City owned acreage - property disposition
assessor parcel numbers 51-580-012, -013, -014

1 inch = 200 feet



CITY OF YUBA CITY
STAFF REPORT

Date: January 21, 2014
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Professional Services Agreement with Fehr & Peers for the preparation of a traffic study for the El Margarita Master Plan Area

Recommendation: Award a professional services agreement to Fehr & Peers of Roseville, CA, for the preparation of a traffic study for the El Margarita Master Plan Area in the amount of \$66,000 with the finding that it is in the best interest of the City, and approve a budget transfer in the amount of \$76,000 from unallocated Developer Impact Fees for Roads to Account Number 931194.

Fiscal Impact: The City will advance the funds required for the traffic study from unallocated Developer Impact Fees for Roads but will be reimbursed as project applications are processed within the El Margarita Master Plan Area.

Purpose:

To prepare a traffic study for the El Margarita Master Plan Area, a required element of a Master Plan, to advance development within the area.

Background:

In 2005, the City Council adopted a resolution adopting twelve growth policies for development within the City's Sphere of Influence. Council established boundaries for the development of Specific Plans and Master Plans (Exhibit A) in order to allow development to proceed in an orderly manner. The area bounded by the future southerly extension of Western Parkway to the west, Franklin Road to the south, Harding Road to the east, and the City Limits in 2005 to the north is being referred to as the El Margarita Master Plan Area (Exhibit B).

Within the last few months, the City has received two applications for Tentative Maps within the El Margarita Master Plan Area. After internal discussions among staff regarding the Master Plan requirement and the fact that many of the required elements are nearly developed, staff is recommending that the City take the lead on preparing the El Margarita Master Plan, similar to what was done with the Lincoln East Specific Plan, though on a much smaller scale.

From a Public Works perspective, an analysis of the infrastructure requirements has been completed or is nearly completed with the exception of a traffic analysis. Staff is conducting an analysis of the sewer lines required to serve the area and will have a recommendation for sewer lines required. With the completion of the Proposition 84 Water Line Project, the water lines to

serve the area will be in place. Drainage from the area will be directed to Live Oak Canal, of which the County and City are in the process of finalizing the West Yuba City Area Master Drainage Study. The only remaining Public Works element that will not have been addressed is the traffic improvements required to serve the Master Plan Area. Community Development will have some other required elements to address, but it is anticipated that a consultant will be hired to assist with the preparation of the Master Plan document.

Analysis:

In order to analyze traffic impacts from development within the El Margarita Master Plan Area, a traffic study is required. The traffic study will evaluate 14 intersections including five on State Route 20 and two on State Route 99. The study will develop mitigation measures to address traffic impacts of the overall development as well as specific impacts of the two Tentative Map areas.

Fehr & Peers of Roseville, CA, has a long history of performing traffic modeling and preparing traffic studies for the City. Fehr & Peers prepared the City's 2004 travel demand forecasting model and has made numerous updates over the years as new projects have been analyzed, including the proposed Fifth Street Bridge Replacement Project. Staff is recommending that a Professional Services Agreement be awarded to Fehr & Peers with the finding that it is in the best interest of the City.

Fiscal Impact:

Fehr & Peers has provided a proposal on a time and materials basis for a not to exceed amount of \$66,000. Staff is requesting an additional \$10,000 in contingency should any modifications be required to address Caltrans or other stakeholder concerns. Staff is proposing to advance the funds from unallocated Developer Impact Fees for Roads of which there is \$5.6 Million available. As project applications are submitted within the El Margarita Master Plan Area, funds will be collected from the developers to reimburse the City for the traffic study costs.

Alternatives:

Do not proceed with the traffic study at this time. However, a traffic study is required at a minimum for the two Tentative Maps that have been submitted.

Recommendation:

Award a professional services agreement to Fehr & Peers of Roseville, CA, for the preparation of a traffic study for the El Margarita Master Plan Area in the amount of \$66,000 with the finding that it is in the best interest of the City, and approve a budget transfer in the amount of \$76,000 from unallocated Developer Impact Fees for Roads to Account Number 931194.

Prepared by:

Submitted by:

/s/ Diana Langley

/s/ Steven C. Kroeger

Diana Langley
Public Works Director

Steven C. Kroeger
City Manager

Reviewed by:

Department Head

DL

Finance

RB

City Attorney

TH

Other

Yuba City Master Plan & Specific Plan Areas

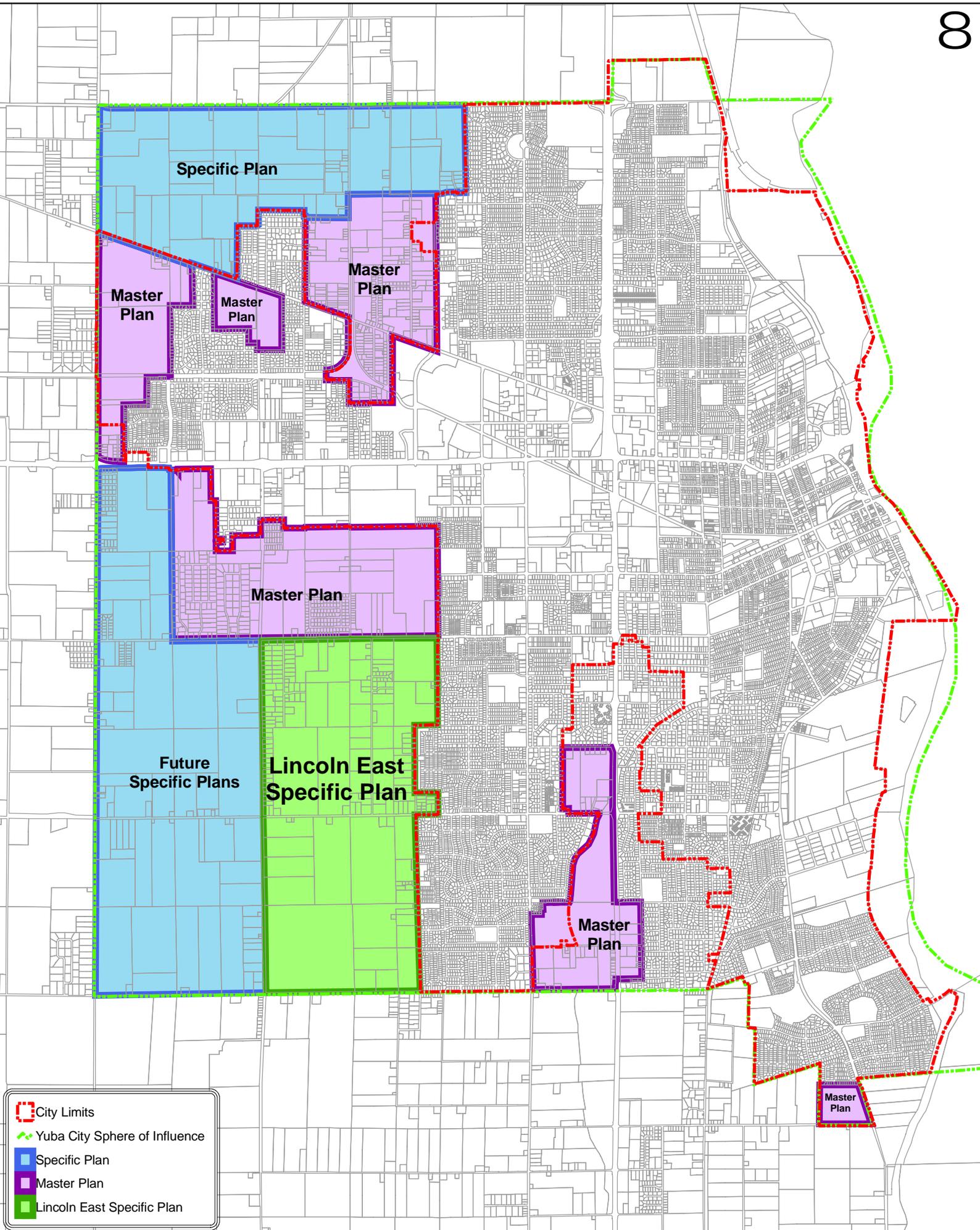
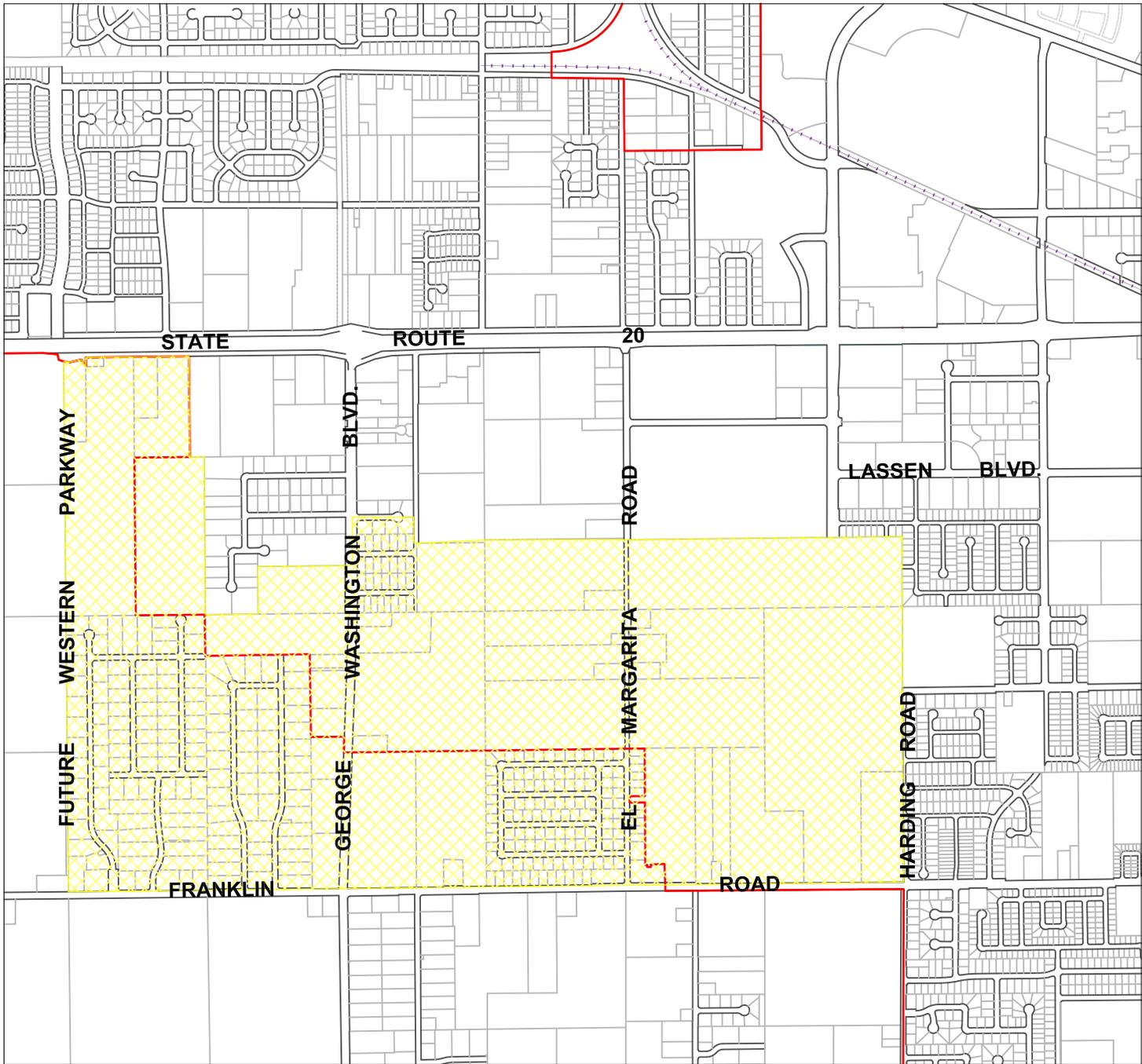
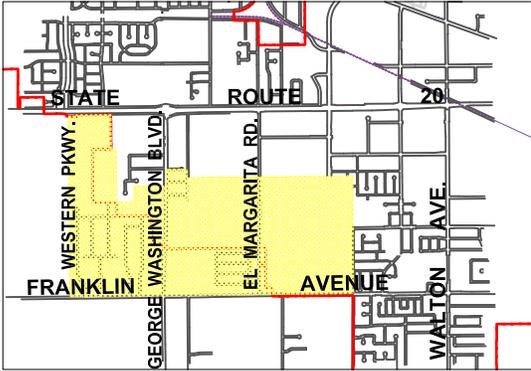


EXHIBIT B
EL MARGARITA MASTER PLAN AREA



**AGREEMENT FOR PROFESSIONAL SERVICES
El Margarita Master Plan Area**

This Agreement is made and entered into as of January 21, 2014, by and between the City of Yuba City, a municipal corporation ("City") and Fehr & Peers Transportation Consultants ("Consultant").

RECITALS

- A. Consultant is specially trained, experienced and competent to perform the special services which will be required by this Agreement; and
- B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein; and
- C. City desires to retain Consultant to render professional services as set forth in this Agreement.

AGREEMENT

- 1. Scope of Services. The Consultant shall furnish the following services in a professional manner.

**See Attached Scope of Services
(Exhibit A)**

- 2. Time of Performance. The services of Consultant are to commence upon execution of this Agreement and shall continue until all authorized work is completed and approved by the City. Finalization shall be completed at the direction of the City of Yuba City.
- 3. Compensation. Compensation to be paid to Consultant shall be in accordance with the Schedule of Charges set forth in Exhibit A, which is attached hereto and incorporated herein by reference. In no event shall Consultant's compensation exceed Sixty-Six Thousand Dollars (\$66,000) without additional written authorization from the City. Payment by City under this Agreement shall not be deemed a waiver of defects, even if such defects were known to the City at the time of payment.
- 4. Method of Payment. Consultant shall submit monthly billings to City describing the work performed during the preceding month. Consultant's invoices shall include a brief description of the services performed, the date the services were performed, the number of hours spent and by whom, and a description of any reimbursable expenses. City shall pay Consultant not later than 30 days after approval of the monthly invoice by City staff. When

payments made by the City equal 90% of the maximum fee provided for in this Agreement, no further payments shall be made until the final work under this Agreement has been accepted by City.

5. Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from City.
6. Termination. This Agreement may be terminated by the City immediately for cause or by either party without cause upon fifteen days written notice of termination. Upon termination, Consultant shall be entitled to compensation for services performed up to the effective date of termination. Such compensation is subject to the conditions of Section 4 of this agreement.
7. Ownership of Documents. All plans, studies, documents and other writings prepared by and for Consultant, its officers, employees, agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the City upon payment to Consultant for such work, and the City shall have the sole right to use such materials in its discretion without further compensation to Consultant or to any other party. Consultant shall, at Consultant's expense, provide such reports, plans, studies, documents and other writings to City upon request.
- * Licensing of Intellectual Property. This Agreement creates a nonexclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subcontractors to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regards to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written

information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the services under this Agreement. Nor shall such materials be disclosed to any person or entity not connected with the performance of the services under this Agreement. Nothing furnished to Consultant, which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs relating to project for which Consultant's services are rendered, or any publicity pertaining to the Consultant's services under this Agreement in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

8. Consultant's Books and Records:

- a. Consultant shall maintain any and all ledgers, books of accounts, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to City for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to Consultant to this Agreement.
- b. Consultant shall maintain all documents and records which demonstrated performance under this Agreement for a minimum period of three (3) years, or for any longer period required by law, from the date of termination or completion of this Agreement.
- c. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the City Administrator, City Attorney, City Auditor or a designated representative of these officers. Copies of such documents shall be provided to the City for inspection at City Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Consultant's address indicated for receipt of notices in this Agreement.
- d. Where City has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of Consultant's business, City may, by written request by any of the above named officers, require that custody of the records be given to the City and that the records and documents be maintained in City Hall. Access to such records and documents shall be granted to any party authorized by Consultant, Consultant's representatives, or Consultant's successor-in-interest.

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

Consultant is not a designated employee within the meaning of the Political Reform Act because Consultant:

- a. Will conduct research and arrive at conclusions with respect to his/her rendition of information, advice, recommendation or counsel independent of the control and direction of the City or of any City official, other than normal agreement monitoring; and
- b. Possesses no authority with respect to any City decision beyond rendition of information, advice, recommendation or counsel. (FPPC Reg. 18700(B)(2).)

10. Interest of Consultant. Consultant (including principals, associates and professional employees) covenants and represents that it does not now have any investment or interest in real property and shall not acquire any interest, direct or indirect, in the area covered by this Agreement or any other source of income, interest in real property or investment which would be affected in any manner or degree by the performance of Consultant's services hereunder. Consultant further covenants and represents that in the performance of its duties hereunder no person having any such interest shall perform any services under this Agreement.

11. Professional Ability of Consultant. City has relied upon the professional training and ability of Consultant to perform the services hereunder as a material inducement to enter into this Agreement. Consultant shall therefore provide properly skilled professional and technical personnel to perform all services under this Agreement. All work performed by Consultant under this Agreement shall be in accordance with applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent professionals in Consultant's field of expertise.

12. Compliance with Laws. Consultant shall use the standard of care in its profession to comply with all applicable federal, state and local laws, codes, ordinances and regulations.

13. Licenses. Consultant represents and warrants to City that it has all licenses, permits, qualifications, insurance and approvals of whatsoever nature, which are legally required of Consultant to practice its profession. Consultant represents and warrants to City that Consultant shall, at its sole cost and

18. Amendments. This Agreement may be modified or amended only by a written document executed by both Consultant and City and approved as to form by the City Attorney.
19. Assignment and Subcontracting. The parties recognize that a substantial inducement to City for entering into this Agreement is the professional reputation, experience and competence of Consultant. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express consent of the City. Consultant shall not subcontract any portion of the work to be performed under the Agreement without the written authorization of the City. If City consents to such subcontract, Consultant shall be fully responsible to City for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between City and subcontractor nor shall it create any obligation on the part of the City to pay or to see to the payment of any monies due to any such subcontractor other than as otherwise is required by law.
20. Waiver. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this Agreement.
21. Severability. If any term or portion of this Agreement is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.
22. Controlling Law Venue. This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this Agreement shall be held exclusively in a state court in the County of Sutter.
23. Litigation Expenses and Attorneys' Fees. If either party to this Agreement commences any legal action against the other party arising out of this Agreement, the prevailing party shall be entitled to recover its reasonable litigation expenses, including court costs, expert witness fees, discovery expenses, and attorneys' fees.
24. Mediation. The parties agree to make a good faith attempt to resolve any disputes arising out of this Agreement through mediation prior to commencing litigation. The parties shall mutually agree upon the mediator and shall divide the costs of mediation equally. If the parties are unable to agree upon a mediator, the dispute shall be submitted to JAMS/ENDISPUTE ("JAMS") or its successor in interest. JAMS shall provide the parties with the names of five qualified mediators. Each party shall have the option to strike two of the five mediators selected by JAMS and thereafter the mediator remaining shall hear

the dispute. If the dispute remains unresolved after mediation, either party may commence litigation.

25. Execution. This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one copy hereof shall have been signed by both parties hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.
26. Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and to bind each respective party.
27. Prohibited Interest. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising there from.
28. Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first written above.

CITY OF YUBA CITY:

CONSULTANT:

By: _____ By _____

**Steve Kroeger
City Manager**

**Alan Telford
Principal**

Attachments: Exhibit A – Scope of Services
 Exhibit B - Insurance Requirements

Exhibit A
Scope of Services

See attached proposal dated December 9, 2013.

Exhibit B
Professional Services Agreement
Insurance Requirements

- I. **Workers' Compensation Coverage.** Consultant shall maintain Workers' Compensation Insurance for his/her employees in accordance with the laws of the State of California and Employers Liability Insurance in an amount not less than one million dollars (\$1,000,000) per accident for bodily injury and/or disease. In addition, Consultant shall require each subcontractor to similarly maintain Workers' Compensation Insurance in accordance with the laws of the State of California and Employers Liability Insurance in an amount not less than one million dollars (\$1,000,000) per accident for bodily injury and/or disease, for all of the subcontractor's employees. Any notice of cancellation or non-renewal of all Workers' Compensation policies must be received by the City at least thirty (30) days prior to such change. The insurer shall agree to waive all rights of subrogation against City, its officers, agents, employees and volunteers for losses arising from work performed by Consultant for City. This provision shall not apply if Consultant has no employees performing work under this Agreement. If the Consultant has no employees for the purposes of this Agreement, Consultant shall sign the "Certificate of Exemption from Workers' Compensation Insurance" which is attached hereto as Exhibit C.

- II. **General Liability Coverage.** Consultant shall maintain commercial general liability insurance in an amount not less than one million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit.

- III. **Automobile Liability Coverage.** Consultant shall maintain automobile liability insurance covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with the work to be performed under this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount of not less than one million dollars (\$1,000,000) combined single limit for each occurrence.

- IV. **Professional Liability Coverage.** Consultant shall maintain professional errors and omissions liability insurance for protection against claims alleging negligent acts, errors or omissions which may arise from Consultant's operations under this Agreement, whether such operations are by the Consultant or by its employees, subcontractors, or sub-consultants. The amount of this insurance

shall not be less than one million dollars (\$1,000,000) on a claims-made annual aggregate basis, or a combined single-limit per occurrence basis.

- V. **Endorsements.** Each general liability and automobile liability insurance policy shall be with insurers possessing a current A.M. Best's rating of no less than A:VII and shall be endorsed with the following specific language or equivalent:
- A. The City, its elected or appointed officers, officials, employees, agents and volunteers are to be covered as additional insured with respect to liability arising out of work performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work or operations. Conforms to ISO CG 2009 and CG 2037 10 01. Both are required.
 - B. This policy shall be considered primary insurance as respects to the City, its elected or appointed officers, officials, employees, agents and volunteers. Any insurance maintained by the City, including any self-insured retention the City may have, shall be considered excess insurance only and shall not contribute with it.
 - C. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.
 - D. The insurer waives all rights of subrogation against the City, its elected or appointed officers, officials, employees or agents.
 - E. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents or volunteers.
 - F. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage except after thirty (30) days written notice has been received by the City.
- VI. **Deductibles and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by the City. At the City's option, Consultant shall demonstrate financial capability for payment of such deductibles or self-insured retention's.
- VII. **Certificates of Insurance.** Consultant shall provide certificates of insurance with original endorsements to City, as evidence of the insurance coverage required herein. Certificates of such insurance shall be filed with the City on or before commencement of performance of this agreement. Current certification of insurance shall be kept on file with the City at all times during the term of this Agreement.

CITY OF YUBA CITY
STAFF REPORT

Date: January 21, 2014
To: Honorable Mayor & Members of the City Council
From: Department of Public Works
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Water Supply Evaluation for 2014
Recommendation: Note and file presentation.
Fiscal Impact: Informational item only.

Purpose:

To provide an assessment of the City's water supplies for 2014.

Background:

The City of Yuba City obtains water for its water system through four different permits/contracts from the Feather River (Table A). The City also has access to one groundwater well located at the Water Treatment Plant for use in drought or emergency conditions.

Table A: Yuba City Water Sources

Water Source	Annual Allotment	Time of Use
SWRCB License 13855	6,500 AF	September - June
SWRCB Permit 18558	9,000 AF	October - June
North Yuba Water District	4,500 AF	Summer
DWR State Water Project	9,600 AF	Year Round
Backup Groundwater Well (WTP)	3,248 AF	As Needed
Total:	32,848 AF	

For reference purposes, the City's water demand in 2013 was 18,178 AF.

Historically, SWRCB License 13855 (License 13855) and the North Yuba Water District (NYWD) have been reliable sources of water. License 13855 is one of the City's older permits and drought restrictions have only been applied twice: 1977 and 1992. Water supply under the NYWD contract has never been restricted. During below normal runoff years, SWRCB Permit 18558 (Permit 18558) is typically restricted so that no water can be drawn under the permit starting mid-May through September. The DWR State Water Project Contract (SWP Contract) is typically subject to restrictions, with the most severe restrictions occurring in 1990 and 1991 when the City's allocation was reduced to 20%.

Analysis:

On November 15, 2013, the City received a letter from the State Water Resources Control Board that Permit 18558 is restricted until further notice.

On November 19, 2013, the City received a letter from the Department of Water Resources (DWR) that the City's initial allocation from the SWP Contract will only be 5% of the City's contract amount for 2014 or 480 Acre-Feet. At the time, it was an early estimate in which the thought was that the region would receive more water in the coming months and the allocation may be increased. However, there has been no significant rain, so the City needs to plan on a 5% allocation.

Fortunately, over the past two years, the City has carried over or "banked" 8,345 Acre-Feet of water under the SWP Contract. The City has the ability to fully utilize the banked water.

In addition, with the execution of the Settlement Agreement related to the Area of Origin (*Solano County Water Agency, et al. v. Department of Water Resources* Case No. 34-2008-00016338 CU-BCGDS), the City has other measures that can be taken to request additional water if necessary. However, all banked water must be utilized first.

A report will be provided at the Council meeting to summarize the water sources available for 2014 as well as a recommendation regarding water conservation.

Fiscal Impact:

Informational item only.

Alternatives:

None.

Recommendation:

Note and file presentation.

Prepared by:

/s/ Diana Langley

Diana Langley
Public Works Director

Submitted by:

/s/ Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed by:

Department Head

DL

Finance

RB

City Attorney

TH

Other

CITY OF YUBA CITY
STAFF REPORT

Date: January 21, 2014
To: Honorable Mayor & Members of the City Council
From: Finance/IT Department
Presentation By: Robin Bertagna, C.P.A., Finance Director

Summary

Subject: Final Financial Report for Fiscal Year Ending June 30, 2013
Recommendation: Note and File the Final Financial Report for the Fiscal Year Ending June 30, 2013
Fiscal Impact: Informational item only

Purpose:

To provide City Council with a summary of the final, audited, revenue and expenses of the City's major operating funds.

Background:

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

Analysis:

The attached Final Financial Report has been prepared for City Council review for the Fiscal Year Ending June 30, 2013.

Fiscal Impact:

Informational item only

Alternatives:

Not applicable

Recommendation:

Staff recommends that the City Council note and file the Final Financial Report for the Fiscal Year Ending June 30, 2013.

Prepared By:

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

Submitted By:

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

Reviewed By:

City Attorney

TH



Final Financial Report

For Fiscal Year Ending 06/30/13 (Final/Post-Audit Year End)

January 21, 2014

OVERVIEW

The on-site work for the City's financial audit for FY 2012-13 is complete. A great deal of City staff time goes into closing the books and preparing for the arrival of the City's auditors during the months of August through October. City Finance staff gathers all of the accrual information in accordance with Governmental Accounting Standards. In addition, we analyze the components that make up the City's assets, liabilities, revenues, expenditures and fund balances to ensure everything is properly accounted for. City staff attempts to review activity from an "auditor's" perspective prior to the arrival of the City's independent auditors. This is beneficial because it makes the performance of the audit much smoother for the City's auditors, City staff and other departments throughout the City. Finance makes the effort to ensure that the City has no material misstatements in the pre-audit balances which are provided to the auditors.

The audit was completed in mid-October. Very few adjustments were made to the City's records by the auditors. These adjustments have been included in this final FY 2012-13 Financial Report.

In this Financial Report, the use of reserves to fund operations will be consistently referred to as "Reserves", not to be confused with revenues. Revenues are generated through operational charges for services or tax sources, not from spending fund balances accumulated in previous years to finance current expenditures.

GENERAL FUND

General Fund Financial Condition.

The original adopted budget for FY 2012-13 included revenues of \$32.0 million and expenditures of \$34.3 million resulting in a structural deficit of \$2.25 million. This deficit was funded using the City's Economic Stabilization Reserve (ESR) Fund.

Throughout the fiscal year, adjustments are approved by City Council increasing the total final adopted budget amounts. Below is a summary of the significant adjustments increasing appropriations during FY 2012-13:

Grants	\$ 910,300
Encumbrance Carryovers from FY 2011-12	238,000
Animal Control Increased Costs	43,700
Strike Team O/T	185,600
Other	6,500
Total	<u>\$ 1,384,100</u>

During FY 2010-11, the City realized that the general fund deficit continued to grow due to increases in expenses at the same time revenues were declining. City staff met with bargaining unit representatives to discuss the City's budget concerns. In working with employee bargaining units, a balanced approach was negotiated whereby the City and employee associations agreed to work together to address the deficit problem. Bargaining units voluntarily agreed to increase the furlough from 5% to a total of 10% in exchange for the City agreeing to use reserves to cover the balance of the deficit for a term of three years. In exchange for agreeing to the expanded furlough program, employees were given job guarantees, with the assurance of no layoffs, for the three year period of bargaining unit contracts. The City retained the right to control filling positions that became vacant through attrition. This three year budget plan included replenishment of the ESR at a level sufficient to support the general fund deficits during the three year term.

General Fund Summary.

A summary of the results of FY 2012-13, the second year of the three year budget plan, are as follows:

Fund Balance	Final Budget	Actual	Percent
Balance, Start of Year	\$ 3,652,783	\$ 3,652,783	-
Revenues	32,962,203	34,025,606	103.2%
Expenditures	(35,686,113)	(34,069,011)	95.5%
ESR Used for Operations	2,257,739	347,204	
Balance	\$ 3,186,612	\$ 3,956,582	-

The table below shows the sources of replenishment of the ESR and the amounts used to fund deficits in the past three fiscal years:

Status and Replenishment of ESR	
ESR Balance, July 1, 2010	\$ 1,452,830
VRP Fund Reserves FY 2010-11	1,350,000
Used for Operations FY 2010-11	(827,579)
VRP Fund Reserves FY 2011-12	1,350,000
General Unalloc. CIP Reserves FY 11-12	1,350,000
Used for Operations FY 2011-12	(422,622)
Used for Operations FY 2012-13	(347,204)
ESR Balance June 30, 2013	\$ 3,905,424

Revenues.

The City's top ten revenues account for approximately 95% of total General Fund revenues; as such they provide a very good summary of our revenue position.

Fiscal year end is a good time to not only compare budget vs. actual for the fiscal year, but also to compare the actual results of operations for two fiscal years. This is shown in the tables below for the top ten general fund revenues.

Top Ten Revenues	Budget	Actual	% Received
Property Taxes	\$ 9,788,357	\$ 10,303,561	105.3%
Sales Tax	10,181,600	10,778,615	105.9%
Business Licenses	750,000	737,036	98.3%
Franchise Fees	1,370,000	1,425,589	104.1%
Hotel/Motel Surcharge	600,000	673,525	112.3%
Building Permits	500,000	540,894	108.2%
Special Police Services	225,000	248,409	110.4%
CSA "G" Fire Contract	571,200	598,859	104.8%
Recreation Fees	1,208,487	1,153,643	95.5%
Operating Transfers	6,063,277	6,065,957	100.0%
Total	\$ 31,257,921	\$ 32,526,088	104.1%

Top Ten Revenues	FY 11-12	FY 12-13	% Change	Variance
Property Taxes	\$ 10,190,074	\$ 10,303,561	1.1%	\$ 113,487
Sales Tax	10,324,818	10,778,615	4.4%	453,797
Business Licenses	701,347	737,036	5.1%	35,689
Franchise Fees	1,412,077	1,425,589	1.0%	13,512
Hotel/Motel Surcharge	670,662	673,525	0.4%	2,864
Building Permits	491,040	540,894	10.2%	49,854
Special Police Services	224,696	248,409	10.6%	23,713
CSA "G" Fire Contract	589,292	598,859	1.6%	9,567
Recreation Fees	1,202,537	1,153,643	-4.1%	(48,894)
Operating Transfers	6,402,364	6,065,957	-5.3%	(336,407)
Total	\$ 32,208,907	\$ 32,526,088	1.0%	\$ 317,181

▪ **Property Tax.** Property taxes receipts experienced a 1.1% increase in the current fiscal year over the previous year. Budget projections were based on an estimated decline of 3.5%. Assessed values instead declined only 2.2%. With a decline in value, the reason actual receipts still exceeded those of FY 2011-12 was due to the return of the Property Tax Administrative Fee (PTAF) withheld in FY 2011-12. Actual property tax receipts for FY 2012-13 ended the year \$515,200 more than budgeted due to the

combination of receiving the PTAF funds and that the decline was only 2.2%, not the anticipated 3.5% budgeted. It is noteworthy to mention, that even though property tax increased 1.1% from the previous year, it is still down \$1.1 million from three years ago.

▪ **Sales Tax.** Sales tax revenues are \$597,000 more than budgeted and \$454,000 higher than in FY 2011-12. The FY 2012-13 budget projections were developed based upon a modest increase of 2.0%. The actual results were much higher because the 2.0% budgeted increase was based on an increase over the expected results for FY 2010-11, actual results were higher in FY 2010-11 because the average increase for the final two quarters of the year was 7.7%. Actual sales tax increases during FY 2012-13 averaged 3.55% from the same quarter of the previous year. Sales tax has been highly volatile, making it difficult to predict. After several quarters of fairly high positive performance, recent the data has not been as optimistic as can be seen in the chart below.

This chart shows the changes in sales tax revenues compared to the same quarter of the previous year, both on a cash basis and on an adjusted basis. The amounts received on a cash basis are important to the City because it represents revenues flowing into our bank account that we can use to pay employees and vendors of the City. The adjusted basis data is important to evaluate also as it is the "true" amount of increase or decrease from the same quarter of the previous year on an audited basis after factoring in accounting anomalies. Accounting anomalies include such items as a retailer who misses a payment in one quarter and then pays a double payment in the following quarter. The adjusted amounts factor in these differences from quarter to quarter.

	Cash Basis	Adjusted Basis
Jul-Sep 09	2.0%	-9.7%
Oct-Dec 09	-2.5%	-3.5%
Jan-Mar 10	-1.9%	-3.2%
Apr-Jun 10	3.1%	-3.1%
Jul-Sep 10	-2.1%	7.2%
Oct-Dec 10	5.3%	7.5%
Jan-Mar 11	8.0%	8.6%
Apr-Jun 11	7.1%	4.6%
Jul-Sep 11	6.8%	4.6%
Oct-Dec 11	6.8%	6.5%
Jan-Mar 12	4.4%	6.2%
Apr-Jun 12	11.0%	9.7%
Jul-Sep 12	6.3%	8.1%
Oct-Dec 12	-0.5%	7.3%
Jan-Mar 13	7.9%	6.5%
Apr-Jun 13	0.5%	5.7%

▪ **Business Licenses.** Business licenses are renewed in January of each year. At year end revenues are up 5.1%, or \$35,700 from the prior year.

▪ **Franchise Fees.** The City receives franchise fees from PG&E, Recology, AT&T and Comcast; the fees are based upon a percentage of their revenues. Actual receipts were

\$55,600 more than budgeted and \$13,500 more than the prior year.

Hotel/Motel Surcharge. Surcharge revenues were \$73,500 more than budgeted and \$2,900 more than the previous year. The increase over the amount budgeted was attributable to back payments received from a couple of hotels that were delinquent and owed the City for prior year quarters.

- **Construction Permit Fees.** Building Permit revenues were \$40,900 more than budgeted and \$49,900 more than the previous year.

- **Special Police Services.** Special police service revenues were \$23,400 more than budgeted and \$23,700 higher than the prior year.

- **CSA "G" Fire Contract.** The City receives these funds for fire services to the unincorporated area that was formerly served by the Walton Fire Protection District. These revenues were \$27,700 higher than budgeted and \$9,600 more than the previous year.

- **Recreation Fees.** Service fees received through the end of the fiscal year are \$54,800 less than budgeted and \$48,900 or 4.1% less than the previous year. Recreation program revenues have declined a total of \$292,500 since FY 2008-09. Each year since then has shown a decline, with the largest decline occurring in FY 2009-10. Since FY 2008-09, the total decline has reached 20%. Recreation program expenditures showed a 19% decline during the same period. When the Parks and Recreation Department sees that a program is not popular enough to cover its cost, they are able to eliminate the program, thereby also avoiding the expenditure of offering it.

The significant declines during this period are attributed largely to the economy, with less participation in camps and a reduction in aquatics. With the economy beginning to rebound, it is anticipated that we should see these revenues also beginning to rebound.

- **Operating Transfers.** The General Fund receives reimbursement for operating costs associated with support services provided to the water and wastewater utilities as well as other fund transfers. Actual transfers for reimbursements to the general fund were \$2,700 higher than budgeted due to reimbursements for staff time spent on various capital projects being slightly higher than originally budgeted. The remaining transfers are within budgetary expectations.

Expenditures. Operating costs were well within budgetary expectations. Below are summaries comparing budgeted vs. actual expenditures both by department and by category.

Expenditures	Budget	Actual	% Expended
City Council	\$ 126,951	\$ 119,938	94.5%
City Attorney	150,000	204,177	136.1%
City Manager	645,377	634,455	98.3%
Finance/IT	2,188,588	2,091,715	95.6%
City Treasurer/City Clerk	56,527	37,067	65.6%
Human Resources	471,910	414,764	87.9%
Community Development	779,066	736,079	94.5%
Public Works/Parks	5,178,946	4,583,364	88.5%
Police	13,774,908	13,138,533	95.4%
Fire	9,118,975	9,217,242	101.1%
Animal Control Services	708,751	694,325	98.0%
Economic Development	209,936	206,545	98.4%
Contingency/Non Departmental	357,321	187,582	52.5%
Parks & Recreation	1,918,857	1,803,225	94.0%
Total General Fund	\$ 35,686,113	\$ 34,069,011	95.5%

	Budget	Actual	Savings	% Expended
Salaries & Benefits	\$27,869,667	\$27,267,701	\$ 601,966	97.8%
Heat & Power	600,561	536,762	63,799	89.4%
Telephone	197,934	165,912	32,022	83.8%
Postage & Freight	136,553	150,292	(13,739)	110.1%
Advertising	31,800	28,365	3,435	89.2%
Forms & Supplies	130,243	109,394	20,849	84.0%
Printing & Binding	65,671	48,766	16,905	74.3%
Professional Services	2,036,687	1,766,366	270,321	86.7%
Travel & Meeting	73,911	79,787	(5,876)	107.9%
Dues & Subscriptions	67,648	60,430	7,218	89.3%
Rental Bldg./Equipment/Land	28,549	17,355	11,194	60.8%
Equipment O & M	296,317	259,443	36,874	87.6%
Special Equipment O & M	169,197	123,855	45,342	73.2%
Vehicle & Special Equipment	1,340,796	1,300,421	40,376	97.0%
Buildings & Facility O & M	479,625	372,560	107,065	77.7%
Chemicals	38,500	50,052	(11,552)	130.0%
Tools, Supplies & Equipment	168,204	171,807	(3,604)	102.1%
Training Programs	99,264	90,728	8,536	91.4%
Water	197,618	360,233	(162,615)	N/A
Uniform Clothing	59,041	57,392	1,649	97.2%
Liability Insurance	357,930	357,930	-	100.0%
Debt Service	128,149	128,149	-	100.0%
Contingency	189,980	57,088	132,892	30.0%
Technology Replacement ISF	250,159	250,159	-	100.0%
Recreation Programs	263,546	212,527	51,018	80.6%
Equipment & Vehicle Purchases	408,564	45,536	363,028	11.1%
Total General Fund	\$35,686,113	\$34,069,011	\$1,617,104	95.5%

The savings from unexpended appropriations as of June 30, 2013 is somewhat misleading. It gives the impression that the City was under budget by in excess of \$1.6 million. This is not the full story as there was \$303,800 in encumbrance carryovers for general fund purchase orders outstanding at year end which roll over into the next fiscal year and are in essence monies spent out of the current fiscal year budget. In addition, City Council approved grant funded programs, which were not fully spent during the fiscal year, also roll over into the next year. These total \$544,000 at the end of

FY 2012-13. The actual savings to the general fund for unexpended appropriations that will not carryover and be spent in the following fiscal year amounts to \$769,300.

Comparing actual expenditures for FY 2012-13 to FY 2011-12 indicate that expenditures increased by just over \$174,000.

Expenditures	FY 11/12	FY 12/13	Change
City Council	\$ 117,033	\$ 119,938	\$ 2,905
City Attorney	158,881	204,177	45,296
City Manager	634,001	634,455	454
Finance/IT	2,039,864	2,091,715	51,851
City Treasurer/City Clerk	28,440	37,067	8,627
Human Resources	396,829	414,764	17,935
Community Development	781,581	736,079	(45,502)
Public Works	4,529,150	4,583,364	54,214
Police	13,205,093	13,138,533	(66,560)
Fire	9,354,516	9,217,242	(137,274)
Animal Control Services	474,046	694,325	220,279
Economic Development	184,984	206,545	21,561
Contingency/Non Departmental	198,758	187,582	(11,176)
Parks & Recreation	1,791,752	1,803,225	11,473
Total General Fund	\$ 33,894,928	\$ 34,069,011	\$ 174,083

Comparing expenditures by category to those of the previous year shows the changes in types of expenditures made in FY 2012-13.

	FY 11/12	FY 12/13	Change
Salaries & Benefits	\$ 27,124,125	\$ 27,267,701	\$ 143,577
Heat & Power	614,355	536,762	(77,594)
Telephone	182,804	165,912	(16,892)
Postage & Freight	140,889	150,292	9,403
Advertising	30,855	28,365	(2,491)
Forms & Supplies	113,167	109,394	(3,774)
Printing & Binding	53,082	48,766	(4,316)
Professional Services	1,428,660	1,766,366	337,706
Travel & Meeting	65,467	79,787	14,320
Dues & Subscriptions	51,655	60,430	8,774
Rental Bld./Equipment/Land	199	17,355	17,156
Equipment O & M	286,919	259,443	(27,476)
Special Equipment O & M	77,452	123,855	46,403
Vehicle & Special Equipment	1,347,316	1,300,421	(46,895)
Buildings & Facility O & M	448,867	372,560	(76,307)
Chemicals	62,564	50,052	(12,511)
Tools, Supplies & Equipment	131,500	171,807	40,307
Training Programs	107,143	90,728	(16,414)
Water	228,748	360,233	131,485
Uniform Clothing	69,824	57,392	(12,432)
Liability Insurance	327,481	357,930	30,449
Debt Service	128,149	128,149	-
Contingency	3,365	57,088	53,723
Technology Replacement ISF	316,152	250,159	(65,993)
Recreation Programs	217,978	212,527	(5,450)
Equipment & Vehicle Purchases	336,213	45,536	(290,676)
Total General Fund	\$ 33,894,928	\$ 34,069,011	\$ 174,083

ENTERPRISE FUNDS

The following summarizes year-to-date revenues, expenditures and changes in current assets and liabilities for the enterprise funds. Current assets and liabilities are used as a measurement tool as the net of these two are the resources available to pay for operating expenses and capital infrastructure project funding.

Water Fund

	Budget	Actual	Percent
Balance, Start of Year	\$ 14,635,450	\$ 14,635,450	-
Revenues			
Operating	9,628,600	10,697,726	111.1%
Grant Revenue	1,646,000	1,447,342	87.9%
Capital	350,000	340,430	97.3%
SRF Surcharge	650,000	658,281	101.3%
Sub-Total Revenues	12,274,600	13,143,779	107.1%
Expenditures			
Operating Programs	(7,116,839)	(6,364,876)	89.4%
Capital Equipment	(51,600)	(49,380)	95.7%
CIP Contributions	(4,510,131)	(4,510,131)	100.0%
Debt Service	(2,556,268)	(2,498,741)	97.7%
Sub-Total Expenses	(14,234,838)	(13,423,129)	94.3%
Balance	\$ 12,675,212	\$ 14,356,100	-

CIP Projects	\$ 16,341,000	\$ 5,009,238	30.7%
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The Water Fund operating revenues ended the year \$1,069,100 more than budgeted. This difference is attributable to two items. The new rate model generated \$667,100 more in operating revenues than was anticipated during the budget process. These higher revenues are attributable to:

- Increased revenues since the base monthly charge now includes only 15 units (instead of the previous amount of 16);
- An increase in the rate structure as approved during the Proposition 218 rate study process;
- Higher consumption in water sales during the fiscal year.

The other \$402,000 that the City did not include in its budget was one time funding that occurred as part of the refunding of the 2005 Water Certificates of Participation (COPs). The City had a guaranteed investment contract (GIC) for the 2005 Water COP reserve fund requirement that was cashed in as part of the refunding. The City was paid a premium to terminate the GIC because of the high interest yield the City was receiving on these funds.

Capital revenues were \$9,600 less than budgeted which was mostly attributable to lower than anticipated investment earnings due to the very low interest rate environment on all City reserves.

Operating expenditures ended the year slightly less than \$752,000 under budget. With total FY 2011-12 operating expenditures for the Water Fund at \$6,629,475, the current

year-end results represent a savings of \$264,600 over the previous year.

Wastewater Fund

	Budget	Actual	Percent
Balance, Start of Year	\$ 11,399,861	\$ 11,399,861	-
Revenues			
Operating	10,395,800	10,611,225	102.1%
Capital	410,000	462,106	112.7%
Sub-Total Revenues	10,805,800	11,073,331	102.5%
Expenditures			
Operating Programs	(8,328,938)	(7,599,209)	91.2%
Capital Equipment	(434,000)	(423,471)	97.6%
CIP Contributions	(2,817,909)	(2,817,909)	N/A
Debt Service	(1,367,519)	(1,367,519)	100.0%
Sub-Total Expenses	(12,948,366)	(12,208,107)	94.3%
Balance	\$ 9,257,295	\$ 10,265,085	-
CIP Projects	\$ 18,259,000	\$ 3,657,495	20.0%

Wastewater operating revenues exceeded the amounts budgeted by \$215,400. Capital related revenues were \$52,100 more than budgeted. Operating expenditures were \$729,700 less than budgeted. With total FY 2011-12 operating expenditures for the Wastewater Fund at \$7,547,809, the current year-end results show an increase in expenditures of \$51,400 over the previous year.

CITY OF YUBA CITY
STAFF REPORT

Date: January 21, 2014
To: Honorable Mayor & Members of the City Council
From: Finance/IT Department
Presentation By: Robin Bertagna, C.P.A., Finance Director and
Derek Rampone, Moss, Levy & Hartzheim, C.P.A.s

Summary

Subject: Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2013
Recommendation: Accept the Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2013
Fiscal Impact: Informational item only

Purpose:

To receive and file the CAFR and related reports for FYE June 30, 2013.

Background:

In accordance with State statute and City ordinance, the City has an independent audit conducted on an annual basis. It is customary that the resulting Comprehensive Annual Financial Report (CAFR) and related audit reports be submitted to the City Council.

Copies of the CAFR and related reports were distributed to the City Council at the end of December, 2013. The CAFR is available for viewing and printing online at: <http://www.yubacity.net/documents/Finance/2013/cafr-06-30-13.pdf>

Analysis:***Financial Position***

The Management's Discussion and Analysis, which begins on page 3 of the CAFR, provides an overview of financial activities for the fiscal year. As in previous years, the Transmittal Letter that precedes it contains an economic condition and financial information summary.

The City ended the year utilizing \$347,000 of its Economic Stabilization Reserve (ESR). The ESR was set aside with initial funding of \$2.3 million as part of the FY 08-09 budget adoption process due to the economic downturn. The ESR was replenished during the FY 11-12 budget adoption process as part of a financial plan to fund the City's anticipated deficit for the three year period ending with FY 13-14.

The City's CAFR shows that the ESR balance remaining available to fund operating deficits for FY 13-14 is \$3,905,424. This amount remaining is approximately \$260,000 higher than anticipated and projected during last spring's budget development process. The savings in the amount utilized to fund the City's deficit is attributable to higher than anticipated revenues in

several categories including hotel/motel surcharge, building permits, encroachment permits and recreation program revenues.

In addition, the City budget policy is to maintain a 10% unassigned reserve within the general fund. The unassigned reserve balance as of June 30, 2013, was \$4,252,782 or 12.1% of FY 2013-14 general fund appropriations.

City departments once again did an excellent job of holding the line on expenditures. They should be commended for excellent fiscal oversight of their operations. The state of the City's financial situation is attributable to their commitment to ensuring that funds are spent wisely and do not exceed appropriations.

Audit

Once again, the City received an unqualified opinion from the independent auditor. Paragraph 3 of their audit opinion letter (on page 1 of the CAFR) states as follows:

"In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yuba City, California, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America."

With regard to the Management Report, nine areas were identified for improvement. As noted in the report, six of these areas have been addressed and resolved and three of the recommendations are in progress. City staff has provided a response and an explanation to the areas where the auditor's recommendation is being only partially implemented. The Management Report is available for viewing and printing online at: [http://www.yubacity.net/files/Yuba City Mgmt Report 2013 FINAL.pdf](http://www.yubacity.net/files/Yuba_City_Mgmt_Report_2013_FINAL.pdf)

Fiscal Impact:

Informational item only

Alternatives:

Not applicable

Recommendation:

Staff recommends that the City Council accept the Fiscal Year 2013 Comprehensive Annual Financial Report (CAFR) and related audit reports for filing.

Prepared By:

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

Submitted By:

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

Reviewed By:

City Attorney

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CITY OF YUBA CITY

City Council Reports

- Councilmember Buckland
- Councilmember Maan
- Councilmember Starkey
- Vice Mayor Dukes
- Mayor Gill

Adjournment