

**MINUTES  
REGULAR MEETING OF  
CITY COUNCIL & REDEVELOPMENT AGENCY  
CITY OF YUBA CITY  
Council Chambers  
November 17, 2009  
Closed Session 6:00 P.M.  
Regular Meeting 7:00 P.M.**

**Closed Session 6:00 p.m.—Butte Room**

Conferred with Steven Jepsen and Steve Kroeger pursuant to Government Code Section 54957, Public Employee Appointment, regarding the appointment of the Interim Fire Chief.

Conferred with legal counsel regarding potential litigation pursuant to Government Code Section 54956.9(b)—one potential case.

Conferred with labor negotiators Steven Jepsen and Steve Kroeger regarding negotiations with the following associations: Yuba City Police Officers, Police Sergeants, Yuba City Firefighters Local 3793, Yuba City Fire Management, Confidential Employees, Executive Services Employees, First Level Managers, Mid Managers, and Yuba City Employees, pursuant to Section 54957.6 of the Government Code.

**Call to Order**

The City Council of the City of Yuba City was called to order by Mayor Gill at 7:03 p.m.

**Roll Call**

Present: Councilmembers Dukes, Maan, McBride, Miller and Mayor Gill  
Absent: None

**Invocation**

Councilmember Dukes gave the invocation.

**Pledge of Allegiance to the Flag**

Councilmember Maan led the Pledge of Allegiance to the Flag.

**Presentations and Proclamations**

1. **Proclamation for Pancreatic Cancer Awareness Month** – Presented by Mayor Gill
2. **Proclamation for the Retirement of Field Services Technician Kenneth Summers** – Presented by Mayor Gill
3. **Marc Boomgaarden Acknowledgement of Service and Best Wishes for Retirement** – Presented by Mayor Gill

**Public Hearings**

4. **Water System Ordinance update**

Utilities Director Bill Lewis stated that this was the second reading for this ordinance which was originally presented at the October 20, 2009 City Council meeting. Councilmember Miller moved to adopt Ordinance No. 012-09 repealing Chapter 6 Title 6 and adding Chapter 6 Title 6 of the Yuba City Municipal Code regarding the Water System and waive the second reading; and, direct staff to issue credit for all existing customers out of City rates charges collected since August 2008. Councilmember Dukes seconded the motion that passed with a unanimous vote.

**Public Communication**

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

Richard Page, 1989 Bradley Estates Drive, Yuba City, spoke regarding the closure of the Post Office in Olivehurst.

**Bid Openings**

7. **Sanborn Storage & Pumping Plant Project (Award of Contract)**

Utilities Director Bill Lewis stated that the Sanborn Storage and Pumping Plant consists of constructing a 3.6 million gallon water storage reservoir, a 10.5 million gallons per day water pump station and other associated improvements. The tank and pump station will be located southwest of the intersection of Lincoln and Sanborn Roads. This new water storage tank and pump station will help facilitate the conversion of the Yuba City Hillcrest Water System from groundwater to surface water supply and also provide service to future customers in the Lincoln East Specific Plan area.

In December 2007, Council approved a Professional Services Agreement with Carollo Engineers of Sacramento for preparation of plans and specifications for the Sanborn Storage and Pumping Plant Project. This agreement did not include engineering services during construction. Staff informed Council at the time of the agreement that approval of the scope of services needed during construction would be determined at a later date and staff would return to Council with an amendment for these services.

Staff has conferred with Carollo Engineers and negotiated a scope of work for engineering services to be performed during construction including submittal reviews, responding to contractor requests for information, periodic site visits, attending construction meetings and preparing record drawings for the project. The negotiated fee for these services is consistent and reasonable when compared to other similar services. At this time, it is not efficient to bring in another engineering firm to perform these services. The negotiated fee is a not to exceed value. Staff recommends amending Carollo's existing professional service agreement to include these services and unanticipated design services, finding that it is in the City's best interest to do so.

On August 18, 2009, Council approved the plans and specifications for the Sanborn Storage and Pumping Plant Project and authorized the Utilities Department to advertise for bids.

The project was advertised for bid in August and September 2009. Plans and specifications were provided to local builder/contractor exchanges and advertised in the local newspaper. August 24, 2009, 6 bids were received and opened. Mountain Cascade of Livermore, CA and Spiess Construction of Santa Maria, CA both submitted bids that were not responsive as to this project's bidding requirements. Both Mountain Cascade and Spiess Construction met the qualifications required by the project specifications of having sufficient company experience as the prime contractor having been actively and continuously engaged in similar projects for the past 10 years. However, both Mountain Cascade and Spiess listed the same electrical subcontractor, Villanueva Electrical of Chico, CA. Villanueva Electrical could not demonstrate compliance with the contract requirement three projects of a similar nature, size, and complexity completed in the last 7 years.

Auburn Constructors of Sacramento, CA is the lowest responsive, responsible bidder and meets all contractual requirements.

The SRF funding requirements for this project require that the contractor put forth a good faith effort to utilize Disadvantaged Business Enterprise subcontractors. The State is reviewing the good faith effort of Auburn Constructors, so the award of the project is contingent upon the State determining that the good faith effort meets the intent of the funding requirements.

Based on legal advice obtained by the City, choosing either, Mountain Cascade or Auburn Constructors left the City open to be sued by either party. Staff recommends the rejection of all bids, modification of the specifications and to rebid the project.

The following persons spoke on this item:

John Busby, Attorney for Mountain Cascade of Livermore, CA  
Andy Granner, President of Auburn Constructors of Sacramento, CA

Council expressed concerns for the time sensitivity of the project.

Mr. Lewis stated that the deadlines for the project are for funding, which will be met even in the event of rebid and the project end date that has been given to the residents, which also can be met. The only exception is that the residents may have to be placed back on surface water in the beginning of the summer to accommodate water supply demands and the completion of this project.

Councilmember Maan moved to find that it is in the best interest of the City and hereby exercises its discretion, to reject all bids, directed staff to re-advertise the project for bids after certain changes are made to conform the bid documents and make other changes as recommended by City Attorney or outside counsel, and authorize Utilities Director to amend Professional Services Agreement with Carollo Engineers for services during construction not to exceed \$408,700 plus \$60,000 contingency. Councilmember Miller seconded the motion that passed with a unanimous vote.

## **Consent Calendar**

Councilmember Dukes abstained from item 8 that was pulled for further discussion. Councilmember McBride moved to adopt the remainder of the consent calendar as amended. Councilmember Maan seconded the motion that passed with a unanimous vote.

**9. Sale of City Property Located at the Northwest Corner of Sutter Street and North Colusa Frontage Road to Michael Tomlinson and Theresa Tomlinson, as Trustees of the Michael Tomlinson and Theresa Tomlinson 1997 Irrevocable Inter Vivos Family Trust, contingent upon the dedication of a portion of AP#51-571-015 for Sutter Street from the Tomlinson's to the City**

Authorized the City Manager, or his designee, to execute all escrow documents pertaining to the sale of the subject property; and authorized the Mayor to execute a Grant Deed transferring title of the subject property to Michael Tomlinson and Theresa Tomlinson, as Trustees of the Michael Tomlinson and Theresa Tomlinson 1997 Irrevocable Inter Vivos Family Trust.

**10. SR-99 Median Improvement Project - Authorize additional work.**

Increased the purchase order amount with Newland Entities to cover additional night work costs at the total amount of \$25,000.00; and authorized the Finance Director to make financial changes as necessary to accommodate the increased work.

**8. Approval to apply for a Proposition 50 Grant through the California Department of Public Health for Water Security Projects**

Councilmember McBride moved to adopt Resolution No. 09-106 authorizing the Utilities Director to apply and submit all required documents associated with the Proposition 50 Water Security Grant application. Councilmember Miller seconded the motion that passed with the following vote:

Ayes: Councilmembers Maan, McBride, Miller and Mayor Gill  
Noes: None  
Abstain: Councilmember Dukes

**General Items**

**11. Bridge Street Reconstruction Project, Authorize Additional Work**

Public Works Director George Musallam stated that during construction, additional work has arisen that staff feels is in the best interest of the City to complete. The additional work to include water main replacement due to the condition of the existing asbestos and cast iron water mains were determined to be hazardous, and or degraded to the point that City staff felt that the water lines within the project area should be replaced entirely. Replacement of the water mains will prevent potential problems with replacement work in the future.

Joint Trench changes will need to be performed, due to Stimulus and Grant funding time requirements the project was originally bid with an unapproved PG&E underground utility conversion plan. To complete the project work in accordance with the final approved PG&E plan, Granite Construction Co. will need to perform additional underground work, including added trenching, vaults, conduit, and wire installation to complete the overhead to underground conversion of the utility lines in the project area. This work is necessary to comply with final PG&E requirements to make the overhead to underground conversion.

Lastly the extension of the paving limits, the existing asphalt on Plumas Street south of the project limits to B Street is in need of rehabilitation. The roadway has been listed by the Public Works Department as a candidate for work in the past. Granite Construction Company's bid price for in place asphalt concrete, \$55/ton, is very close to actual material costs. Staff believes that it would be in the best interest of the City to extend the paving limit approximately 500 feet south along Plumas Street to rehabilitate that section of roadway.

Councilmember Maan moved to increase the purchase order amount with Granite Construction Co. to cover additional water main replacement work, extension of the paving limits on Plumas Street to B Street and additional Underground Joint Trench work in the total amount of \$400,000; approve a budget transfer in the amount of \$50,000 from Account No. 971093 (Replacement and Major Maintenance of Water Lines) to Account No. 1055 (Bridge Street Reconstruction); approve a budget transfer in the amount of \$70,000 from Account No. 931041-65501 (Western Parkway and SR-20 Intersection) to Account No. 1055 (Bridge Street Reconstruction); and authorize the Finance Director to make financial changes as necessary to accommodate the increased work. Councilmember Dukes seconded the motion that passed with a unanimous vote.

**12. Final Financial Report for Fiscal Year Ending June 30, 2009**

Finance Director Robin Bertagna gave a presentation stating that the overview reflects the budget reductions which were approved by Council in January 2009 reducing revenues by \$1.5 million and expenditures by \$1 million. Even after the mid-year reduction in revenues, final year-end General Fund revenues were an additional \$865,000 less than budgeted.

With declining revenues, corrective action was taken to curtail expenditures. City staff positions that became vacant through attrition were not approved for replacement unless they were for front line public safety. At the end of the year, expenditures were almost \$2.6 million less than the amended budget. Additionally, savings occurred across almost all departments and line items. It is clear that the Executive Team was holding the line and making a concerted effort to eliminate unnecessary expenditures. When we were developing our Fiscal Year (FY) 09-10 budget, it was projected that we would utilize just under \$1 million of our Economic Stabilization Reserve (ESR) Fund for FY 08-09's operating deficit. Through these efforts to save money and eliminate expenditures we used only \$592,000 of our \$2.3 million ESR.

Ms. Bertagna also stated that it was noteworthy to mention that Finance compares the total actual expenditures at year end for each department against the projections submitted by the department during budget preparation time for the following year. This year the award for being the closest to their projections went to the Community Development Department. Aaron Busch, Community Development Director, was within \$517 of his projected totals. We look at the variance as a percentage of their total budget to make it more equitable because some departments have larger budgets than others.

Property tax revenue projections were adjusted downward by \$185,000 as part of the mid-year budget review. They still did not meet expectations by another 3% or \$264,000. Sales tax revenue projections were adjusted downward by \$1.1 million during last year's mid-year review. Year end revenues were still short by another \$522,000. The total for FY 08-09 was \$966,000 less than what was received in FY 07-08. Franchise fees were \$53,000 more than budgeted and approximately \$58,000 more than they were in FY 07-08. Business licenses were \$11,500 less than FY 07-08. The decline was attributable to a decline in gross receipts in the retail category.

Recreation revenues exceeded budget expectations by \$187,000. Additionally, they increased by \$302,000 from the previous fiscal year. In reviewing the detailed revenues for recreation programs the GAP increased revenues the most followed by After School programs. Motor vehicle fees were down \$108,000 from budget expectations and \$75,000 from the previous year. Building permit revenues were down \$150,000 from budget expectations \$296,000 from the previous year. Hotel/motel surcharge revenues were \$88,000 less than budgeted and \$96,000 less than the previous year. Property tax peaked in FY 07-08. Comparing the FY 09-10 budget to FY 07-08, they are down over \$900,000.

Sales tax peaked in FY 05-06. Comparing the FY 09-10 budget to the FY 05-06, it is down over \$1.7 million. Sales tax continues to decline locally and throughout the State. We have had 5 consecutive quarters of negative sales tax results. We are not alone; the State average last quarter was a 20% decline. The State has recently indicated that they expect declines to average 15% for the 3<sup>rd</sup> quarter.

Ninety-seven percent of budgeted amounts for Salaries and Benefits were spent. The 3% not spent, sounds like a small amount, but because Salaries and Benefits is such a significant portion of the budget the 3% amounts to \$862,000 saved. 82% of the budgeted amounts for materials, supplies and services were spent. The 18% which was not spent amounted to almost \$1.5 million in savings. In total, expenditures were almost \$2.6 million less than budgeted.

With regard to the Water Fund budget, operating revenues came in at 93% of the amount budgeted while capital connection fee revenues were slightly higher than budgeted. As for the Wastewater Fund budget, operating revenues ended the year at 97% of the budget expectations with capital connection fee revenues at 83% of the amount budgeted.

Noted and Filed the Final Financial Report for the Fiscal Year Ending June 30, 2009

**13. Quarterly Financial Report—1<sup>st</sup> Quarter FY 2009-10**

Finance Director Robin Bertagna stated that property taxes are not received until February and May, so we would expect first quarter receipts to be zero. We budgeted for a 4% decline in property tax revenues for FY 09-10, preliminary reports from Sutter County indicate assessed values are down 3.8% so we should be right on track with the budget estimates. Sales tax revenues are the advances received during July-September towards the first quarter's sales revenues. Franchise fees are not received until October for the July-September quarter. We budgeted for them to remain flat, but instead the first

quarter's actual receipts are up 1.8%. Recreation fees and building permit revenues are on track with budget expectations. The hotel/motel surcharge revenues are not received until October for the first quarter.

Salaries and Benefits are at 20% of the amount budgeted. Based upon the timing of the City's payroll periods, we are right where we would expect to be. We currently have 6 employees interested in participating in the Early Retirement Incentive Program approved by City Council, four of which are General Fund employees. Those retirements will generate savings later in the year when the positions are not replaced.

Water Fund operating revenues are at 30% of budget. This is attributable to higher revenues during the summer months of July-September. Capital connection fee revenues are only at 9% reflecting the decline in development activity. Operating expenditures are below 20% showing a "hold the line approach" to expenditures. Wastewater Fund operating revenues are at 25% of budget, right on track with projections. Capital connection fee revenues are only at 8%. Operating expenditures are at 16% of budgeted amounts.

Noted and Filed the Quarterly Financial Report

**Business from the City Council/Redevelopment Agency Board**

**14. City Council Reports**

- Councilmember Maan stated that he attended the Sutter County General Plan meeting with Mr. Busch. Sutter County is gearing up for industrial land uses and determined that the proposed City Sphere of Influence would not be moved and included in their General Plan update.
- Councilmember McBride congratulated Ken Summers and Marc Boomgaarden for their years of service and wished them a happy retirement.
- Councilmember Miller had nothing to report.
- Mayor Pro Tem Dukes directed staff to look into CalPERS' two tier system and bring the information gathered back to Council.
- Mayor Gill attended a breakfast with the regional mayors. Some of the issues that were discussed were homelessness, the economy, transportation, and flood protection.

A special thank you to Devin Barber, Terrel Locke and the Information Technology Department for their all their hard work in the Charging of the Guard Ceremony that took place on November 10, 2009. He also thanked Ashley Gebb from the Appeal Democrat for providing live streaming coverage on the Appeal Democrat's website.

**Adjournment**

Mayor Gill adjourned the regular City Council meeting of the City of Yuba City at 8:04 p.m.

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Kash Gill  
Mayor

ATTEST:

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Terrel Locke  
City Clerk