



**CITY OF HUGHSON  
CITY COUNCIL MEETING  
CITY HALL COUNCIL CHAMBERS  
7018 Pine Street, Hughson, CA**

**AGENDA  
MONDAY, MAY 11, 2015 – 7:00 P.M.**

**CALL TO ORDER:** Mayor Matt Beekman

**ROLL CALL:** Mayor Matt Beekman  
Mayor Pro Tem Jeramy Young  
Councilmember Jill Silva  
Councilmember George Carr  
Councilmember Harold Hill

**FLAG SALUTE:** Mayor Matt Beekman

**INVOCATION:** Hughson Ministerial Association

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**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

Members of the audience may address the City Council on any item of interest to the public pertaining to the City and may step to the podium, state their name and city of residence for the record (requirement of name and city of residence is optional) and make their presentation. Please limit presentations to five minutes. Since the City Council cannot take action on matters not on the agenda, unless the action is authorized by Section 54954.2 of the Government Code, items of concern, which are not urgent in nature can be resolved more expeditiously by completing and submitting to the City Clerk a "Citizen Request Form" which may be obtained from the City Clerk.

**2. PRESENTATIONS:**

**2.1:** A Proclamation of the Hughson City Council Declaring May 17 through May 23, 2015, as National Public Works Week, and recognition of the Hughson Public Works Staff for Nine (9) years of No Loss Time Injuries.

**2.2:** AED Presentation by Jeff Serpa, Hughson Fire Protection District.

### **3. CONSENT CALENDAR:**

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

- 3.1: Approve the Minutes of the Regular Meeting of April 27, 2015 and the Minutes of the April 13, 2015 Meeting that was Adjourned to April 27, 2015, pursuant to Government Code Section 54955, regarding Agenda Item 5.2.
- 3.2: Approve the Warrants Register.
- 3.3: Approve the City of Hughson Treasurer's Report for March.
- 3.4: Adopt Resolution No. 2015-10, adding Finance Director Shannon Esenwein and removing former Community Development Director Thom Clark, as a signatory on the City of Hughson bank accounts at the Bank of the West, effective May 12, 2015.
- 3.5: Waive the Second Reading and Adopt Ordinance No. 2015-02, amending Chapter 2.20 of the Hughson Municipal Code – Emergency Services to include revisions to the Disaster Council organizational structure.
- 3.6: Adopt Resolution No. 2015-12, waiving fees for Hughson's Concerts Series - Downtown for June 6, 13, and 20, 2015.
- 3.7: Adopt Resolution No. 2015-13, awarding the Tully Road Railroad Crossing Project under the Burlington Northern Santa Fe (BNSF) Rail Line to Rolfe Construction in the amount of \$216,724.00 and authorizing a 10% construction contingency as well as a 6% set-Aside for construction testing and inspection.
- 3.8: Adopt Resolution No. 2015-14, awarding the Tully Road Reconstruction Project to George Reed, Inc. in the amount of \$353,978.00 and authorizing a 10% construction contingency as well as a 4% set-aside for construction testing and inspection.

### **4. UNFINISHED BUSINESS:**

- 4.1: Approve the Franchise Agreement with Gilton Solid Waste Management, Inc. for the Collection and Transportation of Garbage and Refuse in the City of Hughson, Authorize the City Manager, inclusive of any final edits by the City Attorney, to Execute the Franchise Agreement with Gilton Solid Waste Management, Inc. for the Collection and Transportation of Garbage and Refuse in the City of Hughson, and Authorize the City Manager to execute an amendment, prepared by the City Attorney, to the current

Franchise Agreement with Waste Management to extend the agreement until June 30, 2015 or the end of the current fiscal year.

- 4.2:** Adopt the City of Hughson Water Rate Study and move forward with a recommended rate increase in order to access Safe Drinking Water State Revolving Funds (SDWSRF) for the Well No. 7 Replacement Project, Initiate Proposition 218 process and set July 13, 2015 as the public hearing date for consideration of the proposed water rate increase, and Adopt Resolution No. 2015-15, reaffirming the Notice of Acceptance of Application (NOAA) based on revised terms and conditions, including the revised project cost estimate, for the Safe Drinking Water State Revolving Fund Project Funding for the City of Hughson, Project No. 50100008-011C.

**5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: NONE.**

**6. NEW BUSINESS:**

- 6.1:** Adopt Resolution No. 2015-11, directing the filing of the Annual Reports for Fiscal Year 2015-2016 for the Special Assessment Districts (Benefit Assessment Districts and Landscape and Lighting Districts) in the City of Hughson.

**7. CORRESPONDENCE:**

- 7.1:** Update of the Hatch Road and Santa Fe Avenue Signal Project.
- 7.2:** Parks and Recreation Commission Agenda, May 12, 2015.

**8. COMMENTS:**

- 8.1:** Staff Reports and Comments: (Information Only – No Action)

**City Manager:**

**City Clerk:**

**Community Development Director:**

**Director of Finance:**

**Police Services:**

**City Attorney:**

- 8.2:** Council Comments: (Information Only – No Action)

8.3: Mayor's Comments: (Information Only – No Action)

**9. CLOSED SESSION TO DISCUSS THE FOLLOWING: NONE.**

**10. REPORT FROM CLOSED SESSION: NONE.**

**ADJOURNMENT:**

**WAIVER WARNING**

If you challenge a decision/direction of the City Council in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

**UPCOMING EVENTS:**

<b>May 12</b>	▪ Parks and Recreation Commission Meeting, City Hall Chambers, 6:00 p.m.
<b>May 19</b>	▪ Planning Commission Meeting, City Hall Chambers, 6:00 p.m.
<b>May 25</b>	▪ Memorial Day – Holiday – City Hall Closed
<b>May 26</b>	▪ City Council Meeting (Tuesday), City Hall Chambers, 7:00 p.m.
<b>May 28</b>	▪ Hughson Farmer's Market, Downtown Hughson, Charles St, 4:00-8:00 p.m.
<b>June 8</b>	▪ City Council Meeting, City Hall Chambers, 7:00 p.m.
<b>June 9</b>	▪ Parks and Recreation Commission Meeting, City Hall Chambers, 6:00 p.m.
<b>June 11</b>	▪ Hughson Farmer's Market, Downtown Hughson, Charles St, 4:00-8:00 p.m.
<b>June 16</b>	▪ Planning Commission Meeting, City Hall Chambers, 6:00 p.m.
<b>June 22</b>	▪ City Council Meeting, City Hall Chambers, 7:00 p.m.
<b>June 25</b>	▪ Hughson Farmer's Market, Downtown Hughson, Charles St, 4:00-8:00 p.m.

**RULES FOR ADDRESSING CITY COUNCIL**

Members of the audience who wish to address the City Council are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the City Clerk. **Filing out the card is voluntary.**

**AFFIDAVIT OF POSTING**

**DATE:** May 7, 2015 **TIME:** 7:00pm  
**NAME:** Dominique Spinale Romo **TITLE:** City Clerk

**AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT**  
**NOTIFICATION FOR THE CITY OF HUGHSON**

This Agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

**Disabled or Special needs Accommodation:** In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk's office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

**Notice Regarding Non-English Speakers:**

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Hughson City Council shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

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**General Information:** The Hughson City Council meets in the Council Chambers on the second and fourth Mondays of each month at 7:00 p.m., unless otherwise noticed.

**Council Agendas:** The City Council agenda is now available for public review at the City's website at [www.hughson.org](http://www.hughson.org) and City Clerk's Office, 7018 Pine Street, Hughson, California on the Friday, prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk's Office.

**Questions:** Contact the City Clerk at (209) 883-4054



## **CITY OF HUGHSON AGENDA ITEM NO. 2.1**

### **SECTION 2: PRESENTATIONS**

**Meeting Date:** May 11, 2015  
**Presented By:** Dominique Spinale Romo, City Clerk  
**Subject:** Declaring May 17 through May 23, 2015, as National Public Works Week, and recognition of the Hughson Public Works Staff for nine (9) years of no loss time injuries.

**Approved By:** \_\_\_\_\_

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The City of Hughson prides itself on its excellence in providing and delivering services to the residents in the areas of water, sewer, streets, fleet maintenance, building maintenance, wastewater treatment, solid waste collection, and other miscellaneous operations.

As the American Public Works Association (APWA) states, "There would be no community without the quality of life public works provides. There would be no community to police and protect, no public to lead or represent. Public works allows the world as we know it to be".

This year's theme is "Community Begins Here", and it speaks to the essential nature of Public Works services in support of everyday quality of life, especially to the residents of the City of Hughson.

On another exciting note, the City of Hughson is proud to announce that the Public Works Staff has reached nine years of no loss time injuries. To honor them for their hard work and dedication, the City would like to present Sam Rush, Public Works Superintendent, and Jaime Velazquez, Utilities Superintendent, certificates of recognition to present to their staff for this amazing accomplishment.

The Public Works staff includes employees Sam Rush, Jaime Velazquez, Tony Fontana, Erik Lovejoy, Homer Garza, Sam Luna, and Neil Raya. We also have additional staffing through Express Employment Professionals, Edwin Aguilar and Jose Vasquez.



*Proclamation  
National Public Works Week  
May 17-23, 2015*

**WHEREAS**, National Public Works Week is a celebration of the tens of thousands of men and women in North America who provide and maintain the infrastructure and services collectively known as public works; and

**WHEREAS**, the Public Works Department provides services for our community and are a vital and integral part of our citizens' everyday lives; and

**WHEREAS**, the support of the community is vital to the efficient operation of public works systems and programs such as water, sewers, streets, fleet maintenance, building maintenance, wastewater treatment, solid waste collection, and other operations; and

**WHEREAS**, the health, safety and comfort of this community greatly depends on these facilities and services; and

**WHEREAS**, the efficiency and effectiveness of the qualified and skilled staff contribute to the quality of life that residents and visitors alike enjoy and rely upon from the City of Hughson;

**NOW, THEREFORE, BE IT PROCLAIMED** by the Mayor and City Council that we recognize and extend appreciation to our dedicated and skilled staff and hereby proclaim the week of May 17- 23, 2015 as "**National Public Works Week**".

**AND, BE IT FURTHER PROCLAIMED** that the Hughson City Council requests that all citizens and civic organizations acquaint themselves with the issues involved in providing public works services to our community and to recognize the contributions which our public works employees make every day to our health, safety, comfort and quality of life.

*IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Hughson to be affixed this 11<sup>th</sup> day of May, 2015.*

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**MATT BEEKMAN, Mayor**



## **CITY OF HUGHSON AGENDA ITEM NO. 3.1**

### **SECTION 3: CONSENT CALENDAR**

**Meeting Date:** May 11, 2015  
**Subject:** Approval of the City Council Minutes  
**Presented By:** Dominique Spinale Romo, Assistant to the CM/City Clerk

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Approve the Minutes of the Regular Meeting of April 27, 2015 and the Minutes of the April 13, 2015 Meeting that was Adjourned to April 27, 2015, pursuant to Government Code Section 54955, regarding Agenda Item 5.2.

#### **Background and Overview:**

The draft minutes of both the April 27, 2015 meeting and the adjourned April 13, 2015 meeting are prepared for the Council's review.



**CITY OF HUGHSON  
CITY COUNCIL MEETING  
CITY HALL COUNCIL CHAMBERS  
7018 Pine Street, Hughson, CA**

**MINUTES  
MONDAY, APRIL 27, 2015 – 7:00 P.M.**

**CALL TO ORDER:** Mayor Matt Beekman

**ROLL CALL:**

Present: Mayor Matt Beekman  
Councilmember Jill Silva  
Councilmember Harold Hill

Absent: Mayor Pro Tem Jeramy Young  
Councilmember George Carr

Staff Present: Raul L. Mendez, City Manager  
Daniel J. Schroeder, City Attorney  
Jaylen French, Community Development Director  
Shannon Esenwein, Finance Director  
Larry Seymour, Chief of Police Services  
Dominique Spinale Romo, Assistant to the CM/City Clerk  
Sam Rush, Public Works Superintendent  
Lisa Whiteside, Finance Manager  
Juan Padilla, City Treasurer  
Marilyn Castaneda, Management Intern

**FLAG SALUTE:** Mayor Matt Beekman

**INVOCATION:** Hughson Ministerial Association

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**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

**Daniel Bell, resident on Tully Road, expressed his concerns to the City Council regarding the City’s drinking water standards and discussed in detail a recent experience he had regarding the quality of his drinking water at his residence.**

**Hughson Library Branch Manager Heather updated the Council on the Summer Reading Program and Events taking place this month at the Library.**

## **2. PRESENTATIONS:**

- 2.1:** A Proclamation of the Hughson City Council Declaring the Month of May as Older Americans Month.

**City Clerk Spinale Romo presented the Proclamation and read it aloud. Carolyn Hill with Stanislaus County Aging and Veterans Services was present after the meeting to accept the Proclamation.**

## **3. CONSENT CALENDAR:**

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

- 3.1:** Approve the Minutes of the Regular Meeting of April 13, 2015.
- 3.2:** Approve the Warrants Register.
- 3.3:** Review and Approve the City of Hughson Treasurer's Report: Investment Portfolio Report for February 2015.
- 3.4:** Approve the Second Reading and Adopt Ordinance No. 2015-01, Amending the Hughson Municipal Code (HMC) Chapter 8.24, Smoking Pollution, to include recreational areas to the list of areas where smoking is prohibited, as well as to add electronic smoking and vapor devices to its definition of Smoking.

**BEEKMAN/SILVA 3-0 (YOUNG/CARR – ABSENT) motion passes to approve the Consent Calendar as presented.**

## **4. UNFINISHED BUSINESS:**

- 4.1:** Approve the Selection of Gilton Solid Waste Management, Inc for the Collection and Transportation of Garbage and Refuse in the City of Hughson and Authorize the City Manager and City Attorney to Negotiate Terms of the Franchise Agreement for the Said Services.  
*(Continued from the April 13, 2015 Meeting)*

**Assistant to the City Manager Spinale Romo presented the Staff Report on this item. She also reviewed a PowerPoint presentation and answered questions of the Council. Information was incomplete on one of the bar graphs presented to Council and Council requested Staff update the graph immediately, so Council could act on the Agenda Item accordingly.**

**Council moved forward to next item listed on the Agenda as follows:**

***ADJOURN TO THE CITY OF HUGHSON APRIL 13, 2015 ADJOURNED MEETING PURSUANT TO GOVERNMENT CODE SECTION 54955.***

***RECONVENE TO THE CITY OF HUGHSON CITY COUNCIL MEETING.***

Upon the reconvening of the City Council Meeting, Assistant to the City Manager Spinale Romo presented the updated graphs to the City Council. The Council discussed various items related to the type of cart systems and collection and transportation services proposed by Gilton. Dennis Shuler, Environmental Affairs Manager with Gilton Solid Waste Management, was present to answer questions of the City Council.

Mayor Beekman was comfortable moving forward with the franchise agreement negotiations. He advised that his preferences were selection of the Version 2 proposal recommended by Gilton, that monthly billing services be completed by Gilton, and that language be added into the franchise agreement for a two-year review process with an out clause stipulation if needed.

Councilmember Silva advised that staff review the length of the franchise agreement, and cautioned against locking into long term agreements.

**BEEKMAN/SILVA (YOUNG/CARR – Absent) motion passes to Approve the Selection of Gilton Solid Waste Management, Inc for the Collection and Transportation of Garbage and Refuse in the City of Hughson and Authorize the City Manager and City Attorney to Negotiate Terms of the Franchise Agreement for the Said Services.**

**BEEKMAN/HILL (YOUNG/CARR – Absent) motion passes to select the Version 2, two- cart services proposal as the cart system for city staff to move forward with implementing in the residential areas within Hughson.**

**5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: NONE.**

**6. NEW BUSINESS:**

**6.1:** Adopt Resolution No. 2015-09, A Resolution of the City Council of the City of Hughson Authorizing an Application for Funding for the Cobles Corner/Country Villa Consolidation Project from the State Water Resources Control Board under their Consolidation Incentive Program.

**City Manager Mendez presented the Staff Report on this Item.**

**BEEKMAN/HILL 3-0 (YOUNG/CARR – ABSENT) motion passes to Adopt Resolution No. 2015-09, A Resolution of the City Council of the City of Hughson Authorizing an Application for Funding for the Cobles Corner/Country Villa Consolidation Project from the State Water Resources Control Board under their Consolidation Incentive Program.**

**7. CORRESPONDENCE:**

- 7.1:** Update of the Hatch Road and Santa Fe Avenue Signal Project.
- 7.2:** Planning Commission Agenda from April 21, 2015.
- 7.3:** Economic Development Committee Agenda for April 27, 2015.

**8. COMMENTS:**

- 8.1:** Staff Reports and Comments: (Information Only – No Action)

**City Manager:**

**City Manager Mendez updated the Council on Legislative Action Day scheduled for April 29; Clean-up Day on May 2; the Grand Opening Event of Perks Coffee on May 3, and then reminded Council that the joint meeting of the School District and Council is May 11 at 5:30pm**

**City Clerk:**

**Community Development Director:**

**Director French updated the Council on a Grand Opening Event scheduled for the Starn Park Play Structure on May 12 and that BNSF Railroad was doing some construction work at Hatch and Santa fee, and that the area would be closed off until Wednesday, April 29.**

**Director of Finance:**

**Police Services:**

**City Attorney:**

**City Attorney Schroeder updated the Council on the status of the Governor’s**

**State of Emergency to reduce potable water usage twenty-five percent. He advised that staff would be presenting updates to the current water ordinance, regarding changes to the water conservation and prohibition on water waste language.**

**8.2: Council Comments: (Information Only – No Action)**

**Councilmember Silva updated the Council on her attendance at the Disaster Council and San Joaquin Air Pollution Control District meetings.**

**Councilmember Hill updated the Council on his attendance at Duarte Nursery’s Friends Day on May 2.**

**8.3: Mayor’s Comments: (Information Only – No Action)**

**Mayor Beekman updated the Council on his attendance at the StanCOG and Economic Development Committee meetings.**

**9. CLOSED SESSION TO DISCUSS THE FOLLOWING: NONE.**

**10. REPORT FROM CLOSED SESSION: NONE.**

**ADJOURNMENT:**

**SILVA/BEEKMAN motion passes to adjourn the meeting at 8:40 P.M.**

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**MATT BEEKMAN, Mayor**

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**DOMINIQUE SPINALE ROMO, City Clerk**



**CITY OF HUGHSON  
CITY COUNCIL MEETING  
CITY HALL COUNCIL CHAMBERS  
7018 Pine Street, Hughson, CA**

**AGENDA  
MONDAY, APRIL 13, 2015 – 7:00 P.M.  
(ADJOURNED TO APRIL 27, 2015 – 7:00 P.M.  
PURSUANT TO GOVERNMENT CODE SECTION  
54955, REGARDING ITEM 5.2)**

**CALL TO ORDER:** Mayor Matt Beekman

**ROLL CALL:**

Present: Mayor Matt Beekman  
Councilmember Jill Silva  
Councilmember Harold Hill

Absent: Mayor Pro Tem Jeramy Young  
Councilmember George Carr

Staff Present: Raul L. Mendez, City Manager  
Daniel J. Schroeder, City Attorney  
Jaylen French, Community Development Director  
Shannon Esenwein, Finance Director  
Larry Seymour, Chief of Police Services  
Dominique Spinale Romo, Assistant to the CM/City Clerk  
Sam Rush, Public Works Superintendent  
Lisa Whiteside, Finance Manager  
Juan Padilla, City Treasurer  
Marilyn Castaneda, Management Intern

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**5. PUBLIC HEARING TO CONSIDER THE FOLLOWING:**

Any documents produced by the City and distributed to a majority of the City Council regarding any item on this Agenda will be made available at the City Clerk's counter at City Hall located at 7018 Pine Street, Hughson, CA.

- 5.2:** Introduce and Waive the First Reading of Ordinance No. 2015-02, amending Chapter 2.20 of the Hughson Municipal Code – Emergency Services to include revisions to the Disaster Council Organizational Structure.

**Public Works Superintendent Rush presented the Staff Report on this Item.**

**Mayor Beekman opened the Public Hearing at approximately 7:40 P.M. No comments from the Public were presented. Mayor Beekman closed the Public Hearing at approximately 7:40 P.M.**

**SILVA/HILL 3-0 (YOUNG/CARR – Absent) motion passes to Introduce and Waive the First Reading of Ordinance No. 2015-02, amending Chapter 2.20 of the Hughson Municipal Code – Emergency Services to include revisions to the Disaster Council Organizational Structure.**

**ADJOURNMENT:**

**This meeting was adjourned at approximately 7:45 P.M.**

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**MATT BEEKMAN, Mayor**

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**DOMINIQUE SPINALE ROMO, City Clerk**



## CITY OF HUGHSON AGENDA ITEM NO. 3.2

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** May 11, 2015  
**Subject:** Approval of Warrants Register  
**Enclosure:** Warrants Register  
**Presented By:** Shannon Esenwein, Director of Finance

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Approve the Warrants Register as presented.

#### **Background and Overview:**

The warrants register presented to the City Council is a listing of all expenditures paid from April 28, 2015 through May 6, 2015.

#### **Fiscal Impact:**

There are reductions in various funds for payment of expenses.

REPORT.: May 07 15 Thursday  
 RUN.....: May 07 15 Time: 16:44  
 Run By.: MARTHA SERRATO

City of Hughson  
 Cash Disbursement Detail Report  
 Check Listing for 05-15 Bank Account.: 0100

PAGE: 001  
 ID #: PY-DP  
 CTL.: HUG

Check Number	Check Date	Vendor Number	Name	Net Amount	-----Payment Information-----	
					Invoice #	Description
46393	5/4/2015	DAV02	DAVIDSON'S TRAINING	\$ 1,000.00	B50504	3-DAY TRAINING CLASS GARZA LOVEJOY, FONTANA & VELAZQUEZ
46394	5/7/2015	ABE01	ABE'S PLUMBING	\$ 23.62	23.62	PLUMBING REPAIRS FOR 3RD ST
46395	5/7/2015	ABS00	ABS PRESORT	\$ 1,053.71	98242	PRINTING OF UTILITY BILLS FOR APRIL 2015
46396	5/7/2015	AIR01	A.I.R.S.	\$ 15,190.00	790619	INSTALL PLAY EQUIPMENT AT STARN PARK
46397	5/7/2015	ALF00	ALFA LAVAL ASHBROOK SIMON	\$ 4,843.13	275752495	BELT PRESS 1 & 2 REPAIRS & TRAINING
46398	5/7/2015	ARR00	ARROWHEAD MOUNTAIN SPRING	\$ 39.91	15D002566	DRINKING WATER FOR WWTP
46399	5/7/2015	ATT02	AT&T MOBILITY	\$ 193.72	X04272015	PHONE
46400	5/7/2015	ATT03	AT&T	\$ 2.62	6514150	PHONE
46401	5/7/2015	AVA00	AVAYA, INC	\$ 79.45	733424758	PHONE
46402	5/7/2015	BRE01	W.H. BRESHEARS	\$ 1,004.53	260396	DIESEL
				\$ 1,006.62	262411	DIESEL
			Check Total:	\$ 2,011.15		
46403	5/7/2015	CEN14	CENTRAL JANITOR'S SUPPLY	\$ 297.22	592713	SANITARY SUPPLIES FOR 3RD ST
46404	5/7/2015	CEN30	CENTRAL CALIFORNIA GENERA	\$ 408.38	1322	BATTERY REPLACEMENT LABOR & MILEAGE FOR WELL 5 GEN
				\$ 750.95	1323	REPLACEMENT BATTERIES FOR BACK UP GENERATOR
			Check Total:	\$ 1,159.33		
46405	5/7/2015	CHA01	CHARTER COMMUNICATION	\$ 27.19	B50506	IP ADDRESS PINE ST
46406	5/7/2015	COC00	COCO'S TAQUERIA	\$ 541.88	B50506	BURRITOS FOR CLEAN UP DAY
				\$ 53.10	B50507	APPETIZERS FOR EDC MEETING ON 4/27/15
			Check Total:	\$ 594.98		
46407	5/7/2015	CON14	CONDOR EARTH TECHNOLOGIES	\$ 2,901.50	70824	GW MONITORING & REPORTING 3/24/15-4/8/15
46408	5/7/2015	DON01	DON'S MOBILE GLASS	\$ 40.00	197183	WINDSHIELD REPAIR TO TRACTOR
46409	5/7/2015	EAS01	EAST STANISLAUS RESOURCE	\$ 6,000.00	INV15-HCF	CONTRACT W/ESRCD FOR MKT MGMT HUGHSON FARMERS MKT
46410	5/7/2015	EWI00	EWING IRRIGATION PRODUCTS	\$ 2,002.77	9420622	SUPPLIES NEEDED FOR LLD MAINTENANCE
46411	5/7/2015	EXP00	EXPRESS PERSONNEL SERVICE	\$ 1,380.24	156052391	EXTRA HELP 3/29/15
46411	5/7/2015	EXP00	EXPRESS PERSONNEL SERVICE	\$ 1,291.27	156310898	EXTRA HELP 4/5/15
				\$ 1,251.77	156600660	EXTRA HELP 4/12/15
				\$ 1,165.21	156951675	EXTRA HELP 4/19/15

Check Number	Check Date	Vendor Number	Name	Net Amount	-----Payment Information-----	
					Invoice #	Description
			Check Total:	\$ 5,088.49		
46412	5/7/2015	EZN00	EZ NETWORK SOLUTIONS	\$ 509.08	29462	MONITORS FOR FIN. DIR.
				\$ 2,552.95	TS29528	IT SERVICES
			Check Total:	\$ 3,062.03		
46413	5/7/2015	FED02	FED EX	\$ 46.04	294523475	STATE REPORT MAILING
46414	5/7/2015	FRA03	FRANTZ WHOLESALE NURSERY	\$ 77.49	537823	WALK ON BARK
46415	5/7/2015	FRO00	FRONTIER PERFORMANCE LUBR	\$ 139.91	64896	OIL ANALYSIS FOR ALL GEAR BOXES
46416	5/7/2015	GEO01	GEOANALYTICAL LABORATORIE	\$ 55.00	B5C0302	MONITORING OF WW PERMIT
				\$ 150.00	B5C1002	MONITORING OF WW PERMIT
				\$ 55.00	B5C1701	MONITORING OF WW PERMIT
				\$ 55.00	B5C2402	MONITORING OF WW PERMIT
				\$ 55.00	B5C3101	MONITORING OF WW PERMIT
				\$ 60.00	B5D1412	LAB TESTING FOR WATER TESTING
				\$ 30.00	B5D1413	LAB TESTING OF WATER TESTING
			Check Total:	\$ 460.00		
46417	5/7/2015	GIB00	GIBBS MAINTENANCE CO	\$ 2,117.00	17825	JANITOR SERVICES FOR APRIL
46418	5/7/2015	HUG11	HUGHSON FARM SUPPLY	\$ 121.48	H133776	MISC TOOLS & SUPPLIES
				\$ 4.41	H133786	PIPE & FITTING FOR EYE WASH STATION AT WELL #4
				\$ 25.26	H133904	WATER DEPT SUPPLIES FOR WELL #4
				\$ 80.54	H134618	MISC TOOLS & SUPPLIES
				\$ 2.14	H135757	MISC. TOOLS & SUPPLIES
				\$ 106.45	H135905	MISC. TOOLS & SUPPLIES
				\$ 24.65	H136319	MISC. TOOLS & SUPPLIES
			Check Total:	\$ 364.93		
46419	5/7/2015	MIS01	MISSION UNIFORM SERVICE	\$ 65.84	480564581	UNIFORM SERVICE
				\$ 71.24	480567023	UNIFORM SERVICE
				\$ 44.55	480567024	UNIFORM SERVICE
				\$ 30.00	480567025	UNIFORM SERVICE
				\$ 65.84	480568191	UNIFORM SERVICE
				\$ 47.30	480568192	UNIFORM SERVICE
				\$ 30.00	480568193	UNIFORM SERVICE
				\$ 87.44	480569393	UNIFORM SERVICE
46419	5/7/2015	MIS01	MISSION UNIFORM SERVICE	\$ 50.27	480569394	UNIFORM SERVICE
				\$ 30.00	480569395	UNIFORM SERVICE
				\$ 71.24	480570571	UNIFORM SERVICE
				\$ 56.70	480570572	UNIFORM SERVICE
				\$ 30.00	480570573	UNIFORM SERVICE
				\$ 71.24	500028776	UNIFORM SERVICE
				\$ 67.77	500028777	UNIFORM SERVICE
				\$ 30.00	500028778	UNIFORM SERVICE
				\$ 28.00	948056834	
				\$ 34.46	S48057071	UNIFORM SERVICE
			Check Total:	\$ 911.89		
46420	5/7/2015	MOD04	CITY OF MODESTO	\$ 7,223.00	B50506	SDEA CONTRIBUTIONS

Check Number	Check Date	Vendor Number	Name	Net Amount	-----Payment Information-----	
					Invoice #	Description
46421	5/7/2015	NSP00	NSP3	\$ 48,884.80	15511	STARN PARK PLAY EQUIPMENT REPLACEMENT
46422	5/7/2015	OFF06	OFFICE TEAM	\$ 467.50	42762143	EXTRA HELP WEEK ENDING 3/15
				\$ 748.00	42845304	EXTRA HELP WEEK ENDING 4/17/15
				\$ 748.00	42896872	EXTRA HELP WEEK ENDING 4/24/15
			Check Total:	\$ 1,963.50		
46423	5/7/2015	PGE01	PG & E	\$ 84.94	B50507	SENIOR CENTER UTILITY
				\$ 23.42	B50508	CITY HALL UTILITY
				\$ 16.68	B50509	3RD ST CENTER UTILITY
				\$ 69.14	B50510	CNG UTILITY
			Check Total:	\$ 194.18		
46424	5/7/2015	PLA03	PLATT	\$ 105.32	G398402	PHOTOCELLS FOR STREET LIGHT REPAIR
46425	5/7/2015	PRD00	PR DIAMOND PRODUCTS, INC.	\$ 174.00	0036260IN	CUTTING BLADE FOR STREETS REPAIRS
46426	5/7/2015	QUI03	QUICK N SAVE	\$ 41.04	1-1568	DIESEL
				\$ 61.76	1-2779	DIESEL
				\$ 80.98	1-7724	DIESEL
				\$ 113.04	1-8207	DIESEL
			Check Total:	\$ 296.82		
46427	5/7/2015	SAF01	SAFETLITE	\$ 42.42	312059	RAIN JACKET FOR TEMP.
46428	5/7/2015	SEE01	SEEGERS	\$ 72.11	8834052	#10 ENVELOPES BLACK LOGO
				\$ 368.08	117022IN	#10 ENVELOPES COLOR LOGO
			Check Total:	\$ 440.19		
46429	5/7/2015	SHR02	SHRED-IT CENTRAL CA	\$ 129.34	405541535	SHREDDING
46430	5/7/2015	SKO00	SKONOVD, ANDREA	\$ 300.00	455731	MATERIAL & HANGING BASKET
				\$ 166.02	B50507	MATERIAL & HANGING BASKET
			Check Total:	\$ 466.02		
46431	5/7/2015	STA00	STANISLAUS COUNTY DEPARTM	\$ 150.00	B50507	CERTIFICATE FROM STAN. CO AG & WEIGHTS & MEASURES
46432	5/7/2015	STA12	SWRCB ACCOUNTING OFFICE	\$ 2,800.64	LW1000660	ANNUAL PERMIT FEE
46433	5/7/2015	STA47	STANISLAUS COUNTY SHERIFF	\$ 81,542.13	1415-172	LAW ENFORCEMENT SERV & VEHICLE REPLACEMENT FUND
46434	5/7/2015	SYN02	SYNAGRO WEST, LLC	\$ 3,873.44	30-103118	SLUDGE REMOVAL
				\$ 7,565.00	30-103204	SLUDGE REMOVAL
				\$ 8,588.21	30-103299	SLUDGE REMOVAL
			Check Total:	\$ 20,026.65		
46435	5/7/2015	TES00	TESCO CONTROLS, INC	\$ 684.00	0056588IN	SCADA ALARM & PRINTER ISSUES REPAIR
46436	5/7/2015	TUR12	TURLOCK, CITY OF	\$ 169.80	2015-0000	DIESEL

Check Number	Check Date	Vendor Number	Name	Net Amount	-----Payment Information-----	
					Invoice #	Description
46437	5/7/2015	USA01	USA BLUE BOOK	\$ 134.61	603524	CURB MARKERS FOR MS-4 REQUIREMENTS
46438	5/7/2015	VIS01	VISUAL HORIZONS CUSTOM SI	\$ 250.00	19059	BUSINESS INCENTIVE PROGRAM FUNDS MAG.FARMHOUSE MKT
46439	5/7/2015	WAR00	WARDEN'S OFFICE	\$ 870.23	1858365-0	OFFICE SUPPLIES
				\$ 53.79	1858590-0	OFFICE SUPPLIES
				\$ 99.70	1859355-0	OFFICE SUPPLIES
				\$ 38.86	1860259-0	OFFICE SUPPLIES
Check Total:				\$ 1,062.58		
46440	5/7/2015	WIL01	CORBIN WILLITS SYSTEM	\$ 571.40	00B50415	ENHANCEMENT & SERVICE FEE
Cash Account Total:				\$ 217,039.48		
Total Disbursements:				\$ 217,039.48		



## CITY OF HUGHSON AGENDA ITEM NO. 3.3 SECTION 3: CONSENT CALENDAR

**Meeting Date:** May 11, 2015  
**Subject:** Approval of the Treasurer's Reports – March 2015  
**Presented By:** John Padilla, City Treasurer

**Approved By:** \_\_\_\_\_

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### **Staff Recommendation:**

Review and Approve the City of Hughson Treasurer's Report for March 2015.

### **Summary:**

The City Treasurer is required to review the City's investment practices and approve the monthly Treasurer's report. Enclosed is the City of Hughson's Treasurer's Report for March 2015. As of March 2015, the City of Hughson's total cash and investment balance is \$12,652,552.74 and is in compliance with the City's investment policy. The City has sufficient cash flow to meet the City's expected expenditures for the next six months.

### **Background and Overview:**

The Treasurer report for March 2015 reflects the most current representation of the City's funds and investments and provides a necessary outlook for both past, present, and future investment and spending habits. While investments and funds differ from time to time, it is the goal of the City to maintain safety and stability with its funds, while additionally promoting prudence and growth.

Enclosed is the City of Hughson Treasurer's Report for March 2015 along with supplementary graphs depicting the percentage of the City's total funds, a breakdown of the March 2015 Developer Impact Fees, and an additional line plot graph further demonstrating the Developer Impact Fees. This graph depicts the Developer Impact Fees' actual balance for the past five years, and continues with a projection based on the average rate of change for each fund over the next few years. After review and evaluation of the report, City staff has researched funds with a significant deficit balance and submit the following detailed explanation:

***Public Facilities Development Streets Fund:***

The Public Facilities Development Streets Fund currently reflects a negative balance of (\$377,675.55), reflecting a positive difference of \$146,532.50 or a 27.95% increase from the previous year. The deficit is a result of the Euclid Bridge Project, which was constructed in Fiscal Year 2006/2007, for approximately \$1.3 million. The project was completed in anticipation of funding from Developer Impact Fees collected from new development. Unfortunately, the housing market declined significantly and the new development never materialized. Once the economy strengthens and new building starts again, the City can recognize additional developer impact fees and reduce the deficit more quickly.

***Water Developer Impact Fee Fund:***

The Water Developer Impact Fee Fund currently reflects a negative balance of (\$453,461.05), reflecting a positive difference of \$75,327.18 or a 14.25% increase from the previous year. After extensive review, City staff discovered that the remaining deficit is attributable to settlement arrangements that were made in Fiscal Year 2008/2009 and Fiscal Year 2009/2010 for the Water Tank on Fox Road near Charles Street. The Project Cost of the Water Tower Project was \$2,400,000. During that period, the City paid out \$650,000 in settlements. This account will be in a deficit position until additional development occurs and developer impact fees are collected to cover those unanticipated settlement costs.

Based on a staff review of 2012 Water Development and Street funds, the City would need development in the Feathers Glen (42 units) and Euclid South (69 units) subdivisions, or about 110 units to be built to see a positive balance in the Water and Street Development funds. These units reflect the areas that are most likely to see development. Currently, 19 units have been developed in the remaining lots of the Fontana Ranch North subdivision, 10 of which are pending final status.

***Transportation Capital Project and CDBG Public Works Street Projects Fund:***

The Transportation Capital Project Fund currently reflects a negative balance of (\$297,535.55), reflecting a positive difference of \$78,840.50 or a 20.95% increase from the previous year. The CDBG Public Works Street Project Fund currently reflects a negative balance of (\$216,771.27), reflecting negative difference of (\$143,303.34) or a 195.06% decrease from the previous year. The City currently has 4<sup>th</sup> and 5<sup>th</sup> Street projects that are complete. While the 4<sup>th</sup> Street project has been reimbursed, 5<sup>th</sup> Street project's reimbursement remains pendant. Reimbursement for both infill projects are from CMAQ (Congestion Mitigation Air Quality) and CDBG (Community Development Block Grant) funds.

***SLESF (Supplemental Law Enforcement Services Fund):***

The Supplemental Law Enforcement Services Fund (SLESF) currently reflects a

negative balance of (\$14,889.28). Although the SLESF Fund currently depicts a negative balance, the deficit is the result of cash flow. With revenue coming in as expected, the SLESF Fund is expected to return to its normal state by the end of the fiscal year in June.

**Fiscal Impact:**

As of March 2015, the total cash and investments balance for the City of Hughson is \$12,652,552.74. This compares to March 2014's total cash and investments balance of \$11,016,077.29, demonstrating a \$1,636,475.45 or a 14.86% increase.

**City of Hughson  
Treasurer's Report  
March 2015**

	<b>MONEY MARKET</b>	<b>GENERAL</b>	<b>REDEVELOPMENT**</b>	<b>TOTAL</b>
Bank Statement Totals	\$ 8,780,394.33	\$ 1,154,677.16	\$ 206,402.72	\$ 10,141,474.21
Adjustment-Direct Deposit Payroll	\$ -	\$ -	\$ -	\$ -
Outstanding Deposits +	\$ -	\$ -	\$ -	\$ -
Outstanding Checks/transfers -	\$ 21,354.82	\$ (63,512.58)	\$ -	\$ (42,157.76)
<b>ADJUSTED TOTAL</b>	<b>\$ 8,801,749.15</b>	<b>\$ 1,091,164.58</b>	<b>\$ 206,402.72</b>	<b>\$ 10,099,316.45</b>
Investments: Various				\$ 1,030,739.13
Multi-Bank WWTP				\$ 1,443,779.95
Investments: L.A.I.F.		\$ 39,421.29	\$ 39,295.92	\$ 78,717.21

**TOTAL CASH & INVESTMENTS** **\$ 12,652,552.74**

<u>Books - All Funds</u>	<u>March 2014</u>	<u>March 2015</u>	<u>Difference</u>
2 Water/Sewer Deposit	35,569.81	55,264.06	19,694.25
8 Vehicle Abatement	14,571.30	12,501.56	-2,069.74
11 Traffic Congestion Fund	86,255.92	125,022.33	38,766.41
13 Redevelopment - Debt Service	104,610.52	145,064.31	40,453.79
17 Federal Officer Grant	6,620.00	6,620.00	0.00
18 Public Safety Realignment	17,871.85	28,476.76	10,604.91
19 Asset Forfeiture	6,995.43	6,995.43	0.00
25 Gas Tax 2106	-1,844.45	-3,536.82	-1,692.37
30 Gas Tax 2107	15,078.47	15,094.07	15.60
31 Gas Tax 2105	-488.56	33,237.72	33,726.28
35 Gas Tax 2107.5	5,422.14	2,672.14	-2,750.00
40 General Fund	819,993.91	1,430,085.27	610,091.36
401 General Fund Contingency Reserve	672,495.49	673,896.06	1,400.57
43 Trench Cut	75,465.40	75,611.40	146.00
48 Senior Community Center	12,305.52	11,487.29	-818.23
49 IT Reserve	51,175.20	70,201.39	19,026.19
50 U.S.F. Resource Com. Center	-3,865.34	1,558.40	5,423.74
51 Self-Insurance	73,703.49	73,703.49	0.00
53 SLESF (Supplemental Law Enforcem	19,660.53	-14,889.28	-34,549.81
54 Park Project	441,543.30	490,169.39	48,626.09
60 Sewer O & M	1,970,889.64	3,175,029.95	1,204,140.31
61 Sewer Fixed Asset Replacement	2,219,700.39	2,671,058.13	451,357.74
66 WWTP Expansion 2008	1,265,151.25	9,263.45	-1,255,887.80
69 LTF Non Motoriz	0.00	5,208.00	5,208.00
70 Local Transportation	173,676.33	142,180.08	-31,496.25
71 Transportation	-376,376.05	-297,535.55	78,840.50
100/200 LLD's and BAD's	71,606.47	115,782.35	44,175.88
80 Water O & M	200,954.28	220,944.82	19,990.54
82 Water Fixed Asset Replacement	471,776.34	677,259.20	205,482.86
88 PW CDBG Street Project	-73,467.93	-216,771.27	-143,303.34
80 Water Reserve-USDA GRANT	21,524.50	21,524.50	0.00
90 Garbage/Refuse	90,931.28	144,739.46	53,808.18
91 Misc. Grants	0.00	0.00	0.00
92 98-EDBG-605 Small Bus. Loans	93,585.12	93,595.60	10.48
94 96-EDBG-438 Grant	403.43	403.43	0.00
95 94-STBG-799 Grant	158,288.57	159,496.75	1,208.18
96 HOME Program Grant (FTHB)	35,041.19	35,041.19	0.00
97 96-STBG-1013 Grant	134,966.78	194,873.15	59,906.37
98 HOME Rehabilitation Fund	0.00	40,000.00	40,000.00
Developer Impact Fees ***	2,104,285.77	2,221,224.53	116,938.76
<b>TOTAL ALL FUNDS:</b>	<b>11,016,077.29</b>	<b>12,652,552.74</b>	<b>1,636,475.45</b>

I hereby certify that the investment activity for this reporting period conforms with the Investment Policy adopted by the Hughson City Council, and the California Government Code Section 53601. I also certify that there are adequate funds available to meet the City of Hughson's budgeted and actual expenditures for the next six months.

<u>Break Down of Impact Fees ***</u>			
10 Storm Drain	236,740.88	286,839.08	50,098.20
20 Community Enhancement	87,193.07	77,941.40	-9,251.67
41 Public Facilities Development	1,567,110.32	1,328,004.78	-239,105.54
42 Public Facilities Development-Streets	-524,208.05	-377,675.55	146,532.50
55 Parks DIF	335,907.89	401,804.55	65,896.66
62 Sewer Developer Impact Fees	930,329.89	957,771.32	27,441.43
81 Water Developer Impact Fees	-528,788.23	-453,461.05	75,327.18
<b>Break Down of Impact Fees ***</b>	<b>2,104,285.77</b>	<b>2,221,224.53</b>	<b>116,938.76</b>

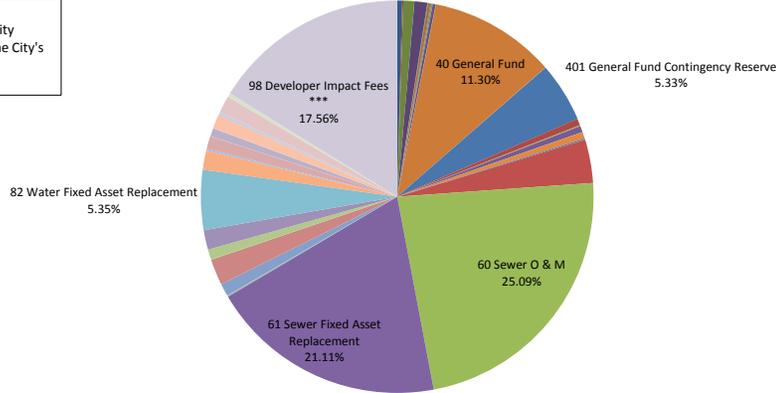
John Padilla, Treasurer

Date

Treasurer's Report - Charts and Graphs  
March 2015

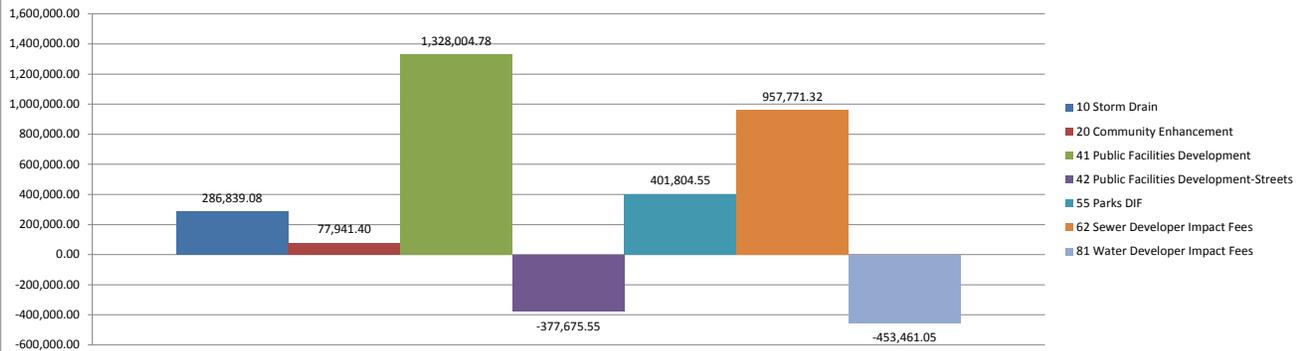
Percentage of all Funds for March 2015

Note:  
Data displayed represents largest percentage of City funds. All other funds represent less than 5% of the City's total Cash and Investments.

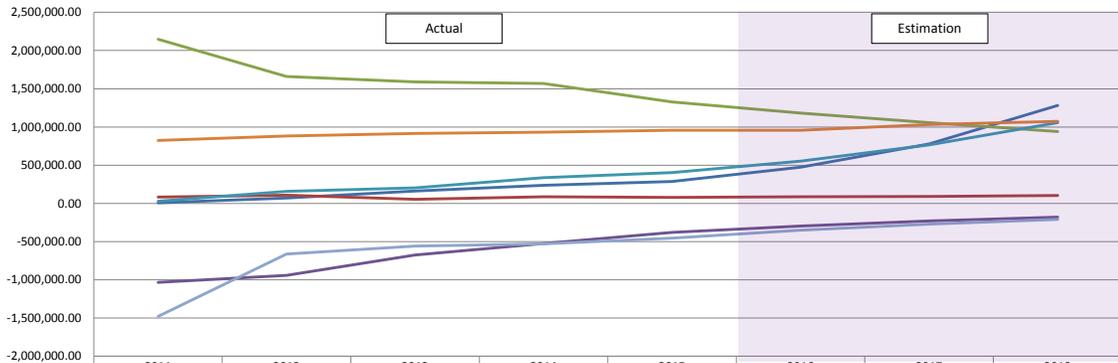


- 2 Water/Sewer Deposit
- 8 Vehicle Abatement
- 11 Traffic Congestion Fund
- 13 Redevelopment - Debt Service
- 17 Federal Officer Grant
- 18 Public Safety Realignment
- 19 Asset Forfeiture
- 25 Gas Tax 2106
- 30 Gas Tax 2107
- 31 Gas Tax 2105
- 35 Gas Tax 2107.5
- 40 General Fund
- 401 General Fund Contingency Reserve
- 43 Trench Cut
- 48 Senior Community Center
- 49 IT Reserve
- 50 U.S.F. Resource Com. Center
- 51 Self-Insurance
- 53 SLESF (Supplemental Law Enforcement Services Fund)
- 54 Park Project
- 60 Sewer O & M
- 61 Sewer Fixed Asset Replacement
- 66 WWTP Expansion 2008
- 69 LTF Non Motoriz
- 70 Local Transportation
- 71 Transportation
- 100/200 LLD's and BAD's
- 80 Water O & M
- 82 Water Fixed Asset Replacement
- 88 PW CDBG Street Project
- 80 Water Reserve-USDA GRANT
- 90 Garbage/Refuse
- 91 Misc. Grants
- 92 98-EDBG-605 Small Bus. Loans
- 94 96-EDBG-438 Grant
- 95 94-STBG-799 Grant
- 96 HOME Program Grant (FTHB)
- 97 96-STBG-1013 Grant
- 98 HOME Rehabilitation Fund
- 98 Developer Impact Fees \*\*\*

March 2015 Breakdown of Developer Impact Fees



5 Year Trend & Estimate for Developer Impact Fees for the Month of March



	2011	2012	2013	2014	2015	2016	2017	2018
Storm Drain	8,202.94	71,425.27	161,848.36	236,740.88	286,839.08	472,359.96	777,871.46	1,280,980.72
Community Enhancement	80,634.62	109,036.12	53,627.77	87,193.07	77,941.40	85,031.11	92,765.70	101,203.86
Public Facilities Development	2,145,395.46	1,661,026.89	1,589,434.78	1,567,110.32	1,328,004.78	1,183,419.84	1,054,576.42	939,760.67
Public Facilities Development-Streets	-1,034,497.43	-941,363.33	-674,623.33	-524,208.05	-377,675.55	(294,976.27)	(230,385.58)	(179,938.26)
Parks DIF	28,846.83	157,366.18	203,999.33	335,907.89	401,804.55	554,372.79	764,872.34	1,055,300.18
Sewer Developer Impact Fees	824,685.43	881,981.73	914,583.24	930,329.89	957,771.32	957,772.36	1,032,518.79	1,072,052.44
Water Developer Impact Fees	-1,477,837.50	-662,275.91	-559,830.40	-528,788.23	-453,461.05	(350,927.81)	(271,578.63)	(210,171.29)



## CITY OF HUGHSON AGENDA ITEM NO. 3.5 SECTION 3: CONSENT CALENDAR

**Meeting Date:** May 11, 2015  
**Presented By:** Dominique Spinale Romo, Assistant to the City Manager  
**Subject:** Consideration of Resolution No. 2015-10, A Resolution of the City Council of the City of Hughson updating the bank accounts signatories at the Bank of the West, Effective May 12, 2015.

**Approved By:** \_\_\_\_\_

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### **Staff Recommendation:**

Staff recommends adopting Resolution No. 2015-10, adding Finance Director Shannon Esenwein and removing former Community Development Director Thom Clark, as a signatory on the City of Hughson bank accounts at the Bank of the West, effective May 12, 2015.

### **Background and Overview:**

With the completion of the recruitment and selection of Shannon Esenwein as the new Finance Director, it is necessary to initiate a change on the signature card for the City of Hughson bank accounts at the Bank of the West and add Shannon as a signatory for the City of Hughson. It also recently came to staff's attention that former Community Development Director Thom Clark was not removed from the accounts upon his departure from the City. The Bank of the West requires the City of Hughson to provide them with certified copies of the City Council Minutes from which action taken to remove a designated signatory from, and/or, add a new signatory to the bank signature card.

Upon approval of this action, the City Clerk will notify the Bank of the West and the signatories for the City of Hughson will be updated.

**CITY OF HUGHSON  
CITY COUNCIL  
RESOLUTION NO. 2015-10**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON ADDING SHANNOND ESENWEIN, FINANCE DIRECTOR, AS A DESIGNATED SIGNATORY FOR THE CITY OF HUGHSON BANK ACCOUNTS AT BANK OF THE WEST**

**WHEREAS**, the as the City of Hughson has completed the recruitment and selection of the new Finance Director, Shannon Esenwein; and

**WHEREAS**, it is necessary to make changes to the City of Hughson bank accounts, by adding Shannon Esenwein, Finance Director, as a designated signatory on the signature card for the City of Hughson Bank Account; and

**WHEREAS**, in the process of reviewing signatories, staff discovered that former Community Development Director Thom Clark, remains listed as a designated signatory for the City, and needs to be removed as a designated signatory for the City of Hughson; and

**WHEREAS**, the Bank of the West requires the City of Hughson to provide the bank with certified copies of the City Council Minutes from which action was taken to remove a designated signatory from, and/or, add a new signatory to the bank signature card; and

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Hughson hereby adds Shannon Esenwein, Finance Director, as a designated signatory on the City bank accounts; and removes former Community Development Director Thom Clark as a designated signatory on the City bank accounts, both effective May 12, 2015.

**PASSED AND ADOPTED** by the Hughson City Council at a regular meeting thereof, held on May 11, 2015, by the following vote:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

\_\_\_\_\_  
**MATT BEEKMAN, Mayor**

**ATTEST:**

\_\_\_\_\_  
**DOMINIQUE SPINALE ROMO, City Clerk**



## **CITY OF HUGHSON ITEM NO. 3.5**

### **SECTION 3: CONSENT CALENDAR**

**Meeting Date:** May 11, 2015  
**Subject:** Consider Amending Hughson Municipal Code Chapter 2.20 – Emergency Services to Include Revisions to the Disaster Council Organizational Structure  
**Presented By:** Dominique Spinale Romo, Assistant to the City Manager  
**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Waive the Second Reading and Adopt Ordinance No. 2015-02, amending Chapter 2.20 of the Hughson Municipal Code – Emergency Services to include revisions to the Disaster Council organizational structure.

#### **Background and Overview:**

The purpose of the Disaster Council is to comply with the California Emergency Services Act (Government Code §§ 8550 et seq.) by providing for the preparation and carrying out of plans for the protection of persons and property within this county in the event of an emergency, the direction of the emergency organization, and the coordination of the emergency functions of this city with all other public agencies, corporations, organizations, and affected private persons. In 2008, Stanislaus County and the nine Cities by resolution adopted the current process for the Disaster Council and Operational Area Council. Each city and the County appointed one elected official to serve on the Disaster Council.

On January 30, 2014, the Stanislaus County Disaster Council approved revising the Disaster Council Ordinance to expand the membership to include City Managers as well as Elected Officials as long as the alternate is appointed by the specified entity's governing body. The Disaster Council also approved the State of California's required changes to the Ordinance for the Disaster Council to remain accredited with the State of California for the Disaster Service Worker Volunteer program.

The changes to the Ordinance are as follows:

Section 2.20.020 (A) (1) (2) Explanation of Regional Structure - is amended to define the appointment of the Chair and Vice Chair of the Disaster Council.

Section 2.20.020 (A) (4) Explanation of Regional Structure - is amended to add that the County and each City may select an alternate to attend meetings and act on its behalf in the event that the elected official is unavailable. Said alternate need not be an elected official, as long as the alternate has been appointed by that entity's governing body.

Section 2.20.020 (B) (6) Explanation of Regional Structure - is amended to state that the City shall have the power to administer a disaster service worker volunteer program, pursuant to California Code of Regulations.

Section 2.20.040 Emergency Organization - is amended to include wording covering all individuals who may be impressed in to service by the Director of Emergency Services of the City, in the event of proclamation of local emergency, state of emergency, state of emergency, or state of war emergency.

The City Council conducted a Public Hearing and introduced and waived the first reading of this Ordinance at the April 27 meeting. Upon approval of the second reading and adoption of the Ordinance, the City Clerk will publish a summary of the Ordinance in the Hughson Chronicle for the public's viewing and knowledge.

The Ordinance will become effective June 11, 2015.

**Fiscal Impact:**

There is no fiscal impact associated with the recommended amendments to the City of Hughson Municipal Code.

**CITY OF HUGHSON  
CITY COUNCIL  
ORDINANCE NO. 2015 - 02**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HUGHSON  
AMENDING MUNICIPAL CODE CHAPTER 2.20 – EMERGENCY SERVICES**

**WHEREAS**, the City Council of the City of Hughson previously added Chapter 2.20 in 2009 to the Hughson Municipal Code, pertaining to the provision of emergency services in coordination with the emergency services structure known as the Stanislaus County City/County Disaster Council established to comply with the California Emergency Services Act (“Act”) in Government Code Sections 8550 et. seq.; and

**WHEREAS**, Stanislaus County (“County”) is revising the emergency services structure establishing a new Civil Defense and Disaster Council (“Disaster Council”) by amending County Ordinance Chapter 2.52 and has requested each city member to amend its ordinances to conform to the Disaster Council structure; and

**WHEREAS**, the City of Hughson desires to amend Chapter 2.20 of its Municipal Code to conform to the Disaster Council structure.

**NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF HUGHSON DOES  
ORDAIN AS FOLLOWS:**

**Section 1.** Ordinance 2009-08, Section 2 2009, adding Chapter 2.20 of the Hughson Municipal Code (“HMC”), is hereby repealed. Provided, that it is the intent of the City Council in enacting this ordinance that it shall be considered a revision and continuation of the ordinance repealed by this ordinance, and the status of volunteers shall not be affected by such repeal; nor shall plans and agreements, rules and regulations, or resolutions adopted pursuant to such repealed ordinance be affected by such repeal until amended, modified, or superseded as provided in this ordinance.

**Section 2.** Chapter 2.20 is hereby added to the HMC to read as follows:

**“Chapter 2.20 EMERGENCY SERVICES**

**2.20.010 Purpose.**

The declared purpose of this chapter is to comply with the California Emergency Services Act (Government Code §§ 8550 et seq.) by providing for the preparation and carrying out of plans for the protection of persons and property within this county in the event of an emergency, the direction of the emergency

organization, and the coordination of the emergency functions of this city with all other public agencies, corporations, organizations, and affected private persons.

**2.20.020 Explanation of regional structure.**

A. Disaster Council. The Stanislaus Disaster Council has been created by the County of Stanislaus with representatives from area communities, including the City of Hughson. The Stanislaus Disaster Council consisting of the following members:

1. The Director of Emergency Services, who shall be chair of the Disaster Council;
2. A member of the board of supervisors, who shall be vice chair;
3. The Assistant Director of Emergency Services, who shall be secretary;
4. One elected official from each city in Stanislaus County. The County and each city may select an alternate to attend meetings and to act on its behalf in the event the elected official is unavailable. Said alternate need not be an elected official, so long as the alternate has been appointed by that entity's governing body.

B. Disaster Council Powers and Duties. The Disaster Council shall have power to:

1. Oversee the preparedness activities of the various county departments and other jurisdictions in the Stanislaus County Operational Area. This includes preparation of emergency and disaster plans, policies and procedures, and ensuring unity of purpose. The Disaster Council will be responsible to ensure compliance with the National Incident Management System, the Standardized Emergency Management System and the Incident Command System.
2. Approve as to form all proposed emergency operations procedures, plans and other documents related to emergency preparedness and planning.
3. Hear proposals from any agency, department or interested party in emergency and disaster preparedness. Prior to any formal action, the proposal shall have the approval of the Operational Area Council for operational and procedural conformity with the Stanislaus County emergency operations plan, policies, and procedures.
4. Be required to have a majority of the members present for approval and/or review of any plan, policies or issues and a simple majority vote will carry the recommended action. Thereafter, the recommended action will be forwarded to the appropriate board, council, commission, or executive representative.
5. Sit as the Disaster Council for any jurisdiction that deems it appropriate by resolution and local ordinance.
6. Administer a disaster service worker volunteer program, pursuant to California Code of Regulations, Title 19, sections 2570 et seq.

7. The Disaster Council does not have operational duties or powers during emergencies, disasters or other events or incidents

C. Operational Area Council. The Stanislaus Operational Area Council is created under the authority of Government Code Article 9, Section 8605, and shall consist of the assistant director of emergency services and Joint Powers Agreement (JPA) members that represent each city within Stanislaus County. Generally, the JPA member will be the emergency manager from his/her jurisdiction. The Operational Area Council will:

1. Coordinate, review, and recommend for approval all emergency or disaster response policies, procedures, plans, and other influencing factors or events that would affect the Stanislaus Operational Area.

2. Review all disaster plans by any agency or jurisdiction in Stanislaus County for approval as to form and compliance with the National Incident Management System, the Standardized Emergency Management System and the Incident Command System. After review of the proposed plans, policies and procedures, relating to emergency management, the Operational Area Council will then make its recommendation to the Disaster Council.

3. Be the lead agency for the multi-agency emergency operations center management team and the multi-agency incident management team(s).

4. Foster an effective flow of disaster information and emergency preparedness on a day-to-day basis through training, exercises, uniformity in planning, and response plans and policies.

5. Appoint task forces and/or specialist groups for specific detailed work that requires the focus of technical experts to develop plans, policies and procedures for the Stanislaus Operational Area.

6. The Operational Area Council does not have operational duties or powers during an event or emergency and is created to serve in the preparedness and planning phases only.

D. Meetings.

1. The Disaster Council shall meet at least annually and as often as may be deemed necessary. The Disaster Council will operate under the Brown Act for open meetings applicable to local legislative bodies.

2. The Operational Area Council shall meet quarterly or upon call of the assistant di-rector of emergency services.

E. State of war, state of emergency or local emergency. During a "state of war," "state of emergency" or "local emergency," the chair of the Disaster Council, or the director of emergency services may call upon the Disaster Council to meet with the emergency operations center policy group to act as an advisory group on issues as determined by the director of emergency services or the Disaster Council chair.

F. Plan and agreement preparation. It shall be the duty of the Disaster Council to review and recommend for adoption by the board of supervisors, emergency

plans and agreements and such ordinances and resolutions and rules and regulations as are necessary to implement such plans and agreements.

#### **2.20.030 Definitions.**

The following definitions shall apply to this chapter.

A. "Emergency" means the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within this county caused by such conditions as fire, flood, storm, epidemic, riot or earthquake, domestic terrorism, or other conditions including conditions resulting from war or imminent war, but other than conditions resulting from labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment, and facilities of this county, requiring the combined forces of other political subdivisions to combat.

B. "Local emergency" means the duly proclaimed existence of an emergency within the territorial limits of this city.

C. "State of emergency" means the duly proclaimed existence of an emergency other than a local emergency.

D. "State of war emergency" means a duly proclaimed state of war emergency by the Governor whenever California or the nation is attacked by an enemy of the United States, or upon receipt by California of a warning from the federal government indicating that such an enemy attack is probable or imminent. The powers of the Governor granted under a state of war emergency are commensurate with those granted under a state of emergency.

#### **2.20.040 Emergency organization.**

All officers and employees of this city, together with those volunteer forces enrolled to aid them during an emergency, and all groups, organizations, and persons who may by agreement or operation of law be charged with duties incident to the protection of life and property in this city during such emergency, shall constitute the emergency organization of the city.

#### **2.20.050 Expenditures.**

Any expenditure made in connection with emergency activities, including mutual aid activities, shall be deemed conclusively to be for the direct protection and benefit of the inhabitants and property of the city.

#### **2.20.060 Appointment to Disaster Council.**

Annually, the Mayor, subject to the approval of the city council, shall appoint an elected officer to serve on the Disaster Council and may appoint an alternate who need not be an elected officer to attend meetings and to act on its behalf in the event the appointed elected official is unavailable.

## **2.20.070 Director and assistant director of emergency services.**

A. There is hereby created the office of director of emergency services. The city manager shall be the director of emergency services.

B. There is hereby created the office of assistant director of emergency services. The administrative services director shall be the assistant director of emergency services and designated as the city's emergency manager.

## **2.20.080 Director—Powers and Duties.**

The director is empowered to:

A. Request the city council to proclaim the existence or threatened existence of a local emergency if the board of supervisors is in session, or to issue such proclamation if the board of supervisors is not in session. Whenever a local emergency is proclaimed by the director, the city council shall take action to ratify the proclamation within seven (7) days thereafter or the proclamation shall have no further force or effect;

B. Request the Governor to proclaim a state of emergency when, in the opinion of the director, the locally available resources are inadequate to cope with the emergency;

C. Control and direct the effort of the emergency organization of this city for the accomplishment of the purpose of this chapter;

D. Direct cooperation between and coordination of services and staff of the emergency organization of this city and resolve questions of authority and responsibility that may arise between them;

E. Represent this city in all dealings with public or private agencies on matters pertaining to emergencies as defined in this chapter;

F. In the event of the proclamation of a local emergency as provided in this chapter, the proclamation of a state of emergency by the Governor or the Director of the State Office of Emergency Services, or the existence of a state of war emergency, the director is empowered:

1. To make and issue rules and regulations on matters reasonably related to the protection of life and property as affected by such emergency; provided, however, such rules and regulations must be confirmed at the earliest practicable time by the city council;

2. To obtain vital supplies, equipment, and such other properties found lacking and needed for the protection of life and property and to bind the city for the fair value thereof and, if required immediately, to commandeer the same for public use;

3. To execute all of the ordinary power as city manager, all of the special powers conferred upon the position by this chapter or by resolutions or emergency plan pursuant hereto adopted by the city council, all powers conferred

upon the position by any statute, by any agreement approved by the city council, and by any other lawful authority;

4. To require emergency services of any officer or employee and, in the event of the proclamation of a "state of emergency" in Stanislaus County or the existence of a "state of war emergency," to command the aid of as many citizens of this community as deemed necessary in the execution of duties; such persons shall be entitled to all privileges, benefits, and immunities as are provided by state law for registered disaster service workers; and

5. To requisition necessary personnel or material of the departments or agencies.

G. The Director of Emergency Services shall designate the order or succession to that office, to take effect in the event the director is unavailable to attend meetings and otherwise perform the director's duties during an emergency.

H. The Assistant Director, under policy direction of the director, shall act as chief of staff of the emergency organization.

I. The Deputy Director, who shall be appointed by the Director of Emergency Services, shall, under the supervision of the assistant director and with the assistance of emergency service chiefs, develop emergency plans and manage the emergency programs of this city on a day-to-day basis and shall have such other powers and duties as may be assigned by the assistant director.

#### **2.20.090 Emergency plan preparation.**

The Director of Emergency Services, in concert with the Disaster Council and the Operational Area Council shall be responsible for the development of the city emergency plan; such plan shall provide for the effective mobilization of all of the resources of this city, both public and private, to meet any condition constituting a local emergency, state of emergency, or state of war emergency and shall provide for the organization, powers and duties, services, and staff of the emergency organization. Such plan shall take effect upon adoption by resolution of the city council.

#### **2.20.100 Punishment of violations.**

It shall be a misdemeanor, punishable as set forth in HMC 1.12.010 and 1.12.020, for any person, during an emergency, to:

A. Willfully obstruct, hinder or delay any member of the emergency organization in the enforcement of any lawful rule or regulation issued pursuant to this chapter, or in the performance of any duty imposed upon him by virtue of this chapter.

B. Do any act forbidden by any lawful rule or regulation issued pursuant to this chapter, if such act is of such a nature as to give or be likely to give assistance to the enemy or to imperil the lives or property of inhabitants of the city, or to prevent, hinder or delay the defense or protection thereof.

C. Wear, carry or display, without authority, any means of identification specified by the emergency agency of the state.”

**Section 3.** This ordinance is not intended to and shall not be construed or given effect in a manner that imposes upon the City or any officer or employee thereof a mandatory duty of care toward persons and property within or without the city so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

**Section 4.** If any provision of this ordinance or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. The city council hereby declares that it would have adopted this ordinance irrespective of the validity of any particular portion thereof.

**Section 5.** This ordinance shall become effective thirty (30) days after its final passage.

**Section 6.** Within fifteen (15) days after its final passage, the City Clerk shall cause this ordinance to be posted in full accordance with Section 36933 of the Government Code.

The foregoing ordinance was introduced and the title thereof read at the regular meeting of the City Council of the City of Hughson held on **April 27, 2015**, and by a unanimous vote of the council members present, further reading was waived.

On motion of councilperson \_\_\_\_\_, seconded by councilperson \_\_\_\_\_, the second reading of the foregoing ordinance was waived and this ordinance was duly passed by the City Council of the Hughson City Council at a regular meeting thereof held on **May 11, 2015**, by the following vote:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

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**MATT BEEKMAN, Mayor**

**ATTEST:**

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**DOMINIQUE SPINALE ROMO, City Clerk**





## CITY OF HUGHSON AGENDA ITEM NO. 3.3 SECTION 3: CONSENT CALENDAR

**Meeting Date:** May 11, 2015  
**Subject:** Approval to Adopt Resolution No. 2015-12, A Resolution of the City Council of the City of Hughson Waiving Fees for Hughson's Concerts Series-Downtown scheduled for June 6, 13, and 20, 2015  
**Presented By:** John Padilla, City Treasurer  
**Approved By:** \_\_\_\_\_

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### **Staff Recommendation:**

Adopt Resolution No. 2015-12, a Resolution of the City Council of the City of Hughson waiving fees for Hughson's Concerts Series - Downtown for June 6, 13, and 20, 2015.

### **Summary:**

On June 6, 13, and 20, 2015 the City of Hughson and its local partners will host its 2<sup>nd</sup> Annual Concerts Series: Hughson's Concerts Series – Downtown. This event is designed to strengthen community spirit, boost community interaction, and amplify overall City recognition. To attain such a goal, community participation is vital. As a way to encourage attendance and public participation, City staff recommends waiving the fees for all artist and musician vendors for all three scheduled dates.

### **Background and Overview:**

After much excitement from the previous year's Concerts in the Park events, the Hughson's Concerts Series Committee assembled once again earlier this year to commence the planning early and expand the effort for the upcoming season. The Committee is comprised of the City of Hughson, Hughson's Chamber of Commerce, Citizens for a Healthy Community, and local residents Josh Dickinson, Anthony Edwards, and Raylene Kemp.

With nearly 200 people in attendance at the Debut Concerts in the Park event (Lebright Fields) on June 21 and July 26, 2014, the City and its local partners were able to gather a great deal of information through experience and feedback. While feedback was overwhelmingly positive, the addition of vendors was the item most requested for future events.

Sticking with a similar theme to last year's events, this series too focuses on an appreciation for arts and music. Recognizing the potential for such an event to connect a variety of community interests (local business, residents, artists, musicians, etc.), and maintaining the artistic theme of the event, the addition of art vendors would greatly enhance the overall quality of the Concerts Series, and will establish a meaningful precedence for the success of future events. Furthermore, the Concerts Committee has decided to move the event (and subsequently change the event's name) to Hughson's downtown (the intersection of Hughson Avenue and Charles Street). As a result of such change, the Committee believes the event will benefit in a number of ways, including downtown recognition and ease of accessibility, enhanced cooperation between downtown businesses and restaurants. As a result of collaboration with the Hughson's Fire District's Centennial Celebration on June 20, 2015, both events could benefit as a result of advertisement and close proximity. Based on the experience and reception of this year's concerts series, City staff and partners will evaluate the events and develop a recommended plan for the 2016 season.

Attached is the flyer for the upcoming event, including the location, date, time, and scheduled bands. With a blend of the City, and its local surrounding's, musical talent and the overall spirit of the Hughson community, the City hopes to recreate the highly appreciated atmosphere of last year's events; making the Hughson's Concerts Series a place where friends and families can unite and celebrate their local neighbor. Future events will look to expand slowly into other genres and with new elements to offer something for every resident and visitor.

**Fiscal Impact:**

The City of Hughson temporary Business/Vendors Fee is \$10. While the number of vendors attending has not yet been confirmed, it is projected that eight to ten art vendors will be in attendance. While the City may incur some nominal costs involved with this event, the potential benefits of a successful event are likely to be lasting as its existence will create an overall presence of community contentment and appreciation.

**CITY OF HUGHSON**  
**CITY COUNCIL**  
**RESOLUTION NO. 2015-12**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON WAIVING  
THE ESTABLISHED TEMPORARY BUSINESS/VENDOR FEES FOR THE  
HUGHSON'S CONCERTS SERIES - DOWNTOWN SCHEDULED FOR JUNE 6, 13  
AND 20, 2015**

**WHEREAS**, the Hughson City Council and the City of Hughson supports local businesses and actively pursues ways to provide that support; and

**WHEREAS**, Concerts events are successful in attracting people from other areas into cities and towns, as demonstrated by other cities within California; and

**WHEREAS**, these types of events provide opportunities for citizens to come together socially as well as visit the commercial establishments Hughson has to offer; and

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Hughson does hereby waive the established Business/Vendor Fees for vendors participating in Hughson's Concerts Series - Downtown scheduled for Saturday June 6, 13, and 20, 2015.

**PASSED AND ADOPTED** by the City Council of the City of Hughson at its regularly scheduled meeting held on this 11<sup>th</sup> day of May 2015, by the following roll call votes:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

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**MATT BEEKMAN, Mayor**

**ATTEST:**

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**DOMINIQUE SPINALE ROMO, City Clerk**

# FEATURING

JUNE 6

PATTY CASTILLO DAVIS

A LA LUNE

JUNE 13

RAYLENE KEMP

HOUSE OF ORANGE

JUNE 20

LITSNOW

SHU LACE

SHAYLENE NICOLE

SOAPBOX

*Hughson's Concerts Series*

DOWNTOWN

6:00—9:00 PM





## CITY COUNCIL AGENDA ITEM NO. 3.7

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** May 11, 2015  
**Subject:** Consider the Adoption of Resolution No. 2015-13, Awarding the Tully Road Railroad Crossing Project Under the Burlington Northern Santa Fe (BNSF) Railroad to Rolfe Construction in the Amount of \$216,724 and Authorizing a 10% Construction Contingency as well as a 6% Set-Aside for Construction Testing and Inspection  
**Presented By:** Jaylen French, Community Development Director

**Approved By:** \_\_\_\_\_

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**Staff Recommendation:**

Adopt Resolution No. 2015-13, awarding the Tully Road Railroad Crossing Project under the Burlington Northern Santa Fe (BNSF) Rail Line to Rolfe Construction in the amount of \$216,724.00 and authorizing a 10% construction contingency as well as a 6% set-Aside for construction testing and inspection.

**Background and Overview:**

Three sealed bids were received for the Tully Road Railroad Crossing Project. The project is to replace utility lines (Sewer and Storm) under the BNSF railroad on Tully Road. They are:

Contractor	Base Bid
Mozingo Construction	\$309,500.00
Rolfe Construction	\$216,724.00
Allen A. Waggoner Construction	\$277,213.00

The engineers estimate for the entire project was \$210,000. The award of the contract is to the lowest base bid cost. The low bid has been analyzed and found to be responsive and complete.

Contract documents specify that the contractor is to commence work within 10 days upon the Notice to Proceed and will complete the work within 90 days. City staff anticipates this project to be complete by the end of summer 2015.

**Fiscal Impact:**

Monies for the Railroad Crossing project are available using Development Impact Fees from the Sewer and Storm impact fees and \$210,000 are included in the City's Fiscal Year 2014-2015 budget. Staff will amend the budget to include the additional \$40,000 required. City staff is requesting a 10% construction contingency on this project, as well as a 6% set-aside for construction testing and inspection.

**CITY COUNCIL**  
**CITY OF HUGHSON**  
**RESOLUTION NO. 2015-13**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON  
AWARDING THE TULLY ROAD RAILROAD CROSSING PROJECT TO LOW  
BIDDER ROLFE CONSTRUCTION IN THE AMOUNT OF \$216,724.00 AND  
AUTHORIZING A 10% CONSTRUCTION CONTINGENCY AS WELL AS A 6%  
SET-ASIDE FOR CONSTRUCTION TESTING AND INSPECTION**

**WHEREAS**, the Tully Road Railroad Crossing Projects was competitively bid pursuant to Public Contract Code § 22032(b); and

**WHEREAS**, bids were opened on April 22, 2015 and the low bidder was Rolfe Construction with a low bid of \$216,724.00; and

**WHEREAS**, funding for the project is available through City of Hughson Development Impact Fees (Sewer and Storm) and have been included in the Fiscal Year 2014-2015 budget; and

**WHEREAS**, a 10% construction contingency as well as a 6% construction testing and inspection set-aside is needed for the project budget; and

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Hughson does hereby award the Tully Road Railroad Crossing Project to low bidder Rolfe Construction in the amount of \$216,724.00, authorizes a 10% construction contingency as well as a 6% set-aside for construction testing and inspection, and authorizes the City Manager to execute the construction contract approved by the City Attorney.

**PASSED AND ADOPTED** by the Hughson City Council at a regular meeting thereof held on May 11, 2015, by the following vote:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

\_\_\_\_\_  
**MATT BEEKMAN, Mayor**

**ATTEST:**

\_\_\_\_\_  
**DOMINIQUE SPINALE ROMO, City Clerk**



## CITY COUNCIL AGENDA ITEM NO. 3.8

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** May 11, 2015  
**Subject:** Consider the Adoption of Resolution No. 2015-14, Awarding the Tully Road Reconstruction Project to George Reed, Inc. in the Amount of \$353,978.00 and Authorizing a 10% Construction Contingency as well as a 4% Set-aside for Construction Testing and Inspection  
**Presented By:** Jaylen French, Community Development Director

**Approved By:** \_\_\_\_\_

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#### Staff Recommendation:

Adopt Resolution No. 2015-14, awarding the Tully Road Reconstruction Project to George Reed, Inc. in the amount of \$353,978.00 and authorizing a 10% construction contingency as well as a 4% set-aside for construction testing and inspection.

#### Background:

Two sealed bids were received for the Tully Road Reconstruction Project. The project is to reconstruct Tully Road from Whitmore Avenue to Santa Fe Avenue. They are:

Contractor	Base Bid
George Reed, Inc.	\$353,978.00
Rolfe Construction	\$378,173.10

The engineers estimate for the entire project was \$390,000. The award of the contract is to the lowest base bid cost. The low bid has been analyzed and found to be responsive and complete.

Contract documents specify that the contractor is to commence work within 10 days upon the Notice to Proceed and will complete the work within 150 days. City staff anticipates this project to be complete by the end of the calendar year 2015.

**Fiscal Impact:**

Monies for the Reconstruction project are available from the Regional Surface Transportation Program (RSTP) and are included in the City's Fiscal Year 2014-2015 budget. City staff is requesting a 10% construction contingency on this project, as well as a 4% set-aside for construction testing and inspection.

**CITY COUNCIL**  
**CITY OF HUGHSON**  
**RESOLUTION NO. 2015-14**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON  
AWARDING THE TULLY ROAD RECONSTRUCTION PROJECT TO LOW  
BIDDER GEORGE REED, INC IN THE AMOUNT OF \$353,978.00 AND  
AUTHORIZING A 10% CONSTRUCTION CONTINGENCY AS WELL AS A 4%  
SET-ASIDE FOR CONSTRUCTION TESTING AND INSPECTION**

**WHEREAS**, the Tully Road Reconstruction Project was competitively bid pursuant to Public Contract Code § 22032(b); and

**WHEREAS**, bids were opened on May 6, 2015 and the low bidder was George Reed, Inc with a low base bid of \$353,978.00; and

**WHEREAS**, funding for the project is available through the Regional Surface Transportation Program (RSTP) and have been included in the Fiscal Year 2014-2015 budget; and

**WHEREAS**, a 10% construction contingency as well as a 4% construction testing and inspection set-aside is needed for the project budget; and

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Hughson does hereby award the Tully Road Reconstruction Project to low bidder George Reed, Inc in the amount of \$353,978.00, authorizes a 10% construction contingency as well as a 4% set-aside for construction testing and inspection, and authorizes the City Manager to execute the contract agreement approved by the City Attorney.

**PASSED AND ADOPTED** by the Hughson City Council at a regular meeting thereof held on May 11, 2015, by the following vote:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

\_\_\_\_\_  
**MATT BEEKMAN, Mayor**

**ATTEST:**

\_\_\_\_\_  
**DOMINIQUE SPINALE ROMO, City Clerk**



## **CITY OF HUGHSON AGENDA ITEM NO. 4.1**

### **SECTION 4: UNFINISHED BUSINESS**

**Meeting Date:** May 11, 2015  
**Subject:** Approval of Franchise Agreement with Gilton Solid Waste Management for the Collection and Transportation of Garbage and Refuse in the City of Hughson  
**Presented By:** Raul L. Mendez, City Manager  
Daniel J. Schroeder, City Attorney

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

1. Approve the Franchise Agreement with Gilton Solid Waste Management, Inc for the Collection and Transportation of Garbage and Refuse in the City of Hughson.
2. Authorize the City Manager, inclusive of any final edits by the City Attorney, to execute the Franchise Agreement with Gilton Solid Waste Management, Inc for the Collection and Transportation of Garbage and Refuse in the City of Hughson.
3. Authorize the City Manager to execute an amendment, prepared by the City Attorney, to the current Franchise Agreement with Waste Management to extend the agreement until June 30, 2015 or the end of the current fiscal year.

#### **Background and Overview:**

Since July 23, 1990, the City of Hughson has been in an exclusive franchise agreement with Waste Management, Incorporated (formerly R&R Disposal) for services for the collection, transportation, and disposition of refuse generated within the City limits. The original agreement was for a term of ten (10) years, automatically renewed annually for one year each July after the 10 years.

On June 27, 2005, City staff conducted an annual review of the existing franchise agreement and upon the review, recommended that the City Council authorize staff to serve the notice of the termination of the evergreen provision. The City Council approved staff's recommendation and established the termination date of June 23, 2015.

On March 10, 2014, the City received a letter from Waste Management, requesting that the City Council consider renewing the current franchise

agreement. On June 9, 2014, the City Council authorized the City Manager to respectfully decline the renewal request, on the basis that as a municipality, the City of Hughson has a fiscal responsibility to ensure that services provided are done in the most cost-effective manner. The Request for Proposal (RFP) process is commonly initiated by public agencies to assist with this determination.

On January 26, 2015, the Hughson City Council discussed and provided direction to City staff on the draft Request for Proposals for the Collection and Transportation of Garbage and Refused in the City of Hughson. City staff released the RFP in February and closed the process on March 6. All four (4) companies and/or firms that provide such services in Stanislaus County and the region submitted proposals to the City for consideration. The companies included Bertolotti's Disposal Services, Gilton Solid Waste Management, Inc., Turlock Scavenger, and Waste Management, Inc.

City staff composed an evaluation expert panel to review all proposals received and make a recommendation to the City Council of the company/firm that best meets the needs of the City of Hughson. All four companies participated in this process, and were provided an opportunity make a presentation to the panel, which consisted of the following experts from our local partner agencies: Tom Wolfe, Stanislaus County Environmental Resources; Garner Reynolds, City of Turlock; Henry Hesling, City of Escalon; and Jaylen French, City of Hughson.

Upon completion of the panel interviews and scoring, two of the companies were recommended to City staff for additional review and consideration. After its final review, City staff concurred with the evaluation panel's scoring of proposals received and recommended that the City Council select Gilton Solid Waste Management, Inc., as the company to move forward with into franchise agreement negotiations.

On April 27, 2015, the Hughson City Council approved the selection of Gilton Solid Waste Management, Inc. for the collection and transportation of garbage and refuse in the City of Hughson and authorized the City Manager and City Attorney to negotiate terms of the franchise agreement for the said services.

Gilton Solid Waste Management Inc.'s overall scores excelled over all of the other companies scores, and pricing, costs, and rates are very competitive with the current rates currently charged to residents for similar services, including the costs associated for additional services the City seeks to include in the new contract, such as the direct billing of all customers in the City and the additional city events needing service throughout the year(s).

Gilton Solid Waste Management Inc. (GSWM) has been in business since 1947. The company continues seeking new and innovative ways to store, collect, divert, recycle, transfer, and dispose of all types of wastes. This has allowed their company to exceed their State mandates through proactive, common sense waste management programs. GSWM's ability to efficiently and effectively spread their equipment, labor, and management costs over multiple jurisdictions has routinely resulted in the lowest costs to their customers.

In addition, Gilton Resource Recovery/Transfer Facility (sister company) assists them in providing extensive, cost-effective opportunities to divert, recycle, and safely dispose of all the wastes generated in the City. GSWM currently provides services to Stanislaus, San Joaquin, and Merced Counties, as well as the cities of Modesto, Oakdale, Escalon, Riverbank, Livingston, Ripon, and Gustine.

### **Franchise Agreement:**

Per Council direction, the City Manager and City Attorney met with the GSWM team to negotiate the franchise agreement and also discuss the transition plan ahead. The following are the recommended key elements of the franchise agreement based on past discussions with the City Council over the past several months for this critical public service.

#### Key Elements

Fully automated residential cart service using Gilton “One Pass” trucks

- Two cart sizes for garbage – collected weekly (96 gallons)
- 96 gallon cart for all mixed compostable wastes (green wastes, all paper products, vegetative food wastes) – collected weekly
- Additional carts for mixed compostable wastes as needed for an additional \$6.75 per additional cart

Fully automated commercial bin service

- Bins available in sizes ranging from 2 cubic yards to 6 cubic yards
- Collection frequencies ranging from 1 time to 6 times per week
- Commingled recyclables bins available for businesses

Full service roll-off box services for residential, commercial and industrial users

- Box size ranging in size from 10 cubic yards to 50 cubic yards
- Collection can be scheduled up to 7 times per week
- Significantly reduced pricing for source separated wastes including green wastes, wood, metals, and inert wastes.

This base service also includes the following:

- City facilities solid waste and green waste collection
- Curbside used oil collection service
- Waste services for up to four (4) city sponsored events per year
- Direct billing of residential and non-residential customers upon approval by City Manager

Value added services included by GSWM in the proposal are also recommended due to their cost effective nature for an additional .50 cents/month:

- Curbside bulky item collection (2 per calendar year) and illegal dumping
- Electronic waste collection (4 per calendar year)
- Christmas tree collection program

Additional items in agreement:

- Term: 10 year period beginning on July 1, 2015 and expiring on June 30, 2025.
- Hours of collection: residential areas (6am–6pm); commercial areas (5am–9pm). Temporary extension as a result of extraordinary circumstances or conditions with City Manager consent.
- Receptacle replacement: provide one replacement every four years of lost or stolen carts without expense to City or any customer and within 72 hours after notice.
- Missed pickups: complete pickup on same day if the complaint is received by 12:00pm or by 12:00pm the following business day if the complaint is received after 12:00pm.
- Rates: as provided in proposal and generally \$21.50 (\$21.00 for base service and \$.50 for value added service) for 96 gallon cart.
- Consumer Price Index: maximum charges to reflect annual changes in the CPI for All Urban Consumers published in the U.S. Department of Labor for the San Francisco-Oakland-San Jose, CA statistical area. Such adjustments shall not exceed two and a half percent (2.5%) per year.
- Regional Solid Waste Model: will comply with executed Memorandum of Understanding between the City of Hughson and Stanislaus County setting forth obligations for waste disposal using County facilities and tipping fees for a ten (10) year period beginning June 1, 2015 and expiring June 30, 2025.
- Rate Adjustments: only for unanticipated increases and extraordinary cost increases and by request only and requiring City Council approval.
- AB 939: collector agrees to assist City in data collection and reporting pertaining to compliance with the Integrated Waste Management (AB 939)
- Franchise Fees: 8% of gross revenue from residential and commercial accounts provided that the City does the billing. If City Manager elects to have the collector responsible for billing, the Franchise Fees for residential and commercial shall be 7%. Per the Hughson Municipal Code, the City is eligible for 8% of gross revenue for industrial accounts regardless of who handles the billing.
- Reports/Billing: provide City with quarterly reports detailing operations.
- MSIV Permit: adhere to new State requirements for Municipal Separate Storm Sewer System.

City staff has initiated discussions with Waste Management and Gilton Solid Waste Management, Inc. regarding transition ahead from current provider to new provider. Waste Management is committed to assisting to ensure a smooth transition. GSWM is confident that if the agreement is approved and executed the week of May 11, 2015 they will be able to ensure that all necessary tasks are completed in a timely manner to begin service on July 1, 2015. Since the current agreement with Waste Management expires on June 23, 2015, City staff recommends extending it another week through an amendment for simplicity and operational efficiency. This will allow the current agreement with Waste Management to end with the close of the fiscal year and the new agreement with Gilton Solid Waste Management to begin with the new fiscal year.

City staff has also advised GSWM of the necessary education and outreach to residents of the change. City staff highlighted some of the upcoming community events (Hughson Farmers' Market, Hughson Fruit and Nut Festival, etc.) that provide an opportunity for GSWM to interact with customers and provide information regarding their service delivery model.

**Fiscal Impact:**

The revenue and expenditures resulting from the franchise agreement between the City of Hughson and Gilton Solid Waste Management Inc., will be included as part of the annual budget process.

## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (“Agreement”) is made and entered into this 11<sup>th</sup> day of May, 2015 (the “Effective Date”) by and between the City of Hughson (“City”), a municipal corporation of the State of California, and Gilton Solid Waste Management, Inc., a California corporation (“Collector”). The parties to this Agreement may each be referred to individually as a “Party” or collectively as the “Parties”. There are no other parties to this Agreement.

### RECITALS

**A.** The California State Legislature enacted the California Integrated Waste Management Act of 1989 (“AB 939”) which authorizes local jurisdictions to make adequate provisions for solid waste handling within their jurisdictions; and

**B.** On October 6, 2011, the Legislature passed Assembly Bill 341 (“AB 341”), amending the California Public Resources Code (the “Public Resources Code”) therein requiring cities to encourage and document commercial solid waste recycling programs; and

**C.** The collection and disposition of garbage, refuse and waste is governed and regulated by applicable provisions set forth in Chapter 8.12 of the Hughson Municipal Code (the “Code”), which may be amended from time to time and is incorporated herein by this reference; and

**D.** The City has entered into a Regional Solid Waste Partnership Proposal Memorandum of Understanding (“MOU”) with Stanislaus County (“County”) setting forth the City’s obligations for waste disposal using County facilities and the County’s tipping fees for a ten (10) year period beginning on June 1, 2015 and expiring on June 30, 2025;

**E.** The City and Collector desire to enter into this Agreement for a term of ten (10) years pursuant to the terms and conditions set forth herein; and

**F.** It is the City’s objective to engage Collector to provide refuse collection and disposal services for residential and commercial collection. By entering into this Agreement, Collector shall assist City in meeting its AB 939 and AB 341 requirements and that the performance of the Collector set forth in this Agreement shall be performed in accordance with the City’s obligations in the MOU; and

**G.** The City’s refuse program shall be consistent with the County Solid Waste and Integrated Waste Management Plan and comply with all regulations promulgated by the local Stanislaus County enforcement agency and the Department of Resources Recycling and Recovery; and

**NOW THEREFORE**, in consideration of the mutual promises contained herein and other good and sufficient consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

## **AGREEMENT**

**Section 1. Recitals.** The recitals set forth above (the “Recitals”) are incorporated herein by this reference and made a part of this Agreement. In the event any inconsistencies arise as between the Recitals and Sections 1 through \_\_ of this Agreement, Sections 1 through \_\_ shall prevail.

**Section 2. Definitions.** Unless otherwise noted in this Agreement, capitalized terms herein shall have the meanings set forth in **Exhibit A**. Whenever any term used in this Agreement has been defined by Division 30, Part 1, Chapter 2 of the Public Resources Code or the City’s Code, those definitions shall apply unless the term is otherwise defined in **Exhibit A**. In the event there is a discrepancy between the definitions contained in the Public Resources Code and the City’s Code, the definitions set forth in the Public Resources Code shall supersede all other definitions.

### **Section 3. Franchise Area.**

**3.1. Franchise Area Defined.** The franchise area granted by this Agreement shall be all residential and commercial premises located within city limits of City, as more particularly shown on **Exhibit B** (“Franchise Area”). As provided below, the Franchise Area may be changed by annexation, deannexation or re-organization.

**3.2. Annexation Covered by Existing Franchise.** All territories annexed during the Term of this Agreement shall be subject to this Agreement. However, properties served by another collector at the time of annexation, shall continue to be served by that source until the end of such collector’s franchise agreement or service contract with the subject landowner, whichever is sooner. Collector agrees to defend, indemnify and hold the City harmless against any claims by such other collector regarding its right to continue to serve the annexed area.

### **Section 4. Waste Collection and Disposal.**

**4.1. Scope of Services.** Except as set forth in Section 4.4, the City hereby grants Collector the exclusive franchise, right and privilege to collect all Solid Waste, Green Waste and Recyclables within the Franchise Area and to transport the same to a sanitary landfill, transfer station, compost/mulching site, or waste-to-energy facility outside the City, which has been approved by the governmental agency having jurisdiction of the territory in which said site is located (the “Services”). City may designate alternative processing facilities if public health, safety, or fiscal interest requires, or compliance with applicable law necessitates the alternative. Collector shall furnish all labor, supervision, materials, permits, licenses, and Equipment necessary to provide residential and commercial refuse collection Services for Customers within the Franchise Area of City. Collector shall perform its obligations under this Agreement in accordance with all applicable local, state, or federal laws and in a manner that maximizes the City’s Solid Waste diversion rate to the extent possible.

**4.2. Residential Service.** Collector shall provide Solid Waste and Green Waste collection services to all residential premises within the City using a two Carts and a One Pass truck system.

**4.3. Commercial Service.** Collector shall provide Solid Waste collection services to all commercial premises within the City. Collector may provide Green Waste collection services to commercial premises within the City. Pursuant to the requirements set forth in AB 341, Collector shall offer to provide Recyclables collection services to any business that generates more than four cubic yards of commercial solid waste per week and to any multifamily residential dwelling of five units or more, and may provide Recyclables collection services to other commercial Customers and multifamily residential dwellings not meeting these criteria.

**4.4. Excepted Services.** Collector's exclusive franchise in this Agreement shall not include or prevent or restrict the City or other parties from any of the following:

4.4.1. Governmental entities if and to the extent the City has no legal power to require such entities to use Collector's Services.

4.4.2. The City or any officer or employee thereof or any employee of the State, or any governmental subdivision thereof, collecting, removing, and disposing of Solid Waste, Recyclables, or Green Waste from the City or State facilities.

4.4.3. Private parties from donating or selling a recyclable or salvageable material (other than Food Waste) that has been segregated by such party from other materials to any party of their choice.

4.4.4. Allowing the self-hauling and disposal of construction and demolition debris, grass clippings, prunings and other discarded materials, generated by an individual from non-commercial or non-industrial activities on his or her property, or which are generated directly as a result of the work of specialized and distinct business operations whose primary business is not janitorial, cleaning, or waste transportation or collection, including, without limitation, various contractors such as, landscapers, tree trimmers or gardeners.

4.4.5. Allowing third parties with Permits issued by the City to collect, haul and dispose of Commercial Refuse

4.4.6. Delivery of self-haul materials directly to a transfer station, materials recovery facility, or disposal facility in a manner consistent with City ordinances and codes and other applicable laws; provided, however, that this provision does not create an exemption from any law requiring payment for Collection services, whether those services are utilized or not.

4.4.7. Permitting other entities to haul and dispose of septic tank, sand trap and grease trap contents.

4.4.8. Providing the collection of Refuse in connection with the City's street cleaning service.

4.4.9. Permitting other entities to carry out the City's annual weed abatement program.

4.4.10. Provision of any other service that is not specified in this Agreement and that normally would not be considered to fall within Franchise Services, and that the Contractor explicitly waives its right to provide, by written notice to the City.

## **Section 5. Collection and Bins.**

**5.1. Provision of Receptacles.** Collector agrees to provide and maintain all Carts, Bins and Roll-Off Boxes for the proper and secure storage of Solid Waste, Green Waste or Recyclables for all residential and commercial Customers. All residential Cart Customers shall be serviced once per week between Monday and Friday, and commercial Bin Customers shall be serviced from one (1) to six (6) times per week between Monday and Saturday as requested by the Customer. Roll-Off Box Customers will be serviced as arranged between the Customer and Collector.

**5.2. Hours of Collection.** Collection service of all Carts in residential areas shall not start before 6:00 a.m. or continue after 6:00 p.m., subject to change by resolution of the Hughson City Council ("City Council"). Collection service of all Carts, Bins, and Roll-Off Boxes in commercial areas shall not start before 5:00 a.m. or continue after 9:00 p.m., subject to change by resolution of the Hughson City Council ("City Council"). For commercial premises immediately adjacent to residential areas, collection services shall not start before 6.00 a.m. if an adjacent residential property owner complains about collection prior to 6:00 a.m. The hours of collection may be extended temporarily as a result of extraordinary circumstances or conditions with the prior consent of the Hughson City Manager ("City Manager"). In the event scheduled collection services fall on a Holiday, the Collector shall provide collection services on the following day, but under no circumstances on a Sunday.

**5.3. Receptacle Replacement.** Collector, without expense to City or any Customer, and within seventy-two (72) hours after notice, shall provide one replacement every four (4) years of lost or stolen Carts. Collector shall clean, paint over or replace, at its discretion, graffiti-tagged Carts as needed. Collector shall replace Carts damaged due to normal wear and tear within the time frame of one collection cycle. Collector shall maintain records of lost, stolen, damaged and graffiti-tagged Carts by specific address. Collector may charge customers for additional replacement Carts based on the actual cost of the Carts and their delivery.

**Section 6. Term of Agreement.** The term of this Agreement shall commence on the Effective Date and expire on June 30, 2025, unless extended by the mutual consent of the Parties (the "Term").

**Section 7. Acceptance; Waiver.** Collector agrees to be bound by and comply with all the requirements of this Agreement. Collector waives any right or claim to serve the City or any part

of the City under any prior grant of franchise, contract, license or permit issued or granted by any governmental entity including any right under Section 49520 of the Public Resources Code.

## **Section 8. Rates and Fees.**

**8.1. Rates.** The maximum rates to be charged by Collector are set forth in **Exhibit C** (“Rate” or “Rates”) and may be adjusted by the City Council by ordinance or resolution. For the first three years of the Agreement, Collector shall charge rates that are no greater than the maximum rates as provided in **Exhibit C**. In year four through ten of the Agreement Term, the City will adjust the maximum charges made to Customers under this Agreement to reflect annual changes in the Consumer Price Index for All Urban Consumers (“CPI”) published by the U.S. Department of Labor for the San Francisco-Oakland-San Jose, CA statistical area. Such adjustments shall not exceed two and a half percent (2.5%) per year. The adjustment shall become effective on the anniversary of the Effective Date and be based on the previous twelve month index analysis from May to April. In all subsequent years, the Collector may request, and the City Council shall consider, rate adjustments based on the above referenced CPI index, in addition to any other adjustments provided for under subsections 8.3. and 8.4.

**8.2. Reimbursement for Notices.** Collector shall be responsible for providing, or reimbursing the City for providing all required notices of any rate changes or increases expressly including, but not limited to, notices required under Proposition 218 and any law or regulations adopted to implement Proposition 218. City reserves the right to specify the form and content of any such notice required by law or by the Code. City shall determine when a notice of a Rate change is required in its sole and complete discretion.

**8.3. Tipping Fees.** The Parties acknowledge and agree that the maximum Rates include compensation to Collector for tipping, gate or other disposal fees charged by any applicable disposal facilities. Notwithstanding any provision in this Agreement to the contrary, Collector, except in the case of Roll-Off Box Customers, shall not be entitled to receive from City, or any Customer, a separate or additional payment for tipping or gate fees. In addition to any other rate adjustments to which Collector may be entitled, Collector may request to increase its rates to the extent necessary to recover increased landfill, waste-to-energy facility, transfer station, and material recovery facility tipping or gate fees, provided that the landfill, waste-to-energy facility, transfer station, or material recovery facility is not owned or operated by Collector. Collector shall provide City with notice of the proposed new rates within thirty (30) days of such notice being received from Stanislaus County or other applicable authority, and shall provide the City with a copy of any notice regarding an increase in landfill or waste-to-energy facility tipping or gate fees. Collector shall not increase the Rates to recover increased tipping or gate fees, without prior written approval from City.

**8.4. Extraordinary Cost Increases.** Collector may petition City for an extraordinary rate adjustment or adjustments at any time during the Term of this Agreement, provided that such petition may be made based only upon increases in fuel costs or increased costs as a result of federal, state, or county mandates, or other documented impacts, which require changes in Collector’s Services or operations under this Agreement. Collector shall include in its petition a financial presentation which demonstrates the extraordinary increase in operating costs. Any

petition shall be heard by the City Council at a public hearing held after providing any required notices pursuant to this Section and applicable law. The City Council may grant or reject any such petition in its sole and complete discretion.

**Section 9. Additional Services.** In exercising the right and privilege to collect Solid Waste, Green Waste or Recyclables within the boundaries of City as herein granted, Collector agrees to act in accordance with the following:

Collector agrees to provide without additional charge to the City or its customers:

**9.1. Curbside Bulky Item Collection Program.** Collector shall collect and dispose of bulky item wastes, as defined in **Exhibit D**, from residential Customers up to two (2) times per calendar year. Such collections will be made by appointment as arranged between Customer and Collector.

**9.2. Illegal Dump Program.** Collector shall provide for the collection and disposal of non-hazardous wastes from Public Property.

**9.3. Curbside E-Waste Collection Program:** Collector shall collect, recycle or dispose of specified E-Wastes (as defined in **Exhibit E**) from residential Customers up to four (4) times per calendar year. Such collections will be made by appointment as arranged between the Customer and Collector.

**9.4. Christmas Tree Program.** Collector will provide a residential Christmas tree collection and recycling program. Each year, during the first two (2) full weeks of January, Collector will pick-up Christmas trees from the front of residential properties in the City. Collections will be scheduled to coincide with the normal waste collection days.

**9.5. City Facilities.** Collector shall provide Solid Waste and Green Waste collection services to all City owned and operated facilities at no additional charge to the City. This does not include C&D Debris generated from City owned and operated facilities.

**9.6. Community Events.** At the City's request, Collector will provide staffing resources and waste containers, plus Solid Waste, Green Waste and Recyclables removal and disposal services for four (4) community events per year.

**9.7. AB 939 Data.** Collector agrees to continue to assist City in data collection and reporting pertaining to compliance with the Integrated Waste Management Act (AB 939), including any State required waste composition studies.

## **Section 10. Specific Service Requirements.**

**10.1. Collector Duty of Care and Diligence.** Collector and Collector's employees, contractors, sub-contractors, operators, officers, directors, supervisors, owners, board members, representatives, and agents ("Collector's Agents") shall exercise all reasonable care and

diligence in performing their obligations under this Agreement. Every effort will be made to prevent spilling, scattering or dropping Refuse during the collection or transportation process. However, in the event that Refuse is spilled, scattered or dropped, the truck operator shall immediately clean up the material and place it in the truck and promptly notify the City Manager of the event. Every Cart, Bin and Roll-Off Box (collectively, "Container") must be replaced in an upright position. If a Container falls over, the operator must immediately set the Container in an upright position. It shall be further noted that Refuse collection easements are frequently co-located with other utility easements. Particular attention must be given to the location of water meters, transformers, guy wires, utility poles and irrigation structures. Authorization to use the easement does not abrogate Collector's responsibility to exercise caution to not infringe upon, damage, or trespass the property rights of other authorized users or property owners. Collector shall be familiar with, and operate within the guidelines set forth by the Occupational Safety Health Act (29 U.S.C. section 651 *et. seq.*). Collector is granted the right to use dedicated streets, alleys and refuse collection easements for the purpose of performing the Services, but this right is not exclusive. The Collector shall handle the Services in a manner that will cause the least inconvenience or annoyance to the general public and to property owners. Whenever the Collector's operations create a condition hazardous to traffic or to the public, Collector shall furnish, erect, and maintain such fences, barricades, lights, signs, and other devices, structures, or warnings and take any other protective measures as are necessary to prevent accidents or damage or injury to the public and immediately notify the City Manager of the hazard and the corrective measures taken by the Collector to address the hazard. Any barricade, lights, signs or other devices erected must conform to the requirements of the City Engineer and the Code.

**10.2. Hazardous Waste.** Under no circumstance shall Collector's employees knowingly collect Hazardous Waste or remove unsafe or poorly containerized Hazardous Waste from Customer premises. If Collector determines that material placed in a container for collection is Hazardous Waste, Excluded Waste, or other material that may not be legally accepted at an approved sanitary landfill, transfer station, compost/mulching site, waste-to-energy facility or other permitted disposal facility or that presents a hazard to Collector employees, Collector shall have the right to refuse to accept such material. Collector shall leave, at the time of non-collection, a non-collection notice with Customers indicating the reason for refusing the material. Collector shall contact the generator and request that the generator arrange for proper disposal service. If the Hazardous Waste, Excluded Waste, or other objectionable material is identified at time of delivery to the approved sanitary landfill, transfer station, compost/mulching site, waste-to-energy facility or other permitted disposal facility and the generator cannot be identified, Collector shall be solely responsible for handling and arranging transport and disposition of the Hazardous Waste, Excluded Waste, or other objectionable material.

**10.3. Force Majeure.** Collector shall not be in default under this Agreement in the event that the collection transportation, recycling and disposal services of Collector are temporarily interrupted or discontinued due to a "Force Majeure" event which is defined as: riots, wars, sabotage, civil disturbances, insurrections, explosion, natural disasters such as floods earthquakes, landslides and fires, strikes, lockouts and other labor disturbances or other catastrophic events, which are beyond the reasonable control of Collector. Force Majeure does not include: Collector's financial inability to perform; Collector's failure to obtain any necessary

permits or licenses from other governmental agencies; or Collector's failure to obtain the right to use the facilities of any public utility where such failure is due solely to the acts or omissions of the Collector.

**10.4. Independent Contractor.** Collector is an independent contractor and not an officer, agent, servant or employee of City. Collector is solely responsible for the acts and omissions of its officers, agents, employees, contractors, and sub-grantees. Nothing in this Agreement shall be construed as creating a partnership or joint venture between City and Collector. Neither Collector nor its officers, employees, agents or sub-grantees shall obtain any right to retirement or other benefits or right, which accrue to City employees. Collector shall obtain and maintain a business license with the City during the term of this Agreement.

**10.5. Property Damage.** Collector shall be responsible for any damage to City's driving surfaces, whether or not paved, resulting from vehicles providing Services under this Agreement. Collector shall be responsible for repairing or replacing any private or public property which is damaged due to the acts or omissions of employees, contractors, or agents of Collector to private or public property shall be repaired or replaced.

**10.6 Right of Entry.** Collector shall have the right, to enter or drive on any private street, court, place, easement or other private property for the purpose of collecting or transporting Refuse pursuant to this Agreement. This right of entry shall last until the sooner of the termination of this Agreement or receipt by Collector of a written notice from City revoking Collector's right of entry. This right of entry is limited to carrying out the Services required by this Agreement.

## **Section 11. Customer Service Requirements.**

**11.1 Availability of Representatives.** A responsible representative of Collector who is qualified to respond to public inquiries shall be available at Collector's office during office hours, excluding lunchtime closure, for communication with City, Customers or the public.

**11.2. Employees.** Collector shall exercise reasonable care to hire responsible employees, to supervise the work of such employees, and to discipline and, if necessary, discharge an employee failing to meet reasonable standards for performance of work set forth in this Agreement. Collector shall comply with applicable state and federal law pertaining to employment, including, but not limited to, applicable equal opportunity employment and affirmative action requirements.

**11.3. Enforcement and Clean-up of Illegal Dumps.** Collector and City shall cooperate to eliminate illegal dumping within the City. When illegal dumps are found on public property the City will attempt to identify the responsible party and advise them to clean-up the wastes or utilize the Bulky Item Collection Program to eliminate the problem. If no responsible party is identified, the City will request for Collector to remove any such waste. Collector will have three (3) working days following the notification by the City to remove the illegally dumped material.

**11.4. Manner of Collection.** Collector shall perform all collection services in a quiet and courteous manner and ensure that all Carts are placed on the premises from which they were removed in an upright position, with lids closed, and within five (5) feet of where they were originally placed before collection.

**11.5. Office Hours.** Collector's office hours shall be, at a minimum, from 8 a.m. to 5 p.m. daily, except for a lunch hour and closed on Saturdays, Sundays, and federal or State recognized holidays. A representative of Collector shall be available during office hours for communication with the public at Collector's principal place of business.

**11.6. Service Complaints.** All Service complaints shall be directed to Collector. Collector shall respond to all complaints, other than missed pickups, within twenty-four (24) hours if the twenty-four (24) hour period ends during the office hours specified in subsection 12.5, otherwise on the next business day. Collector shall be responsible for the prompt and courteous attention to, and prompt and reasonable resolution of, all complaints and shall use its best efforts to resolve any complaints within the two (2) business days following the date on which such complaint is received. Complaints that cannot be reasonably resolved may be appealed to the City Manager or designee for final resolution.

**11.7. Complaint Log.** Collector agrees to maintain a log of all oral and written service complaints registered with Collector from Customers or the public within the City ("Complaint Log"). Collector shall record in the log all written and oral complaints, noting the name and address of the complainant, date and time of complaint, nature of complaint, and method and date of resolution. Such log shall be kept so that representatives of the City, upon request, may conveniently inspect it. Collector shall deliver, along with the quarterly reports specified in Section 13 or otherwise upon request of the City, a summary of complaints by number and type and excerpts from the log reflecting action to date.

**11.8. Missed Pickups.** In the event of a missed pickup, Collector shall complete the pickup the same day if the complaint is received by 12:00 p.m. or by 12:00 p.m. the following business day if the complaint is received after 12:00 p.m.

**Section 12. Reports.** Collector shall provide the City with quarterly reports detailing Collector's operations within City during that time. Reports will contain the information required by the City for compliance with AB 939 and for City to measure Collector's performance of items in this Agreement. Collector agrees to provide additional reports regarding its collection services as may be reasonably requested by the City to meet future reporting requirements of the City or the State. City or a consultant to City, on request, shall have the right to review the collection records of Collector at reasonable times and upon reasonable notice.

## **Section 13. Vehicles.**

**13.1. Compliance with Applicable Regulations.** Collector shall at all times comply with all applicable rules, statutes, orders, and requirements adopted by any governmental agency with jurisdiction over air quality, including, but not limited to, the California Air Resources Board and the San Joaquin Valley Air Pollution Control District. In addition to any

indemnification obligations set forth in this Agreement, Collector shall defend, indemnify, and hold harmless the City against any fines, penalties, losses, or claims arising out of Collector's failure to comply with this Section. All vehicles used by Collector under this Agreement shall be registered with the Department of Motor Vehicles of the State of California, be kept clean and in good repair, shall be uniformly painted, and shall be washed at least once every seven (7) calendar days. Collector's name, phone number, and vehicle number shall be prominently displayed on its vehicles.

**13.2. Fluids and Waste.** Collector shall immediately clean up any fluids or waste spilled from collection vehicles, and shall deploy and remove absorbent materials to the extent necessary to absorb all fluids. Collector shall provide the City with a copy of any spill report that Collector is required to provide, and at the same time it is provided, to the State Office of Spill Prevention and Response. When necessary, Collector shall apply a suitable cleaning agent to the street surface or shall employ hydraulic steam cleaning to provide adequate cleaning. Collector shall comply at all times with all recommendations or limitations concerning laden weight of collection vehicles established by the State or any government agency, or the vehicle manufacturer. Collector will be required to comply with City's Municipal Separate Storm Sewer System (MS4) permit requirements.

#### **Section 14. Collector's Employees.**

**14.1. Prohibition of Drugs or Alcohol.** Collector will prohibit use of intoxicating substances by Collector's Agents, including its drivers and crewmembers, while on duty or in the course of performing the Services. Upon request by City, Collector will demonstrate compliance with the federal alcohol and drug testing statutes and regulations.

**14.2. Employee Uniform.** Collector's employees shall be required to wear a clean uniform bearing Collector's name. Employees who normally and regularly come into direct contact with Customers, including drivers, shall bear some means of individual identification such as a name tag or identification card.

**14.3. Identification Required.** Collector shall provide every employee, contractor, grantees, or sub-grantees that are in contact with the public with identification cards and badges. Upon request of City, Collector shall notify all Customers of the form of identification that each employee shall be carrying or displaying so that all Customers may easily identify one of Collector's employees. Collector shall provide City with a list of current employees, contractors, grantees, and sub-contractors to City upon request.

**14.4. Valid Driver's License.** Employees driving Collector's vehicles shall at all times possess and carry a valid and appropriate vehicle operator's license issued by the State of California, including a commercial driver's license, if required.

**14.5. No Employment Relationship with City.** Collector's Agents are not and shall not identify themselves as being employees of the City at any time, for any reason.

**14.6. Employee Behavior.** All contact by Collector with Customers will be done with courtesy and respect. Any incident with a Customer must be reported immediately to the City.

**14.7. Employee Conduct.** All superintendents, foremen and workers, or contractors employed by the Collector shall be capable and safety conscious workers, skilled in their respective trades. Collector shall not employ any person who is incapable or negligent in the due and proper performance of his or her duties. Collector shall furnish such supervision, labor and Equipment as is considered necessary for the fulfillment of the Services in an acceptable manner at a satisfactory rate of progress. City reserves the right to request for any worker of Collector to be prohibited from providing Services to City without cause for any reason.

**14.8. Supervision.** It is the Collector's responsibility to supervise the Services rendered and to provide direction to its employees and agents in the field. While City employees may suggest possible solutions to problems or unusual situations, Collector retains the responsibility for all Services and how the Services will be delivered and conducted to the City and the Customers.

## **Section 15. Franchise Fees, Billing and Reports.**

**15.1. Franchise Fees.** Collector agrees to pay the City for the privilege herein granted to Collector, a sum equal to Eight (8.0%) percent of the Gross Revenues from residential accounts and the Collector shall pay the City Seven (7.0%) percent of the gross revenues from commercial accounts received by Collector for the removal of Solid Waste, Green Waste or Recyclables from within the boundaries of City during the Term, or any extension thereof (the "Franchise Fees"). The Franchise Fees shall be paid by Collector to City on or before the last day of the month following the previous calendar quarter that the monies are collected by Collector. In the event that City Manager at any time during the term of this Agreement elects to have the Collector responsible for billing of residential customers, the Franchise Fees shall be a sum equal to Seven (7.0%) percent.

**15.2. Billing.** Collector shall provide regular billing statements to commercial or industrial customers for which Collector provides billing service covering the monthly period in which services are rendered. In the event that the Collector becomes responsible for billing of residential customers, regular billing statements will also be required as stated herein.

**15.3. City and Collector Billing.** As of the commencement of this Agreement, the Parties acknowledge that City is responsible for billing residential and the Collector is responsible for billing commercial customers. At any time during the term of this Agreement, subject to Section 16.1, the City Manager may elect to have the Collector responsible for billing of residential customers upon sixty (60) days notice. City may request to audit the Collector's records for proper residential, commercial and industrial service billing, franchise fee computation and franchise fee payment. If upon request and completion of an audit the City determines that Collector's billing practices do not meet reasonable standards, City may take over the billings and collection for Collector's service to commercial customers under the terms of this Agreement at any time hereafter upon giving Collector ninety (90) days notice of its intention to do so. The City shall be entitled to retain Eight (8.0%) percent of the amounts

collected from any commercial Customer for which City is providing billing service. City shall pay Ninety-two percent (92.0%) of the monies collected by City to Collector for such services when the amount has been determined and approved by the City at the second meeting of the City Council following the monthly period in which Services are rendered.

**Section 16. Collector's Books and Records: Audits.** The books and records of Collector shall be subject to audit and inspection for the purpose of reviewing billing operations, accounts receivable and customer service, by City, its auditors or agents. Collector shall maintain all records relating to the Services, including, but not limited to, Customer lists, billing records, maps, AB 939 compliance records, AB 341 compliance records, and Customer complaints (collectively, the "Records"), for no less than three (3) years after the termination or expiration of the Term, or as may or any longer period required by applicable law. City shall have the right, upon five (5) business days advance notice, to inspect all Records, and other like materials of Collector which reasonably relate to Collector's compliance with the provisions of this Agreement.

Collector's Records shall be made available to City at a City facility, if reasonably practicable, or at Collector's regular place of business during regular business hours. The City shall initially bear the cost of such audit. If such audit discloses an underpayment of the Franchise Fees or other sums due under this Agreement in excess of three percent (3%) of the amount which should have been paid, Collector shall promptly tender to the City the amount of such underpayment, together with interest at the rate of ten percent (10%) computed from the date of underpayment, and shall further reimburse the City for the entirety of its audit costs, including, without limitation, auditor's costs and expenses, internal costs and expenses, and legal and other third party expenses. If such audit discloses an underpayment of less than three percent (3%), Collector shall promptly tender to City the amount of such underpayment, together with interest at the rate of ten percent (10%) per annum computed from the date of underpayment, and City shall bear the costs of the audit. If such audit discloses an overpayment, the City shall promptly repay such underpayment to Collector and the City shall bear the costs of the audit.

## **Section 17. Indemnification.**

**17.1. Indemnification of City.** Collector agrees that it shall protect, defend, indemnify and hold harmless City, its elected and appointed councils, commissions, directors, officers, employees, agents, and representatives ("City's Agents") from and against any claim, action or proceeding that arises from this Agreement or any Services performed pursuant to or in connection with this Agreement ("Claim"), including but not limited to all losses, liabilities, fines, penalties, claims, damages, liabilities, judgments, attorney's fees, costs incurred for staff time, court costs, other expenses of litigation, or expenses of litigation awarded to the prevailing Party or Parties. This indemnification does not include gross negligence or willful acts of the City, or City's Agents. At City's discretion, Collector shall satisfy the obligation of this Section by reimbursing City for tendering its own defense. If Collector undertakes the defense of a Claim by providing City-approved representation, City may, participate in the defense of any such Claim.

To the extent permitted by Public Resources Code Section 40059.1, and to the extent noncompliance is caused by Collector's breach of or noncompliance with a provision of this Agreement, Collector agrees to protect and defend City or City's Agents, with counsel selected by the City, and to indemnify and hold harmless City or City's Agents from and against all fines or penalties imposed by the State if the waste diversion goals specified in the Public Resources Code are not met by the City with respect to the Solid Waste collected by Collector under this Agreement. Collector shall indemnify, defend with counsel acceptable to the City, protect and hold harmless the City and City's Agents from and against all claims, damages (including but not limited to special, consequential, and natural resources damages), injuries, response mediation and removal costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties, and attorney and expert fees for the adverse party and expenses (including but not limited to attorney's and expert witness fees and costs incurred in connection with defending against any of the foregoing or in enforcing this indemnity) of any kind whatsoever paid, incurred or suffered by, or asserted against, the City or City's Agents arising from or attributable to the negligence or willful misconduct of Collector or its affiliates and their respective officers, directors, employee and shareholders in handling Hazardous Waste either knowingly or under circumstances in which a reasonable person would or should have known that Hazardous Waste was being handled. The foregoing indemnity is also intended to operate as an agreement pursuant to Section 107(e) of CERCLA, 42 U.S.C. Section 9607(c) and California Health and Safety Code Section 25364, to defend, insure, protect, hold harmless and indemnify the City from liability.

**17.2. Indemnification of Collector.** City shall indemnify, defend and hold Collector, its affiliates and their respective officers, directors, employees and shareholders harmless from and against any and all liabilities, losses, damages, claims, actions and causes of action, costs and expenses (including reasonable attorney's fees) arising from or in any manner arising out of City's obligations in this Agreement as well as the grossly negligent or willful acts of City or City's Agents. Subject to this indemnification, and upon demand of Collector, made by and through Collector's counsel, City shall appear in defense of Collector, and its officers, employees and agents in any claims or actions, whether judicial, administrative or otherwise arising out of the exercise of this Agreement.

**Section 18. Insurance.** Collector will continue to carry insurance, which shall be placed with insurers with a current A M Best's rating of no less than A VII, and which shall include all of the following:

**18.1. Required Insurance.**

**18.1.1 Worker's Compensation.** Collector shall obtain and maintain in full force and effect throughout the Term, worker's compensation insurance in accord with the provisions and requirements of the California Labor Code. Endorsements that implement the required coverage shall be filed and maintained with the City Clerk throughout the Term. The policy providing coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City. The policy shall also be amended to waive all rights of subrogation

against the City, its elected or appointed officials, employees, agents or representatives for losses which arise from the Services performed by the Collector pursuant to this Agreement.

**18.1.2. General Commercial Liability Insurance.** Collector shall carry commercial or comprehensive general liability insurance with a combined single limit of Five Million Dollars (\$5,000,000.00) per occurrence / aggregate for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form GG 00 01 11 88).

**18.1.3. Automobile Liability Insurance.** Collector shall carry automobile insurance with a combined single limit of Five Million Dollars (\$5,000,000.00) per occurrence for bodily injury, personal injury, and property damage, and which shall provide coverage for rented and non-owned vehicles. Coverage shall be at least as broad as Insurance Service form number CA 00 01 06 92 covering Automobile Liability, code 1 (any auto).

**18.1.4. Public Liability Insurance.** Collector shall carry public liability insurance with a combined single limit of Two Million Dollars (\$2,000,000.00) per occurrence for bodily injury, personal injury, and property damage.

**18.1.5. Pollution or Environmental Liability Insurance.** Collector shall carry Environmental or Pollution liability coverage appropriate for the waste activity contemplated in this Agreement, including sudden and accidental upset pollution liability for the amount of One Million Dollars (\$1,000,000.00) per claim or occurrence and One Million Dollars (\$1,000,000.00) in the aggregate.

**18.2. Additional Insurance Requirements.** Within five (5) days of the Effective Date, Collector shall provide City with certificates of insurance for all of the policies required under this Section 18 ("Certificates"), excluding the required worker's compensation insurance. With the exception of the worker's compensation insurance, all of the insurance policies required in this Section 18 shall: provide that the policy will not be cancelled, allowed to expire, or materially reduced in coverage without at least thirty (30) days' prior written notice, or ten (10) days' in the case of non payment of premium by Collector (as per insurance industry standard), to City of such cancellation, expiration, or reduction and each policy shall be endorsed to state such; name City, and City's Agents as additional insureds with respect to liability arising out of automobiles owned, leased, hired, or borrowed by or on behalf of Collector or operations performed by or on behalf of the Collector to perform the Services including materials, parts, or Equipment furnished in connection with the Services or operations by endorsement; be primary with respect to any insurance or self-insurance programs covering City or City's Agents and any insurance or self-insurance maintained by City or City's Agents shall be excess of Collector's insurance and shall not contribute to it; and contain standard separation of insured provisions.

**18.3. Deductibles and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to City and City's Agents, or Collector shall provide a financial guarantee satisfactory to City guaranteeing payment of loss related investigations, claim administration and defense expenses.

**18.4. Verification of Coverage.** Before the Services commence, Collector shall furnish City with original Certificates and endorsements effecting coverage required by this Section 18. The endorsements shall be on forms approved by the City which contain all of the information required in this Section 18.

**18.5. Subcontractors.** Collector shall include all subcontractors as additional insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the requirements stated in this Section 18.

Said insurance shall protect Collector and City from any claim for damages for bodily injury, including accidental death, as well as from any claim for property damage which may arise from the Services, whether such operations be by Collector itself, or by its agents, employees, contractors or sub-grantees. Copies of the policies or endorsements evidencing the above insurance coverage shall be filed with the City Clerk. All of the following endorsements are required to be made a part of the insurance policies required by this Agreement.

**18.6. Increase in Coverage Requirements.** The limits for the insurance coverage required under this Section 19 and the ratings required for insurance companies shall be subject to review and approval by the City Attorney every year and may be increased at that time, at the City Attorney's discretion, to match the coverage provided by the City's own liability insurance policy.

**Section 19. Collector Liability for Damage to Street.** Any physical damage caused by the negligent or willful acts or omissions of employees of Collector to public or private property shall be repaired or replaced by Collector at Collector's sole expense. Collector shall be responsible for damage to City's driving surfaces, whether paved or not paved, beyond normal wear and tear.

**Section 20. Title to Solid Waste.** All Solid Waste, Recyclables, and Green Waste collected pursuant to this Agreement shall remain the property of the Customer until such time as it is collected for disposal. It is expressly understood that all Solid Waste, Recyclables, and Green Waste collected under this Agreement becomes the property of Collector upon collection, subject to the requirement of delivery to an appropriate disposal site. Collector is hereby granted the right to retain, dispose of, and otherwise use such Solid Waste, Recyclables, and Green Waste, or any part thereof, in any fashion or for any lawful purpose desired by Collector, and to retain any benefit or profit resulting therefrom. Solid Waste which is disposed of at a disposal site shall become the property of the owner or operator of the disposal site once deposited there by Collector.

**Section 21. Rights of City to Perform During an Emergency.** Should Collector, for any reason whatsoever, excluding a Force Majeure as defined in Section 10.2, be unable to perform any of the Services required by this Agreement, for a period of more than seventy-two (72) hours, and the City Manager reasonably finds that the resulting accumulation of Refuse in City endangers or menaces the public health, safety or welfare, then, City shall have the right to

temporarily take possession of and use Collector's Equipment to carry out Collector's obligations under this Agreement, upon twenty-four (24) hour prior written notice to Collector. Collector agrees that in such event it will fully cooperate with City to affect such a transfer of possession for City's use.

Collector agrees that, in such event, City may take temporary possession of and use all of said Equipment and facilities without paying Collector any rental or other charge, provided that when City takes possession of Collector's Equipment and facilities under this Section 21, City shall assume complete responsibility for the proper and normal use of such Equipment and facilities. City agrees that it shall immediately relinquish possession of all of the above-mentioned property to Collector upon receipt of written notice from Collector stating it is able to resume its normal responsibility under this Agreement.

**Section 22. Customer Confidentiality.** Collector shall strictly observe and protect the right of privacy of the Customers. Information identifying individual Customers, or the composition or contents of a Customer's Refuse, shall not be revealed to any person, governmental unit, private agency or company, unless upon the authority of a court of law, by statute, or upon valid authorization of the Customer. This provision shall not be construed to preclude Collector from preparing, participating in, or assisting in the preparation of waste characterization studies or waste stream analyses which may be required by AB 939.

Collector shall not market or distribute, without City's advance written consent, which City may withhold in its sole and absolute discretion, mailing lists with the names or addresses of Customers.

The rights accorded Customers pursuant to this Section shall be in addition to any other privacy right accorded Customers pursuant to federal or state law.

### **Section 23. Reports and Adverse Information.**

**23.1. Reports.** Within ninety (90) days after the close of Collector's fiscal year, Collector shall submit a written annual report, in a form approved by City, including, but not limited to, the following information:

**23.1.1.** A report on City's progress in meeting and maintaining its ability to meet its goals under AB 939 as applied to the Franchise Area, along with any recommended changes. Collector shall also provide the City's Public Works Director with quarterly reports on the quantity (by weight) of all Commercial Solid Waste, Residential Solid Waste, Recyclables, Compostables, and Green Waste collected.

**23.1.2.** A list of Collector's officers and member of its board of directors.

**23.1.3.** A list of stockholders or other equity investors holding five percent (5%) or more of the voting interest in Collector and any subsidiaries.

**23.1.4.** The most current annual audited financial statement, upon request. To the extent permitted by the Public Records Act, this document shall remain confidential.

**23.1.5.** A current financial statement, upon request.

**23.2. Adverse Information.** Collector shall provide City two (2) copies of all reports, or other material adversely affecting this Agreement, which Collector submits to: the State or federal Environmental Protection Agency; the Department of Resources Recycling and Recovery; or any other federal, State, or local agency. Copies shall be submitted to City simultaneously with Collector's filing of such matters with said agencies. Collector's routing correspondence to said agencies need not be automatically submitted to City, but shall be made available to City upon written request.

Collector shall submit to City copies of all pleadings, applications, notifications, communications and documents of any kind, submitted by Collector to any federal, state and local courts, regulatory agencies and other government bodies relating to Collector's performance of Services pursuant to this Agreement, as well as copies of all decisions, correspondence and actions by such agencies. Any confidential data exempt from public disclosure shall be retained in confidence by City or its authorized agents and shall only be made available for public inspections, as required by law.

Collector shall submit to City such other information or reports in such forms and at such times as City may reasonable request or require.

All reports and records required under this or any other section herein shall be furnished to City at the sole expense of Collector.

**23.3. Failure to Report.** The refusal, failure, or neglect of Collector to file any report required, or the inclusion of any materially false or misleading statement or representation made intentionally, willfully, or knowingly by Collector in such report, may be deemed a material breach of this Agreement, and may subject Collector to all remedies, legal or equitable, which are available to City under this Agreement or otherwise.

## **Section 24. Bonds and Security.**

**24.1 Performance Bonds.** Contemporaneously with the execution of this Agreement, Collector shall secure and execute a performance bond to be held by the City (the "Performance Bond") to ensure performance of Collector for the total amount of Twenty-Five Thousand and No/100 Dollars (\$25,000.00). The Performance Bond shall be on terms and in a form acceptable to the City Attorney and shall be issued by a California admitted insurer. The Performance Bond shall serve as security for the faithful performance by Collector of all the provisions and obligations of this Agreement.

Thirty (30) days following Collector's failure to pay City an amount owed under this Agreement, if ever, the Performance Bond may be assessed by City upon five (5) days prior written notice to Collector for purposes including, but not limited to:

A. Failure of Collector to pay City any sums due under the terms of the Agreement.

B. Reimbursement of costs borne by City to correct violations of this Agreement, after five (5) days' advance written notice to Collector.

C. Monetary remedies or damages assessed against Collector due to a breach of this Agreement.

**24.2. Replenishment of Bond.** Collector shall restore the bond to its original amount of Twenty-Five Thousand Dollars (\$25,000.00), within thirty (30) days receipt of notice from the City that any amount has been withdrawn from or assessed against the Performance Bond

## **Section 25. Breach of Agreement.**

**25.1. Determination of Breach.** If the City Manager reasonably determines that Collector's performance pursuant to this Agreement has not been in conformity with reasonable industry standards obtained in similar cities in Central California, the provisions of this Agreement, the requirements of the Department of Resources Recycling and Recovery, including, but not limited to, requirements for source reduction and recycling (as to the waste stream subject to this Agreement) or any other applicable federal, state or local law or regulation, including but not limited to the laws governing transfer, storage or disposal of Hazardous Waste, the City Manager may advise Collector in writing of such deficiencies. If Collector commits a material breach of this Agreement ("Breach"), City may terminate this Agreement, impose Liquidated Damages, or avail itself of any and all remedies set forth in Section 26 of this Agreement, in addition to all other remedies available to the City in law or equity.

**25.2. Events that Constitute a Breach.** A Breach includes but is not limited to the following:

**25.2.1. Misrepresentation.** Collector commits, or attempts to commit, any fraud, intentional material misrepresentation or deceit upon the City in relation to this Agreement or in the statements or materials submitted to City by Collector in connection with this Agreement as of the time the representation or disclosure is made.

**25.2.2. Seizure or Attachment of Equipment.** There is a seizure or attachment (other than a prejudgment attachment) of, or levy affecting possession on, the operating Equipment of Collector, including without limit its vehicles, maintenance or office facilities, or any part thereof of such proportion as to impair Collector's ability to perform under this Agreement and which cannot be released, bonded, or otherwise lifted within forty-eight (48) hours excluding weekends and City-approved holidays.

**25.2.3. Collector Bankruptcy.** Collector files a voluntary petition for debt relief under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or consents to the appointment of or taking of possession by a receiver, liquidator, assignee (other than as a part of a transfer of equipment no longer useful to Collector or necessary for this Agreement), trustee (other than as security for an obligation under a deed of trust), custodian, sequestrator, or similar official of Collector for a part of Collector's operating assets or any substantial part of Collector's property, or shall make any general assignment for the benefit of Collector's creditors, or shall fail generally to pay Collector's debts as they become due.

**25.2.4. Court Order or Decree.** Any court having jurisdiction enters a decree or order for relief with respect to Collector, in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or Collector consents to or fails to oppose any such proceeding, or any such court enters a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official of Collector or for any part of Collector's operating equipment or assets, or order the winding up or liquidation of the affairs of Collector.

**25.2.5. Failure to Notify City.** Collector fails to notify City in a timely manner of any receipt of notice of violation or official communication from those regulatory agencies regulating Solid Waste, Recyclables, and Green Waste collection, transport, processing, or disposal activities.

**25.2.6. Lapse of Financial Requirement.** If Collector fails to provide or maintain in full force and in effect, the following: any of the insurance policies required pursuant to Section 15 herein; the full amount of the Performance Bond required under Section 24.1 herein; or the full amount of the Payment Bond required under Section 24.2 herein.

**25.2.7. Regulatory Violation.** Collector violates any orders or filings of any regulatory body having jurisdiction over Collector relative to this Agreement, provided Collector may contest any such orders or filings by appropriate proceedings conducted in good faith, in which case no breach of this Agreement shall be deemed to have occurred.

**25.2.8. Cessation of Services.** Collector ceases to provide collection, transportation, processing, or recycling services as required under this Agreement for a period of three (3) consecutive business days or more, for any reason within the control of Collector.

**25.2.9. Failure to Meet Payment or Reporting Requirements.** Collector fails to make any payment required under this Agreement or refuses to provide City with required information, reports, or records in a timely manner as provided for in the Agreement.

**25.2.10. Violation of AB 939.** Any other act or omission by Collector, which materially violates the terms, conditions or requirements of the AB 939 as may be amended from time to time; or any other directive rule or regulation issued thereunder; unless the violation is corrected or remedied within the time set on the written notice of violation; or if Collector cannot reasonably correct or remedy the violation within the time set forth in such notice,

Collector commences to correct or remedy such violation within the time set forth in such notice and diligently and in good faith continues to cure, correct, or remedy such violation thereafter.

**25.2.11. Unremedied Acts or Omissions.** Collector commits any act or omission which violates the terms, conditions, or requirements of this Agreement, or any other applicable laws and which is not corrected or remedied within the time set in the written notice of the violation or, if Collector cannot reasonably correct or remedy the breach within the time set forth in such notice, Collector should fail to commence to correct or remedy such violation within the time set forth in such notice and diligently effect such correction or remedy thereafter.

**25.2.12. Failure to Correct Breach.** Collector fails to correct any Breach within the applicable Cure Period.

**25.3. Cure Rights.** Notwithstanding any other provision of this Section 25 to the contrary, City shall provide Collector with reasonable notice of and a reasonable opportunity to cure any Breach of this Agreement during the time periods set forth below (the “Cure Period”). Collector shall begin cure of any Breach as soon as it becomes aware of the Breach, whether discovered by Collector or through notice from the City. Upon becoming cognizant of the Breach, Collector shall proceed to cure such Breach as follows:

**25.3.1.** Immediately, if the City determines the Breach endangers the health, safety, or welfare of the public; or

**25.3.2.** Within thirty (30) days of giving or receiving notice of the Breach, provided that if the nature of the breach is such that it will reasonably require more than thirty (30) days to cure, Collector shall have such additional time as is reasonably needed, no longer than sixty (60) days to expeditiously complete a cure. During any Cure Period, Collector shall provide City weekly written status updates informing City of Collector’s progress curing the Breach.

**25.4 Right to Appeal.** Collector may submit a response to claims of Breach contained in any written notice from the City within thirty (30) days of receipt of such notice. The City Manager shall review Collector’s response and refer the matter to the City Council or decide the matter and notify Collector of that decision, in writing. A decision or order of City Manager shall be final and binding on Collector, if the Collector fails to file a “Notice of Appeal” with the Council within thirty (30) days of receipt of the City Manager’s decision. Within ten (10) working days of receipt of a Notice of Appeal, the City Manager shall refer any Collector Notice of Appeal timely received to the City Council for proceedings in accordance which shall be conducted as follows:

Upon receiving a Notice of Appeal the City Council, shall set the matter for hearing within a reasonable time. City shall give Collector and any other person requesting the same, fourteen (14) days written notice of the time and place of the City Council hearing on the appeal. At the hearing, the City Council shall consider the report of the City Manager indicating the deficiencies, and shall give the Collector, or its representatives and any other interested person a reasonable opportunity to be heard. Based upon the evidence presented at the public hearing, the

City Council shall determine whether the decision or order of the City Manager should be upheld. If, based upon the record, the City Council determines that the performance of Collector is in breach of any material term of this Agreement or any material provision of any applicable federal, state or local statute of regulation, the City Council has sole and absolute discretion to terminate this Agreement or impose damages as set forth herein. The decision of the City Council shall be final and conclusive, and there shall be no appeal of the City Council decision. Collector's performance under this Agreement is not excused during the period of time prior to the Council's final determination as to whether such performance is deficient.

## **Section 26. Termination, Liquidated Damages and other Remedies.**

**26.1. Termination.** In the event Collector commits a Breach of this Agreement, City shall have the right to terminate this Agreement ("Termination").

### **26.2. Liquidated Damages.**

**26.2.1.** City finds, and Collector agrees, that as of the Effective Date of this Agreement, it is impractical, if not impossible to reasonably ascertain the extent of damages which will be incurred by City as a result of a Breach by Collector of its obligations under this Agreement. Some reasons for the impracticability of ascertaining damages include, but are not limited to: the difficulty in estimating the substantial damage that results to Customers who are denied Solid Waste disposal services or denied quality or reliable service; and the difficulty valuing the damage caused from the inconvenience, anxiety, frustrations and deprivation of the benefits provided under the Agreement to individual members of the general public for whose benefit this Agreement exists. The Parties agree that these damages manifest in subjective ways and in varying degrees of intensity, and are incapable of measurement in precise monetary terms. The Parties agree that any remedy for such breaches, including the termination of this Agreement are, at best, a means of future correction and not remedies, which can adequately make the public whole for past breaches.

**26.2.2.** The City Council may, at its discretion, assess liquidated damages not to exceed the sum of Two Thousand Dollars (\$2,000) per day, for each calendar day that the Services are not provided by Collector in accordance with this Agreement for a period not to exceed forty-five (45) days ("Liquidated Damages"). In addition, the City Council may order assessment against the Performance Bond and Payment Bonds required by Section 25 as set forth herein, the termination of this Agreement, or both.

**26.2.3.** The City finds, and Collector acknowledges and agrees that the above-described liquidated damages provision represent a reasonable sum in light of all of the circumstances. Said liquidated damage sums shall be applicable to each calendar day of delay during which Collector has been found by the City Council to be in Breach pursuant to Section 26. Collector shall pay any Liquidated Damages assessed by the City Council within thirty (30) days after they are assessed. If they are not paid within the thirty-day (30) period, City may withdraw said amount from the Performance Bond or Payment Bond, as appropriate, pursuant to Section 25, order the Termination of the Franchise granted by this Agreement, or both.

**26.3. Remedies Not Exclusive.** The right of Termination or to impose Liquidated Damages are in addition to all other rights of City upon a failure of Collector to perform its obligations under this Agreement, including but not limited to the rights provided in Section 27.

**Section 27. City's Additional Remedies.** In the event Collector commits a Breach of this Agreement, and the City has terminated this Agreement, in addition to the remedies set forth in Section 26, City shall have the following rights:

**27.1. Rental of Collector Equipment.** Notwithstanding the provisions set forth in Section 22 of this Agreement, City shall have the right to rent or lease Equipment from Collector for the purpose of collecting, transporting and disposing of Refuse which Collector is obligated to collect, transport and dispose of pursuant to this Agreement, for a period not to exceed six (6) months. If such Equipment is not owned by Collector, Collector shall assign to City, to the extent possible, the right to possess the Equipment. If City exercises its rights under this Section, City shall pay to Collector the reasonable rental value of the Equipment so taken for the period of City's possession thereof.

**27.2. Right to License others to Provide Disposal Services for the City.** City shall have the right to license others to perform the Services otherwise to be performed by Collector hereunder, or to perform such Services itself.

**27.3. Right to Other Damages.** City shall have the right to obtain damages or injunctive relief. The Parties recognize and agree that in the event of Breach by Collector, City may suffer irreparable injury and incalculable damages sufficient to support injunctive relief, to enforce the provisions of this Agreement by Collector and to enjoin the Breach thereof.

**Section 28. Compliance with Applicable Law.** Collector agrees that it shall comply with all applicable federal, state, and local laws and regulations, expressly including the provisions set forth in the Code which are applicable to the work or business in which it is herein franchised, and with any and all amendments to such applicable provisions during the Term.

**Section 29. Assignment.** The Franchise granted by this Agreement shall not be transferred, sold, hypothecated, sublet or assigned, nor shall any of the rights or privileges herein be hypothecated, leased, assigned, sold or transferred, either in whole or in part nor shall title thereto, either legal or equitable, or any right, interest or property therein, pass to or vest in any person, except Collector, either by act of the Collector or by operation of law, without the prior written consent of City expressed by a resolution or ordinance approved by the City Council, which may be withheld for any reason, conditioned or granted in the City's sole discretion. Any attempt by Collector to assign this Franchise without the consent of City shall be null and void.

If Collector attempts to transfer the Franchise prior to obtaining City consent, all of the profits or twenty-five percent (25%) of the gross revenues received pursuant to the Services provided under this Agreement, from the date of attempted transfer until the date of City consent, whichever is greater, shall be returned to City.

**Section 30. Franchise Transfer: Fees.** Any application for a Franchise transfer shall be made in a manner prescribed by the City Manager. The application shall include a transfer fee in an amount to be set by the City by resolution or ordinance of the City Council, to cover the cost of all direct and indirect administrative expenses, including consultants and attorneys, necessary to adequately analyze the application and to reimburse City for all direct and indirect expenses. In the event that City's actual costs exceed the amount of the transfer fee, Collector shall reimburse City for all additional costs which are not covered by the transfer fee, up to, but not exceeding Five Thousand Dollars (\$5,000.00). Bills shall be supported with evidence of the expense or cost incurred. The applicant, for any such transfer, shall pay such bills within thirty (30) days of receipt. The Franchise transfer fees detailed in this Section are over and above any franchise fees specified in the other portions of this Agreement.

**Section 31. City Must Approve Change in Control of Collector.** City consent is required for any change in control of Collector. Collector is a corporation, and any acquisition of more than twenty-five percent (25%) of Collector's voting stock by a person, or group of persons acting in concert shall be deemed a change in control. Any change in control of the Collector occurring without prior City approval shall constitute a material breach of this Agreement.

**Section 32. Amendment to Agreement.** This Agreement is intended to carry out City's obligations to comply with the provisions of the AB 939, and implemented by regulations of the Department of Resources Recycling and Recovery ("Regulations"), as they may from time to time be amended. In the event that AB 939, or other state or federal laws or regulations enacted after the Effective Date, prevent or preclude compliance with one or more provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations. Except for Rate adjustments made pursuant to Section 9, this Agreement may be amended or modified only by a written agreement duly authorized and executed by both the City and Collector.

**Section 33. General Provisions.**

**33.1. Governing Law and Venue.** This Agreement shall be governed and construed in accordance with the laws of the State of California. Venue for all legal proceedings arising from this Agreement shall be in the Superior Court for the County of Stanislaus in the State of California. In the event of litigation in a U.S. District Court, exclusive venue shall lie in the Eastern District of the State of California.

**33.2. Notices.** Any notice or communication required hereunder between City and Collector must be in writing, and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day or on a Saturday, Sunday or holiday shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of actual receipt by any of the

addressees designated below as the party to whom notices are to be sent, or five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

To City: City of Hughson  
7018 Pine Street  
Hughson, CA 95326  
Attn.: City Clerk  
Tel: (209) 883-4054  
Fax: (209) 883-\_\_\_\_\_

With courtesy copy to: City of Hughson  
7018 Pine Street  
Hughson, CA 95326  
Attention: City Manager  
Tel: (209) 883-4054  
Fax: (209) 883-\_\_\_\_\_

And Neumiller & Beardslee  
P.O. Box 20  
Stockton, California 95201-3020  
Attention: Daniel J. Schroeder, Esq.  
Tel: (209) 948-8200  
Fax: (209) 948-4910

To Collector: Gilton Solid Waste Management, Inc.  
755 S. Yosemite Ave.  
Oakdale CA 95361  
Attention: President  
Tel: (209) 527-3781  
Fax: (209) 527-3781

With courtesy copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**33.3. Severability.** If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any provision of this Agreement shall be determined by a court to be

invalid or unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, which becomes effective after the Effective Date, the remaining provisions shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement.

**33.4. Exhibits Incorporated.** The following “Exhibits” are attached hereto and incorporated herein by this reference:

<u>Exhibit Designation</u>	<u>Exhibit Title</u>
Exhibit A	Definitions
Exhibit B	Franchise Area
Exhibit C	Rates
Exhibit D	Bulky Item Collection Program
Exhibit E	Specified E-Waste

**33.5. Time of Essence.** Time is of the essence for the Agreement and each provision contained within and each provision is made and declared to be a material, necessary and essential part of the Agreement.

**33.6. Authority.** All Parties to the Agreement warrant and represent that they have the power and authority to enter into the Agreement and the names, titles and capacities herein stated on behalf of any entities, persons, states or firms represented or purported to be represented by such entities, persons, states or firms and that all former requirements necessary or required by the state or federal law in order to enter into the Agreement. By entering into this Agreement, neither Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**33.7. Drafting and Ambiguities.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel, and based upon the advice of that counsel, freely entered into this Agreement. Each Party has participated fully in the review and revision of the Agreement. Any rule of construction that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement.

**33.8. Entire Agreement.** This Agreement, together with its specific references, attachments and Exhibits, constitutes the entire agreement of the Parties with respect to the subject matters hereof, and supersedes any and all prior negotiations, understanding and agreements with respect hereto, whether oral or written.

**33.9. Supersedes Prior Agreement.** It is the intention of the Parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, representations or agreements, written, electronic or oral, between the Parties with respect to the subject matter of this Agreement.

**33.10. Captions.** The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

**33.11. Mandatory and Permissive.** “Shall” and “will” and “agrees” are mandatory. “May” and “can” are permissive.

**33.12. Successors and Assigns.** All representations, covenants, and warranties specifically set forth in this Agreement, by or on behalf of, or for the benefit of, any or all of the Parties hereto, shall be binding upon and inure to the benefit of such Party, its successors and assigns.

**33.13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

**33.14. Attorney’s Fees and Costs.** If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**33.15. Necessary Acts and Further Assurances.** The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of the Agreement.

**33.16. Waiver.** No covenant, term, or condition or the breach thereof shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

*[SIGNATURES ON FOLLOWING PAGE.]*

**IN WITNESS WHEREOF**, this Agreement has been entered into by and between City and Collector as of the Effective Date.

**CITY:**

City of Hughson, a municipal corporation of the State of California

By: \_\_\_\_\_  
Raul Mendez, City Manager

Date Signed: \_\_\_\_\_

Approved as to Form:

By: \_\_\_\_\_  
Daniel J. Schroeder, City Attorney

Attest:

By: \_\_\_\_\_  
Dominique Spinale, City Clerk

**GILTON:**

Gilton Solid Waste Management, Inc., a California Corporation

By: \_\_\_\_\_  
Richard Gilton, President

Date Signed: \_\_\_\_\_

## **EXHIBIT A**

### **Definitions**

Capitalized words in the Agreement shall have the following meanings:

1. “AB” shall mean an Assembly Bill of the California Legislature.
2. “AB 341” shall mean the amendments to the California Integrated Waste Management Act of 1989 (Division 30 of the California Public Resources Code), Chapter 476, as amended, supplemented, superseded, and replaced from time to time.
3. “AB 939” shall mean the California Integrated Waste Management Act of 1989 (Division 30 of the California Public Resources Code), as amended, supplemented, superseded, and replaced from time to time.
4. “Agreement” shall mean this Franchise Agreement between the City and Collector, including all exhibits and future amendments.
5. “Bin” or “Bins” shall mean receptacles provided by Collector for commercial customers which is picked up by Collection trucks by means of a front-loading apparatus.
6. “Bulky Items” shall mean large items of Solid Waste such as appliances, furniture, branches, and other oversize wastes whose large size precludes or complicates their placement in containers or handling by normal collection, processing, or disposal methods, but excluding Excluded Waste; items larger than five cubic yards or heavier than 500 pounds; and items of excessive size or density, such as engine blocks, spas, boats, and trailers. A list of acceptable and unacceptable Bulky Items is attached as **Exhibit D**.
7. “Breach” shall be as defined in Section 26.1 of this Agreement.
8. “Cart” or “Carts” shall mean industry standard receptacles for disposal of residential Solid Waste, Green Waste, and Recyclables, in a range of sizes. A Cart has wheels, a handle for ease of movement, and a tight-fitting, attached lid and is designed to be dumped manually or mechanically into a Solid Waste collection vehicle.
9. “Certificates” shall be as defined in Section 18.2 of this Agreement.
10. “City” shall mean the City of Hughson, Stanislaus County, State of California.
11. “City’s Agents” shall be as defined in Section 17.1 of this Agreement.
12. “City Attorney” shall mean the city attorney for the City of Hughson.
13. “City Council” shall mean the City Council of the City of Hughson.
14. “City Engineer” shall mean the city engineer for the City of Hughson.

15. “City Manager” shall mean the city manager for the City of Hughson.
16. “Claim” shall be as defined in Section 16.1 of this Agreement.
17. “Collector” shall be as defined in the Preamble to this Agreement.
18. “Construction and Demolition Debris” or “C&D Debris” shall mean waste building materials, packaging, and rubble resulting from construction, remodeling, repair, and demolition operations on pavements and on houses, commercial buildings, and other structures, but not including any Excluded Waste.
19. “Container” or “Containers” shall be as defined in Section 10.1 of this Agreement.
20. “Cure Period” shall be as defined in Section 25.3. of this Agreement.
21. “Customer” or “Customers” shall mean an individual(s), entity or entities that receive any services provided by Collector pursuant to this Agreement. Customer shall also mean the person, organization, or corporation receiving services to which billing statements are sent.
22. “Effective Date” shall be as defined in the Preamble to the Agreement.
23. “Electronic Waste” or “E-Waste” shall mean waste containing or consisting of electronic devices and components, such as computers, monitors, terminals, computer cards and components, computer peripheral devices, main frame computers, keyboards, mice, printers and scanners, mini-systems, power supply units, servers, connectors/cables, storage discs, consumer electronics, printed circuit boards, televisions, chips and components, cellular and other phones, telecommunications equipment, and fax machines and copiers, but not including Excluded Waste.
24. “Equipment” shall mean Collector’s vehicles, tools, and equipment for the Services for which it is responsible under this Agreement.
25. “Excluded Waste” shall mean Hazardous Waste; Medical and Infectious Waste; liquid wastes; volatile, corrosive, biomedical, infectious, biohazardous, and toxic substances or material; waste that Collector reasonably believes would, as a result of or upon disposal, be a violation of local, state, or federal law, regulation, or ordinance, including land use restrictions or conditions; waste that cannot be disposed of in Class III landfills; waste that in Collector’s reasonable opinion would present a significant risk to human health or the environment, cause a nuisance, or otherwise create or expose Collector or the City to potential liability. Excluded Waste does not include de minimis volumes or concentrations of waste of a type and amount normally found in residential Solid Waste after implementation of programs for the safe collection, recycling, treatment, and disposal of Household Hazardous Wastes in compliance with Sections 41500 and 41802 of the Public Resources Code.

26. “Exhibits” shall be as defined in Section 33.4. of this Agreement.
27. “Force Majeure” shall be as defined in Section 10.2. of this Agreement.
28. “Franchise Area” shall be as defined in Section 3.1. of this Agreement.
29. “Franchise Fees” shall mean both the fees retained by City and paid by Collector to City as defined in Section 15.1.
30. “Green Waste” shall mean all tree and plant trimmings, grass cuttings, dead plants, weeds, leaves, branches, and similar plant materials, but not including Excluded Waste, palm material, or items longer than five (5) feet or with a diameter greater than six (6) inches.
31. “Gross Revenues” shall mean the total revenue received before any deductions or allowances.
32. “Hazardous Waste” shall mean a waste, or combination of wastes, which, because of its quantity, concentration, or physical, chemical, or infectious characteristics, may do either of the following:
  - a. Cause, or significantly contribute to, an increase in mortality or an increase in serious irreversible or incapacitating reversible illness.
  - b. Pose a substantial present or potential hazard to human health or environment when improperly treated, stored, transported, or disposed of, or otherwise managed. (Public Resources Code Section 40141.)
33. “HDPE (High Density Polyethylene)” shall mean a recyclable plastic that includes, but is not limited to, milk jugs.
34. “Holiday” shall mean New Year’s Day, July 4<sup>th</sup>, Thanksgiving Day, Christmas Day.
35. “Household Hazardous Waste” shall maintain the meaning set forth in Title 14, California Code of Regulations, Section 18502 or successor laws and regulations as may be amended from time to time.
36. “Liquidated Damages” shall be as defined in Section 26.2.1 of this Agreement.
37. “Medical and Infectious Waste” shall mean biomedical waste generated at residences in excess of legal limits or at hospitals, public or private medical clinics, dental offices, research laboratories, pharmaceutical industries, blood banks, mortuaries, veterinary facilities, and other similar establishments.
38. “Notice of Appeal” shall be as defined in Section 25.4 of this Agreement.
39. “Party” or “Parties” shall be as defined in the Preamble to this Agreement.

40. "Payment Bond" shall be as defined in Section 24.2 of this Agreement.
41. "Performance Bond" shall be as defined in Section 24.1 of this Agreement.
42. "PET (Polyethylene, Terephthalate)" PET means a recyclable plastic that includes, but is not limited to, 2-liter soda bottles.
43. "Rates" shall mean the rates charged by Collector or City to Customers within the City as set forth in Section 8.1.
44. "Recitals" shall be as defined in Section 1 of this Agreement.
45. "Records" shall be as defined in Section 12 of this Agreement.
46. "Recyclable Materials" or "Recyclables" shall mean those materials that may be separated on a commercially reasonable basis from Solid Waste and returned to the economic mainstream in the form of raw material for new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace. Subject to mutually agreed revision by the Parties, Recyclable Materials or Recyclables include, newspaper (including inserts, coupons, and store advertisements), corrugated cardboard, mixed waste paper (including office paper, computer paper, magazines, junk mail, catalogs, Kraft bags and Kraft paper, paperboard, egg containers, phone books, brown paper, grocery bags, colored paper, construction paper, envelopes, legal pad backings, shoe boxes, and cereal and other similar food boxes), glass containers (including colored glass bottles and jars), aluminum (including beverage containers, foil, food containers, and small scrap metal), plastic milk and juice containers, steel or tin cans, small scrap metal, PETE and HDPE plastic containers (natural and colored), used motor oil and oil filters, and any other commercially viable recyclable materials mutually agreed to by Collector and the City.
47. "Refuse" shall mean general term for waste, including Solid Waste.
48. "Regulations" shall be as defined in Section 32 of this Agreement.
49. "Roll-Off Box" shall mean a container, with a minimum capacity of ten cubic yards, designed for mechanical emptying with a vehicle, and used for the storage and transportation of solid waste, green waste, recyclables, and other commodities.
50. "Services" shall be as defined in Section 5.1 of this Agreement.
51. "Solid Waste" shall mean and include all forms of residential and commercial waste generated within City limits and intended for disposal. Solid Waste as defined in Public Resources Code, Section 40191 and regulations promulgated thereunder and without limitation includes all putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, Refuse, rubbish, ashes, industrial wastes, demolition and construction wastes, abandoned vehicles and parts thereof, discarded home and industrial

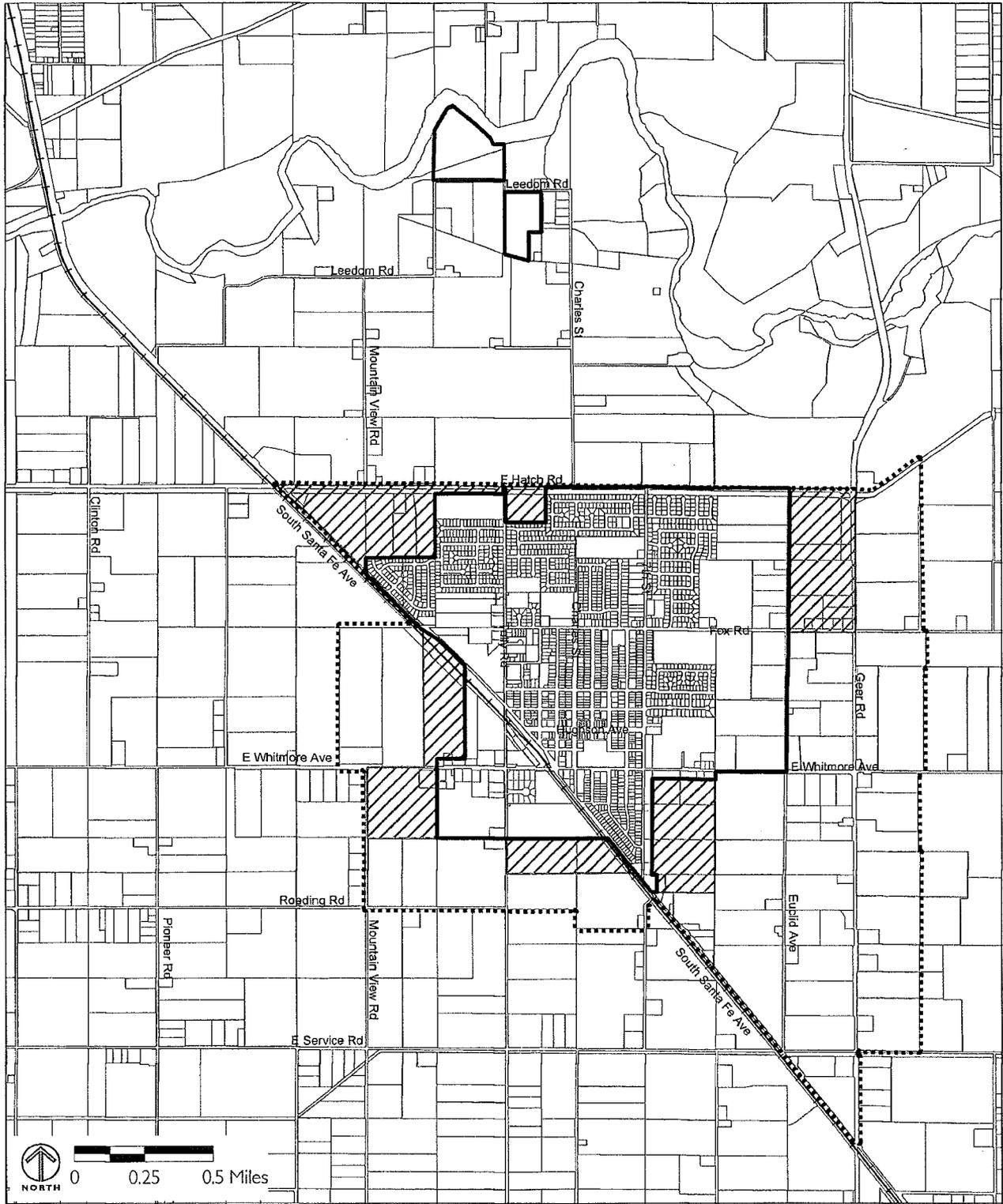
appliances, dewatered, treated, or chemically fixed sewage sludge which is not hazardous waste, manure, vegetable or animal solid or semisolid wastes, and other discarded solid and semisolid wastes. Excluded from the definition of Solid Waste are Excluded Waste, Recyclable Materials, and Green Waste. Notwithstanding any provision to the contrary, "Solid Waste" may include de minimis volumes or concentrations of waste of a type and amount normally found in residential solid waste after implementation of programs for the safe collection, recycling, treatment, and disposal of Household Hazardous Waste in compliance with Sections 41500 and 41802 of the Resources Code. For the purposes of this Agreement the Collector may, but is not required, to collect, haul, dispose or recycle any liquid wastes, abandoned vehicles, and parts thereof, industrial appliances; dewatered, treated or chemically fixed sewage sludge or manure.

52. "State" shall mean the State of California.
53. "Term" shall be as defined in Section 6 of this Agreement.
54. "Termination" shall be as defined in Section 26.1 of this Agreement.
55. "Universal Waste" shall mean any waste matter which the State of California classifies as 'universal waste,' including, but not limited to, items and materials listed in 22 CCR 66261.9, as it may be amended, as well as any items listed below not classified by the State of California as 'universal waste.' Universal Waste includes, but is not limited to, the following:
  - E-Waste;
  - Batteries (except automobile batteries);
  - Thermostats;
  - Lamps with fluorescent tubes, high intensity discharge lamps, sodium vapor lamps, and other lamps with hazardous waste characteristics;
  - Cathode ray tubes;
  - Aerosol cans;
  - Mercury-containing items, including light switches, pressure gauges, and thermometers;
  - Appliances, devices, and other objects containing electronic components, including (but not limited to) computers, computer monitors, cellular telephones, copiers, fax machines, DVD players, VCRs, and televisions; and
  - Prescription and non-prescription drugs, not including controlled substances.

**EXHIBIT B**

**Franchise Area**

DRAFT



Data Source: Stanislaus County GIS

FIGURE LU-6

-  Primary Sphere of Influence
-  Secondary Sphere of Influence
-  City Limits

**PRIMARY AND SECONDARY  
SPHERE OF INFLUENCE**

**CITY OF HUGHSON  
GENERAL PLAN**

**EXHIBIT C**  
**Rates**

DRAFT

**OPTIONAL SERVICE - TWO CART SYSTEM - VERSION 2**

**STANDARD SERVICE**

	Monthly Charge
<u>1. 96 Gallon Waste Cart 1 X Per Week</u>	
1 Waste Cart	\$21.00
2 Waste Carts	\$27.75
3 Waste Carts	\$34.50
<u>2. Initial &amp; Additonal 96 Gallon Organic Recycling Carts</u>	
<u>Collected EVERY Week</u>	
First	\$0.00
Additional Carts	\$6.75
<u>3. 35 Gallon Waste Cart 1 X Per Week</u>	
<u>35 Gal Service as of 9/21/01 - Grandfathered</u>	\$10.58
<u>(Now have 64 gallon cart)</u>	

**PHYSICALLY IMPAIRED / SENIOR RATES**

<u>1. 64 Gallon Waste Cart 1 X Per Week</u>	
1 Waste Cart	\$17.60
2 Waste Carts	\$24.35
3 Waste Carts	NA
<u>2. 96 Gallon Waste Cart 1 X Per Week</u>	
1 Waste Cart	\$18.90
2 Waste Carts	\$25.65
3 Waste Carts	\$32.40
<u>3. Initial &amp; Additonal 96 Gallon Organic Recycling Carts</u>	
<u>Collected EVERY Week</u>	
First	\$0.00
Additional Carts	\$6.75

**ADDITIONAL CHARGES**

Go-Back (Cart NOT out; one courtesy / year)	\$7.50
Extra Collection	\$10.00

**VALUE ADDED SERVICES**

The following Value Added services can be provided to the residents of Hughson. GSWM can provide these by adding the following minimal charges to ALL bills for cart service:

Monthly Charge Per Customer	Value Added Program
\$ 0.35	Curbside Bulky Item Collection Program, plus Illegal Dump Program
\$ 0.05	Curbside Electronic Waste Collection Program
\$ 0.10	Christmas Tree Collection Program

**OPTIONAL SERVICE - FRONT LOADER BINS - VERSION 2**

Bin Size	Collection Frequency	Monthly Charge
2 Cubic Yard	1	\$81.74
2 Cubic Yard	2	\$147.81
2 Cubic Yard	3	\$198.45
2 Cubic Yard	4	\$289.90
2 Cubic Yard	5	\$354.87
2 Cubic Yard	6	\$394.96

3 Cubic Yard	1	\$109.35
3 Cubic Yard	2	\$210.12
3 Cubic Yard	3	\$301.57
3 Cubic Yard	4	\$398.74
3 Cubic Yard	5	\$466.87
3 Cubic Yard	6	\$563.44

4 Cubic Yard	1	\$145.87
4 Cubic Yard	2	\$268.42
4 Cubic Yard	3	\$393.02
4 Cubic Yard	4	\$511.57
4 Cubic Yard	5	\$614.69
4 Cubic Yard	6	\$756.67

6 Cubic Yard	1	\$194.57
6 Cubic Yard	2	\$371.64
6 Cubic Yard	3	\$535.00
6 Cubic Yard	4	\$708.08
6 Cubic Yard	5	\$912.37
6 Cubic Yard	6	\$953.28

Additional Charges:

Go-Back	\$15.00	Per Event
Extra Dump	\$20.00	Per Event
Lock Installation	\$30.00	Locking Bar (One time charge)
	\$25.00	Master Lock (One time charge)
	\$35.00	Disk Lock (One time charge)

**OPTIONAL SERVICE - ROLL-OFF BOXES - VERSION 2**

Box Size	Haul Charge	Disposal Charge	Fee to City
10 Cubic Yard*	\$125.00	Paid by Customer	7% of Gross
25 Cubic Yard	\$125.00	Paid by Customer	7% of Gross
35 Cubic Yard	\$145.00	Paid by Customer	7% of Gross

Box Rental	\$3.00 per day; Maximum of \$78.00 per month
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\* Concrete, Dirt or Similar Wastes ONLY

**Gilton Solid Waste Management, Inc.**  
**Response to Request for Proposals**  
**City of Hughson**  
**Collection & Transportation of Garbage & Refuse**

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**OPTIONAL SERVICE PROPOSAL – VERSION NUMBER 2**

GSWM believes the following changes to the residential cart system would be a **much more cost-effective, efficient program** for the City of Hughson. The bin services and roll-off box services are the same as the previous proposals, and this also includes several **Value Added** programs that the City could **choose** to implement. **Please reference Exhibit H** in our “PROPOSAL” for a technical description and reasons for the two (2) cart system.

To **LOWER OVERALL COSTS** to the customers, there would be some changes to sizes of GARBAGE containers customers could select, as outlined below:

- The 15 “Grandfathered Customers” would be given 64 gallon carts and continue to receive their “Special Rate”
- All other “Standard” customers using 35 and 64 gallon carts would be given 96 gallon carts
- All “Senior / Disabled” customers would have a choice of using 64 or 96 gallon carts at the discounted rates

Fully automated residential cart service using Gilton ***“ONE PASS”*** trucks

- Two cart sizes for garbage - collected weekly (64 gal & 96 gal)
- 96 gallon cart for all mixed compostable wastes (green wastes, all paper products, vegetative food wastes) – collected weekly
- Additional carts for mixed compostable wastes as needed

Fully automated commercial bin service

- Bins available in sizes ranging from 2 cubic yards to 6 cubic yards
- Collection frequencies ranging from 1 time to 6 times per week
- Commingled recyclable bins available for businesses

Full service roll-off box services for residential, commercial and industrial users

- Box size ranging in size from 10 cubic yards to 50 cubic yards
- Collection can be scheduled up to 7 times per week
- Significantly reduced pricing for source separated wastes including green wastes, wood, metals and inert wastes

This OPTIONAL SERVICE proposal also includes:

- Curbside Used Oil Collection Service
- Waste Services for Up to Four City Sponsored Events per Year
- Direct billing of all Residential, Commercial and Industrial customers

***Gilton Solid Waste Management, Inc.***  
***Response to Request for Proposals***  
***City of Hughson***  
***Collection & Transportation of Garbage & Refuse***

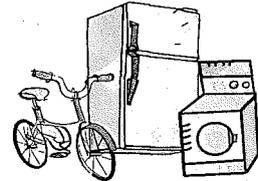
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GSWM can provide the following **Value Added Services** in the City of Hughson which are very popular and effective in the cities and counties that we serve.

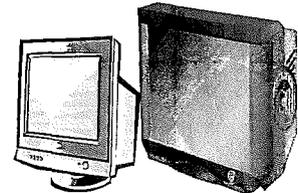
- **Illegal Dump Program:** When Code Enforcement is unsuccessful in getting compliance, we will provide for the collection and disposal of non-hazardous wastes from public property.



- **Curbside Bulky Item Program:** Provide for twice a year Curbside Collection of Bulky Wastes from residential customers. Customers call to set an appointment that is convenient for them, we schedule the collection, then we safely collect, transport and recycle and/or dispose of the materials.



- **Curbside Electronic Waste Program:** Provide for the Curbside Collection of Electronic Wastes from residential customers up to four times per year. Customers call for an appointment, we schedule the collection day; then we safely collect, transport and recycle and/or dispose of the materials.



- **Christmas Tree Collection Program:** Provide for the curbside collection, removal, transportation and recycling of Christmas trees for residential customers.



## Gilton "One-Pass" Trucks



### Gilton Solid Waste Management, Inc.

#### Why We Use Our **"ONE PASS"** System

- ✓ Our Focus is on meeting the Customer's need for convenience and timing – Both cans collected at one time with one truck
- ✓ Our Focus is on meeting the City's need for road maintenance – Less wear on residential streets
- ✓ Our Focus is on safety for residents and local drivers – Eliminates multiple heavy duty vehicles trying to maneuver in residential streets
- ✓ Our Focus is on Cost-effectiveness – After 22 years of experience with these trucks our low customer rates have proven the efficiency of our system.

**Gilton Solid Waste  
Management, Inc.**

Who Uses the Gilton **“ONE PASS”** System?

*City of Modesto*

*City of Oakdale*

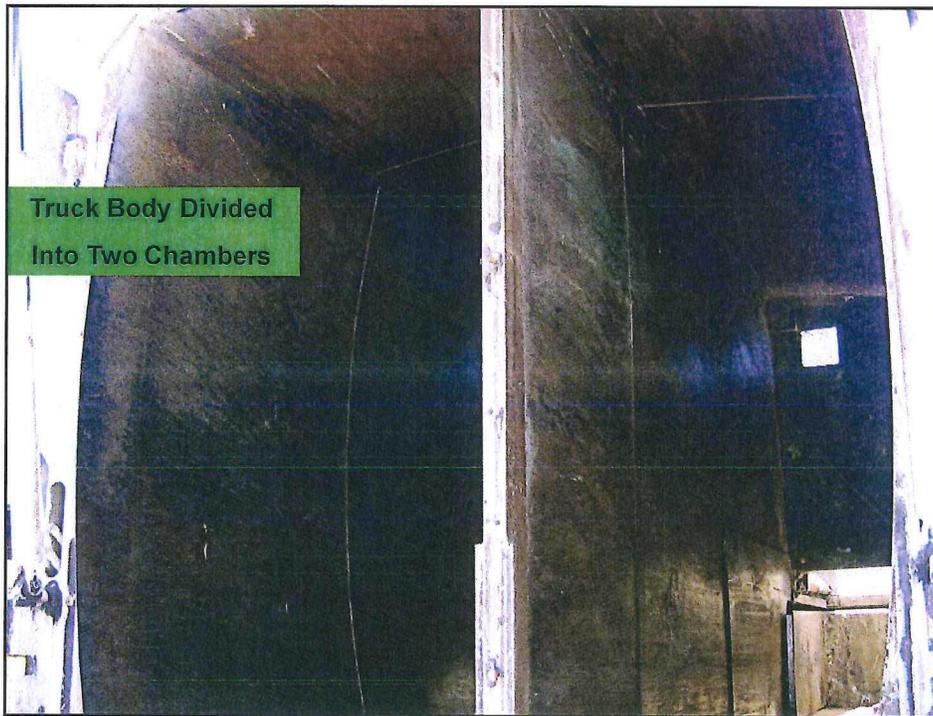
*City of Livingston*

*City of Riverbank*

*City of Escalon*

*City of Gustine*

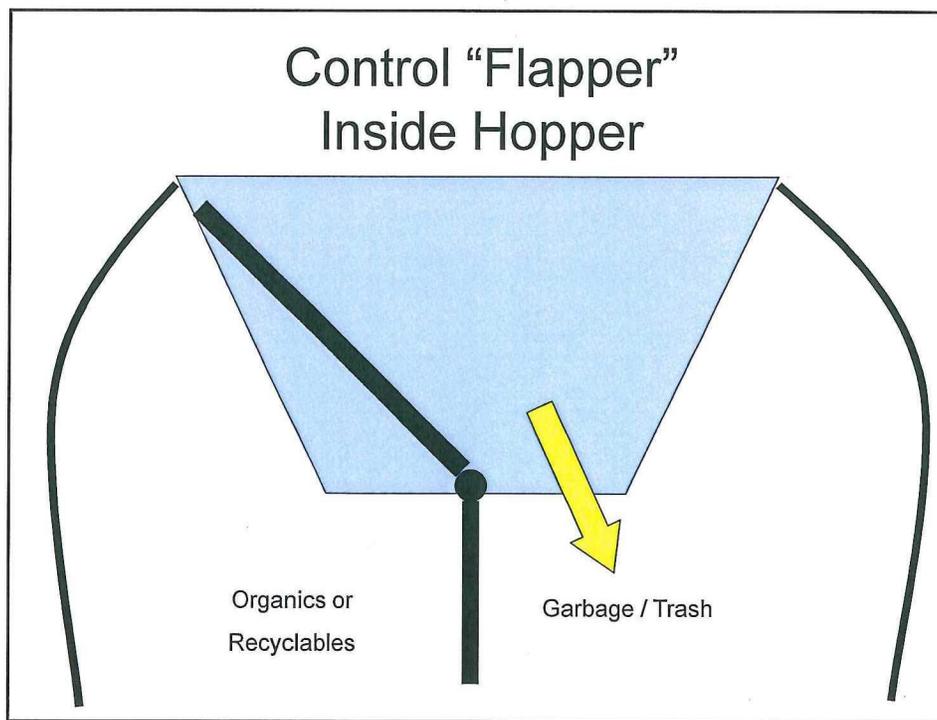


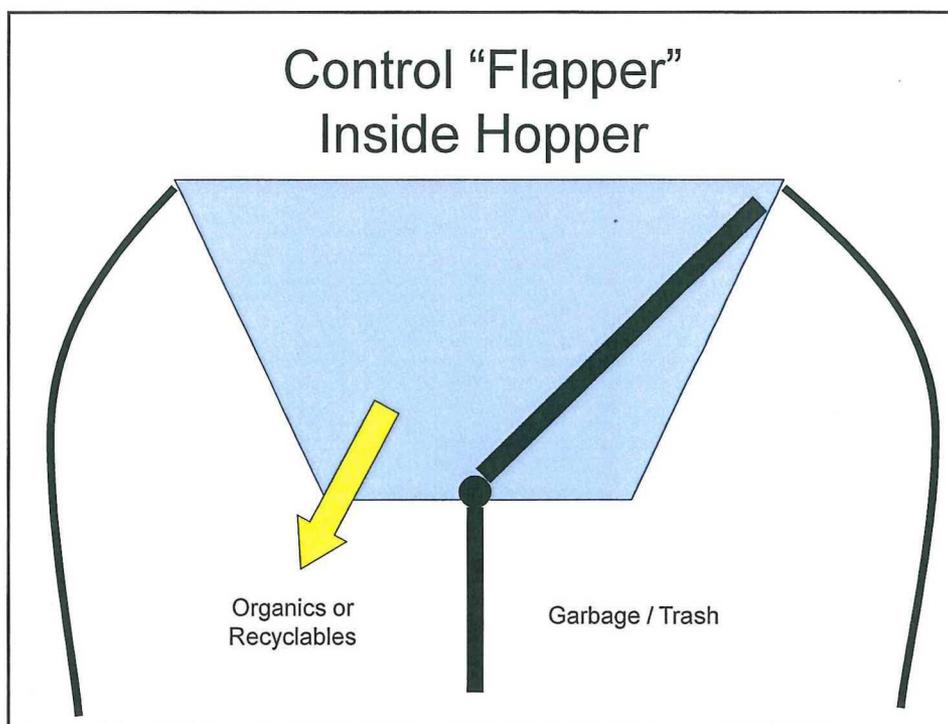
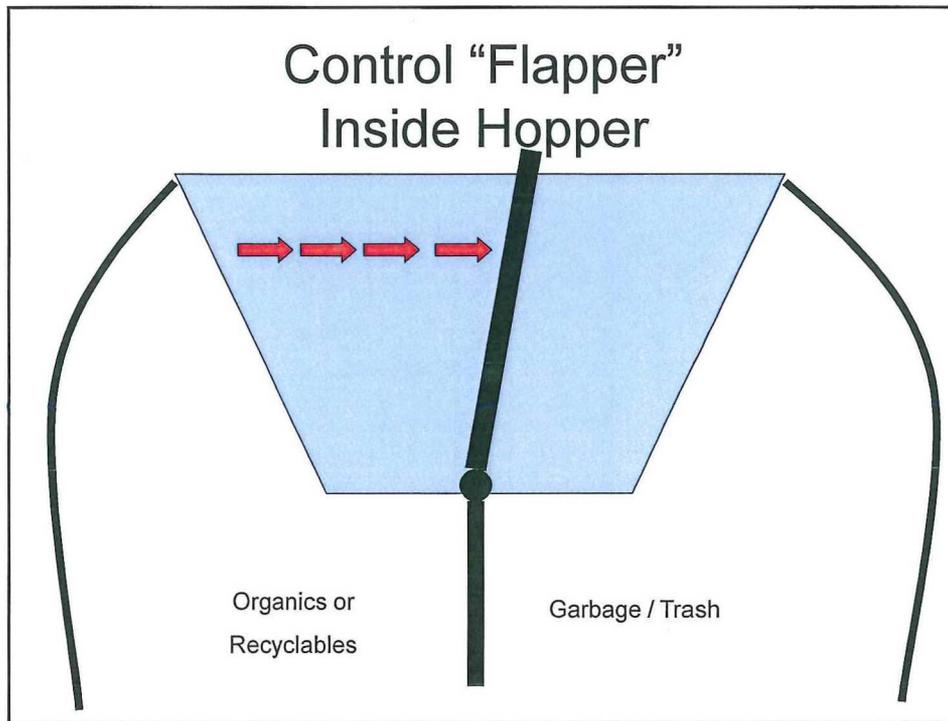


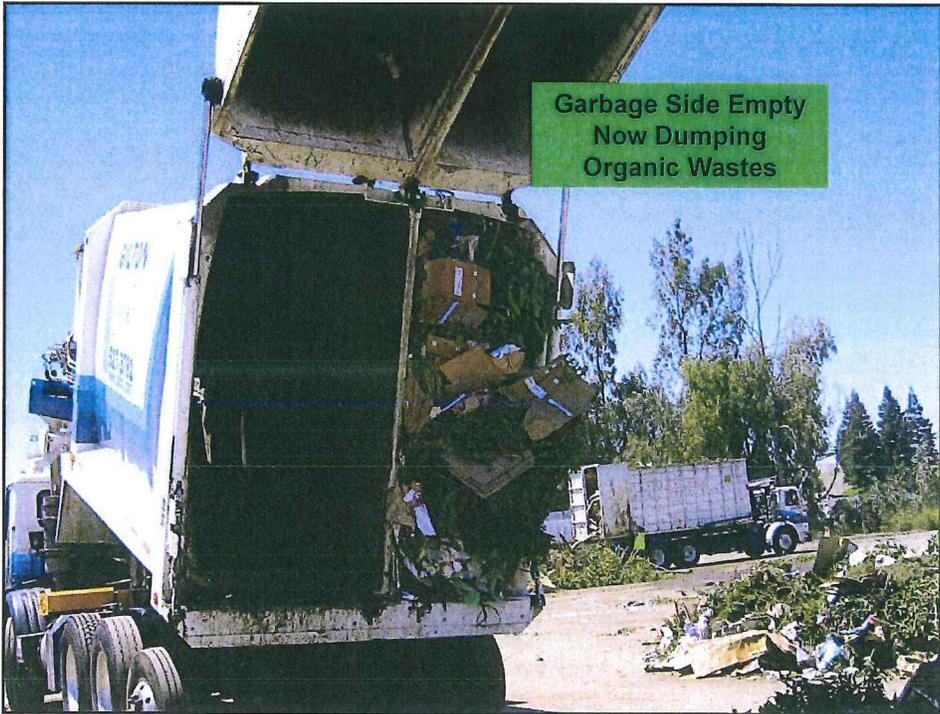
Truck Body Divided  
Into Two Chambers



Separate Door for  
Each Chamber

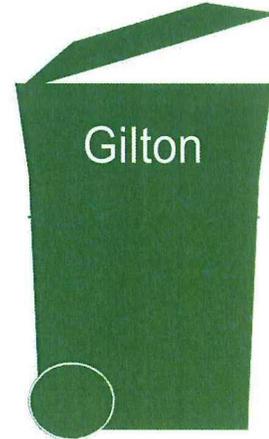






**Gilton Solid Waste Management, Inc.**  
**Response to Request for Proposals**  
**City of Hughson**  
**Collection & Transportation of Garbage & Refuse**

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**Proposed Optional Services**  
**City of Hughson**

Two Automated Collection Carts

- One Cart for Garbage & Trash
- One Cart for “Enhanced”  
Green / Organic Wastes

With Gilton’s **“One Pass”** System  
both containers are collected by the same  
truck at the same time.

***Gilton Solid Waste Management, Inc.***  
***Response to Request for Proposals***  
***City of Hughson***  
***Collection & Transportation of Garbage & Refuse***

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## **Enhanced” Green / Organic Waste Recycling**

The Gilton system targets not only typical yard and garden wastes, but other organic and plant-based wastes including, paper, newspaper, cardboard, junk mail and all vegetative organic food wastes. The inclusion of all these compostable materials has significantly increased the waste being diverted in each of the areas using this program.

***Gilton Solid Waste Management, Inc.***  
***Response to Request for Proposals***  
***City of Hughson***  
***Collection & Transportation of Garbage & Refuse***

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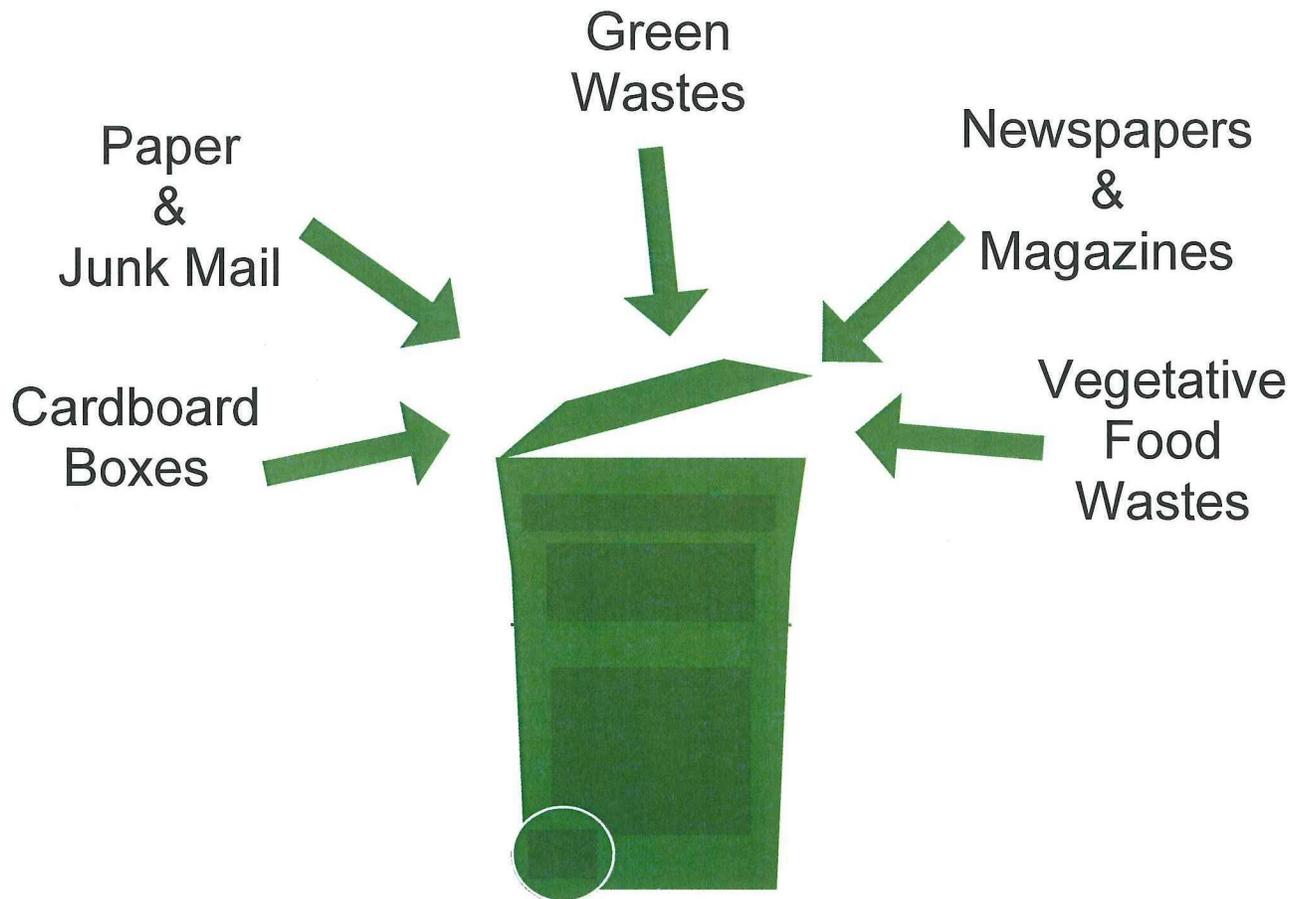
## **What About the “Other Recyclables”?**

With the State redemption law (AB 2020) in place, nearly all of the other recyclable items with value are being collected and redeemed by the consumers. The items remaining in the customer containers represent a very small portion by weight, but add a very significant cost to the collection, handling and disposal of these materials; many of which have no or very little value. Since the State measures how well a City is recycling by “weight”, we strongly recommend that jurisdictions focus on organic wastes which are heavy, easily compostable and highly marketable in the Central Valley.

**Gilton Solid Waste Management, Inc.**  
**Response to Request for Proposals**  
**City of Hughson**  
**Collection & Transportation of Garbage & Refuse**

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**WEIGHT  
IS  
IMPORTANT!**



**Those Wastes,  
Plus Time &  
Temperature  
and Turning....**

***Gilton Solid Waste Management, Inc.***  
***Response to Request for Proposals***  
***City of Hughson***  
***Collection & Transportation of Garbage & Refuse***

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# **DARK, RICH COMPOST**



**EXHIBIT D**  
**City of Hughson**  
**Bulky Item Collection Program**

- The Bulky Item Collection Program is available to all residential customers within the City of Hughson.
- Customers are allowed to request up to two (2) collections per calendar year.
- To arrange collection, the customer must contact Collector and set up an appointment.
- Appointments will be scheduled by Collector and will occur within two (2) weeks of the customer’s request.
- Bulky Items are limited to those items that will not fit within the customer’s existing garbage container.
- Bulky Items are limited to those items listed below as “Acceptable”, or to those items approved by Collector at the time the appointment is requested.
- Customers must place all Bulky Items on the paved street surface in front of their residence without blocking driveways or traffic, and must be easily accessible to Collector’s vehicle.
- Customers must place all Bulky Items out for collection no earlier than 6:00 P.M., California time, before the scheduled collection day or no later than 6:00 A.M., California time, on the scheduled collection day.

<u>ACCEPTABLE ITEMS</u>		<u>UNACCEPTABLE ITEMS</u>	
Refrigerators*	Freezers*	Automobile parts	Tires
Water heaters	Air Conditioners	Garbage	Commercial waste
Washers	Dryers	Construction waste	Concrete / Asphalt
Dishwashers	Toilets/Sinks/Tubs	Sheetrock	Hazardous waste
Couches / Sofas	Tables / Chairs	Paints / Solvents	Dirt / Sod
Dressers	Mattresses	Liquid of any kind	Glass
Bed frames	Furniture	Green waste	Dead animals
Microwaves	Hot tubs / BBQs	Televisions	Computer monitors
Patio furniture	Doors / ladders		
Lawn mowers	Bicycles		
Exercise Equipment	Bundled, Dry Cardboard		

\* Doors must be removed or locked to prevent access by minors

**EXHIBIT E**  
**Acceptable E-Waste**  
**for**  
**Curbside Collection Program**

Computers  
Printers  
Copiers  
Scanners  
Fax Machines  
Telephones  
Cellular Telephones  
Stereos  
DVD / VHS Players

Televisions (Cathode Ray Tubes)  
Computer Monitors  
Flat Screen Televisions  
Lap Top Computers  
Networking Equipment  
Printed Circuit Boards  
Servers  
Main Frame Units

DRAFT

**EXHIBIT F**  
**Regional Solid Waste Disposal Plan**  
**Memorandum of Understanding Between**  
**The City of Hughson and Stanislaus County**

DRAFT

**REGIONAL SOLID WASTE DISPOSAL PLAN  
MEMORANDUM OF UNDERSTANDING BETWEEN  
THE CITY OF HUGHSON AND STANISLAUS COUNTY**

This Regional Solid Waste Disposal Plan Memorandum of Understanding (the "Agreement") is made and entered into by and between the County of Stanislaus, ("County") and the City of Hughson ("City") on \_\_\_\_\_, 2015. City and County may herein be referred to individually as a "Party" and collectively as the "Parties". There are no other parties to this agreement.

**RECITALS**

WHEREAS, pursuant to Public Resources Code section 40976 the County and the Cities of Ceres, Hughson, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford entered into a Memorandum of Understanding, dated August 26, 1994, regarding the use and distribution of AB-939 funds to achieve the waste reduction and diversion goals specified in AB-939 (the "AB-939 MOU");

WHEREAS, on or about December 30, 1999, the County and the above cities entered into Amendment 1 of the AB-939 MOU to provide for payment of the cities' proportional share of the costs for services provided by the County pursuant to AB-939;

WHEREAS, on August 1, 2001, the City of Riverbank and on March 29, 2012, the City of Waterford entered into Amendment 2 of the AB-939 MOU to provide for payment of each city's proportional share of the costs for services provided by the County pursuant to AB-939;

WHEREAS, revenue to fund the AB-939 and Household Hazardous Waste services provided by the County is derived in part from tipping fees to the Waste-to-Energy Facility;

WHEREAS, the County, together with the Cities of Ceres, Hughson, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford formed the Stanislaus County Regional Solid Waste Planning Agency (hereinafter referred to as "Regional Agency") by entering into a Joint Powers Agreement on June 19, 2001, and the formation of the Regional Agency was approved by the California Integrated Waste Management Board on July 9, 2002.

WHEREAS, the purpose of the formation of the Regional Agency JPA was to allow the participating entities to share diversion credits and to prepare a single planning document for the entire region;

WHEREAS, the purpose of this Agreement is for members of the Regional Agency to implement a Regional Solid Waste Disposal Plan (the "Plan") to support the continued operations of the Fink Road Landfill (hereinafter referred to as "Landfill"), and the WTE Facility by ensuring sufficient solid waste is delivered to both facilities to ensure their economic viability, and to provide regional AB 939 and Household Hazardous Waste services;

WHEREAS, the Plan (as set forth by this Agreement and the exhibits incorporated hereto) includes a ten (10) year commitment from the Regional Agency cities to guarantee delivery of a portion of their solid waste to the Landfill and WTE Facility, and a ten (10) year schedule of tipping fees ("Disposal Rates") to be paid to the County pursuant to the Plan; and

WHEREAS, by entering this Agreement the Parties desire to terminate the AB-939 MOU and its amendments and to implement the Plan.

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the Parties hereby agree as follows:

### AGREEMENT

1. Incorporation by Reference. The above Recitals are incorporated into this Agreement by this reference. Schedule 1 and Schedule 2 are attached to this Agreement and are incorporated hereto and made a part of this Agreement by this reference.
2. Term. The term of this Agreement ("Term") shall begin on June 1, 2015 (the "Effective Date") and end June 30, 2025 (the "Termination Date"). If mutually agreeable to both Parties, this contract may be extended up to an additional five (5) year period, unless one Party delivers to the other written notice of nonrenewal, which notice shall be delivered no later than 90 days prior to the termination date. Either Party may terminate this Agreement by providing 90 days prior written notice to the other.
3. City's Guaranteed Delivery of Solid Waste to WTE Facility and Landfill.
  - a. The Cities shall deliver to the WTE Facility and the Fink Road Landfill no less than the committed percentage of their Acceptable Solid Waste as set forth in Schedule 1 and the Waste to Energy (WTE) tonnage as set forth in Schedule 2 each month.
  - b. "Acceptable Solid Waste" means that portion of Solid Waste which has characteristics such as that collected and disposed of as part of the normal collection of Solid Waste in the Contracting Cities, such as, but not limited to: garbage, trash, rubbish, refuse, offal, beds, mattresses, sofas, bicycles, baby carriages, automobile or small vehicle tires, as well as processible portions of commercial (including cannery) and industrial Solid Waste, and logs if no more than four (4) feet long and six (6) inches in diameter, branches, leaves, twigs, grass and plant cuttings, excepting, however, unacceptable waste and hazardous waste.
  - c. "Solid Waste" means all putrescible and non-putrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, paper, rubbish, ashes, industrial wastes, demolition and construction wastes normally collected by the City's solid waste hauler. Solid Waste does not include hazardous waste, radioactive waste, or medical waste.
4. Tipping Fees.
  - a. For the Term of this Agreement, the City's franchise hauler shall pay the Disposal Rates set forth in Schedule 1 and Schedule 2.

5. County's Obligations. The County agrees to provide and maintain the following programs and services for the City:

- a. All AB 939 Program Services as required by law including but not limited to the following:
  - i. Preparation of all required State diversion reporting and tracking;
  - ii. Countywide public education/outreach;
  - iii. Administration of the Recycling Market Development Zone;
  - iv. Application for and administration of regional grants for used oil recycling, used tire recycling, and tire enforcement;
  - v. Serve as staff to the Local Task Force on Solid Waste and Regional Solid Waste Planning Agency (Regional Agency);
  - vi. Monitor proposed solid waste legislative and regulatory changes;
  - vii. Administration of the County's Food Processing By-Product Program; and
  - viii. Administration of the Waste to Energy Service Contract with the City of Modesto.
- b. The following Household Hazardous Waste (HHW) Programs:
  - i. The County will conduct a minimum of two mobile collection events each year for each Regional Agency city, except Ceres;
  - ii. Access to the permanent Household Hazardous Waste Facility for the collection of Countywide residents' e-waste, used oil, oil filters, paints, pesticides, batteries, sharps, medications and other miscellaneous household chemicals;
  - iii. Access to the permanent Household Hazardous Waste Facility for the collection of Countywide qualified/approved Conditionally Exempt Small Quantity Generators' hazardous waste; and
  - iv. Countywide public education/outreach.

6. Default.

- a. Cure. In the event a Party fails to perform pursuant to the terms and conditions of this Agreement, the Party to whom an obligation is owed will provide the non-performing Party with at least 30 days prior written notice of said non-performance, upon which the non-performing Party will have the opportunity to comply with the request for performance, or in the event of continued non-performance, the Parties shall have the right to then pursue any and all available legal remedies.

- b. Failure to give Notice. Failure to give, or delay in giving, Notice of Default shall not constitute a waiver of any obligation, requirement or covenant required to be performed hereunder. Except as otherwise expressly provided in this Agreement, any failure or delay by either Party in asserting any rights and remedies as to any breach shall not operate as a waiver of any breach or of any such rights or remedies. Delay by either Party in asserting any of its rights and remedies shall not deprive such Party of the right to institute and maintain any action or proceeding which it may deem appropriate to protect, assert or enforce any such rights or remedies.
7. Attorney Fees. In the event that a Party commences litigation to enforce the performance of this Agreement, the prevailing Party shall be entitled to an award of its costs of litigation, including the cost of expert and attorneys' fees.
8. Severability. In the event that any provision of this Agreement shall for any reason be determined to be invalid, illegal, or unenforceable in any respect, the Parties hereto shall negotiate in good faith and agree to such amendments, modifications, or supplements of or to this Agreement or such other appropriate actions as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the Parties as reflected herein, and the other provisions of this Agreement shall, as so amended, modified, or supplemented, or otherwise affected by such action, remain in full force and effect.
9. Necessary Acts. The Parties hereby authorize their respective officers and employees to do all things reasonably necessary to accomplish the purposes of this Agreement.
10. Modification Only in Writing. This Agreement may not be modified, amended, changed, added to, or subtracted from, except by written mutual consent of the Parties hereto and only if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to this Agreement to maintain continuity. Notwithstanding anything to the contrary, no oral agreement or directive from or between either Party, or their designees, shall operate to amend or change the terms of this Agreement.
11. Entire Agreement. This Agreement contains the entire Agreement of the Parties, and no representations, inducements, promises, or agreements otherwise between the parties, not embodied herein, or incorporated herein by reference shall be of any force or effect. Notwithstanding anything to the contrary, no term or provision hereof may be changed, waived, discharged, or terminated unless the same is in writing executed by the Parties.
12. Amendment. This Agreement may be modified, amended, changed, added to or subtracted from by the mutual consent of the Parties hereto if such amendment or change is in written form and executed by the City and by the County.
13. Duplicate Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart, executed telecopy, fax or photocopy shall be deemed to be an original instrument, but all of which together shall constitute one and the same Agreement.

14. Legal Requirements. The Parties shall comply with all applicable federal, state, and local laws in performing this Agreement.
15. Force Majeure. Except as otherwise expressly provided in this Agreement, if the performance of any act required to be performed by either County or City is prevented or delayed or made impracticable by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, Change in Law or regulations, or any other cause (except financial inability) not the fault of the Party required to perform the act, the time for performance of the act will either be extended for a period equivalent to the period of delay or performance of the act will be excused.
- a. "Change in Law" as used herein means the enactment, promulgation, amendment or official interpretation or reinterpretation by any order, decision or judgment of any federal, state or local court, administrative agency or governmental body after the Effective Date of (i) any federal statute or regulation not enacted, promulgated, amended, interpreted or reinterpreted on or before the Effective Date, as applicable, or (ii) any state, County or City statute, ordinance, or regulation that was not so enacted, promulgated, amended, interpreted or reinterpreted on or before the Effective Date, as applicable, or establishes requirements making the ownership, operation or maintenance of the Landfill more burdensome than the most stringent requirements (x) in effect as of the Effective Date, (y) agreed to in any applications of the County for official permits, licenses, or approvals, or (z) contained in any official permits, licenses, or approvals with respect to the Landfill obtained as of the Effective Date; provided that a lawful change in federal, State, County, City, or any other tax law shall not be a Change in Law.
  - b. If there is a Change in Law that materially affects operations of the Fink Road Landfill and/or the WTE Facility, the Parties hereto agree to act in good faith to amend or renegotiate this Agreement to effectuate the purpose of this Agreement as stated herein above.
  - c. If there is a Change in Law that materially affects the requirements for the Cities regarding the reuse, recycling, composting or any other form of diversion of solid waste from disposal, including, but not limited to an increase in the percentage of solid waste required to be diverted, as well as changes to applicable diversion credits, the Parties hereto agree to act in good faith to amend or renegotiate this Agreement.
  - d. The Party whose performance of this Agreement is affected pursuant to this Section shall give notice of the conditions affecting performance to the other Party within thirty (30) calendar days that the Party becomes aware that any Change in Law will materially affect performance of this Agreement.
  - e. Upon receiving notice pursuant to this Section, the Parties will have one hundred eighty (180) days to renegotiate this Agreement. If the Parties do not agree that a Change in Law materially affects performance of this Agreement pursuant to this Section, then either Party may request binding mediation, to be paid equally by both Parties, to determine whether the Change in Law is material. Either Party may terminate the Agreement upon three days written notice if it is

determined that a material Change in Law has occurred, and the Parties do not renegotiate the Agreement within one hundred eighty (180) days.

16. Venue. The laws of the State of California shall apply to the construction and enforcement of this Agreement. Any action at law, suit in equity, or judicial proceedings for the enforcement of this Agreement or any provision hereto shall be in the Superior Court of Stanislaus County.

17. Notices. All notices permitted or required by this Agreement or by law to be served on or given to either party hereto by the other party, shall be in writing and shall be effective when personally delivered to the party to whom it is directed, or in lieu of personal service, when deposited in the United States mail addressed as follows, or any other address designated by the party:

**To: County of Stanislaus:**  
Department of Environmental Resources  
3800 Cornucopia Way, Suite C  
Modesto, CA 95358  
Attn: Susan M. Garcia, C.P.M

**To: City of Hughson:**  
Raul Mendez, City Manager  
Office of the City Manager  
P.O. Box 9  
Hughson, CA 95326

18. Indemnification.

- a. County will indemnify, defend and hold harmless the Cities, their officers, board members, employees and agents, from any claim, expense or cost, damage or liability imposed for injury occurring by reason of the negligent acts or omissions or willful misconduct of the County arising out of and/or relating to the provision of the programs and services described in paragraph 5 herein above.
- b. Cities will indemnify, defend and hold harmless the County, its officers, board members, employees and agents, from any claim, expense or cost, damage or liability imposed for injury occurring by reason of the negligent acts or omissions or willful misconduct of the Cities arising out of and/or relating to their performance under this Agreement.

19. Insurance. The Parties shall maintain their own liability insurance coverage, against any claim of civil liability arising out of the performance of this MOU, and provide appropriate evidence of such coverage of the other Party upon request.

*Signatures on Following Page*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date written above.

COUNTY OF STANISLAUS

CITY OF HUGHSON

By: \_\_\_\_\_  
Terrance Withrow,  
Chairman

By:   
Matthew Beekman,  
Mayor

Date: April 13, 2015

ATTEST:  
Christine Ferraro Tallman,  
Clerk

ATTEST:

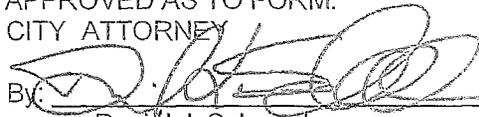
By: \_\_\_\_\_  
Liz King,  
Assistant Clerk

By:   
Dominique Spihale Romo  
City Clerk

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:  
CITY ATTORNEY

By: \_\_\_\_\_  
Jami Aggers  
Director

By:   
Daniel J. Schroeder  
City Attorney

APPROVED AS TO FORM:

John P. Doering  
County Counsel

By: \_\_\_\_\_  
Thomas E. Boze,  
Deputy County Counsel

## SCHEDULE 1

### SOLID WASTE TONNAGE GUARANTEE

<u>CITY</u>	<u>GUARANTEED PERCENTAGE<sup>(1)</sup></u>
CERES	90%
HUGHSON	90%
NEWMAN	90%
OAKDALE	50%
PATTERSON	90%
RIVERBANK	40%
TURLOCK	90%
WATERFORD	50%

### DISPOSAL RATES (per ton) <sup>(2)</sup>:

<u>Fiscal Year</u>	<u>Waste To Energy Facility</u>	<u>Fink Road Landfill</u>
2015/2016	\$33.78	\$26.00
2016/2017	\$34.78	\$26.00
2017/2018	\$35.78	\$26.00
2018/2019	\$37.00	\$27.00
2019/2020	\$38.00	\$27.00
2020/2021	\$39.00	\$27.00
2021/2022	\$40.00	\$28.00
2022/2023	\$41.00	\$28.00
2023/2024	\$42.00	\$29.00
2024/2025	\$43.00	\$29.00

(1) Percentage of total Acceptable Solid Waste under the City's jurisdictional authority.

(2) The total tonnage delivered by each agency shall be billed as follows: 62% of total tonnage at the WTE rate up to the scheduled tonnage per Schedule 2 and 38% of total tonnage at the Fink Road Landfill rate.

## SCHEDULE 2

### WTE PROPOSED MONTHLY DELIVERY SCHEDULE

CITY OF TURLOCK		CITY OF CERES	
July	1,895.94	July	1,429.56
August	2,086.75	August	1,573.43
September	1,895.94	September	1,429.56
October	1,848.23	October	1,393.59
November	1,895.94	November	1,429.56
December	1,895.94	December	1,429.56
January	2,153.63	January	1,623.86
February	2,003.56	February	1,510.70
March	2,091.62	March	1,577.10
April	1,464.31	April	1,104.11
May	2,084.37	May	1,571.63
June	1,896.41	June	1,429.92
<b>Total</b>	<b>23,212.64</b>	<b>Total</b>	<b>17,502.58</b>

CITY OF HUGHSON		CITY OF OAKDALE	
July	182.50	July	425.83
August	200.86	August	468.68
September	182.50	September	425.83
October	177.90	October	415.11
November	182.50	November	425.83
December	182.50	December	425.83
January	207.30	January	483.70
February	192.86	February	450.00
March	201.33	March	469.77
April	140.95	April	328.88
May	200.63	May	468.15
June	182.54	June	425.93
<b>Total</b>	<b>2,234.37</b>	<b>Total</b>	<b>5,213.54</b>

**CITY OF PATTERSON**

July	456.24
August	502.16
September	456.24
October	444.76
November	456.24
December	456.24
January	518.25
February	482.14
March	503.33
April	352.37
May	501.59
June	456.36
<b>Total</b>	<b>5,585.92</b>

**CITY OF NEWMAN**

July	299.09
August	329.19
September	299.09
October	291.57
November	299.09
December	299.09
January	339.74
February	316.07
March	329.96
April	231.00
May	328.82
June	299.17
<b>Total</b>	<b>3,661.88</b>

**CITY OF RIVERBANK**

July	273.74
August	301.30
September	273.74
October	266.86
November	273.74
December	273.74
January	310.95
February	289.28
March	302.00
April	211.42
May	300.95
June	273.81
<b>Total</b>	<b>3,351.53</b>

**CITY OF WATERFORD**

July	101.39
August	111.59
September	101.39
October	98.84
November	101.39
December	101.39
January	115.17
February	107.14
March	111.85
April	78.31
May	111.46
June	101.41
<b>Total</b>	<b>1,241.33</b>



## CITY OF HUGHSON AGENDA ITEM NO. 4.2

### SECTION 4: UNFINISHED BUSINESS

**Meeting Date:** May 11, 2015  
**Subject:** Approval to Adopt the City of Hughson 2015 Water Rate Study Draft Report and Move Forward with A Recommended Rate Increase in Order to Access Safe Drinking Water State Revolving Funds for the Well No. 7 Replacement Project and Related Items  
**Presented By:** Raul L. Mendez, City Manager  
**Enclosure:** City of Hughson 2015 Water Rate Study Draft Report

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

1. Adopt the City of Hughson Water Rate Study and move forward with a recommended rate increase in order to access Safe Drinking Water State Revolving Funds (SDWSRF) for the Well No. 7 Replacement Project.
2. Initiate Proposition 218 process and set July 13, 2015 as the public hearing date for consideration of the proposed water rate increase.
3. Adopt Resolution No. 2015-15, A Resolution of the City Council of the City of Hughson reaffirming the Notice of Acceptance of Application (NOAA) based on revised terms and conditions, including the revised project cost estimate, for the Safe Drinking Water State Revolving Fund Project Funding for the City of Hughson, Project No. 50100008-011C.

#### **Background and Overview:**

In July of 2012, the California Department of Public Health (CDPH), Drinking Water Division confirmed receipt of the City of Hughson's Universal Pre Application for the Well No. 7 Replacement Project. The Well No. 7 Replacement Project includes an arsenic treatment facility. To completely eliminate arsenic from the municipal water system, a third compliant well is needed also. Toward that end, CDPH encouraged the expansion of the new treatment plant project to include a third well. The nearest well site to the new proposed site is Well No. 5, located in the parking lot of the wood truss plant on Tully Road. The existing Well No. 5 shaft would be abandoned and a new deeper shaft will be sunk on the same site. The water would then be piped to the new treatment plant site so that the City would

have two water wells feeding into a central arsenic treatment facility. This project will satisfy the Compliance Order (with a July 1, 2015 deadline) that the City of Hughson's Municipal Water System currently working under.

On May 28, 2014, the City Council approved the submission of a full construction application prior to July 8, 2013 deadline. On January 28, 2014, the City of Hughson received notification from CDPH that its application for funding under the Safe Drinking Water State Revolving Fund (SDWSRF) was determined to be eligible for construction funding.

The letter served as Notice of Acceptance of Application (NOAA) and funds were reserved for the City of Hughson's proposed project provided that specific terms and conditions were met, subject to availability of funds. The NOAA is not an authorization to begin construction but is a necessary step prior to the execution of the funding agreement. In order to maintain the reservation of funds in the SDWSRF account for the project, the City of Hughson was required to sign the terms and conditions of the NOAA and return it within 60 calendar days of receipt. The Hughson City Council provided the necessary approval as required on March 10, 2014 (Resolution No. 2014-07).

At that time, CDPH advised the City to proceed with formally accepting the NOAA even amidst some of the other work in progress (namely a Median Household Income Citywide survey and a Consolidation Project described later in the staff report in greater detail) to maintain the project's status. At that time, CDPH had the ability to modify the terms and conditions as needed at a later date once these items were concluded. It is important to note that the State of California made a modification to their organizational structure to bring the Division of Drinking Water Program (formerly under CDPH) under the State Water Resources Control Board (SWRCB) in the summer of 2014.

### ***Disadvantaged Community Classification***

City staff worked with Rural Community Assistance Corporation (RCAC) over the later part of the 2014 and the citywide income survey concluded in January 2015. Based on the results, the City of Hughson's median household income was \$48,000 based on the 29 percent response rate. Although not adequate based on the 2014 California Disadvantaged MHI, the City's median household income did meet the 2015 threshold of \$48,875. As such, SWRCB revised their financial determination under Safe Drinking Water State Revolving Fund Project Funding for the City of Hughson, Project No. 50100008-011C.

On April 13, 2015 the Hughson City Council reaffirmed the NOAA based on the revised terms and conditions which included a \$6,607,210 loan, 20 year repayment and a 1.663% interest rate (Resolution No. 2015-08). At that time, MCR Engineering and Bartle Wells and Associates provided information regarding the status of the project and a revised water rate analysis to begin to formulate a strategy for repayment of the debt service associated with the State loan. At that time, MCR Engineering shared that the original project cost estimate (formulated in early 2013) had been revisited due to various factors including inflation and a change of a key element in the project scope from a steel tank to a concrete tank

for reduced long term cost of ownership. The revised project cost estimate was approximately \$8.3 million. Subsequent to the action by the City Council, City staff met with SWRCB representatives and presented the revised project cost estimate. The SWRCB directed that the City submit the revised estimate formally which will be forwarded to their financial analyst to see if it alters their funding determination. The City Manager submitted the revised project estimate to the SWRCB on April 30, 2015.

### ***History on City of Hughson Water Rates***

The water enterprise fund last raised rates on September 1, 2013. The current average residential monthly bill has increased from \$40.37 to \$45.45 since 2010 (based on 14,200 gallons per month). The water enterprise fund is due to undertake another Proposition 218 process approving rate increases for the next five years.

As mentioned, the revised project cost estimate for the Well #7 replacement project is \$8,327,753. The original figure has been revised to account for inflation and the current construction environment, a more durable concrete storage tank rather than steel as originally proposed, and a contingency level appropriate to address the current well installation unpredictability across the State of California.

The City has consulted with water rate financial advisor, Bartle Wells Associates (BWA), and has determined that the revised project cost estimate and associated debt through the SDWSRF funding will necessitate a water rate increase. The City's current average residential bill is \$45.45. Based on the analysis an increase could range from \$56.44 to \$69.58.

City staff recommends adoption of the Water Rate Study setting forth the proposed rate and methodology and initiating the required Proposition 218 process. An emphasis for the proposed rate increase will be on the education and outreach to our residents so they fully understand the City's plans. City staff will work with BWA to host a series of information workshops on the Water Rate Study and proposed rate increase over the upcoming months.

### ***Next Steps and Preliminary Schedule***

**May 11:** City staff obtains approval to mail Proposition 218 notices with the proposed water rates selected by City Council.

**May 25:** The City mails Proposition 218 notices to each customer (potentially along with the monthly bills) and begins the required 45 day noticing period for a property related fee increase.

**July 13:** The City holds a public hearing to approve the Proposition 218 notice. Should the City receive written protests from more than 50% of the affected parcels, the rate increase may not be implemented. The proposed rate schedule is approved through City ordinance or resolution by a majority vote by City Council.

**August 1:** The first rate increase is implemented and applied to customer bills moving forward.

### ***Summary of Recommended Options***

The City retained BWA to review the water enterprise rates and finances. BWA recommends three possible rate increase scenarios for Council consideration. The scenarios depend on the level of depreciation the water enterprise funds from water rates.

**Base Case – Fully Fund Depreciation:** BWA estimates rate increases of **8.9%** each year from FY 2016 to FY 2020 are required. The average residential bill would increase from \$45.45 to \$69.58 over the five years.

**Alternative A – Fund Half of Depreciation:** BWA estimates rate increases of **6.7%** each year from FY 2016 to FY 2020 are required. The average residential bill would increase from \$45.45 to \$62.98 over the five years.

**Alternative B – Do Not Fund Depreciation:** BWA estimates rate increases of **4.4%** each year from FY 2016 to FY 2020 are required. The average residential bill would increase from \$45.45 to \$56.44 over the five years.

### **Fiscal Impact:**

The City's goal over the last year has been to comprehensively explore all funding opportunities available for its municipal water system. The proposed rate increase will allow the City of Hughson to access SDWSRF funding of \$8,327,753 and repay the debt service over time. The City of Hughson is also exploring a Consolidation Incentive Program through the State Water Board that may provide grant funding to reduce the amount of debt service. The City of Hughson is also exploring other possible grant funding with the State in order to minimize the impact to ratepayers.

**CITY OF HUGHSON  
CITY COUNCIL  
RESOLUTION NO. 2015-15**

**A RESOLUTION OF CITY COUNCIL OF THE CITY OF HUGHSON AUTHORIZING THE CITY MANAGER TO SIGN FINANCING AGREEMENT, AMENDMENTS, AND CERTIFICATIONS FOR FUNDING UNDER THE DRINKING WATER STATE REVOLVING FUND (DWSRF); AUTHORIZING THE CITY MANAGER TO APPROVE CLAIMS FOR REIMBURSEMENT; AUTHORIZING THE CITY MANAGER TO EXECUTE BUDGET AND EXPENDITURE SUMMARY; AUTHORIZING THE CITY MANAGER TO SIGN THE FINAL RELEASE FORM AND THE CITY MANAGER TO SIGN THE CERTIFICATION OF PROJECT COMPLETION; AND PLEDGING AND DEDICATING NET WATER REVENUES FROM THE WATER ENTERPRISE FUND TO PAYMENT OF DWSRF FINANCING**

---

**WHEREAS**, the City of Hughson seeks financing from the State Water Resources Control Board for a project commonly known as Well No. 7 Replacement Project (Well No. 9) (“Project”); and

**WHEREAS**, the City Council recognizes the need and requirement for the City of Hughson’s water system to come into compliance with the State of California’s safe drinking water mandates by July 1, 2015; and

**WHEREAS**, the City Council of the City of Hughson represents that the total project cost of the Well No. 7 Replacement Project (Well No. 9) is estimated at \$8,327,753, of which the State agrees is eligible for Safe Drinking Water State Revolving Fund (DWSRF) financing at a 1.663 percent interest rate with a 30 year repayment; and

**WHEREAS**, the City of Hughson, through the results of a Median Household Income (MHI) Survey commissioned in 2014 in coordination with the State Water Resources Control Board and administered by Rural Community Assistance Corporation has met the State’s definition of a “California Disadvantaged MHI” for 2015 and will continue to work with the State Water Resources Control Board to identify additional funding opportunities to best meet its short and long term water infrastructure needs.

---

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED**, that

1. The City Manager is hereby authorized and directed to sign and file, for and on behalf of the City of Hughson a financial assistance application for a financing agreement from the State Water Resources Control Board for the Project;
2. The City Manager or designee is hereby authorized to sign the DWSRF program financing agreement for the Project and any amendments thereto, and provide the assurances, certifications and commitments required therefore;

3. The City Manager or designee is hereby authorized to represent the City of Hughson in carrying out the City of Hughson's responsibilities under the financing agreement, including approving and submitting disbursement requests (including Claims for Reimbursement) or other required documentation, compliance with applicable state and federal laws, and making any other necessary certifications;
4. The City of Hughson does hereby dedicate and pledge its net water revenues and its water enterprise fund to payment of the DWSRF financing for the Project. The City of Hughson commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the City of Hughson has satisfied its repayment obligation there under unless modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreement(s) are outstanding, the City of Hughson pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreement(s) are outstanding, the City of Hughson commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s). If for any reason, the said source of revenues proves insufficient to satisfy the debt service of the DWSRF obligation, sufficient funds shall be raised through increased water rates, user charges, or assessments or any other legal means available to meet the DWSRF obligation and to operate and maintain the project.; and
5. The authority granted hereunder shall be deemed retroactive. All acts authorized hereunder and performed prior to the date of this Resolution are hereby ratified and affirmed. The State Water Resources Control Board is authorized to rely upon this Resolution until written notice to the contrary, executed by each of the undersigned, is received by the State Water Resources Control Board. The State Water Resources Control Board shall be entitled to act in reliance upon the matters contained herein, notwithstanding anything to the contrary contained in the formation documents of the City of Hughson or in any other document.

-----  
**PASSED AND ADOPTED** by the City Council of the City of Hughson at its regular meeting held on this 11<sup>th</sup> day of May, 2015 by the following roll call votes:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

\_\_\_\_\_  
**MATT BEEKMAN, Mayor**

**ATTEST:**

\_\_\_\_\_  
**DOMINIQUE SPINALE ROMO, City Clerk**

## CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the **City Council of the City of Hughson**, held on **May 11, 2015**.

**ATTEST:**

---

**DOMINIQUE SPINALE ROMO, City Clerk**



# City of Hughson

## 2015 Water Rate Study Draft Report

May 6, 2015



**BARTLE WELLS ASSOCIATES**  
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## INTRODUCTION

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The City of Hughson (“the City”) is a general law City incorporated in 1972 in Stanislaus County about 7.5 miles southeast of the City of Modesto. The population of the City is approximately 7,000 and the City’s municipal water system serves about 2,000 connections.

The City’s current population and water demand requires the operation of one water well in the winter and two water wells in the summer. To meet State Water Board (formerly CDPH) redundancy standards, three operational water wells are required.

The City currently has three wells online (#3, #4, and #8) and a fourth on standby for emergencies (#5). However, all wells could be lost to nitrate, arsenic, or DBCP contamination at any time or require repair if equipment breaks.

The City received a Compliance Order from the State, requiring an arsenic compliant water system by July 2015.

**California Health and Safety Code Section 116725** states the following: “Any person who violates a citation schedule of compliance for a primary drinking water standard or any order regarding a primary drinking water standard or the requirement that a reliable and adequate supply of pure, wholesome, healthful, and potable water be provided may be liable, as determined by the court, for a civil penalty not to exceed twenty-five thousand dollars (\$25,000) for each separate violation or, for continuing violations, for each day that violation continues.”

To meet the State’s standard for a reliable safe supply of drinking water, and to avoid substantial fines, the City is facing the need to fund \$8.3 million for a well replacement project.

### **Well Replacement Project**

The purpose of the new well project is to replace Well #7 which was lost to nitrate contamination in 2011. The new well project would re-drill Well #5 and pump water to Well #9 to be treated for arsenic. Well #9 would have an arsenic treatment facility and a 1 million gallon storage tank.

To fund the cost of the new well project, the City applied to the State Water Resources Control Board (SWRCB) for a low-interest State Revolving Fund (SRF) loan. The City also initiated a low income survey to determine grant eligibility.

While the City qualified as a disadvantaged community with a Median Household Income (MHI) of \$48,000, current water rates are not considered to be high enough to qualify for grant funding from the SWRCB. The average residential bill would need to be greater than the “target

consumer rate” of about \$60 per month at the time of application to qualify for grant funding. The current average bill is \$45.45. However, the City was able to receive a longer loan repayment schedule (30 years rather than 20 years), which lowered projected annual loan payments.

The City obtained a preliminary 30 year loan estimate of \$6.6 million at 1.663% to fund the initial April 2013 project cost estimate. Per State’s advice, project estimates were revised in April 2015 to \$8.3 million.

The new well project estimate takes into consideration rising costs since the time of the initial assessment, such as increased well drilling costs and design improvements. The water storage tank would be designed of concrete rather than steel and the project contingency was raised from 15% to 20%.

To fund the updated project cost estimate of \$8.3 million with a larger SRF loan, the SWRCB requires the water enterprise to increase rates.

**Table 1** shows a breakdown of the project cost estimate.

City of Hughson  
 Water Rate Study  
 Table 1: Well 7 Replacement Cost Estimate

Description	Units	Quantity	Unit Cost	Cost	Apr-13	Change	%
1 Mobilization	Ea	1	\$55,160	\$55,160	\$50,000	\$5,160	10.32%
2 Well Construction	Ea	2	520,000	1,040,000	\$700,000	\$340,000	48.57%
3 Water Storage Reservoir	Gallon	1,000,000	1.1	1,403,200	\$900,000	\$503,200	55.91%
4 Water Filters	Ea	2	330,960	661,920	\$600,000	\$61,920	10.32%
5 Control Building	Sq. Ft.	1260	220.64	278,006	\$256,000	\$22,006	8.60%
6 Backwash Tank	Gallon	120,000	2.21	264,768	\$240,000	\$24,768	10.32%
7 Booster & Well Pumps	LS	8	27,580	220,640	\$200,000	\$20,640	10.32%
8 Mechanical	LS	1	772,240	772,240	\$700,000	\$72,240	10.32%
9 Electrical	LS	1	827,400	827,400	\$750,000	\$77,400	10.32%
10 Generator	Ea	1	165,480	165,480	\$150,000	\$15,480	10.32%
11 Site Improvements	LS	1	193,060	193,060	\$75,000	\$118,060	157.41%
12 Off-Site Improvements	LF	2,600	110.32	286,832	\$260,000	\$26,832	10.32%
					\$175,000	(\$175,000)	-100.00%
Subtotal Construction				\$6,168,706			
Contingency (20%)				\$1,233,741			
Design/Inspection/Env (15%)				<u>\$925,306</u>			
Total Project Cost Estimate				\$8,327,753			

Source: City of Hughson

## Summary of Recommended Rate Increases

BWA was retained to perform a Water Rate Study to analyze the financial position of the water enterprise and recommend rate increase options. The level of required rate increases in each recommended scenario depends on the level of system depreciation funded from water rates.

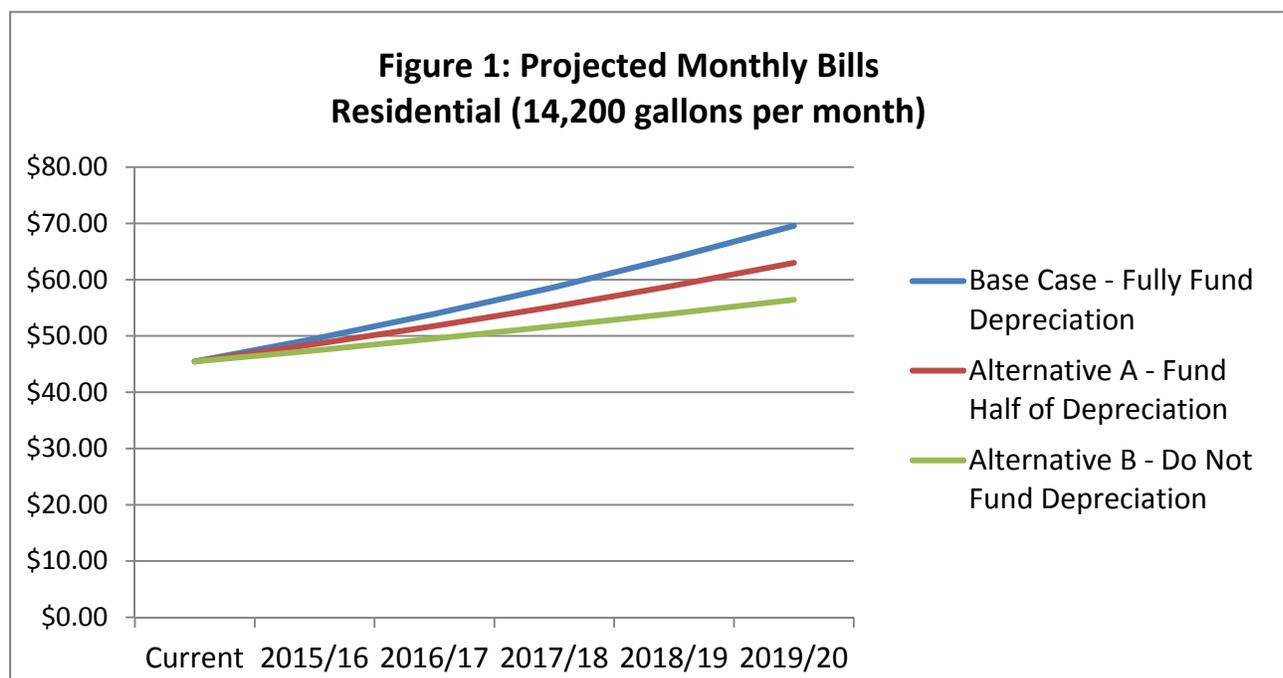
Depreciation refers to the estimated annual decline in value of the water system due to wear and tear and obsolescence of equipment and infrastructure based on accounting estimates.

BWA has identified three scenarios for consideration by the City Council:

**Base Case – Fully Fund Depreciation:** BWA estimates rate increases of **8.9%** each year from FY 2016 to FY 2020 are required. The average residential bill would increase from \$45.45 to \$69.58 over the five years.

**Alternative A – Fund Half of Depreciation:** BWA estimates rate increases of **6.7%** each year from FY 2016 to FY 2020 are required. The average residential bill would increase from \$45.45 to \$62.98 over the five years.

**Alternative B – Do Not Fund Depreciation:** BWA estimates rate increases of **4.4%** each year from FY 2016 to FY 2020 are required. The average residential bill would increase from \$45.45 to \$56.44 over the five years.



## Next Steps and Preliminary Schedule

**May 11:** City staff obtains approval to mail Proposition 218 notices with the proposed water rates selected by City Council.

**May 25:** The City mails Proposition 218 notices to each customer (potentially along with the monthly bills) and begins the required 45 day noticing period for a property related fee increase.

**July 13:** The City holds a public hearing to approve the Proposition 218 notice. Should the City receive protests from more than 50% of the affected parcels, the rate increase may not be implemented.

**August 1:** The first rate increase is implemented.

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### Preliminary Project Schedule

PROJECT TASK	May			June			July			August		
City Council Authorizes Proposition 218 Mailing												
Design, Print & Mail Proposition 218 Notice												
45 Day Notification Period												
Proposition 218 Hearing & Approve Rates												
First Rate Increase Effective August 1st, 2015												

## SECTION 1: HISTORICAL RATES

The water enterprise bills customers based on a fixed monthly meter charge and a uniform volumetric rate per 1,000 gallons. Meter charges increase progressively by meter size based on American Water Works Association (AWWA) standard meter equivalents.

Meter equivalents represent the capacity of the meter. The water enterprise assigns the ¾" meter as the base meter size, with the capacity of larger meters denominated in ¾" meters. For example, a 4" meter is assigned the capacity of 16.7 ¾" meter equivalents. Therefore, the 4" customer pays a meter charge 16.7 times the rate of a ¾" meter.

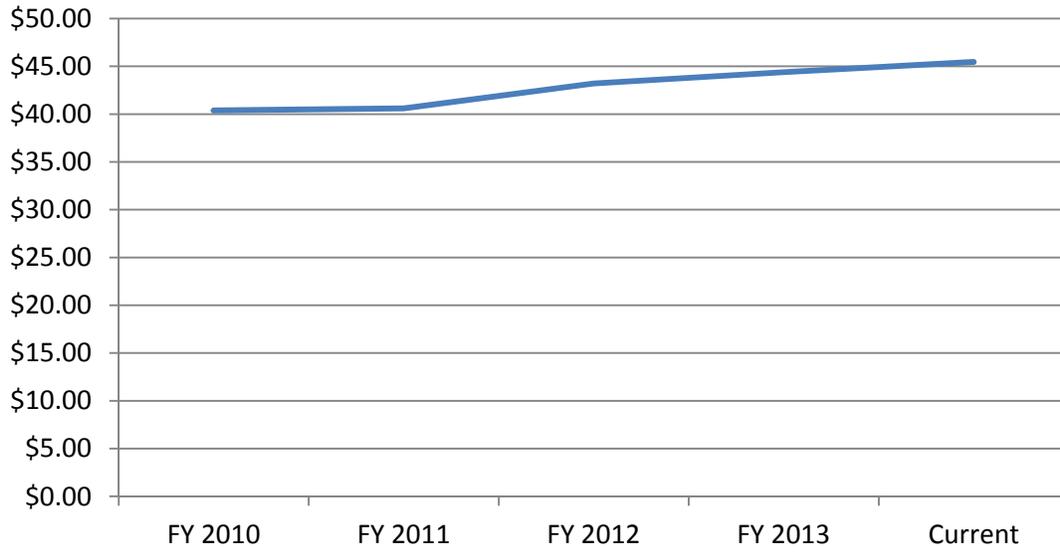
Current water rates are designed to recover approximately 50% of water service revenue from meter charges and 50% from volumetric use. **Table 2** shows a breakdown of historical rates.

City of Hughson  
Water Rate Study  
Table 2: Scheduled Historical Monthly Rates

	January 1, 2010 June 30, 2010	July 1, 2010 June 30, 2011	July 1, 2011 June 30, 2012	July 1, 2012 September 1, 2013	September 1, 2013 Current	Cost Ratios
<b>Fixed Charge</b>						
Residential	\$29.72	\$26.40	\$23.75	\$24.37	\$25.00	1.0
<b>Non-Residential</b>						
¾"	\$29.72	\$26.40	\$23.75	\$24.37	\$25.00	1.0
1"	49.53	44.00	39.85	40.89	41.95	1.7
1-1/2"	99.06	87.99	79.16	81.22	83.33	3.3
2"	158.49	140.79	126.65	129.94	133.32	5.3
2" x ¾"	N/A	N/A	150.40	154.31	158.32	6.3
3"	316.98	281.57	253.31	259.90	266.65	10.7
4"	495.28	439.96	395.79	406.08	416.64	16.7
6"	990.57	879.91	791.59	812.17	833.29	33.3
8"	1,584.91	1,407.86	1,266.54	1,299.47	1,333.26	53.3
8" x 4"	2,080.19	1,847.82	1,662.33	1,705.55	1,749.89	70.0
6" Sports	N/A	N/A	0.69	0.71	0.73	33.3
<b>Metered Rates</b>						
per 1,000 gallons	\$0.75	\$1.00	\$1.37	\$1.41	\$1.44	

The water enterprise last raised rates September 1, 2013. The current average residential monthly bill has increased from \$40.37 to \$45.45 since 2010 (based on 14,200 gallons per month). **Figure 2** shows the historical average monthly bills for residential.

**Figure 2: Average Residential Bill - Since FY 2010  
(14,200 gallons per month)**



## SECTION 2: CUSTOMER BASE

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**Table 3** shows the water enterprise customer base by meter size. Total customers amount to about 1,972, with 2,355 equivalent  $\frac{3}{4}$ " meters. 81% of water enterprise meter equivalents come from  $\frac{3}{4}$ " and  $\frac{5}{8}$ " meter customers.

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City of Hughson  
 Water Rate Study  
 Table 3: Meter Count and Equivalent Meters

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Meter Type	Total	Meter Ratio	Equivalents	Distribution
5/8 or 3/4"	1,911	1.0	1,911	81%
1"	13	1.7	22	1%
1 1/2"	11	3.3	37	2%
2"	24	5.3	128	5%
2 & 3/4"	1	6.3	6	0%
4"	5	16.7	83	4%
6"	1	33.3	33	1%
6" Fire Protection	1	6.7	7	0%
8"	2	53.3	107	5%
8" Fire Protection	2	10.7	21	1%
8" H.S. Sports Complex	1	0.0	0	0%
Total Meters	1,972		2,355	100%

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**Table 4** shows the projected equivalent meter growth for the purpose of this rate study. BWA estimates about 0.5% growth in the customer base through FY 2020, or the equivalent of 12 residential connections per year.

City of Hughson  
 Water Rate Study

Table 4: New Equivalent Meter Growth

Meter Sizes	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
5/8 or 3/4"	1,911	1,921	1,931	1,941	1,951	1,961
1"	22	22	22	22	22	22
1 1/2"	37	37	37	37	37	37
2"	128	129	130	131	132	133
2 & 3/4"	6	6	6	6	6	6
4"	83	84	84	84	84	84
6"	33	33	33	33	33	33
6" Fire Protection	7	7	7	7	7	7
8"	107	107	108	109	110	111
8" Fire Protection	21	21	21	21	21	21
8" H.S. Sports Complex	0	0	0	0	0	0
Total Equivalent Meters	2,355	2,367	2,379	2,391	2,403	2,415
New Equivalent Meters		12	12	12	12	12
Growth Rate		0.5%	0.5%	0.5%	0.5%	0.5%

## SECTION 3: FINANCIAL PROJECTIONS

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**Table 5** shows projected annual debt service payments. The water enterprise has two outstanding debt issues – a USDA loan issued in 1998 with an outstanding balance of \$400,000 to be fully paid off in FY 2037 and a Citizens Bank loan with an outstanding balance of \$1,692,468 to be fully paid off in FY 2026.

City of Hughson  
 Water Rate Study  
 Table 5: Debt Service With New 30yr SRF loan

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
USDA	\$28,000	\$27,550	\$28,100	\$27,606	\$28,110	\$27,570
Citizen's Bank	185,622	185,622	185,622	185,622	185,622	185,622
<u>SRF<sup>1</sup></u>	<u>0</u>	<u>0</u>	<u>336,601</u>	<u>336,601</u>	<u>336,601</u>	<u>336,601</u>
Total	\$213,622	\$213,172	\$550,323	\$549,829	\$550,333	\$549,793

1 Assumes a 2015/16 borrowing of a principal of \$7.9 million, interest rate at 1.663%, and a term life of 30 years

BWA estimates the City will obtain a 30 year \$7.9 million SRF loan in 2015/16 to finance the cost of the Well #7 replacement project (\$400,000 is estimated to be cash funded).

**Table 6** shows the water enterprise's total rate revenue requirements including Operating & Maintenance and Capital. Total revenue requirements are projected to increase from \$1,292,448 in FY 2015 to \$2,069,000 in FY 2020.

City of Hughson  
 Water Rate Study  
 Table 6: Revenue Requirements

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>OPERATIONS &amp; MAINTENANCE<sup>1</sup></b>						
Salaries	\$187,288	\$197,000	\$207,000	\$217,000	\$228,000	\$239,000
Benefits	133,784	139,000	148,000	157,000	166,000	175,000
Operating	126,876	132,000	170,000	175,000	180,000	186,000
Utilities	125,000	131,000	138,000	145,000	152,000	159,000
<u>Contractual</u>	<u>130,500</u>	<u>100,000</u>	<u>104,000</u>	<u>108,000</u>	<u>112,000</u>	<u>140,000</u>
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$703,448</b>	<b>\$699,000</b>	<b>\$767,000</b>	<b>\$802,000</b>	<b>\$838,000</b>	<b>\$899,000</b>
<b>CAPITAL EXPENSES</b>						
Administrative Charges <sup>2</sup>	\$129,000	\$134,000	\$139,000	\$144,000	\$149,000	\$154,000
Debt Service	214,000	213,000	550,000	550,000	550,000	550,000
<b>Depreciation Transfer Out<sup>3</sup></b>	<b>185,000</b>	<b>192,000</b>	<b>199,000</b>	<b>364,000</b>	<b>377,000</b>	<b>390,000</b>
General Capital Outlay	51,000	53,000	55,000	57,000	59,000	61,000
Meter Replacements	10,000	11,000	12,000	13,000	14,000	15,000
<u>PAYGo (CIP) Improvements<sup>4</sup></u>	<u>0</u>	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL CAPITAL EXPENSES</b>	<b>\$589,000</b>	<b>\$1,003,000</b>	<b>\$955,000</b>	<b>\$1,128,000</b>	<b>\$1,149,000</b>	<b>\$1,170,000</b>
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$1,292,448</b>	<b>\$1,702,000</b>	<b>\$1,722,000</b>	<b>\$1,930,000</b>	<b>\$1,987,000</b>	<b>\$2,069,000</b>

1 All expenses are increased at 3.5% inflation except for Utilities, which is increased at 4.5%, and Salaries at 5%

2 Escalated at 3.5% inflation

3 Full depreciation

4 Well #9 Non-debt fundable costs

Revenue requirements assume the water enterprise will cash fund \$400,000 of the Well #7 Replacement Project and the water enterprise will fully fund all system depreciation from water rates.

**Table 7** shows the water enterprise's current projected revenue. BWA assumes customer water use will be 80% of actual FY 2014 use, or 449,600,000 gallons per year. The reduced water use estimate is based on the City's Technical Memorandum and budget, which assume 20% conservation resulting from the continuing drought. Water use is projected to remain level thereafter.

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City of Hughson  
Water Rate Study  
Table 7: FY 2015 Projected Revenue

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Description	2014/15 (Current)
Equivalent Meters	2,355
Fixed Rate	\$25.00
Annual Fixed Revenue	\$707,000
Annual Consumption (1,000 gal) <sup>1</sup>	449,600
Variable Rate	\$1.44
Annual Variable Revenue	\$647,000
PROJECTED REVENUE	\$1,354,000

---

<sup>1</sup> Estimated to be 80% of actual FY 2014 usage

---

**Table 8** shows the smoothed revenue requirement. BWA calculated the single rate increase required each year over the five-year projection period to raise FY 2015 revenues from \$1,354,000 per year to the revenue requirement of \$2,069,000 in FY 2020.

City of Hughson  
 Water Rate Study  
 Table 8: Smoothened Rate Increase Calculation

Description	2014/15 (Current)	2015/16	2016/17	2017/18	2018/19	2019/20
Smoothened Revenue	\$1,354,000	\$1,474,000	\$1,604,000	\$1,746,000	\$1,901,000	\$2,069,000
		8.9%	8.8%	8.9%	8.9%	8.8%
<i>Percent Increase</i>						
Meter Charge	\$25.00	\$27.22	\$29.62	\$32.24	\$35.10	\$38.20
Variable Rate	\$1.44	\$1.57	\$1.71	\$1.86	\$2.03	\$2.21
Projected Equivalent Meters	2,355	2,367	2,379	2,391	2,403	2,415
Projected Annual Consumption (1,000 gal)	449,600	449,600	449,600	449,600	449,600	449,600
Projected Meter Revenue	\$707,000	\$773,000	\$846,000	\$925,000	\$1,012,000	\$1,107,000
Projected Usage Revenue	\$647,000	\$706,000	\$769,000	\$836,000	\$913,000	\$994,000
Total Projected Revenue	\$1,354,000	\$1,479,000	\$1,615,000	\$1,761,000	\$1,925,000	\$2,101,000

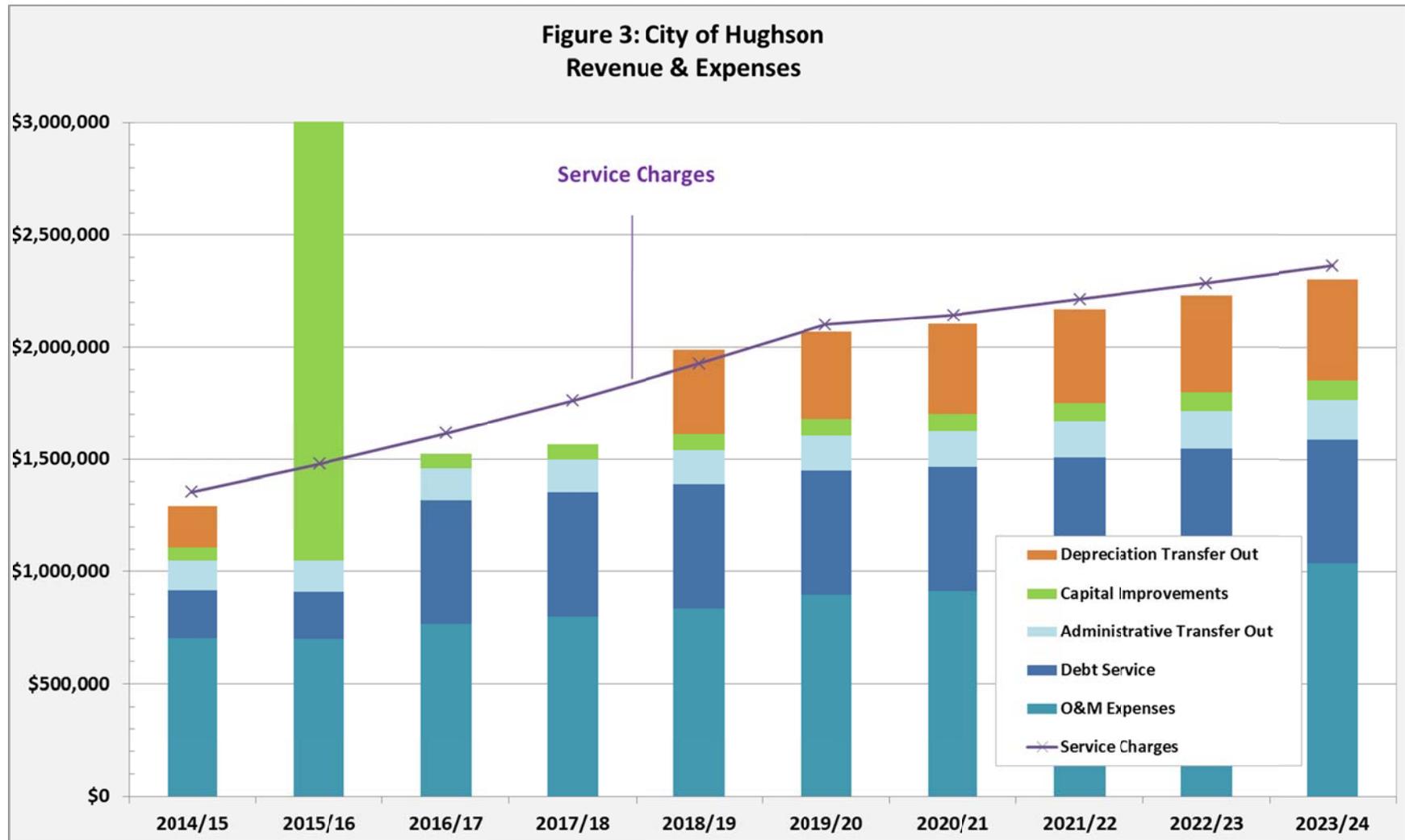
**Table 9** shows the complete extended cash flow including fund balances, debt service, revenue requirements, and projected revenue. BWA recommends the water enterprise maintain a reserve target equal to 3 months of O&M expenses.

City of Hughson  
Water Rate Study  
Table 9: Cash Flow

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
BEGINNING BALANCE	\$253,608	\$316,160	\$286,610	\$378,510	\$574,904	\$514,794	\$549,224	\$589,194	\$636,748	\$692,932
<b>REVENUES</b>										
Service Charges	\$1,354,000	\$1,479,000	\$1,615,000	\$1,761,000	\$1,925,000	\$2,101,000	\$2,144,000	\$2,215,000	\$2,287,000	\$2,361,000
Connection Fees <sup>1</sup>	11,000	45,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Interest <sup>2</sup>	1,000	2,000	1,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000
Project Financing	0	7,900,000	0	0	0	0	0	0	0	0
Fund Transfers In	0	0	0	0	0	0	0	0	0	0
Misc	0	0	0	0	0	0	0	0	0	0
Total Revenue	\$1,366,000	\$9,426,000	\$1,662,000	\$1,809,000	\$1,974,000	\$2,150,000	\$2,193,000	\$2,264,000	\$2,336,000	\$2,410,000
<b>OPERATIONS &amp; MAINTENANCE<sup>3</sup></b>										
Salaries	\$187,288	\$197,000	\$207,000	\$217,000	\$228,000	\$239,000	\$251,000	\$264,000	\$277,000	\$291,000
Benefits	133,784	139,000	148,000	157,000	166,000	175,000	184,000	193,000	202,000	212,000
Operating	126,876	132,000	170,000	175,000	180,000	186,000	192,000	198,000	204,000	210,000
Utilities	125,000	131,000	138,000	145,000	152,000	159,000	167,000	175,000	183,000	192,000
Contractual	130,500	100,000	104,000	108,000	112,000	140,000	120,000	124,000	128,000	132,000
TOTAL O&M EXPENSES	\$703,448	\$699,000	\$767,000	\$802,000	\$838,000	\$899,000	\$914,000	\$954,000	\$994,000	\$1,037,000
Debt Service Coverage	3.1	40.9	1.6	1.8	2.1	2.3	2.3	2.4	2.4	2.5
<b>CAPITAL EXPENSES</b>										
<u>Debt Service</u>										
USDA	\$28,000	\$27,550	\$28,100	\$27,606	\$28,110	\$27,570	\$28,030	\$28,446	\$27,816	\$28,185
CBB	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000
SRF	0	0	337,000	337,000	337,000	337,000	337,000	337,000	337,000	337,000
Total Debt Service	\$214,000	\$213,550	\$551,100	\$550,606	\$551,110	\$550,570	\$551,030	\$551,446	\$550,816	\$551,185
<u>Transfer Out</u>										
Depreciation Transfer <sup>4</sup>	\$185,000	\$0	\$0	\$0	\$377,000	\$390,000	\$404,000	\$418,000	\$433,000	\$448,000
Administrative	129,000	134,000	139,000	144,000	149,000	154,000	159,000	165,000	171,000	177,000
Connection Fund 81	11,000	45,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Total Transfer Out	\$325,000	\$179,000	\$185,000	\$190,000	\$572,000	\$590,000	\$609,000	\$629,000	\$650,000	\$671,000
<u>Capital Improvements</u>										
CIP	\$0	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Meter Replacements	10,000	11,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000
General Capital Outlay	51,000	53,000	55,000	57,000	59,000	61,000	63,000	65,000	67,000	69,000
Well #9	0	7,900,000	0	0	0	0	0	0	0	0
Total Capital Improvements	\$61,000	\$8,364,000	\$67,000	\$70,000	\$73,000	\$76,000	\$79,000	\$82,000	\$85,000	\$88,000
TOTAL CAPITAL EXPENSES	\$600,000	\$8,756,550	\$803,100	\$810,606	\$1,196,110	\$1,216,570	\$1,239,030	\$1,262,446	\$1,285,816	\$1,310,185
TOTAL EXPENSES	\$1,303,448	\$9,455,550	\$1,570,100	\$1,612,606	\$2,034,110	\$2,115,570	\$2,153,030	\$2,216,446	\$2,279,816	\$2,347,185
NET REVENUES	\$62,552	(\$29,550)	\$91,900	\$196,394	(\$60,110)	\$34,430	\$39,970	\$47,554	\$56,184	\$62,815
ENDING BALANCE	\$316,160	\$286,610	\$378,510	\$574,904	\$514,794	\$549,224	\$589,194	\$636,748	\$692,932	\$755,747
Reserve Target <sup>5</sup>	\$176,000	\$175,000	\$192,000	\$201,000	\$210,000	\$225,000	\$229,000	\$239,000	\$249,000	\$259,000
Target Met?	Yes									

1 Connection Fee Revenue is contingent upon growth rate  
2 Interest earned on Beginning Balance is 0.5%  
3 All O&M expenses are escalated at the rate of inflation, except Utilities and Salaries escalated at 4.5% and 5% respectively  
4 Depreciation transfer payments are escalated at the inflation rate  
5 Reserve Target is equal to 3 months of O&M expenses

Figure 3 shows the cash flow in Table 9 graphically.



**Table 10** shows the full projected rate schedule under projected rate increases.

City of Hughson  
 Water Rate Study  
 Table 10: Projected Rates

	Cost Ratios	FY 2015 Current	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percent Increase			8.9%	8.8%	8.9%	8.9%	8.8%
<b>Fixed Charge</b>							
Residential	1.0	\$25.00	\$27.22	\$29.62	\$32.24	\$35.10	\$38.20
<b>Non-Residential</b>							
3/4"	1.0	\$25.00	\$27.22	\$29.62	\$32.24	\$35.10	\$38.20
1"	1.7	41.95	45.67	49.70	54.10	58.90	64.11
1-1/2"	3.3	83.33	90.72	98.72	107.46	117.00	127.34
2"	5.3	133.32	145.14	157.94	171.92	187.18	203.72
2" x 3/4"	6.3	158.32	172.35	187.55	204.15	222.27	241.91
3"	10.7	266.65	290.28	315.88	343.84	374.36	407.44
4"	16.7	416.64	453.57	493.57	537.27	584.97	636.67
6"	33.3	833.29	907.14	987.15	1,074.54	1,169.93	1,273.32
8"	53.3	1,333.26	1,451.42	1,579.43	1,719.25	1,871.88	2,037.31
8" x 4"	70.0	1,749.89	1,904.98	2,072.99	2,256.51	2,456.83	2,673.95
6" Sports	33.3	0.73	0.79	0.86	0.94	1.02	1.11
<b>Metered Rates</b>							
per 1,000 gallons		\$1.44	\$1.57	\$1.71	\$1.86	\$2.03	\$2.21

**Table 11** shows the customers impact of the proposed rate increases. The average bill for a residential or ¾” customer using 14,200 gallons per month would see an increase from \$45.45 to \$69.58 per month over the five year period.

An average bill for a 2” commercial customer using 31,400 gallons per month would increase from \$178.49 to \$273.04 per month over the five year period.

City of Hughson  
Water Rate Study  
Table 11: Customer Impact

Description	Current	2015/16	2016/17	2017/18	2018/19	2019/20
Average Residential Monthly Water Use	14.2	14.2	14.2	14.2	14.2	14.2
¾" Meter Monthly Fixed Charge	\$25.00	\$27.22	\$29.62	\$32.24	\$35.10	\$38.20
Volume Charge per 1,000 Gallons	\$1.44	\$1.57	\$1.71	\$1.86	\$2.03	\$2.21
<b>Average Residential Monthly Billing</b>	<b>\$45.45</b>	<b>\$49.51</b>	<b>\$53.90</b>	<b>\$58.65</b>	<b>\$63.93</b>	<b>\$69.58</b>
<b>Overall Percent Change</b>		<b>8.9%</b>	<b>8.9%</b>	<b>8.8%</b>	<b>9.0%</b>	<b>8.8%</b>
5-Year Cumulative increase						53%
Average Commercial 2" Meter Monthly Water Use	31.4	31.4	31.4	31.4	31.4	31.4
2" Meter Monthly Fixed Charge	\$133.32	\$145.14	\$157.94	\$171.92	\$187.18	\$203.72
Volume Charge per 1,000 Gallons	\$1.44	\$1.57	\$1.71	\$1.86	\$2.03	\$2.21
<b>Average Commercial 2" Meter Monthly Billing</b>	<b>\$178.49</b>	<b>\$194.39</b>	<b>\$211.58</b>	<b>\$230.26</b>	<b>\$250.85</b>	<b>\$273.04</b>
<b>Overall Percent Change</b>		<b>8.9%</b>	<b>8.8%</b>	<b>8.8%</b>	<b>8.9%</b>	<b>8.8%</b>
5-Year Cumulative increase						53%

## APPENDIX A: ALTERNATIVE A – FUND HALF OF SYSTEM DEPRECIATION

City of Hughson  
 Water Rate Study  
 Table 1: Revenue Requirements - Alternative A

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>OPERATIONS &amp; MAINTENANCE<sup>1</sup></b>						
Salaries	\$187,288	\$197,000	\$207,000	\$217,000	\$228,000	\$239,000
Benefits	133,784	139,000	148,000	157,000	166,000	175,000
Operating	126,876	132,000	170,000	175,000	180,000	186,000
Utilities	125,000	131,000	138,000	145,000	152,000	159,000
<u>Contractual</u>	<u>130,500</u>	<u>100,000</u>	<u>104,000</u>	<u>108,000</u>	<u>112,000</u>	<u>140,000</u>
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$703,448</b>	<b>\$699,000</b>	<b>\$767,000</b>	<b>\$802,000</b>	<b>\$838,000</b>	<b>\$899,000</b>
<b>CAPITAL EXPENSES</b>						
Administrative Charges <sup>2</sup>	\$129,000	\$134,000	\$139,000	\$144,000	\$149,000	\$154,000
Debt Service	214,000	213,000	550,000	550,000	550,000	550,000
<b>Depreciation Transfer Out<sup>2</sup></b>	<b>185,000</b>	<b>96,000</b>	<b>99,000</b>	<b>181,000</b>	<b>187,000</b>	<b>194,000</b>
General Capital Outlay	51,000	53,000	55,000	57,000	59,000	61,000
Meter Replacements	10,000	11,000	12,000	13,000	14,000	15,000
<u>PAYGo (CIP) Improvements<sup>3</sup></u>	<u>0</u>	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL CAPITAL EXPENSES</b>	<b>\$589,000</b>	<b>\$907,000</b>	<b>\$855,000</b>	<b>\$945,000</b>	<b>\$959,000</b>	<b>\$974,000</b>
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$1,292,448</b>	<b>\$1,606,000</b>	<b>\$1,622,000</b>	<b>\$1,747,000</b>	<b>\$1,797,000</b>	<b>\$1,873,000</b>

1 All expenses are increased at 3.5% inflation except for Utilities, which is increased at 4.5%, and Salaries at 5%

2 Escalated at 3.5% inflation

3 Well #9 Non-debt fundable costs

City of Hughson  
 Water Rate Study  
 Table 2: Smoothened Rate Increase Calculation - Alternative A

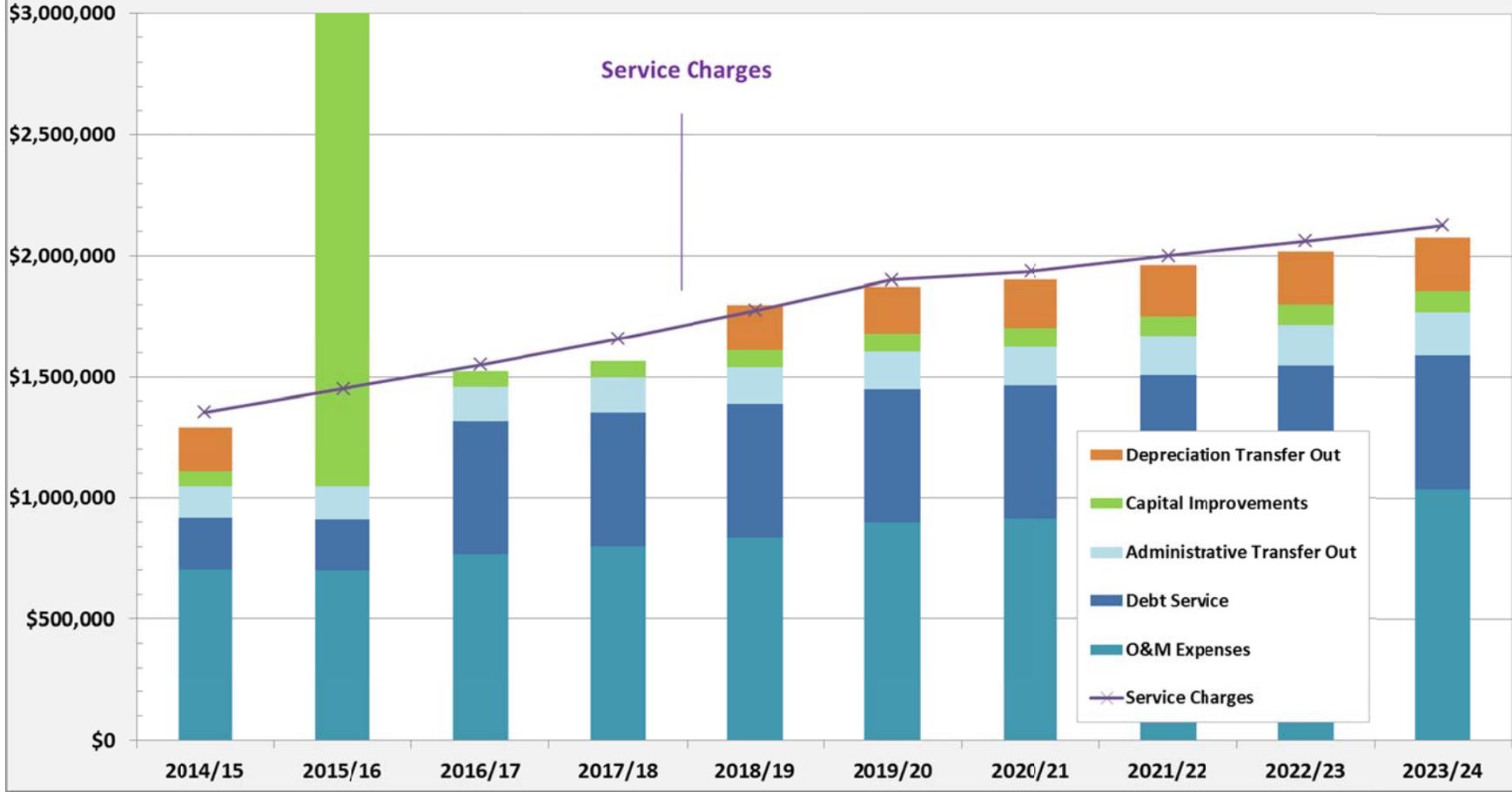
Description	2014/15 (Current)	2015/16	2016/17	2017/18	2018/19	2019/20
Smoothened Revenue	\$1,354,000	\$1,445,000	\$1,542,000	\$1,645,000	\$1,755,000	\$1,873,000
<i>Percent Increase</i>		6.7%	6.7%	6.7%	6.7%	6.7%
Meter Charge	\$25.00	\$26.68	\$28.47	\$30.37	\$32.40	\$34.58
Variable Rate	\$1.44	\$1.54	\$1.64	\$1.75	\$1.87	\$2.00
Projected Equivalent Meters	2,355	2,367	2,379	2,391	2,403	2,415
Projected Annual Consumption (1,000 gal)	449,600	449,600	449,600	449,600	449,600	449,600
Projected Meter Revenue	\$707,000	\$758,000	\$813,000	\$871,000	\$934,000	\$1,002,000
Projected Usage Revenue	\$647,000	\$692,000	\$737,000	\$787,000	\$841,000	\$899,000
Total Projected Revenue	\$1,354,000	\$1,450,000	\$1,550,000	\$1,658,000	\$1,775,000	\$1,901,000

City of Hughson  
Water Rate Study  
Table 3: Cash Flow - Alternative A

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
BEGINNING BALANCE	\$253,608	\$316,160	\$257,610	\$284,510	\$376,904	\$355,794	\$385,224	\$419,194	\$459,748	\$506,932
<b>REVENUES</b>										
Service Charges	\$1,354,000	\$1,450,000	\$1,550,000	\$1,658,000	\$1,775,000	\$1,901,000	\$1,936,000	\$1,999,000	\$2,061,000	\$2,126,000
Connection Fees <sup>1</sup>	11,000	45,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Interest <sup>2</sup>	1,000	2,000	1,000	1,000	2,000	2,000	2,000	2,000	2,000	3,000
Project Financing	0	7,900,000	0	0	0	0	0	0	0	0
Fund Transfers In	0	0	0	0	0	0	0	0	0	0
Misc	0	0	0	0	0	0	0	0	0	0
Total Revenue	\$1,366,000	\$9,397,000	\$1,597,000	\$1,705,000	\$1,823,000	\$1,949,000	\$1,984,000	\$2,047,000	\$2,109,000	\$2,175,000
<b>OPERATIONS &amp; MAINTENANCE<sup>3</sup></b>										
Salaries	\$187,288	\$197,000	\$207,000	\$217,000	\$228,000	\$239,000	\$251,000	\$264,000	\$277,000	\$291,000
Benefits	133,784	139,000	148,000	157,000	166,000	175,000	184,000	193,000	202,000	212,000
Operating	126,876	132,000	170,000	175,000	180,000	186,000	192,000	198,000	204,000	210,000
Utilities	125,000	131,000	138,000	145,000	152,000	159,000	167,000	175,000	183,000	192,000
Contractual	130,500	100,000	104,000	108,000	112,000	140,000	120,000	124,000	128,000	132,000
TOTAL O&M EXPENSES	\$703,448	\$699,000	\$767,000	\$802,000	\$838,000	\$899,000	\$914,000	\$954,000	\$994,000	\$1,037,000
Debt Service Coverage	3.1	40.7	1.5	1.6	1.8	1.9	1.9	2.0	2.0	2.1
<b>CAPITAL EXPENSES</b>										
<u>Debt Service</u>										
USDA	\$28,000	\$27,550	\$28,100	\$27,606	\$28,110	\$27,570	\$28,030	\$28,446	\$27,816	\$28,185
CBB	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000
SRF	0	0	337,000	337,000	337,000	337,000	337,000	337,000	337,000	337,000
Total Debt Service	\$214,000	\$213,550	\$551,100	\$550,606	\$551,110	\$550,570	\$551,030	\$551,446	\$550,816	\$551,185
<u>Transfer Out</u>										
Depreciation Transfer <sup>4</sup>	\$185,000	\$0	\$0	\$0	\$187,000	\$194,000	\$201,000	\$208,000	\$215,000	\$223,000
Administrative	129,000	134,000	139,000	144,000	149,000	154,000	159,000	165,000	171,000	177,000
Connection Fund 81	11,000	45,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Total Transfer Out	\$325,000	\$179,000	\$185,000	\$190,000	\$382,000	\$394,000	\$406,000	\$419,000	\$432,000	\$446,000
<u>Capital Improvements</u>										
CIP	\$0	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Meter Replacements	10,000	11,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000
General Capital Outlay	51,000	53,000	55,000	57,000	59,000	61,000	63,000	65,000	67,000	69,000
Well #9	0	7,900,000	0	0	0	0	0	0	0	0
Total Capital Improvements	\$61,000	\$8,364,000	\$67,000	\$70,000	\$73,000	\$76,000	\$79,000	\$82,000	\$85,000	\$88,000
TOTAL CAPITAL EXPENSES	\$600,000	\$8,756,550	\$803,100	\$810,606	\$1,006,110	\$1,020,570	\$1,036,030	\$1,052,446	\$1,067,816	\$1,085,185
TOTAL EXPENSES	\$1,303,448	\$9,455,550	\$1,570,100	\$1,612,606	\$1,844,110	\$1,919,570	\$1,950,030	\$2,006,446	\$2,061,816	\$2,122,185
NET REVENUES	\$62,552	(\$58,550)	\$26,900	\$92,394	(\$21,110)	\$29,430	\$33,970	\$40,554	\$47,184	\$52,815
ENDING BALANCE	\$316,160	\$257,610	\$284,510	\$376,904	\$355,794	\$385,224	\$419,194	\$459,748	\$506,932	\$559,747
Reserve Target <sup>5</sup>	\$176,000	\$175,000	\$192,000	\$201,000	\$210,000	\$225,000	\$229,000	\$239,000	\$249,000	\$259,000
Target Met?	Yes									

1 Connection Fee Revenue is contingent upon growth rate  
2 Interest earned on Beginning Balance is 0.5%  
3 All O&M expenses are escalated at the rate of inflation, except Utilities and Salaries escalated at 4.5% and 5% respectively  
4 Depreciation transfer payments are escalated at the inflation rate  
5 Reserve Target is equal to 3 months of O&M expenses

**Figure 1: City of Hughson  
Revenue & Expenses - Alternative A**



City of Hughson  
 Water Rate Study  
 Table 4: Projected Rates - Alternative A

	Cost Ratios	FY 2015 Current	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percent Increase			6.7%	6.7%	6.7%	6.7%	6.7%
<u>Fixed Charge</u>							
Residential	1.0	\$25.00	\$26.68	\$28.47	\$30.37	\$32.40	\$34.58
<u>Non-Residential</u>							
3/4"	1.0	\$25.00	\$26.68	\$28.47	\$30.37	\$32.40	\$34.58
1"	1.7	41.95	44.77	47.78	50.97	54.38	58.04
1-1/2"	3.3	83.33	88.93	94.90	101.24	108.01	115.27
2"	5.3	133.32	142.28	151.83	161.97	172.80	184.42
2" x 3/4"	6.3	158.32	168.96	180.30	192.34	205.20	219.00
3"	10.7	266.65	284.57	303.67	323.95	345.61	368.85
4"	16.7	416.64	444.64	474.49	506.18	540.03	576.34
6"	33.3	833.29	889.29	948.99	1,012.38	1,080.08	1,152.70
8"	53.3	1,333.26	1,422.87	1,518.38	1,619.80	1,728.11	1,844.30
8" x 4"	70.0	1,749.89	1,867.50	1,992.86	2,125.98	2,268.14	2,420.64
6" Sports	33.3	0.73	0.78	0.83	0.89	0.95	1.01
<u>Metered Rates</u>							
per 1,000 gallons		\$1.44	\$1.54	\$1.64	\$1.75	\$1.87	\$2.00

City of Hughson  
 Water Rate Study  
 Table 5: Customer Impact - Alternative A

Description	Current	2015/16	2016/17	2017/18	2018/19	2019/20
Average Residential Monthly Water Use	14.2	14.2	14.2	14.2	14.2	14.2
3/4" Meter Monthly Fixed Charge	\$25.00	\$26.68	\$28.47	\$30.37	\$32.40	\$34.58
Volume Charge per 1,000 Gallons	\$1.44	\$1.54	\$1.64	\$1.75	\$1.87	\$2.00
<b>Average Residential Monthly Billing</b>	<b>\$45.45</b>	<b>\$48.55</b>	<b>\$51.76</b>	<b>\$55.22</b>	<b>\$58.95</b>	<b>\$62.98</b>
<b>Overall Percent Change</b>		<b>6.8%</b>	<b>6.6%</b>	<b>6.7%</b>	<b>6.8%</b>	<b>6.8%</b>
5-Year Cumulative increase						39%
Average Commercial 2" Meter Monthly Water Use	31.4	31.4	31.4	31.4	31.4	31.4
2" Meter Monthly Fixed Charge	\$133.32	\$142.28	\$151.83	\$161.97	\$172.80	\$184.42
Volume Charge per 1,000 Gallons	\$1.44	\$1.54	\$1.64	\$1.75	\$1.87	\$2.00
<b>Average Commercial 2" Meter Monthly Billing</b>	<b>\$178.49</b>	<b>\$190.58</b>	<b>\$203.27</b>	<b>\$216.86</b>	<b>\$231.46</b>	<b>\$247.15</b>
<b>Overall Percent Change</b>		<b>6.8%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>6.8%</b>
5-Year Cumulative increase						38%

## APPENDIX B: ALTERNATIVE B – DO NOT FUND SYSTEM DEPRECIATION

City of Hughson  
 Water Rate Study  
 Table 1: Revenue Requirements - Alternative B

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>OPERATIONS &amp; MAINTENANCE<sup>1</sup></b>						
Salaries	\$187,288	\$197,000	\$207,000	\$217,000	\$228,000	\$239,000
Benefits	133,784	139,000	148,000	157,000	166,000	175,000
Operating	126,876	132,000	170,000	175,000	180,000	186,000
Utilities	125,000	131,000	138,000	145,000	152,000	159,000
<u>Contractual</u>	<u>130,500</u>	<u>100,000</u>	<u>104,000</u>	<u>108,000</u>	<u>112,000</u>	<u>140,000</u>
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$703,448</b>	<b>\$699,000</b>	<b>\$767,000</b>	<b>\$802,000</b>	<b>\$838,000</b>	<b>\$899,000</b>
<b>CAPITAL EXPENSES</b>						
Administrative Charges <sup>2</sup>	\$129,000	\$134,000	\$139,000	\$144,000	\$149,000	\$154,000
Debt Service	214,000	213,000	550,000	550,000	550,000	550,000
<b>Depreciation Transfer Out<sup>2</sup></b>	<b>185,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
General Capital Outlay	51,000	53,000	55,000	57,000	59,000	61,000
Meter Replacements	10,000	11,000	12,000	13,000	14,000	15,000
<u>PAYGo (CIP) Improvements<sup>3</sup></u>	<u>0</u>	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL CAPITAL EXPENSES</b>	<b>\$589,000</b>	<b>\$811,000</b>	<b>\$756,000</b>	<b>\$764,000</b>	<b>\$772,000</b>	<b>\$780,000</b>
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$1,292,448</b>	<b>\$1,510,000</b>	<b>\$1,523,000</b>	<b>\$1,566,000</b>	<b>\$1,610,000</b>	<b>\$1,679,000</b>

1 All expenses are increased at 3.5% inflation except for Utilities, which is increased at 4.5%, and Salaries at 5%

2 Escalated at 3.5% inflation

3 Well #9 Non-debt fundable costs

City of Hughson  
 Water Rate Study  
 Table 2: Smoothened Rate Increase Calculation - Alternative B

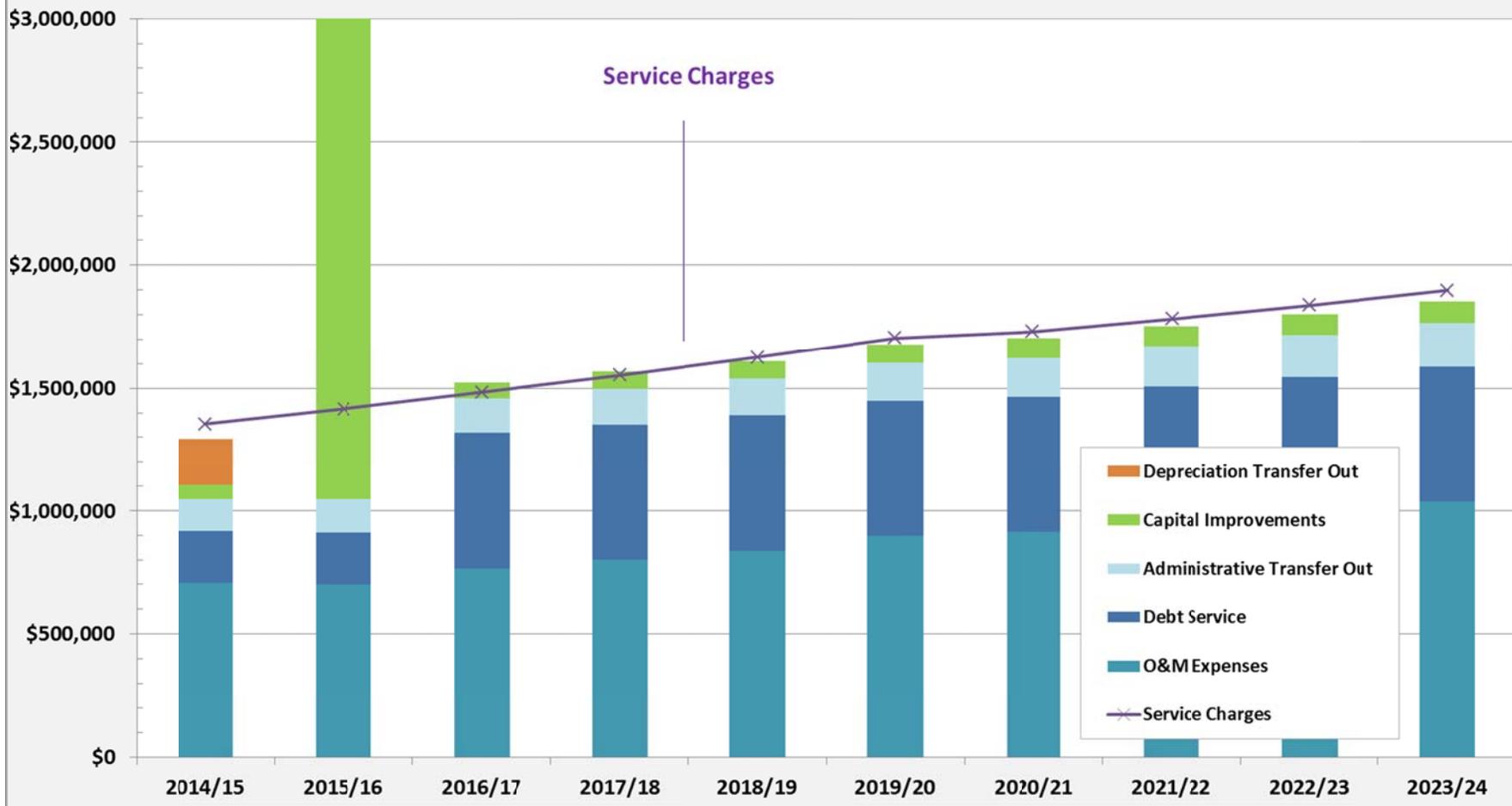
Description	2014/15 (Current)	2015/16	2016/17	2017/18	2018/19	2019/20
Smoothened Revenue	\$1,354,000	\$1,414,000	\$1,476,000	\$1,541,000	\$1,609,000	\$1,680,000
<i>Percent Increase</i>		4.4%	4.4%	4.4%	4.4%	4.4%
Meter Charge	\$25.00	\$26.11	\$27.25	\$28.45	\$29.71	\$31.02
Variable Rate	\$1.44	\$1.50	\$1.57	\$1.64	\$1.71	\$1.79
Projected Equivalent Meters	2,355	2,367	2,379	2,391	2,403	2,415
Projected Annual Consumption (1,000 gal)	449,600	449,600	449,600	449,600	449,600	449,600
Projected Meter Revenue	\$707,000	\$742,000	\$778,000	\$816,000	\$857,000	\$899,000
Projected Usage Revenue	\$647,000	\$674,000	\$706,000	\$737,000	\$769,000	\$805,000
Total Projected Revenue	\$1,354,000	\$1,416,000	\$1,484,000	\$1,553,000	\$1,626,000	\$1,704,000

City of Hughson  
Water Rate Study  
Table 3: Cash Flow - Alternative B

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
BEGINNING BALANCE	\$253,608	\$316,160	\$223,610	\$184,510	\$171,904	\$187,794	\$213,224	\$241,194	\$272,748	\$309,932
<b>REVENUES</b>										
Service Charges	\$1,354,000	\$1,416,000	\$1,484,000	\$1,553,000	\$1,626,000	\$1,704,000	\$1,730,000	\$1,783,000	\$1,837,000	\$1,897,000
Connection Fees <sup>1</sup>	11,000	45,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Interest <sup>2</sup>	1,000	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	2,000
Project Financing	0	7,900,000	0	0	0	0	0	0	0	0
Fund Transfers In	0	0	0	0	0	0	0	0	0	0
Misc	0	0	0	0	0	0	0	0	0	0
Total Revenue	\$1,366,000	\$9,363,000	\$1,531,000	\$1,600,000	\$1,673,000	\$1,751,000	\$1,777,000	\$1,830,000	\$1,884,000	\$1,945,000
<b>OPERATIONS &amp; MAINTENANCE<sup>3</sup></b>										
Salaries	\$187,288	\$197,000	\$207,000	\$217,000	\$228,000	\$239,000	\$251,000	\$264,000	\$277,000	\$291,000
Benefits	133,784	139,000	148,000	157,000	166,000	175,000	184,000	193,000	202,000	212,000
Operating	126,876	132,000	170,000	175,000	180,000	186,000	192,000	198,000	204,000	210,000
Utilities	125,000	131,000	138,000	145,000	152,000	159,000	167,000	175,000	183,000	192,000
Contractual	130,500	100,000	104,000	108,000	112,000	140,000	120,000	124,000	128,000	132,000
TOTAL O&M EXPENSES	\$703,448	\$699,000	\$767,000	\$802,000	\$838,000	\$899,000	\$914,000	\$954,000	\$994,000	\$1,037,000
Debt Service Coverage	3.1	40.6	1.4	1.4	1.5	1.5	1.6	1.6	1.6	1.6
<b>CAPITAL EXPENSES</b>										
<u>Debt Service</u>										
USDA	\$28,000	\$27,550	\$28,100	\$27,606	\$28,110	\$27,570	\$28,030	\$28,446	\$27,816	\$28,185
CBB	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000
SRF	0	0	337,000	337,000	337,000	337,000	337,000	337,000	337,000	337,000
Total Debt Service	\$214,000	\$213,550	\$551,100	\$550,606	\$551,110	\$550,570	\$551,030	\$551,446	\$550,816	\$551,185
<u>Transfer Out</u>										
Depreciation Transfer <sup>4</sup>	\$185,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative	129,000	134,000	139,000	144,000	149,000	154,000	159,000	165,000	171,000	177,000
Connection Fund 81	11,000	45,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Total Transfer Out	\$325,000	\$179,000	\$185,000	\$190,000	\$195,000	\$200,000	\$205,000	\$211,000	\$217,000	\$223,000
<u>Capital Improvements</u>										
CIP	\$0	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Meter Replacements	10,000	11,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000
General Capital Outlay	51,000	53,000	55,000	57,000	59,000	61,000	63,000	65,000	67,000	69,000
Well #9	0	7,900,000	0	0	0	0	0	0	0	0
Total Capital Improvements	\$61,000	\$8,364,000	\$67,000	\$70,000	\$73,000	\$76,000	\$79,000	\$82,000	\$85,000	\$88,000
TOTAL CAPITAL EXPENSES	\$600,000	\$8,756,550	\$803,100	\$810,606	\$819,110	\$826,570	\$835,030	\$844,446	\$852,816	\$862,185
TOTAL EXPENSES	\$1,303,448	\$9,455,550	\$1,570,100	\$1,612,606	\$1,657,110	\$1,725,570	\$1,749,030	\$1,798,446	\$1,846,816	\$1,899,185
NET REVENUES	\$62,552	(\$92,550)	(\$39,100)	(\$12,606)	\$15,890	\$25,430	\$27,970	\$31,554	\$37,184	\$45,815
ENDING BALANCE	\$316,160	\$223,610	\$184,510	\$171,904	\$187,794	\$213,224	\$241,194	\$272,748	\$309,932	\$355,747
Reserve Target <sup>5</sup>	\$176,000	\$175,000	\$192,000	\$201,000	\$210,000	\$225,000	\$229,000	\$239,000	\$249,000	\$259,000
Target Met?	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes

1 Connection Fee Revenue is contingent upon growth rate  
2 Interest earned on Beginning Balance is 0.5%  
3 All O&M expenses are escalated at the rate of inflation, except Utilities and Salaries escalated at 4.5% and 5% respectively  
4 Depreciation transfer payments are escalated at the inflation rate  
5 Reserve Target is equal to 3 months of O&M expenses

**Figure 1: City of Hughson  
Revenue & Expenses - Alternative B**



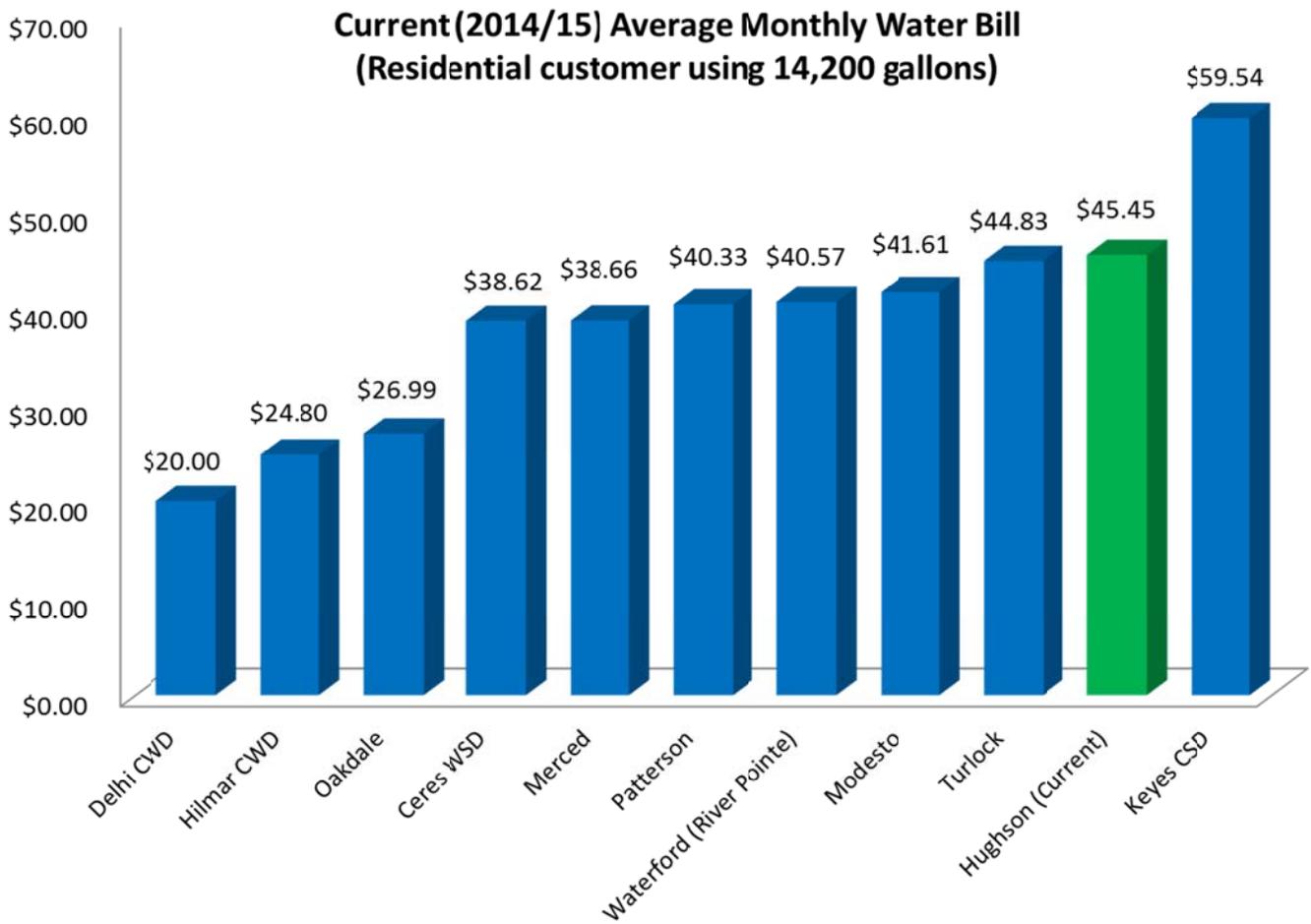
City of Hughson  
 Water Rate Study  
 Table 4: Projected Rates - Alternative B

	Cost Ratios	FY 2015 Current	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percent Increase			4.4%	4.4%	4.4%	4.4%	4.4%
<b>Fixed Charge</b>							
Residential	1.0	\$25.00	\$26.11	\$27.25	\$28.45	\$29.71	\$31.02
<b>Non-Residential</b>							
3/4"	1.0	\$25.00	\$26.11	\$27.25	\$28.45	\$29.71	\$31.02
1"	1.7	41.95	43.81	45.73	47.74	49.85	52.05
1-1/2"	3.3	83.33	87.02	90.84	94.84	99.03	103.40
2"	5.3	133.32	139.23	145.33	151.73	158.43	165.42
2" x 3/4"	6.3	158.32	165.34	172.59	180.19	188.14	196.44
3"	10.7	266.65	278.47	290.68	303.48	316.87	330.85
4"	16.7	416.64	435.10	454.18	474.18	495.10	516.95
6"	33.3	833.29	870.22	908.38	948.38	990.23	1,033.93
8"	53.3	1,333.26	1,392.34	1,453.39	1,517.39	1,584.35	1,654.26
8" x 4"	70.0	1,749.89	1,827.43	1,907.56	1,991.57	2,079.45	2,171.21
6" Sports	33.3	0.73	0.76	0.79	0.82	0.86	0.90
<b>Metered Rates</b>							
per 1,000 gallons		\$1.44	\$1.50	\$1.57	\$1.64	\$1.71	\$1.79

City of Hughson  
 Water Rate Study  
 Table 5: Customer Impact - Alternative B

Description	Current	2015/16	2016/17	2017/18	2018/19	2019/20
Average Residential Monthly Water Use	14.2	14.2	14.2	14.2	14.2	14.2
3/4" Meter Monthly Fixed Charge	\$25.00	\$26.11	\$27.25	\$28.45	\$29.71	\$31.02
Volume Charge per 1,000 Gallons	\$1.44	\$1.50	\$1.57	\$1.64	\$1.71	\$1.79
<b>Average Residential Monthly Billing</b>	<b>\$45.45</b>	<b>\$47.41</b>	<b>\$49.54</b>	<b>\$51.74</b>	<b>\$53.99</b>	<b>\$56.44</b>
<b>Overall Percent Change</b>		<b>4.3%</b>	<b>4.5%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.5%</b>
5-Year Cumulative increase						24%
Average Commercial 2" Meter Monthly Water Use	31.4	31.4	31.4	31.4	31.4	31.4
2" Meter Monthly Fixed Charge	\$133.32	\$139.23	\$145.33	\$151.73	\$158.43	\$165.42
Volume Charge per 1,000 Gallons	\$1.44	\$1.50	\$1.57	\$1.64	\$1.71	\$1.79
<b>Average Commercial 2" Meter Monthly Billing</b>	<b>\$178.49</b>	<b>\$186.28</b>	<b>\$194.58</b>	<b>\$203.17</b>	<b>\$212.07</b>	<b>\$221.57</b>
<b>Overall Percent Change</b>		<b>4.4%</b>	<b>4.5%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.5%</b>
5-Year Cumulative increase						24%

## APPENDIX C: WATER RATE SURVEY





## CITY COUNCIL AGENDA ITEM NO. 6.1

### SECTION 6: NEW BUSINESS

**Meeting Date:** May 11, 2015  
**Subject:** Approval to Adopt Resolution No. 2015-11, Directing the Filing of the Annual Reports for Fiscal Year 2015-2016 for the Special Assessment Districts (Benefit Assessment Districts and Landscape and Lighting Districts) in the City of Hughson  
**Presented By:** Jaylen French, Community Development Director  
**Approved By:** \_\_\_\_\_

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#### **Staff Recommendations:**

Adopt Resolution No. 2015-11, directing the filing of the Annual Reports for Fiscal Year 2015-2016 for the Special Assessment Districts (Benefit Assessment Districts and Landscape and Lighting Districts) in the City of Hughson.

#### **Background:**

The City of Hughson ("City") utilizes special financing districts to provide various services and improvements to property owners within the City. These are currently comprised of two types of assessments, Benefit Assessment Districts (BAD) and Landscape and Lighting Districts (LLD). Each BAD was formed and the annual assessments are levied pursuant to the Benefit Assessment Act of 1982 (the "1982 Act"), Part 1 of Division 2 of the California Government Code. Each Lighting and Landscaping District (LLD) was formed and the annual assessments are levied pursuant to the Lighting and Landscaping Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (the "1972 Act").

On April 14, 2014, the Hughson City Council approved entering into an agreement with the City of Turlock for necessary administrative and engineering services associated with its special assessment districts. Subsequently, the Turlock City Council took similar action. The annual assessments for the upcoming fiscal year will be considered for action by the Hughson City Council over three regular meetings to ensure reports are filed with Stanislaus County by August and the required deadline to be placed on the Stanislaus County Property Tax Roll:

- May 11, 2015 Directing the filing of the annual reports.
- June 8, 2015 Considering intention to levy and collect the assessments.

- July 13, 2015 Hold Public Hearing to confirm intention to levy and collect the assessments.

Respective staffs from both cities have met to complete the necessary work ahead. City staff has begun to prepare program budgets for each of the 13 lighting and landscaping districts and 5 benefit assessment districts. The program budgets will take into account the originating estimated costs for district per the formation engineer reports, actual charges and expenses based on the current fiscal year, the planned use of reserves for eligible projects, the fiscal condition of the district, and the determination of a general fund methodology. City staff is coordinating with the Turlock Municipal Services Department the development of these budgets for the upcoming fiscal year.

**Fiscal Impact:**

The Benefit Assessment Districts and Landscape and Lighting Districts provide the City of Hughson with funding annually to provide specific services and improvements to properties within their respective approved boundaries. For Fiscal Year 2014-2015, annual assessments are expected to generate a total of \$182,626.42, a decrease of 8% when compared to the prior fiscal year, for associated labor, administration, utilities, equipment, materials, and preparation of the annual Engineer's Report. Although the City has not yet received its full assessment allocation for the current year, as of the mid-year it was tracking accordingly. The final allocation is anticipated in the upcoming weeks and additional information will be provided in the subsequent meeting in June where the City Council will be recommended to consider intention to levy and collect the assessments and set the require public hearing.

**CITY OF HUGHSON**  
**CITY COUNCIL**  
**RESOLUTION NO. 2015-11**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON  
DIRECTING THE FILING OF THE ANNUAL REPORTS FOR FISCAL YEAR  
2015-2016 FOR SPECIAL ASSESSMENT DISTRICTS IN THE CITY OF  
HUGHSON**

**WHEREAS**, the City of Hughson has established Landscape and Lighting Districts and Benefit Assessment Districts as identified in Exhibit A; and

**WHEREAS**, these reports provide the costs to maintain and operate the street lights, landscape maintenance, drainage systems, detention basins irrigation and electrical facilities; and

**WHEREAS**, the Benefit Assessment Act of 1982 and the Landscaping and Lighting Act of 1972 require the filing of an annual report pursuant to §22622 of the Streets and Highways Code and §54703 of the California Government Code.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Hughson does hereby direct the Engineer of Work to file the Annual Reports for Fiscal Year 2015-2016 for the Landscape and Lighting Districts and the Benefit Assessment Districts identified in Exhibit A with the Stanislaus County Recorder.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Hughson this 11th day of May 2015, by the following vote:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

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**MATT BEEKMAN, Mayor**

**ATTEST:**

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**DOMINIQUE SPINALE ROMO, City Clerk**

## EXHIBIT A

Landscape and Lighting Districts	Benefit Assessment Districts
Brittany Woods	Central Hughson
Central Hughson	Feathers Glenn
Feathers Glenn	Fontana Ranch North
Fontana Ranch North	Fontana Ranch South
Fontana Ranch South	Sterling Glenn III
Rhapsody Unit No. 1	
Rhapsody Unit No. 2	
Santa Fe Estates Phase 1	
Santa Fe Estates Phase 2	
Starn Estates	
Sterling Glenn III	
Sun Glow Estates	
Walnut Haven III	