

# AGENDA CITY OF WATSONVILLE CITY COUNCIL MEETING

*Motto: "Opportunity Through Diversity; Unity Through Cooperation."*



Mission Statement: "The City of Watsonville is dedicated to improving the economic vitality, safety & living environment for the culturally rich Watsonville community, by providing leadership for the achievement of community goals & high quality, responsive public services."

***Mayor Dr. Nancy A. Bilicich, District 7  
Mayor Pro Tempore Felipe Hernandez, District 1***

***Karina Cervantez Alejo, Council Member, District 2  
Lowell Hurst, Council Member, District 3  
Jimmy Dutra, Council Member, District 4  
Rebecca J. Garcia, Council Member, District 5  
Trina Coffman-Gomez, Council Member, District 6***

***Marcela Tavantzis, Interim City Manager  
Alan J. Smith, City Attorney  
Beatriz Vázquez Flores, City Clerk***

**CIVIC PLAZA COUNCIL CHAMBERS  
275 MAIN STREET, 4<sup>th</sup> FLOOR, 6<sup>th</sup> LEVEL PARKING  
WATSONVILLE, CALIFORNIA**

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**INTERPRETATION SERVICES**  
*Spanish language interpretation is available*

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**Americans with Disabilities Act**



*The Council Chambers is an accessible facility. If you wish to attend a meeting and you will require assistance in order to attend and/or participate, please call the City Clerk's Office at least five (5) days in advance of the meeting to make arrangements. The City of Watsonville TDD number is (831) 763-4075.*

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*For information regarding this agenda or interpretation services, please call the City Clerk's Office at (831) 768-3040.*

**AGENDA**  
**CITY OF WATSONVILLE**  
**REGULAR CITY COUNCIL**

May 26, 2015  
4:00 p.m.

City Council Chambers  
275 Main Street, 4th Floor

**1.0 ROLL CALL**

**8.0 NEW BUSINESS**

- 8.1 SOCIAL SERVICE & COMMUNITY SERVICE GRANTS FOR FISCAL YEAR 2015-2016 (Recommended by Mayor Ad-Hoc Subcommittee (Coffman-Gomez, Dutra, Hernandez))
- (a) City Council Subcommittee Report
  - (b) Human Care Alliance (HCA) Presentation (10 minutes)
  - (c) Social Services Presentation by Non-HCA Members (1 minute each)
  - (d) Community Services Presentation (1 minute each)
  - (e) Public Input
  - (f) City Council Questions & Discussion
  - (g) Appropriate Motion (If any)

**5:30 P.M.**

**10.0 CLOSED SESSION**

**(City Council Conference Room, 275 Main Street, 4th Floor)**

- (a) Public Comments regarding the Closed Session agenda will only be accepted by the City Council at this time.
- (b) Closed Session Announcement  
The City Council will now recess to discuss those items listed on the Closed Session Statement attached to the Agenda.

**6:30 P.M.**

**1.0 ROLL CALL**

**2.0 PLEDGE OF ALLEGIANCE**

**3.0 PRESENTATIONS & ORAL COMMUNICATIONS**

**3.1 ORAL COMMUNICATIONS FROM THE PUBLIC & CITY COUNCIL**

(This time is set aside for members of the general public to address the Council on any item not on the Council Agenda, which is within the subject matter jurisdiction of the City Council. No action or discussion shall be taken on any item presented except that any Council Member may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters relating to Council will be noted in the minutes and may be scheduled for discussion at a future meeting or referred to staff for clarification and report. Any Council Member may place matters brought up under Oral Communications on a future agenda. ALL SPEAKERS ARE ASKED TO FILL OUT A BLUE CARD & LEAVE IT AT THE TABLE DESIGNATED NEAR THE PODIUM, GO TO THE PODIUM AND ANNOUNCE THEIR

NAME AND ADDRESS IN ORDER TO OBTAIN AN ACCURATE RECORD FOR THE MINUTES OF THE MEETING.)

**3.2 REPORT OUT OF CLOSED SESSION**

**3.3 MAYOR'S CERTIFICATES OF RECOGNITION TO MEASURE G OVERSIGHT REVENUE COMMITTEE CHAIR DEE DEE VARGAS AND VICE-CHAIR JOHN MARTINELLI**

**4.0 CONSENT AGENDA**

All items appearing on the Consent Agenda are recommended actions which are considered to be routine and will be acted upon as one consensus motion. Any items removed will be considered immediately after the consensus motion. The Mayor will allow public input prior to the approval of the Consent Agenda.

**Public Input on any Consent Agenda Item**

4.1 MOTION APPROVING MINUTES OF MAY 12, 2015

4.2 RESOLUTION REJECTING CLAIM FOR DAMAGES OF ELIAS GONZALES (Date of Occurrence: April 14, 2015)

4.3 RESOLUTION APPROVING SPECIFICATIONS & CALLING FOR BIDS FOR A FOUR (4) YEAR PURCHASE CONTRACT FOR FERRIC CHLORIDE SOLUTION USED AT THE CITY'S WASTEWATER TREATMENT FACILITY AS A REGULATORY REQUIREMENT, PROJECT NO. WW-15-01 (ESTIMATED COST OF \$130,000 PER YEAR WILL BE FUNDED FROM THE WASTEWATER ENTERPRISE FUND) (Recommended by Public Works & Utilities Director Palmisano)  
--Report  
--Resolution

4.4 RESOLUTION AWARDED CONTRACT TO PC SPECIALISTS, INC., DBA TECHNOLOGY INTEGRATION GROUP, FOR PURCHASE OF SERVER HARDWARE & SOFTWARE TO ACCOMMODATE DEMANDS OF IMPLEMENTING NEW SYSTEMS IN AN AMOUNT NOT TO EXCEED \$104,077.09; (ESTIMATED COST OF \$104,077.09: \$40,477.09 WILL BE PAID FROM THE COMPUTER REPLACEMENT FUND, \$31,800 FROM LIBRARY ENTERPRISE FUND, \$10,600 FROM SOLID WASTE ENTERPRISE FUND, \$10,600 FROM WASTEWATER FUND, AND \$10,600 FROM WATER ENTERPRISE FUND) (Recommended by Administrative Services Director Vega)  
--Report  
--Resolution

4.5 STATE REVOLVING FUND LOAN APPLICATION FOR MAÑANA LANE SEWER REPLACEMENT PROJECT (Recommended by Public Works & Utilities Director Palmisano)  
(a) Report  
(b) Resolution Authorizing Submittal of Application for Financial Assistance for a \$1,300,000, "Low Interest" Rate Loan from State Water Resources Control Board for Planning, Design, & Construction of Mañana Lane Sewer Replacement Project

- (c) Resolution Pledging Wastewater Funds to Pay for Clean Water State Revolving Fund Financing Necessary to Construct Mañana Lane Sewer Replacement Project, Estimated to Cost \$1,300,000

4.6 RESOLUTION CONSENTING TO ASSIGNMENT AND ASSUMPTION OF AMENDED AND RESTATED OWNER/GRANTEE LOAN AGREEMENT AND DEED OF TRUST AND SECURITY AGREEMENT BETWEEN THE CITY OF WATSONVILLE AND TIERRA LINDA HOUSING CORPORATION, A CORPORATION (ASSIGNOR) TO PÁJARO COURT LLC., A LIMITED LIABILITY COMPANY, AS THE NEW OWNER FOR PROPERTY LOCATED AT 170 PENNSYLVANIA DRIVE (APN: 016-172-59) (Recommended by Acting Community Development Director Boyle)

--Report  
--Resolution

4.7 MOTION APPROVING SUMMER FOOD FOR FINES AT THE LIBRARIES FROM JUNE 1, THROUGH JUNE 13, 2015, IN COLLABORATION WITH SECOND HARVEST FOOD BANK

4.8 MOTION APPROVING RESCHEDULE OF JULY 1, 2015, COUNCIL MEETING TO JULY 7, 2015

4.9 RESOLUTION OF CITY COUNCIL IN ITS CAPACITY AS SUCCESSOR TO THE HOUSING ASSETS & FUNCTIONS OF FORMER REDEVELOPMENT AGENCY APPROVING THE CHANGE OF GENERAL PARTNER INTERESTS FROM TIERRA LINDA HOUSING CORPORATION & SOUTH COUNTY HOUSING CORPORATION (ASSIGNOR), TO TIERRA LINDA LLC., A LIMITED LIABILITY COMPANY (ASSIGNEE), RELATED TO A LOAN FROM FORMER REDEVELOPMENT AGENCY FOR PROPERTY LOCATED AT 490-492 BECK STREET (APN: 017-152-29) (Recommended by Acting Community Development Director Boyle)

--Report  
--Resolution

4.10 RESOLUTION OF CITY COUNCIL IN ITS CAPACITY AS SUCCESSOR TO THE HOUSING ASSETS & FUNCTIONS OF FORMER REDEVELOPMENT AGENCY APPROVING THE CHANGE OF GENERAL PARTNER INTERESTS FROM TIERRA LINDA HOUSING CORPORATION (ASSIGNOR) TO PACIFIC TERRACE APARTMENTS LLC., (ASSIGNEE), RELATED TO A LOAN FROM FORMER REDEVELOPMENT AGENCY FOR PROPERTY LOCATED AT 131-135 LANDIS AVENUE (APN: 016-231-02) (Recommended by Acting Community Development Director Boyle)

--Report  
--Resolution

## **5.0 ITEMS REMOVED**

## **6.0 PUBLIC HEARINGS, ORDINANCES, & APPEALS**

6.1 CONFIRMING DIAGRAMS & ASSESSMENTS & LEVYING ASSESSMENTS FOR FISCAL YEAR 2015-2016 FOR: GONZALES STREET LANDSCAPING & LIGHTING MAINTENANCE ASSESSMENT DISTRICT NO. PK-94-01; BAY

BREEZE SUBDIVISION LANDSCAPING & LIGHTING MAINTENANCE ASSESSMENT DISTRICT NO. PK-03-02; & VISTA MONTAÑA SUBDIVISION LANDSCAPING & LIGHTING MAINTENANCE ASSESSMENT DISTRICT NO. PK-03-03 (Recommended by Parks & Community Services Director Espinoza & Public Works & Utilities Director Palmisano)

- (a) Staff Report
- (b) City Council Questions
- (c) Public Hearing
- (d) City Council Discussion
- (e) Resolution Confirming Diagram & Assessment & Levying Assessment for Fiscal Year 2015-2016 for Gonzales Street Alleyway Landscaping & Lighting Maintenance Assessment District
- (f) Resolution Confirming Diagram & Assessment & Levying Assessment for Fiscal Year 2015-2016 for Bay Breeze Subdivision Landscaping & Lighting Maintenance Assessment District
- (g) Resolution Confirming Diagram & Assessment & Levying Assessment for Fiscal Year 2015-2016 for Vista Montaña Landscaping & Lighting Maintenance Assessment District

6.2 STATE WATER REDUCTION MANDATE & RESTRICTIONS; DECLARATION OF A WATER SUPPLY EMERGENCY AND ENACTING LEVEL 2 WATER RESTRICTIONS; AND APPROVAL CONTINUATION OF TURF REBATE PROGRAM (Recommended by Public Works & Utilities Director Palmisano)

- (a) Staff Report
- (b) City Council Questions
- (c) Public Hearing
- (d) City Council Discussion
- (e) Resolution Affirming the Governor's April 1, 2015, Executive Order & Adopting State Water Resources Control Board Resolution No. 2015-0032 Mandating a 20% Reduction in Water Usage & Expanding & Extending Specific Water Use Restrictions
- (f) Resolution Declaring a Water Supply Emergency & Enacting Level 2 Water Restrictions Contained in the City of Watsonville 2010 Urban Water Management Plan
- (g) Resolution Establishing a Permanent Turf Replacement Rebate Program to Encourage the Replacement of High-Water Use Lawn Areas

## **8.0 NEW BUSINESS (Continued)**

8.2 MEASURE G REPORT BY REVENUE OVERSIGHT COMMITTEE CHAIR DEE DEE VARGAS AS REQUIRED BY WATSONVILLE MUNICIPAL CODE SECTION 3-6.1102

- (a) Report
- (b) City Council Questions
- (c) Public Input
- (d) City Council Discussion
- (e) Motion Accepting Report

## **JOINT CITY COUNCIL, SUCCESSOR AGENCY & SUCCESSOR HOUSING AGENCY FOR THE FORMER REDEVELOPMENT AGENCY MEETING**

8.3 BUDGET STUDY SESSION FOR FISCAL YEAR 2015-2016 (Recommended by Administrative Services Director Vega)

- (a) Staff Report
  - General Fund
  - Enterprise Funds
- (b) City Council Questions
- (c) Public Input
- (d) City Council Discussion
- (e) Appropriate Motion(s) (If any)

**10.1 REQUESTS & SCHEDULING FUTURE AGENDA ITEMS**

**10.2 EMERGENCY ITEMS ADDED TO AGENDA**

**10.3 INFORMATION ITEMS—Written Report(s) Only**

- (a) Miscellaneous Documents

**11.0 ADJOURNMENT**

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*Pursuant to Section 54954.2(a)(1) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day and on the City of Watsonville website at [www.cityofwatsonville.org](http://www.cityofwatsonville.org).*

*Materials related to an item on this Agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office (275 Main Street, 4<sup>th</sup> Floor) during normal business hours. Such documents are also available on the City of Watsonville website at [www.cityofwatsonville.org](http://www.cityofwatsonville.org) subject to staff's ability to post the document before the meeting.*



**City of Watsonville**  
**Office of the City Manager**



**M E M O R A N D U M**

**DATE:** May 19, 2015

**TO:** Mayor Bilicich

**FROM:** Watsonville City Council Subcommittee for  
Social/Community Service Grants:  
Council Member Trina Coffman-Gomez  
Council Member Jimmy Dutra  
Mayor Pro Tempore Felipe Hernandez

**SUBJECT:** Social and Community Service Grants FY 2015/16

**AGENDA ITEM:** May 26, 2015 City Council

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**RECOMMENDATION:**

It is recommended that the City Council accept the report for the Social Service and Community Service Grants program for FY 2015/16. The City Council may call for an Appropriate Motion directing staff to develop alternate funding actions to be considered for final budget adoption on June 9, 2015. No action is being required of the City Council at this time.

**DISCUSSION:**

**Background.** The Watsonville City Council Subcommittee for the Social and Community Service Grants ("subcommittee") is responsible for reviewing and recommending to the City Council funding levels for grant applicants. This is the first year of a two-year budget, therefore applications for funding new agencies or programs are included.

**Funding FY 2015/16.** The amounts budgeted for Social and Community Services during FY 2015/16 are \$182,086 and \$31,430 respectively, for a total of \$213,516.

**Youth Summer Job Program.** Last year, some of the funding (\$18,000) was awarded to Parks and Community Services Department for special youth programming during the summer. The funds were expended during the summer lunch program in the community,

hiring and training youth to offer the services. This year, the funding necessary to continue this program is \$13,000, and the committee recommends that the funding be allocated for this program.

**Summary of funding recommendations.**

**Agencies with multiple programs:**

A total for four agencies, Community Action Board, Community Bridges, Encompass and Family Service Agency of the Central Coast, provide services through various programs. In an attempt to simplify the process, the subcommittee is recommending that these agencies be given a lump sum to be earmarked for services in Watsonville, rather than spreading the amount over the various services. This does not preclude the agencies from dividing the funds among the programs listed.

AGENCY/ PROGRAM	2014 Award	Total	2015 Proposed
Community Action Board of Santa Cruz County, Inc. / Alcance	5,349.00	16,437.00	16,437.00
Community Action Board of Santa Cruz County, Inc. /Santa Cruz County Immigration Project	3,889.00		
Community Action Board of Santa Cruz County, Inc. / The Shelter Project	7,199.00		
Community Bridges /Child Development Division	3,509.00	18,088.00	15,000.00
Community Bridges La Manzana Community Resources	8,955.00		
Community Bridges / Lift Line	1,890.00		
Community Bridges / Meals on Wheels for Santa Cruz County	3,734.00		
Encompass / PAPAS	1,000.00	13,381.00	10,000.00
Encompass / Santa Cruz AIDS Project	910.00		
Encompass / Si Se Puede	5,156.00		
Encompass / Youth Services Counseling	6,315.00		
Family Service Agency of the Central Coast / Counseling - South County	12,923.00	17,054.00	15,000.00
Family Service Agency of the Central Coast / Senior Outreach	2,424.00		
Family Service Agency of the Central Coast / Suicide Prevention	587.00		
Family Service Agency of the Central Coast / Survivors Healing Center	1,120.00		

**Funding changes:**

As shown in the attached Exhibit A, several agencies have some minor reductions, while some larger cuts have been recommended for others. The programs seeing the most significant cuts are: Central Coast Center for Independent living 38%, Salud Para La Gente 50%, Pajaro Valley Children’s Center 57%, White Hawk Indian Council for Children/Watsonville Danza Azteca 67%. Last year the Youth City Council was awarded \$7,500. This year’s suggested funding level is \$2,500. Finally, one agency was granted an increase. Pajaro Valley Arts Council received \$1,000 last year, and the subcommittee is recommending a 100% increase to \$2,000.

The Pajaro Valley Performing Arts Association (PVPAA) was not recommended for funding. The program is ending, while the School District and the City identify new ways to manage the use of the Mello Center.

**New Agencies and Programs:**

Two new agency/program applications were received: EternityWorks D.B.A. Youth N.O.W. and WomenCARE (a program of the Family Service Agency of the Central Coast). These have been included in the funding recommendation.

**Remaining Balance:**

The proposed funding levels allow for a remaining balance of \$18,775, which the subcommittee will utilize to fund a Request for Proposal (RFP) by the existing agencies. This proposal would be released at the beginning of the school year 2015, and would be designed to address a specific issue affecting the community, selected by the subcommittee. The specifics of the RFP would be determined by the subcommittee during the summer. This would be the first year that funds are distributed this way. The intent is to create programs that address very specific issues and provide larger funding in order to implement them.

**FINANCIAL IMPACT:**

The funds for this activity are identified in the approved budget, and listed under Non Departmental, for a total of \$213,516. This is General Fund.

**ALTERNATIVES:**

Council members can make alternate funding recommendations and a final recommendation can be prepared for the final budget approval. Alternate recommendations must have the support of the majority of the councilmembers in order to become the final budget exhibit.

**Exhibit A:** Funding recommendation showing all agencies, programs, FT 2014/15 approved funding, and the proposed funding for FY 2015/16

cc: City Attorney

AGENCY/ PROGRAM	2014 Award	Total	2015 Proposed
<b>Social Service Agencies</b>			
Advocacy, Inc.	758.00	758.00	758.00
Association of Watsonville Area Seniors, Inc	17,000.00	17,000.00	17,000.00
Big Brothers Big Sisters	1,213.00	1,213.00	1,213.00
Cabrillo Stroke and Disability Center	2,666.00	2,666.00	2,666.00
CASA of Santa Cruz County	2,300.00	2,300.00	2,300.00
Central Coast Center for Independent Living	1,590.00	1,590.00	1,000.00
Central Coast YMCA / Watsonville Branch	1,587.00	1,587.00	1,587.00
Community Action Board of Santa Cruz County, Inc. / Alcance	5,349.00		
Community Action Board of Santa Cruz County, Inc. / Santa Cruz County Immigration Project	3,889.00	16,437.00	16,437.00
Community Action Board of Santa Cruz County, Inc. / The Shelter Project	7,199.00		
Community Bridges / Child Development Division	3,509.00		
Community Bridges La Manzana Community Resources	8,955.00	18,088.00	15,000.00
Community Bridges / Lift Line	1,890.00		
Community Bridges / Meals on Wheels for Santa Cruz County	3,734.00		
Dientes Community Dental Care	1,700.00	1,700.00	1,700.00
Encompass / PAPAS	1,000.00		
Encompass / Santa Cruz AIDS Project	910.00	13,381.00	10,000.00
Encompass / Si Se Puede	5,156.00		
Encompass / Youth Services Counseling	6,315.00		
Family Service Agency of the Central Coast / Counseling - South County	12,923.00		
Family Service Agency of the Central Coast / Senior Outreach	2,424.00	17,054.00	15,000.00
Family Service Agency of the Central Coast / Suicide Prevention	587.00		
Family Service Agency of the Central Coast / Survivors Healing Center	1,120.00		
Grey Bears	2,700.00	2,700.00	2,700.00
Monarch Services Servicios Monarca	12,923.00	12,923.00	12,000.00
Pajaro Valley Children's Center	11,620.00	11,620.00	5,000.00
Pajaro Valley Loaves & Fishes	6,000.00	6,000.00	6,000.00
Pajaro Valley Prevention and Student Assistance	4,250.00	4,250.00	4,250.00
Pajaro Valley Shelter Services	4,000.00	4,000.00	4,000.00
Parents Center Santa Cruz	2,212.00	2,212.00	2,212.00
Planned Parenthood - Mar Monte / Watsonville	2,349.00	2,349.00	2,349.00
Salud Para la Gente	2,000.00	2,000.00	1,000.00
Santa Cruz County Office of Education	763.00	763.00	763.00
Second Harvest Food Bank Santa Cruz County	6,630.00	6,630.00	5,000.00
Senior Citizens Legal Services	1,213.00	1,213.00	1,213.00
Senior Network Services, Inc.	4,242.00	4,242.00	4,242.00
Seniors Council of Santa Cruz and San Benito Counties / Project Scout	2,222.00	2,222.00	2,222.00
United Way / 2-1-1 Help Line	1,445.00	1,445.00	1,445.00
Volunteer Center / Watsonville Center	3,183.00	3,183.00	3,183.00
Watsonville Law Center	4,000.00	4,000.00	4,000.00
YWCA Watsonville / Childcare	8,401.00	8,401.00	8,401.00
YWCA Watsonville / YW Teens	1,120.00	1,120.00	1,120.00
<b>Social Service Agencies total</b>	<b>175,047.00</b>	<b>175,047.00</b>	<b>155,761.00</b>
<b>Community Service Programs</b>			
Cultural Council of Santa Cruz County	6,800.00	6,800.00	6,800.00
Kawakami-Watsonville Sister City Association	1,190.00	1,190.00	1,190.00
Pajaro Valley Arts Council	1,000.00	1,000.00	2,000.00
Pajaro Valley Historical Association	5,355.00	5,355.00	5,355.00
Pajaro Valley Performing Arts Association	3,950.00	3,950.00	0.00
Watsonville Community Band	2,635.00	2,635.00	2,635.00
White Hawk Indian Council for Children / Watsonville Danza Azteca	3,000.00	3,000.00	1,000.00
Youth City Council	7,500.00	7,500.00	2,500.00
<b>Social Service Agencies total</b>	<b>31,430.00</b>	<b>31,430.00</b>	<b>21,480.00</b>
<b>New Agencies Recommended</b>			
EternityWorks D.B.A. Youth N.O.W.	0.00	0.00	3,000.00
Family Service Agency of the Central Coast / WomenCARE	0.00	0.00	1,500.00
<b>New Agencies total</b>	<b>0.00</b>	<b>0.00</b>	<b>4,500.00</b>
<b>Grand total</b>	<b>206,477.00</b>	<b>206,477.00</b>	<b>181,741.00</b>

<b>Total Funding Available</b>	
Social Services	\$182,086.00
Community Services	\$31,430.00
<b>Total</b>	<b>\$213,516.00</b>
Proposed Total	\$181,741.00
Summer lunch program	\$13,000.00
	<b>\$194,741.00</b>
Balance Remaining	\$18,775.00

**EXHIBIT A**

## MINUTES REGULAR CITY COUNCIL MEETING

May 12, 2015

City of Watsonville  
Council Chambers  
275 Main Street, 4<sup>th</sup> Floor

### CONTENTS

<b><u>5:00 P.M. Session</u></b>	
10.0 Closed Session	6.1 Ord Intro Airport Ordinance - Postponed
<b><u>6:47 P.M. Session</u></b>	
1.0 Roll Call	6.2 60 Blanca LLC 16 Townhome Units --Reso 71-15 SUP
2.0 Pledge of Allegiance	--Reso 72-15 Tent Map
3.1 Oral Communications	8.1 Reso 73-15 Approve Measure G Committee Bylaws
3.2 Report out of Closed Session	8.2 Current Street Projects Funding --Reso 74-15 Support SB 16
3.3 Mayor's Proclamation Paint Town Purple	8.3 Reso 75-15 Loan to Zone 7
3.4 Mayor's Proclamation Older Americans	10.2 Emergency Items
3.5 Mayor's Proclamation Public Works Week	10.3 Information Items (a) Report of Disbursements (b) Miscellaneous Documents
4.1 Motion Approve Minutes	11.0 Adjournment
4.2 Ord 1316-15 Aggressive Solicitation	
9.1 Presentation by TAMC & SCCRTC	

### **5:00 P.M.**

#### 10.0 CLOSED SESSION

**(City Council Conference Room, 275 Main Street, 4th Floor)**

- (a) Public Comments regarding the Closed Session agenda were only accepted by the City Council at that time.
- (b) Closed Session Announcement  
The City Council recessed the regular Council Meeting to discuss those items listed on the Closed Session Statement attached to the Agenda.

#### A. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

(Government Code Section 54956.9)

- 1. Pending litigation pursuant to subdivision (d)(1):
  - a) Name of case: Watsonville Pilots Association, Friends of Buena Vista v. City of Watsonville [filed 2006 re: 2030 GP] — Santa Cruz County Superior Court (Case Nos. CV154571 & CV154572) 6<sup>th</sup> District Court of Appeal (Case Nos. HO33097, HO34164)
  - b) Name of case: Watsonville Pilots Association, Friends of Buena Vista v. City of Watsonville et al [filed 2013 re: amended 2030 GP] — Santa Cruz County Superior Court (Case No. CV176416)

c) Name of case: Watsonville Pilots Association v. City of Watsonville [filed 2014, loan challenge] — Santa Cruz Superior Court (Case No. CV179942)—**Not Discussed**

**B. CONFERENCE WITH LABOR NEGOTIATOR**  
(Government Code Section 54957.6)

1. Agency negotiator: Nathalie Manning and Allyson Hauck
- Employee organizations: Clerical Technical, Confidential Unit, Fire, Management Unit, Mid-Management Unit, Operating Engineers Local Union No. 3 for employees in the Public Works Unit, Police Officers Association, Public Safety Mid-Management Unit

**6:47 P.M.**

**1.0 ROLL CALL**

Mayor Bilicich, Mayor Pro Tempore Hernandez and Council Members Cervantez Alejo, Coffman-Gomez, Garcia, and Hurst were present. Member Dutra was absent.

Staff members present were Assistant City Manager Koch, City Attorney Smith, City Clerk Vázquez Flores, Public Works & Utilities Director Palmisano, Police Chief Solano, Fire Chief Barreto, Parks & Community Services Director Espinoza, Library Director Heitzig, Acting Community Development Director Boyle, Human Resources Manager Manning, Assistant Public Works & Utilities Director Rodriguez, Assistant Parks & Community Services Director Blachly, Police Lieutenants Gonzalez and Zamora, Sr. Administrative Analysts Maldonado and Vides, Assistant Engineer Diaz, and Interpreter Vazquez-Quintero.

**2.0 PLEDGE OF ALLEGIANCE**

**3.0 PRESENTATIONS & ORAL COMMUNICATIONS**

**3.1 ORAL COMMUNICATIONS FROM THE PUBLIC & CITY COUNCIL**

Olivia Martinez, SEIU Staff Representative for the Technical-Clerical Unit, said that her members asked the Council to think about what the 15% cumulative pay cuts meant for them. She said that pay cuts had not been implemented proportionally since her members are the lowest paid. She asked the Council for their leadership during negotiations.

Desiree Farnal, AmeriCorps Member and Youth Serve Coordinator, asked the City give more funding to Youth Serve to help them hire an additional coordinator in Watsonville.

Robert Jaime, Watsonville Senior Center, invited Council to the Senior Center's Anniversary celebration on June 20, 2015, for breakfast at Applebee's. He also listed several services that the Center provided for seniors.

Member Garcia said she attended a meeting with community representatives to begin the implementation of the Mayor's Initiative Youth Violence. She asked that as many people as possible be invited to participate to join the committee. She welcomed all new City police officers. She also congratulated the Strawberry Commission Awardees.

Member Hurst commended the new firefighters that graduated on Friday, May 8, 2015. He emphasized the work first responders perform during natural disasters. He listed various events he attended.

Member Coffman-Gomez extended her gratitude to Mary Ann Gomez, her Personnel Commissioner. She thanked Mrs. Gomez for sharing her time with the community. She also congratulated the new firefighters.

Member Cervantez congratulated Pájaro Valley Shelter for hosting the Mother's Day Run to provide services to residents. She mentioned the League of Cities Legislative Days and Assembly Bill 2 considered by Council at the previous meeting.

Mayor Pro Tempore Hernandez congratulated the Fiestas Patrias Committee for the Cinco de Mayo celebration. He thanked the Measure G Committee for their work. He listed the different events over the previous weeks. He invited the public to the Open Streets Event and the Pet Day Photo Walk.

Mayor Bilicich spoke about the Watsonville High School Hall of Fame event she attended.

### **3.2 REPORT OUT OF CLOSED SESSION**

City Attorney Smith reported that Council received a report on Items A.1. a) and b) but took no action. Council received a report on Item B.1. and gave direction to staff. Item A.1.c) was not discussed.

### **3.3 MAYOR'S PROCLAMATION DECLARING MAY 1-31, 2015, "PAINT THE TOWN PURPLE DAYS" IN WATSONVILLE AND ENCOURAGE CITIZENS AND BUSINESSES TO PARTICIPATE IN THE PAINT THE TOWN PURPLE ACTIVITIES**

### **3.4 MAYOR'S PROCLAMATION DECLARING MAY AS OLDER AMERICANS MONTH**

### **3.5 MAYOR'S PROCLAMATION RECOGNIZING MAY 17-23, 2015, AS PUBLIC WORKS WEEK**

### **4.0 CONSENT AGENDA**

#### **Public Input on any Consent Agenda Item (None)**

**MOTION:** It was moved by Coffman-Gomez, seconded by Member Garcia, and carried by the following vote to approve the Consent Agenda:

AYES: MEMBERS: Cervantez Alejo, Coffman-Gomez, Garcia, Hernandez, Hurst, Bilicich

NOES: MEMBERS: Cervantez Alejo, Hernandez (Item 4.2)

ABSENT: MEMBERS: Dutra

### **4.1 MOTION APPROVING MINUTES OF APRIL 28, 2015**

### **4.2 ORDINANCE NO. 1316-15 (CM): ORDINANCE ADDING A NEW CHAPTER 43 (AGGRESSIVE SOLICITATION) OF TITLE 5 (PUBLIC WELFARE, MORALS & CONDUCT) OF WATSONVILLE MUNICIPAL CODE**

**TO ESTABLISH ENFORCEMENT TOOLS FOR WATSONVILLE POLICE DEPARTMENT TO ADDRESS AGGRESSIVE SOLICITATION**

**5.0 ITEMS REMOVED (None)**

**9.0 REPORTS & PRESENTATIONS**

**9.1 PRESENTATION BY TRANSPORTATION AGENCY OF MONTEREY COUNTY (TAMC) & THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION (SCRTC) ON LOCAL RAIL PROJECTS—No Action Required**

**(a) Oral Report**

The report was given by Transportation Agency for Monterey County Principal Transportation Planner Watson and Santa Cruz County Regional Transportation Senior Planner/Public Information Coordinator Pushnik.

**(b) City Council Questions**

Staff answered questions from Member Coffman-Gomez regarding who would be in charge of the operation and who would be providing the remaining financing.

Senior Planner/Public Information Coordinator Pushnik answered questions from Member Garcia regarding the location of the train depot. Member Garcia asked that City staff start having the conversation regarding bringing people traveling on the train to come into Watsonville.

**(c) Public Input (None)**

**6.0 PUBLIC HEARINGS, ORDINANCES, & APPEALS**

**6.1 CONSIDERATION OF AMENDMENT OF TITLE 5 (PUBLIC WELFARE, MORALS & CONDUCT) OF WATSONVILLE MUNICIPAL CODE BY REMOVING CHAPTER 2 ENTITLED “AIRCRAFT” IN ITS ENTIRETY & AMENDMENT OF TITLE 7 BY ADDING A NEW CHAPTER 18 ENTITLED “WATSONVILLE MUNICIPAL AIRPORT”—Continued to unspecified date**

**6.2 CONSIDERATION OF APPLICATION FILED BY 60 BLANCA LANE, LLC. FOR A SPECIAL USE PERMIT WITH DESIGN REVIEW & TENTATIVE MAP (PP2014-196) FOR THE CONSTRUCTION OF 16 TOWNHOME UNITS AT MARIN STREET & FREEDOM BOULEVARD, (APN: 016-101-55**

**(a) Staff Report**

Staff Report was given by Acting Community Development Director Boyle.

**(b) City Council Questions**

Acting Community Development Director Boyle answered questions from the Council regarding compliance with the conditions placed on the Permit.

**(c) Public Hearing**

Applicant Farhat explained the CCRs and the association’s responsibility. He said he had not reached agreement with adjacent property owner but would before start of construction.

? Male asked questions regarding parking requirements for medical and restaurant buildings.

**(d) City Council Discussion**

Acting Community Development Director Boyle answered questions from Member Coffman-Gomez regarding prior permits issued for the same project. He also answered questions regarding traffic.

**(e) RESOLUTION NO. 71-15 (CM):**

**RESOLUTION APPROVING APPLICATION NO. PP2014-196 FOR SPECIAL CONDITIONAL USE PERMIT WITH DESIGN REVIEW FILED BY 60 BLANCA LANE, LLC., TO CONSTRUCT 16 TOWNHOME UNITS WITH A COMMON AREA PARCEL ON A 0.94 ACRE LOT LOCATED AT 1205 FREEDOM BOULEVARD, WATSONVILLE (APN: 016-101-55)**

**(f) RESOLUTION NO. 72-15 (CM):**

**RESOLUTION APPROVING APPLICATION NO. PP2014-196 FOR TENTATIVE MAP, TRACT NO. 1583, FILED BY 60 BLANCA LANE, LLC., TO CONSTRUCT 16 TOWNHOME UNITS WITH A COMMON AREA PARCEL ON A 0.94 ACRE LOT LOCATED AT 1205 FREEDOM BOULEVARD, WATSONVILLE (APN: 016-101-55)**

**Motion:** It was moved by Member Hernandez, seconded by Member Garcia, and carried by the following vote to approve the above resolutions (e) and (f):

AYES:	MEMBERS:	Cervantez Alejo, Coffman-Gomez, Garcia, Hernandez, Hurst, Bilicich
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	Dutra

**8.0 NEW BUSINESS**

**8.1 CONSIDERATION OF CITY OF WATSONVILLE REVENUE MEASURE OVERSIGHT COMMITTEE (MEASURE G) BYLAWS**

**(a) Staff Report**

Staff Report was given by City Attorney Smith.

**(b) City Council Questions**

Member Coffman-Gomez said that she would like to see eligibility criteria included in the bylaws.

Police Chief Solano explained reasons for the composition of the committee.

Member Coffman-Gomez said that she would want members to be selected according to qualifications.

**(c) Public Input (None)**

**(d) City Council Discussion**

Member Garcia said that she believed that the bylaws should include qualification standards and require members to live inside the Watsonville City limits.

Member Coffman-Gomez asked that the Committee work on qualifications for the members.

Member Cervantez said that she was concerned with the appointment and removal process.

**Motion:** It was moved by Mayor Pro Tempore Hernandez, seconded by Member Hurst, and carried by the following vote to approve the above resolution:

AYES:	MEMBERS:	Cervantez Alejo, Coffman-Gomez, Garcia, Hurst, Hernandez, Bilicich
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	Dutra

(e) **RESOLUTION NO. 73-15 (CM):  
RESOLUTION APPROVING THE CITY OF WATSONVILLE REVENUE  
MEASURE OVERSIGHT COMMITTEE (MEASURE G) BYLAWS**

8.2 **UPDATE ON CURRENT STREETS PROJECTS FUNDING & SUPPORT FOR  
SB16**

(a) **Staff Report**

Staff Report was given by Assistant Public Works & Utilities Director Rodriguez and Assistant Engineer Diaz.

(b) **City Council Questions**

Assistant Public Works & Utilities Director Rodriguez answered questions from Mayor Bilicich regarding timing for the Freedom Boulevard Reconstruction.

Member Coffman-Gomez said that the corner of Holm Road and Airport Boulevard should be studied for appropriate calming measures.

(c) **Public Input** (None)

(d) **City Council Discussion** (None)

(e) **RESOLUTION NO. 74-15(CM):  
RESOLUTION DECLARING ITS SUPPORT OF SENATE BILL 16 AS  
AMENDED APRIL 15, 2015, (BEALL) ENTITLED TRANSPORTATION  
FUNDING WHICH WILL PROVIDE MUCH NEEDED FUNDING TO STATE  
& LOCAL ROADWAY SYSTEMS OVER A PERIOD OF FIVE YEARS TO  
ADDRESS THE OVERWHELMING BACKLOG OF PRESERVATION &  
MAINTENANCE**

**Motion:** It was moved by Mayor Pro Tempore Hernandez, seconded by Member Hurst, and carried by the following vote to approve the above resolution:

AYES:	MEMBERS:	Cervantez Alejo, Coffman-Gomez, Garcia, Hurst, Hernandez, Bilicich
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	Dutra

*Member Cervantez left at 9:42 p.m.*

**8.3 CONSIDERATION OF LOAN OF \$250,000 TO COUNTY OF SANTA CRUZ ZONE 7 FLOOD CONTROL & WATER CONSERVATION DISTRICT, & APPROPRIATE SAME AMOUNT FROM CITY'S POOLED CASH TO FUND THE LOAN FOR PÁJARO RIVER FLOOD RISK REDUCTION PROJECT WITH A COMMITMENT FROM THE COUNTY OF REPAYING THE LOAN WITHIN THREE MONTHS OF ADOPTING THEIR NEW BUDGET ON JULY 1, 2015**

**(a) Staff Report**

Staff report was given by Public Works & Utilities Director Palmisano.

**(b) City Council Questions**

Public Works & Utilities Director Palmisano answered questions from Members Garcia and Hurst regarding reasons for lending Zone 7 the money and the unlikelihood of not getting repaid.

**(c) Public Input (None)**

**(d) City Council Discussion (None)**

**(e) RESOLUTION NO. 75-15 (CM):**

**RESOLUTION AUTHORIZING CITY MANAGER PRO TEMPORE TO LEND \$250,000 TO COUNTY OF SANTA CRUZ ZONE 7 FLOOD CONTROL & WATER CONSERVATION DISTRICT, & APPROPRIATE SAME AMOUNT FROM CITY'S POOLED CASH TO FUND THE LOAN FOR PÁJARO RIVER FLOOD RISK REDUCTION PROJECT WITH A COMMITMENT FROM THE COUNTY OF REPAYING THE LOAN WITHIN THREE MONTHS OF ADOPTING THEIR NEW BUDGET ON JULY 1, 2015; & AUTHORIZING & DIRECTING THE CITY MANAGER PRO TEMPORE TO EXECUTE ANY OTHER DOCUMENTS NECESSARY TO IMPLEMENT THIS ACTION, SUBJECT TO LEGAL APPROVAL**

**Motion:** It was moved by Member Coffman-Gomez, seconded by Member Garcia, and carried by the following vote to approve the above resolution:

AYES:	MEMBERS:	Coffman-Gomez, Garcia, Hurst, Hernandez, Bilicich
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	Cervantez Alejo, Dutra

**10.1 REQUESTS & SCHEDULING FUTURE AGENDA ITEMS (None)**

**10.2 EMERGENCY ITEMS ADDED TO AGENDA (None)**

**10.3 INFORMATION ITEMS—Written Report(s) Only**

**(a) Report of Disbursements**

(b) Miscellaneous Documents

**11.0 ADJOURNMENT**

The meeting adjourned at 9:55 P.M.

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Dr. Nancy A. Bilicich, Mayor

ATTEST:

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Beatriz Vázquez Flores, City Clerk

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE REJECTING CLAIM OF ELIAS GONZALES FOR DAMAGES**

(Date of Occurrence: April 14, 2015)

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

That the claim of Elias Gonzales for damages, which was filed with the City Clerk on May 6, 2015, be and the same is hereby rejected.

\*\*\*\*\*

The foregoing resolution was introduced at a regular meeting of the Council of the City of Watsonville, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2015, by Council Member \_\_\_\_\_, who moved its adoption, which motion being duly seconded by Council Member \_\_\_\_\_, was upon roll call carried and the resolution adopted by the following vote:

AYES: COUNCIL MEMBERS:  
NOES: COUNCIL MEMBERS:  
ABSENT: COUNCIL MEMBERS:

\_\_\_\_\_  
Dr. Nancy A. Bilicich, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney



# CITY OF WATSONVILLE

## LIABILITY CLAIM FOR DAMAGES TO PERSON OR PROPERTY

CITY CLERKS DATE STAMP:

Received  
Watsonville  
City Clerk

MAY 8 '15 AM 9:56

CLAIM NO. 15-18

RETURN TO:

CITY OF WATSONVILLE  
OFFICE OF THE CITY CLERK  
275 MAIN ST., SUITE 400 (4<sup>th</sup> Floor)  
WATSONVILLE CA 95076  
Fax: 831-761-0736

DISTRIBUTION:

- CITY MANAGER
- CITY ATTORNEY
- FINANCE DEPARTMENT (2)
- POLICE DEPARTMENT
- PUBLIC WORKS
- SAFETY & COMPLIANCE OFFICER
- DEPARTMENT: \_\_\_\_\_
- PARSAC

1. Claims for death, injury to person, or to personal property must be filed not later than six (6) months after the occurrence (Gov. Code Sec. 911.2).
2. Claims for damages to real property must be filed not later than one (1) year after the occurrence (Gov. Code Sec. 911.2).
3. READ ENTIRE CLAIM FORM BEFORE FILING.
4. ATTACH SEPARATE SHEETS, IF NECESSARY, TO GIVE FULL DETAILS.

Elias Gonzales  
NAME OF CLAIMANT

DATE OF BIRTH OF CLAIMANT

Watsonville, CA  
HOME ADDRESS OF CLAIMANT CITY/STATE/ZIP

( 831 )  
HOME TELEPHONE NO.

22  
BUSINESS ADD OF CLAIMANT CITY/STATE/ZIP

( )  
BUSINESS TEL.

ADDRESS TO WHICH CLAIMANT DESIRES NOTICES OR COMMUNICATIONS SENT REGARDING THIS CLAIM (If different from home address):  
same as above

WHEN DID DAMAGE OR INJURY OCCUR?  
DATE: 4/14/15 TIME: 11:00  A.M.  P.M.

PLACE OF ACCIDENT (OCCURRENCE) – BE SPECIFIC – Describe fully. Where appropriate, give street names and addresses for landmarks.  
Freedom Blvd across from Callahan Park

HOW DID DAMAGE OR INJURY OCCUR?  
As I was driving, mower shot rock out and broke window.

WERE POLICE AT SCENE?  YES  NO WERE PARAMEDICS AT SCENE?  YES  NO

WHAT PARTICULAR ACT OR OMISSION DO YOU CLAIM CAUSED THE INJURY OR DAMAGES?  
(Give name of City employee causing the injury or damage, if known.)  
Mowing lawn, tractor tilted and shot rock out. I immediately followed up w/ Jorge who was still mowing lawn. He followed up w/ Ernest C. who sent out Rocky.

~~business~~  
~~commercial~~  
~~individual~~  
GIVE TOTAL AMOUNT OF CLAIM: (Include estimate of amount of any prospective injury or damage?) \$ 100.00

HOW WAS THE AMOUNT OF CLAIM COMPUTED? (Be specific, provide copies of doctor bills, repair estimates, etc.)

PLEASE ATTACH TWO (2) ESTIMATES. *Paid deductible to my insurance*

DAMAGES INCURRED TO DATE:

ITEM/DATE _____	AMOUNT:	\$ _____
ITEM/DATE _____	AMOUNT:	\$ _____
TOTAL AMOUNT CLAIMED AS OF PRESENTATION OF THIS CLAIM:		\$ _____

ESTIMATED PROSPECTIVE DAMAGES AS FAR AS KNOWN:

ITEM/DATE _____	AMOUNT:	\$ _____
ITEM/DATE _____	AMOUNT:	\$ _____
TOTAL ESTIMATED PROSPECTIVE DAMAGES:		\$ _____

WITNESSES TO DAMAGE OR INJURY: (List all persons known to have information. (Use attachment if necessary.)

NAME: _____	NAME: _____
ADDRESS: _____	ADDRESS: _____
TELEPHONE: ( ) _____	TELEPHONE: ( ) _____

IF INJURY, GIVE NAME, ADDRESS, TELEPHONE, DATE & TIME OF DOCTOR(S) OR HOSPITAL(S) VISITED:

DOCTOR: _____	TELEPHONE: _____
ADDRESS: _____	DATE/TIME: _____
HOSPITAL: _____	TELEPHONE: _____
ADDRESS: _____	DATE/TIME: _____

Other Information:

*Paid and hoping to get reimbursed, couldn't wait to work responsibilities*

<i>Elias</i>	<i>Elias Gonzales</i>	<i>5/6/15</i>
SIGNATURE OF CLAIMANT OR AGENT	TYPE OR PRINT NAME	DATE

ACTING ON BEHALF OF CLAIMANT

RELATIONSHIP TO CLAIMANT

NOTE: PRESENTATION OF A FALSE CLAIM IS A FELONY (CALIFORNIA PENAL CODE 72)

City of Watsonville  
Public Works and Utilities

MEMORANDUM



**DATE:** May 14, 2015

**TO:** Marcela Tavantzis, Interim City Manager

**FROM:** Steve Palmisano, Director of Public Works and Utilities  
Kevin Silveira, Wastewater Division Manager

**SUBJECT:** Specifications and Calling for Bids to Establish a Four-Year Purchase Contract for Ferric Chloride Solution

**AGENDA ITEM:** May 26, 2015 City Council

APPROVED  
By Steve Palmisano at 8:37 am, May 20, 2015

APPROVED  
By Steve Palmisano at 3:24 pm, May 14, 2015

**RECOMMENDATION:**

It is recommended that the City Council authorize the advertising and calling for bids to establish a four-year purchase contract for ferric chloride solution.

**DISCUSSION:**

Ferric chloride is used at the Wastewater Treatment Facility to reduce levels of hydrogen sulfide gas, which is a by-product of the wastewater treatment process. Hydrogen sulfide gas has a rotten egg smell, is toxic, corrosive to concrete and metal, and is potentially explosive in sufficient concentrations.

It is a regulatory requirement imposed by the Monterey Bay Unified Air Pollution Control District that the City maintains concentrations of hydrogen sulfide gas in the anaerobic digesters at below 300 milligrams per liter (mg/L).

Without the use of ferric chloride or a related chemical, the hydrogen sulfide concentration at the facility would exceed 1,500 mg/L. At concentration between 700-1000 mg/L, this gas becomes odorless and extremely toxic, causing rapid unconsciousness, and death within minutes. The use of ferric chloride prevents these dangerous conditions from occurring.

**STRATEGIC PLAN:**

This chemical purchase is consistent with the strategic plan to maintain personnel safety, infrastructure, and maintain regulatory compliance.

**FINANCIAL IMPACT:**

Funds in the amount of \$130,000 per year have been budgeted within the Wastewater Enterprise Fund 530-7551 for fiscal years 15/16 and 16/17.

**ALTERNATIVES:**

There are no feasible alternatives.

**ATTACHMENTS:**

None

cc: City Attorney

RESOLUTION NO. \_\_\_\_\_ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING SPECIFICATIONS AND CALLING FOR BIDS FOR A FOUR (4) YEAR PURCHASE CONTRACT FOR FERRIC CHLORIDE SOLUTION USED AT THE CITY'S WASTEWATER TREATMENT FACILITY AS A REGULATORY REQUIREMENT, PROJECT NO. WW-15-01 (ESTIMATED COST OF \$130,000 PER YEAR WILL BE FUNDED FROM THE WASTEWATER ENTERPRISE FUND)

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the specifications for a four (4) year purchase contract for ferric chloride solution used at the City's Wastewater Treatment Facility as a regulatory requirement, Project, No. WW-15-01, copies of which are on file in the Office of the City Clerk, are hereby ratified and approved.

2. That the Purchasing Officer is hereby authorized and directed to call for public competitive sealed bids for the above named project, and that the bids are to be opened in the "Old City Council Chambers," 250 Main Street, Watsonville, California, on Wednesday, June 24, 2015, at 11:00 A.M., and the City Clerk is hereby directed to give notice inviting such sealed bids in the time, form, and manner provided by law.

3. That hand-carried bids should be delivered to the City of Watsonville, 250 Main Street, Watsonville, California, c/o Purchasing Officer. Bidders may mail bids at their own risk to the City of Watsonville, c/o Purchasing Officer, 250 Main Street, Watsonville, California 95076.

4. That after the bids are opened, they shall be tabulated and analyzed and a report submitted to the City Manager Pro Tempore, who shall recommend the awarding, or other action, to the Council at its next regular meeting, or as soon thereafter as possible.

\*\*\*\*\*

**City of Watsonville  
Finance Department**

**M E M O R A N D U M**



**DATE:** May 12, 2015

**TO:** Marcela Tavantzis, Interim City Manager

**FROM:** Ezequiel Vega, Administrative Services Director

**SUBJECT:** Resolution Approving the Purchase of Server Hardware

**AGENDA ITEM:** May 26, 2015 **City Council**

**APPROVED**  
By marcela.tavantzis at 8:08 am, May 20, 2015

**RECOMMENDATION:**

It is recommended that the City Council Approve a Resolution Authorizing the Purchase of Server Hardware to Accommodate the Demands of Implementing New Systems.

**DISCUSSION:**

The City Council has approved over the last couple of years key information technology projects. These projects require upgrading the servers which house this technology. Examples of these new projects include the newly added Electronic Resource Planning System (ERP) which comes with higher vendor specifications in order to operate the software. Without adding the additional hardware, software will not operate as intended and will experience performance issues. In order to provide the computer resources required by the vendors and to be able to continue to support our current systems for at least the next couple of years, we need to add additional hardware components to our existing blade servers and additional software licensing. We obtained quotes from all 3 of the vendors that we have used for this equipment in the past (TIG, Mainline, and IBM/CDW-G) It's all the same IBM hardware which comes directly from IBM and the same software licensing which comes from VMWare which are the only options that are compatible with our existing system. TIG came in the lowest this time with a total of \$104,077.09, including tax.

TIG - Technology Integration Group	Mainline Information Systems	IBM Direct / CDW-G
\$104,077.09	\$112,684.36	\$181,956.00

This isn't a complete system, but just components to add to our existing system to increase its capacity. Basically, it breaks down to 4 individual blade servers (that can't operate without the rest of our infrastructure) at \$5,361.30 a piece, processors and

memory for the servers totaling \$8,021.67 per server, support for each server at \$372.83 a piece, VMWare software licensing at \$2,759.49 per processor, and 3 YR support for the VMWare software at \$2,772.77 per processor.

If approved, this purchase will be funded by the Library (\$31,800), the three utility funds (\$10,600 each), and the rest would be funded by the computer replacement fund and the general fund. This is a routine purchase but given the dollar amount exceeding \$50,000 it requires City Council approval.

**STRATEGIC PLAN:**

The recommendation supports the principles used to develop the 2014-15 Strategic Plan by focusing in the most effective utilization of resources.

**FINANCIAL IMPACT:** If approved, this purchase will be funded by the Library (\$31,800), the three utility funds (\$10,600 each), and the rest would be funded by the computer replacement fund and the general fund.

**ALTERNATIVES:**

Not approving this request and continue to have continuous performance issues with new and existing software due inadequacy of server hardware.

**ATTACHMENTS:** None

cc: City Attorney

RESOLUTION NO. \_\_\_\_\_ (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE AWARDED CONTRACT TO PC SPECIALISTS, INC., A CORPORATION, DBA TECHNOLOGY INTEGRATION GROUP, FOR THE PURCHASE OF SERVER HARDWARE AND SOFTWARE TO ACCOMMODATE THE DEMANDS OF IMPLEMENTING NEW SYSTEMS IN AN AMOUNT NOT TO EXCEED \$104,077.09; (ESTIMATED COST OF \$104,077.09: \$40,477.09 WILL BE PAID FROM THE COMPUTER REPLACEMENT FUND, \$31,800 FROM THE LIBRARY ENTERPRISE FUND, \$10,600 FROM THE SOLID WASTE ENTERPRISE FUND, \$10,600 FROM THE WASTEWATER FUND, AND \$10,600 FROM THE WATER ENTERPRISE FUND)

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

- 1. That the proposal from PC Specialists, Inc., a corporation, dba Technology Integration Group in an amount not to exceed \$104,077.09 is hereby accepted.
- 2. That the Interim City Manager be and is hereby authorized and directed to execute such Agreement on behalf of the City of Watsonville.
- 3. That all other proposals are hereby rejected.

\*\*\*\*\*

**City of Watsonville**  
**Public Work and Utilities Department**

**M E M O R A N D U M**



**DATE:** May 12, 2015 APPROVED  
By Marcela Tavantzis at 8:02 am, May 20, 2015

**TO:** Marcela Tavantzis, Interim City Manager APPROVED  
By Steve Palmisano at 7:53 am, May 14, 2015

**FROM:** Steve Palmisano, Director of Public Works and Utilities  
Tom Sharp, Senior Engineering Associate

**SUBJECT:** State Revolving Fund Loan Application for the Manana Lane Sewer Replacement Project

**AGENDA ITEM:** May 26, 2015 **City Council**

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**RECOMMENDATION:**

It is recommended that the City Council adopt the following resolutions:

1. Authorizing the City Manager to sign the Clean Water State Revolving Fund (CWSRF) loan application forms; and
2. Pledging wastewater funds to pay for CWSRF financing necessary to construct the Manana Lane Sewer Replacement Project, estimated to cost \$1.3 million.

**DISCUSSION:**

In 2007 the City of Watsonville commissioned the *Sanitary Sewer System Capacity Evaluation and Assurance Plan*, prepared by MWH Consulting Engineers. The purpose of the plan was to identify locations in the City's sewer system where the pipeline capacity was too small to convey peak flows, which generally results in sewer overflows. The *Plan* also provided solutions to correct existing and future sewer capacity deficiencies.

**Project Description**

The *Sanitary Sewer Plan* identified and prioritized a number of areas of the City's sewer system that need to be upgraded or replaced, including the Manana Lane Sewer. The project area runs between the northwest end of Manana Lane to Marin Street and Miles Lane, then continuing across the Portola Heights Mobile Home Park, and ending at Auto Center Drive (see map).

The *Plan* predicts that the capacity of this sewer line is exceeded under existing wet weather peak flow and staff has witnessed overflows along this sewer line during the rainy season. The project area is located adjacent to the Watsonville Slough. This project would result in improved environmental protection of the sensitive wetland habitat from the potential impacts of sewer overflows.

A portion of the sewer line runs across the Portola Mobile Home Park property underneath several of the residences. This project would relocate the sewer line to be located under the

street, so that it can be properly accessed and maintained.

### **Project Financing**

The Clean Water State Revolving Fund (CWSRF) loan program provides funding to local agencies for sewer and water capital improvement projects which have a beneficial effect on the environment. The program provides financing for these projects are very low interest rates, and is currently at a rate of 1.6%.

As an Economically Disadvantage Community, Watsonville is eligible to have up to 50% of the loan amount forgiven. This is not guaranteed, but is based on funding availability each year. Pursuing loan forgiveness would be top priority for staff.

City Council approval of the attached resolutions is a requirement of the loan application process. The project would be brought back to Council for approval for bidding once plans and specifications have been completed.

***Staff is recommending participating in this funding program because the current sewer rates do not generate adequate revenue to pay for all necessary capital improvement projects with existing cash reserves.*** The low financing costs and the potential for loan forgiveness makes this an attractive funding mechanism.

### **STRATEGIC PLAN:**

This action is consistent with the strategic plan goal of improving infrastructure.

### **FINANCIAL IMPACT:**

The Manana Lane Sewer Replacement project is estimated to cost \$1,300,000. The annual debt service on a 20-year loan would be approximately \$75,000 per year. Loan payments would be paid from the City's Wastewater Enterprise Fund. If the City received partial loan forgiveness from the State, the annual payment amount could be reduced by half.

### **ALTERNATIVES:**

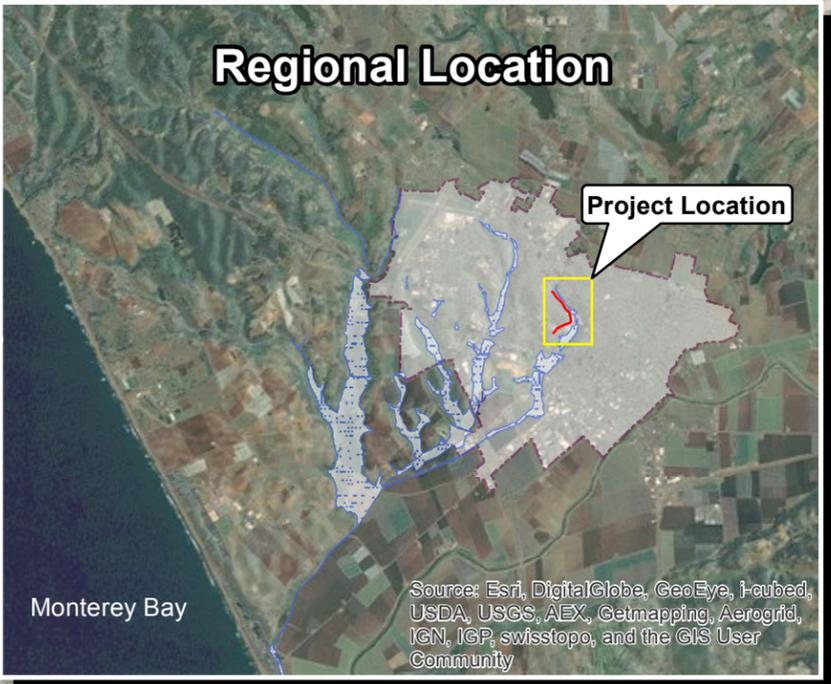
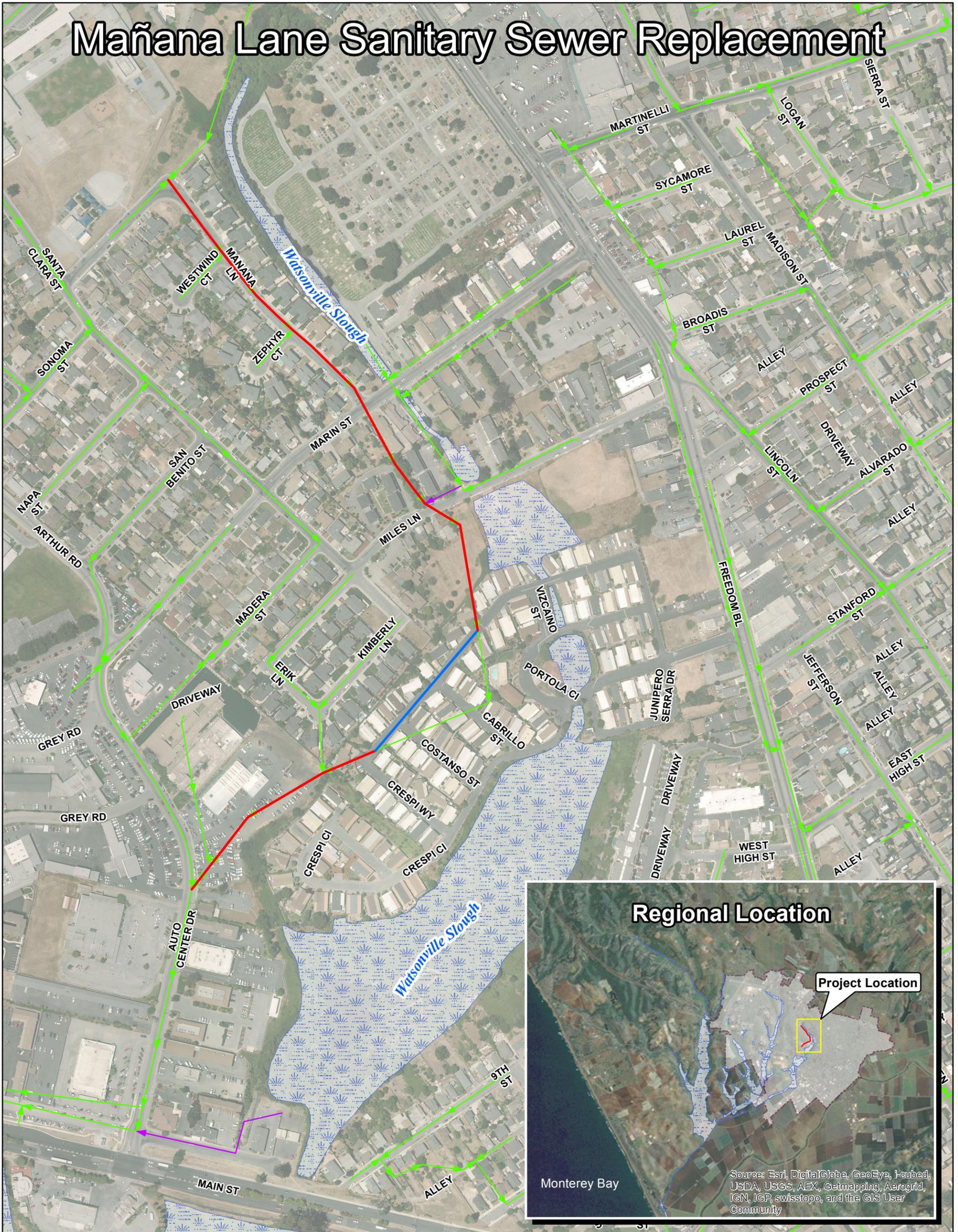
The Council could decide to not move forward with the loan application.

### **ATTACHMENTS:**

1. Location map

cc: City Attorney

# Mañana Lane Sanitary Sewer Replacement



City of Watsonville

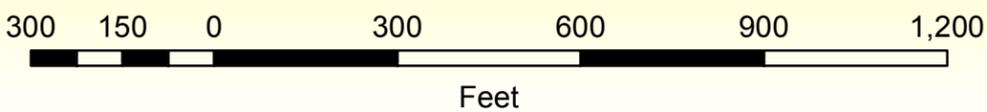
Legend		
Existing SS Gravity Main	New SS Pipe	Sloughs
Existing SS Force Main	SS Pipe to be Replaced	Watsonville City Limit
Existing SS Gravity Main		



Prepared by City of Watsonville  
Public Works Department 04/17/2014.

This document is a graphic representation of best available sources. The City of Watsonville assumes no responsibility for any errors.

1 inch = 300 feet



**RESOLUTION NO. \_\_\_\_\_ (CM)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE AUTHORIZING AND DIRECTING THE CITY MANAGER OR HIS/HER DESIGNEE ON BEHALF OF THE CITY OF WATSONVILLE TO APPLY FOR A FINANCIAL ASSISTANCE APPLICATION FOR A \$1,300,000, "LOW INTEREST" RATE FINANCING AGREEMENT FROM THE STATE WATER RESOURCES CONTROL BOARD FOR THE PLANNING, DESIGN, AND CONSTRUCTION OF THE MAÑANA LANE SEWER REPLACEMENT PROJECT AND IF AWARDED, TO EXECUTE A STANDARD AGREEMENT AND ANY AMENDMENTS THERETO; AND ANY NECESSARY DOCUMENTS**

**Rescinds Resolution No. 27-15 (CM)**

**WHEREAS**, the Clean Water State Revolving Fund financing program provides funding to local agencies for sewer and water capital improvement projects; and

**WHEREAS**, approval of this resolution by the City Council is a requirement of the funding application process; and

**WHEREAS**, the Mañana Lane Sewer Replacement Project would be brought back to Council for approval for bidding once plans and specifications have been completed.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. That the City Council hereby authorizes and directs the City Manager or his/her designee on behalf of the City of Watsonville to submit a Financial Assistance Application for a \$1,300,000, "low interest" rate financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Mañana Lane Sewer Replacement Project.

2. That if recommended for funding by the State Water Resources Control Board, the City Council authorizes the City Manager or his/her designee to accept funding up to \$1,300,000.

3. That the City Manager or his/her designee is designated to provide assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments thereto; and

4. That the City Manager or his/her designee is designated to represent the City of Watsonville in carrying out the City's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the City of Watsonville and compliance with applicable state and federal laws.

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**RESOLUTION NO. \_\_\_\_\_ (CM)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE PLEDGING THE WASTEWATER ENTERPRISE FUND NET REVENUES AND THE WASTE WATER ENTERPRISE FUND ITSELF TO PAY FOR CLEAN WATER STATE REVOLVING FUND FINANCING NECESSARY TO CONSTRUCT THE MAÑANA LANE SEWER REPLACEMENT PROJECT, ESTIMATED TO COST \$1,300,000**

**Rescinds Resolution No. 28-15 (CM)**

**WHEREAS**, in 2003, MWH Americas, Inc., prepared the Sanitary Sewer System Capacity Evaluation and Assurance Plan (the *Plan*) for the City of Watsonville; and

**WHEREAS**, the *Plan* identified and prioritized a number of areas of the City's sewer system that needs to be upgraded or replaced, including the Mañana Lane Sewer Replacement Project; and

**WHEREAS**, the project area runs between the northwest end of Mañana Lane to Marin Street and Miles Lane, then continuing across the Portola Heights Mobile Home Park and ending at Auto Center Drive; and

**WHEREAS**, the *Plan* predicts that the capacity of this sewer line is exceeded under existing wet weather peak flow and City staff has witnessed overflows along this sewer line during rainy seasons; and

**WHEREAS**, the project area is located adjacent to the Watsonville Slough; and

**WHEREAS**, this project would result in improved environmental protection of the sensitive wetland habitat from the potential impacts of sewer overflows; and

**WHEREAS**, a portion of the Mañana Lane sewer line runs across the Portola Mobile Home Park property underneath several residences; and

**WHEREAS**, this project would relocate the sewer line to be located under the street, so that it can be properly accessed and maintained; and

**WHEREAS**, as an Economically Disadvantaged Community, Watsonville is eligible to have up to 50% of the loan amount forgiven, based on funding availability each year; and

**WHEREAS**, City Council approval of this resolution is a requirement of the Clean Water State Revolving Fund financing application process.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. That the City of Watsonville hereby dedicates the Wastewater Enterprise Fund net revenue and the Wastewater Enterprise Fund itself to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the Mañana Lane Sewer Replacement Project, CWSRF Project No. C-06-8021-110 (the "Project").

2. The City of Watsonville commits to collecting such revenues and maintaining such fund throughout the term of such financing and until the City has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board.

3. So long as the financing agreement is outstanding, the City of Watsonville's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund and revenue without any further action necessary.

4. So long as the Clean Water State Revolving Fund financing agreement is outstanding, the City of Watsonville commits to maintaining the fund and revenue at levels sufficient to meet its obligations under such financing agreement.

\*\*\*\*\*

**City of Watsonville  
Community Development Department**

**M E M O R A N D U M**



**DATE:** May 20, 2015

**TO:** Marcela Tavantzis, Interim City Manager

**FROM:** Keith Boyle, Acting Community Development Director  
Laurie Blackwood, Administrative Analyst APPROVED  
By Keith Boyle at 11:13 AM, May 20, 2015

**SUBJECT:** Approval of an Assignment of a loan between the former  
Redevelopment Agency and Tierra Linda Housing Corporation  
to Pajaro Court LLC

**AGENDA ITEM:** May 26, 2015 **City Council**

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**RECOMMENDATION:** That the City Council adopt a Resolution:

- 1) Approving the assignment of a loan between the City of Watsonville and Tierra Linda Housing Corporation to Pajaro Court LLC, as the new owner of the project located at 170 Pennsylvania Drive; and
- 2) Directing and authorizing the City Manager to execute the Assignment and Assumption Agreement, and any future amendments and/or agreements/loan documents necessary to implement this action.

**DISCUSSION:** On September 12, 1990, the City Council executed an Agreement with Pajaro Valley Affordable Housing Corporation (PVHC) for a \$300,000 grant from a Special Disaster Relief Fund (SDRF) awarded to the City by the American National Red Cross (ARC) for the purpose of developing a 10-unit affordable housing project located at 170 Pennsylvania Drive (also known as Pajaro Court). In November 1992, the City Council approved conversion of the grant to a loan, which is evidenced by an Owner/Grantee Loan Agreement dated November 25, 1992, to ensure that costs paid for by the loan would be considered part of the eligible basis for tax credit purposes.

The property was sold in 1993 to Pajaro Court Associates and again in 2010 to Tierra Linda Housing Corporation. Assignment and Assumption Agreements were executed upon each sale of the property assigning all rights, title and interest in and obligations under the current Owner/Grantee Loan Agreements to the new property owners.

The current owner, Tierra Linda Housing Corporation, is now selling the property to Pajaro Court LLC, necessitating execution of an Agreement for Tierra Linda to assign all rights, title, and interest in the property and obligations of the Amended and Restated Owner/Grantee Loan Agreement and Deed of Trust executed on December 20, 1994, to Pajaro Court LLC, as the new owner of the project. The current Loan Agreement defers repayment of the loan until November 25, 2022, with 1% interest compounded annually.

**STRATEGIC PLAN:** Providing affordable housing within the City is a component of numerous City goals, including implementation of economic development measures.

**FINANCIAL IMPACT:** There is no financial impact, as this is an existing loan that was funded with Special Disaster Relief Funds.

**ALTERNATIVES:** The City Council could choose not to approve the Assignment and Assumption Agreement and direct Staff to execute new loan documents with the new project owner.

**ATTACHMENTS:** None

cc: City Attorney

**RESOLUTION NO. \_\_\_\_\_ (CM)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE CONSENTING TO ASSIGNMENT AND ASSUMPTION OF AMENDED AND RESTATED OWNER/GRANTEE LOAN AGREEMENT AND DEED OF TRUST AND SECURITY AGREEMENT BETWEEN THE CITY OF WATSONVILLE AND TIERRA LINDA HOUSING CORPORATION, A CORPORATION (ASSIGNOR) TO PÁJARO COURT LLC., A LIMITED LIABILITY COMPANY, AS THE NEW OWNER FOR PROPERTY LOCATED AT 170 PENNSYLVANIA DRIVE (APN: 016-172-59) WATSONVILLE, CALIFORNIA AND AUTHORIZING AND DIRECTING THE INTERIM CITY MANAGER TO EXECUTE SAME AND ANY AMENDMENTS THERETO, SUBJECT TO LEGAL APPROVAL, AND ANY OTHER AGREEMENTS/LOAN DOCUMENTS NECESSARY TO IMPLEMENT THIS ACTION**

**Amends Resolution No.'s 348-92 (CM) and 4-11 (CM), Deed of Trust & Security Agreement dated December 20, 1994**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. That the City Council hereby consents to Assignment and Assumption of Amended and Restated Owner/Grantee Loan Agreement and Deed of Trust and Security Agreement (Agreement) between the City of Watsonville and Tierra Linda Housing Corporation, a corporation (Assignor), to Pájaro Court LLC., a limited liability company (Assignee), as the new owner of the property located at 170 Pennsylvania Drive (APN: 016-172-59) Watsonville, California, a copy of which Agreement is attached hereto and incorporated herein by this reference, is fair and equitable and is hereby ratified and approved.

2. That the Interim City Manager be and is hereby authorized and directed to execute the Agreement, for and on behalf of the City of Watsonville and any future amendments thereto, subject to legal approval, and any other agreements/loan documents necessary to implement this action.

\*\*\*\*\*

Free recording in accordance with  
California Government Code  
**Sections 6103 and 27383**

**Recording Requested by and  
When Recorded Mail to:**

City of Watsonville  
City Clerk  
275 Main Street, Suite 400  
4<sup>th</sup> Floor  
Watsonville, CA 95076

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**ASSIGNMENT AND ASSUMPTION  
OF  
AMENDED AND RESTATED OWNER/GRANTEE LOAN AGREEMENT AND DEED OF  
TRUST AND SECURITY AGREEMENT**

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This Assignment and Assumption of Amended and Restated Owner/Grantee Loan Agreement and Deed of Trust and Security Agreement (the "Assignment"), is made May 26, 2015, for reference purposes only, by and among Tierra Linda Housing Corporation, a California nonprofit public benefit corporation ("Assignor"), Pajaro Court LLC, a California limited liability company ("Assignee"), and the City of Watsonville, a municipal corporation organized and existing under the laws of the State of California (the "City") and is effective as of the date of recordation (the "Effective Date").

**RECITALS**

A. Assignor is the owner of that certain real property located at 170 Pennsylvania Drive, Watsonville, State of California, legally described on Exhibit "A" attached hereto and made a part hereof (the "Property").

B. Pajaro Court Associates, a California Limited Partnership ("Pajaro") entered into an amended and restated owner/grantee loan agreement with the City dated December 20, 1994 (the "Loan Agreement"), evidencing a loan from the City to Pajaro in the amount of \$300,000.00 (the "Loan") to provide the financial assistance made available from Special Disaster Relief Funds granted to City by the American National Red Cross ("ARC").

C. Pajaro also entered into that certain Deed of Trust and Security Agreement dated December 20, 1994 and recorded on December 23, 1994, as Instrument No. 84001, Book 5616, Page 619 of the Official Records ("Official Records") of Santa Cruz County (the "Deed of Trust").

D. The Deed of Trust and the Loan Agreement are hereafter collectively referred to as the "Loan Documents."

E. Pajaro, Assignor, and the City entered into an Assignment and Assumption of Amended and Restated Owner/Grantee Loan Agreement and Deed of Trust and Security Agreement dated as of January 6, 2011 and recorded April 13, 2012, as Instrument No. 2012-0017776 in the Official Records (the "Prior Assignment"), pursuant to which Pajaro assigned its rights, title and interest in and obligations under the Loan Documents to the Assignor.

F. Assignor, as seller, and Assignee, as buyer, are entering into a Purchase and Sale Agreement concerning the Property. Assignor will execute a Grant Deed which will convey the Property from Assignor to Assignee, which is to be recorded concurrently herewith.

G. The Loan Documents require the City's consent to their assignment. The City desires to consent to the assignment of the Loan Documents to Assignee under the terms and conditions set forth herein.

H. The Assignor and the City acknowledge that the total outstanding loan balance of principal and accrued interest due to the City as of May 30, 2015, is approximately \$367,549.32 of which \$300,000 is principal and \$67,549.32 is accrued interest. The Maturity Date of the Loan is November 25, 2022. The daily rate of accrued interest is \$8.22 for the purpose of adjusting the Loan amount at the close of escrow date.

I. MFUG Union Bank, N.A., acquired a loan to the Assignor in the original principal amount of \$282,018 (the "Bank Loan"). The Bank Loan is evidenced by a promissory note dated as of December 1, 1994 (the "Bank Note") and secured by a deed of trust recorded on December 23, 1994, as Instrument No. 83997, Book 5616, Page 579 ("Bank Deed of Trust") in the Official Records. The Bank Note, the Bank Deed of Trust, and any other documents evidencing or securing the Bank Loan shall hereinafter be referred to as the "Bank Documents".

J. The California Department of Housing and Community Development ("HCD") made a loan to the Assignor in the original principal amount of \$550,000 (the "HCD Loan"). The HCD Loan is evidenced by a promissory note dated as of July 2, 1993 (the "HCD Note") and secured by a deed of trust, assignment of rents, security agreement and fixture filing recorded July 6, 1993, as Instrument No. 48446, Book 5295, Page 680 of the Official Records (the "HCD Deed of Trust") and an assignment of rents and leases recorded July 6, 1993, as Instrument No. 48444, Book 5295, Page 648 of the Official Records (the "HCD Assignment"). Assignor also entered into a regulatory agreement with HCD recorded July 6, 1993, as Instrument No. 48445, Book 5295, Page 653 of the Official Records, as amended by a first amendment to regulatory agreement recorded December 23, 1994, as Instrument No. 83998, Book 5616, Page 591 in the Official Records (collectively, the "HCD Regulatory Agreement"). The HCD Regulatory Agreement, the HCD Promissory Note, the HCD Deed of Trust and the HCD Assignment are hereafter collectively referred to as the "HCD Loan Documents."

K. Pursuant to this Assignment, the City desires to reaffirm the subordinate lien priority of the Loan Documents relative to the priorities of the liens and encumbrances of the Bank Documents and the HCD Loan Documents.

## **AGREEMENT**

NOW, THEREFORE, the parties agree as follows:

1. True Recitals.

The foregoing Recitals are true and correct and included as part of this Assignment.

2. Assignment.

Assignor assigns and transfers to Assignee all rights, title and interest in the real property and obligations under the Loan Documents, and Assignee accepts from Assignor all rights, title and interest, subject to the terms and conditions set forth in this Assignment.

3. Assumption of Loan Document Obligations.

Assignee assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor under the Loan Documents arising from and after the Effective Date. Any reference to Pajaro Court Associates in the Loan Documents will be deemed a reference to Assignee.

4. Assignor's Representation and Warranty.

Assignor hereby represents and warrants that it has not previously assigned, pledged, hypothecated or otherwise transferred any of its rights or interests under the Loan Documents.

5. Assignee's Representation and Warranty.

- i. Authority of Persons Executing Documents. This Assignment and all documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Assignment, have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Assignee, and all actions required under Assignee's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Assignment, and all documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Assignment, have been duly taken.
- ii. Valid Binding Agreements. This Assignment and all documents or instruments executed and delivered pursuant to or in connection with this Assignment constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations

of Assignee enforceable against it in accordance with their respective terms.

- iii. Title to Property. Upon completion of the transfer of the Property from the Assignor to Assignee, Assignee will have good and marketable title to the Property.

6. Future Assignment.

This Assignment extends only to the assignment and assumption of the Loan Documents by Assignor and Assignee. It is not, and shall not be construed to be an approval by the City or ARC of any future assignment of the Loan Documents by Assignee to any other entity.

7. Assignee Cooperation.

The Assignee agrees to execute such documents and instruments, including but not limited to escrow instructions, as may be necessary to effectuate the intent of this Assignment.

8. City's Consent.

The City acknowledges and consents to this Assignment of Owner/Grantee Loan Agreement and Deed of Trust and Security Agreement to Assignee. The City hereby releases Assignor from all obligations under the Loan Documents arising after the date of this Assignment.

The Bank Documents and the HCD Loan Documents and any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon) shall unconditionally remain at all times liens, claims, or charges on the Property prior and superior to the Loan Documents, and to all rights and privileges of the City thereunder; and the Loan Documents, together with all rights and privileges of the City thereunder continue to be irrevocably and unconditionally subject to and continue to be subordinate to the liens, claims or charges of the Bank Documents and the HCD Loan Documents.

9. Successors and Assigns.

This Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

10. Governing Law.

This Assignment shall be governed by and construed in accordance with California law.

11. Multiple Counterparts.

This Assignment may be executed in multiple counterparts, all of which together shall constitute a single instrument.

12. Effective Upon Recordation.

The provisions of this Assignment will take effect upon the City receiving notice that the Assignment has been recorded in the Official Records.

**SIGNATURE PAGE**

**[All signatures must be acknowledged]**

**ASSIGNOR:**

**Tierra Linda Housing Corporation**, a California nonprofit public benefit corporation

By:   
Name: Dennis Lalor  
Its: Executive Director

Date: May 18, 2015

**ASSIGNEE:**

**Pajaro Court LLC**, a California limited liability company

By: **Eden South County, Inc.**, a California nonprofit public benefit corporation,  
Its sole member/manager

By:   
Name: Tony Ma  
Its: Authorized Signer

Date: May 14, 2015

**CITY:**

**City of Watsonville**, a municipal corporation organized and existing under the laws of the State of California

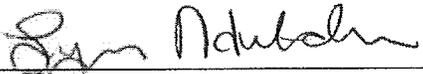
By: \_\_\_\_\_

Name: Marcela Tavantzis

Its: Interim City Manager

Date: May \_\_\_\_, 2015

**APPROVED AS TO FORM:**

BY:  \_\_\_\_\_

Lynn Hutchins, Attorney  
Golfarb & Lipman LLP

**ATTEST:**

BY: \_\_\_\_\_

City Clerk

**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of California )

County of Santa Clara )

On May 18, 2015 before me, Margie Mastrini, Notary Public, a Notary Public in and for said State, personally appeared, Dennis Lalor, proved to me the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Margie Mastrini



**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of California )

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, a Notary Public in and for said State, personally appeared, \_\_\_\_\_, proved to me the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of California )

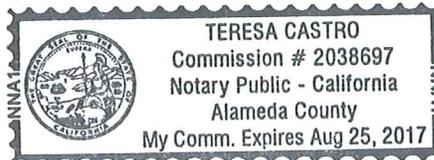
County of Alameda )

On May 14, 2015 before me, Teresa Castro, Notary Public, a Notary Public in and for said State, personally appeared, Anthony Ma, proved to me the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature]



**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of California )

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, a Notary Public in and for said State, personally appeared, \_\_\_\_\_, proved to me the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

**Exhibit "A"**

**LEGAL DESCRIPTION OF PROPERTY**

Real property in the City of Watsonville, County of Santa Cruz, State of California, described as follows:

**PARCEL ONE:**

BEING PARCEL B, AS SHOWN UPON THAT CERTAIN MAP FILED FOR RECORD JANUARY 15, 1985 IN VOLUME 44 OF PARCEL MAPS AT PAGE 67, SANTA CRUZ COUNTY RECORDS. THE ABOVE LEGAL DESCRIPTION IS PURSUANT TO THE CERTIFICATE OF COMPLIANCE RECORDED ON FEBRUARY 15, 1995 IN INSTRUMENT NO. 8168 OF OFFICIAL RECORDS.

**PARCEL TWO:**

AN EASEMENT 50 FEET IN WIDTH FOR INGRESS, EGRESS, PARKING AND UTILITIES, THE CENTER LINE OF WHICH IS THE NORTHERLY BOUNDARY LINE OF PARCEL A, AS SHOWN UPON THAT CERTAIN PARCEL MAP FILED FOR RECORD JANUARY 15, 1985 IN VOLUME 44 OF PARCEL MAPS, AT PAGE 67, SANTA CRUZ COUNTY RECORDS.

**PARCEL THREE:**

AN EASEMENT 10 FEET IN WIDTH FOR DRAINAGE PURPOSES, THE SOUTHERLY LINE OF WHICH IS THE SOUTHERLY LINE OF THE LANDS OF PARCEL A, HEREINABOVE DESCRIBED.

APN: 016-172-59

**City of Watsonville  
Watsonville Public Library**

**M E M O R A N D U M**



**DATE:** May 15, 2015

**TO:** Marcela Tavantzis, Interim City Manager APPROVED  
By marcela.tavantzis at 7:59 am, May 20, 2015

**FROM:** Carol C. Heitzig, Library Director

**SUBJECT:** Summer Food for Fines Drive at the Library from June 1, 2015 through June 13, 2015

**AGENDA ITEM:** May 26, 2015 **City Council**

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**RECOMMENDATION:**

It is recommended that Council approve, by motion, the library' Summer Food for Fines Drive in collaboration with Second Harvest Food Bank during the period from June 1, 2015 through June 13, 2015; and allow library users to substitute one can of food for each dollar they owe in overdue library fines. This item has the unanimous approval of the Library Board.

**DISCUSSION:**

For more than twenty years the Watsonville Library has served as a drop site for the Second Harvest Food Bank's Holiday Food drive. It has been a very successful cooperative effort. The public has responded generously by donating over 45,000 pounds of food at the library in lieu of overdue fines. The library would like to collaborate with Second Harvest and hold another food drive at the beginning of the Summer Reading Program to encourage children and families to donate food and lower their fines so they can fully participate in the Summer Reading Program. It is the goal of the library to remove any obstacles that might prevent a library user (particularly children) from borrowing materials from the library over the summer.

Community members have demonstrated their support of this program in the past because they recognize the importance of supporting people in need. Restocking the Food Bank is a critical form of support for families throughout the community. The additional benefit of having fines cleared, returning materials to the library for others to use, and the re-establishing of library privileges is invaluable to the library and the customers we serve.

**FINANCIAL IMPACT:**

We anticipate that approximately \$2,000 in overdue fines will be forgiven during this Summer drive. While this is a potential loss to the library, the goodwill generated, the restoration of library privileges to many and the return of overdue materials far outweigh the financial cost.

cc: City Attorney

**City of Watsonville**  
**Community Development Department**

**M E M O R A N D U M**



**DATE:** May 19, 2015

**TO:** Marcela Tavantzis, Interim City Manager

**FROM:** Keith Boyle, Acting Community Development Director  
Laurie Blackwood, Administrative Analyst

**SUBJECT:** Approval of a general partner change related to a loan between the former Redevelopment Agency and South County Land Corporation

**AGENDA ITEM:** May 26, 2015 **Successor Housing Agency**

**RECOMMENDATION:** That the City Council as the Successor Housing Agency adopt a Resolution:

- 1) Approving the change of general partner interests from Tierra Linda Housing Corporation and South County Housing Corporation to Tierra Linda LLC related to a loan from the former Redevelopment Agency for the project located at 490-492 Beck Street; and
- 2) Directing and authorizing the City Manager to execute the Assignment and Substitution Agreement, and any future amendments and/or agreements/loan documents necessary to implement this action.

**DISCUSSION:** On March 10, 1992, the City Council approved a loan to Pajaro Valley Housing Corporation (PVHC) for the construction of a 19-unit affordable housing project located at 490-492 Beck Street (also known as Tierra Linda). The loan was revised in 1993, and new loan documents were executed between the City's former Redevelopment Agency and the successor in interest to PVHC, the Tierra Linda Associates. The \$250,000 loan is repaid from residual receipts (surplus cash from operating income after expenses) with 3% interest.

Tierra Linda Housing Corporation (TLHC) was the managing general partner of Tierra Linda Associates and associated with PVHC. In 2002, PVHC and its affiliates merged with South County Housing Corporation. Eden South County, Inc., a California nonprofit public benefit corporation, has acquired South County Housing Corporation (SCHC) requiring a change to the general partnership agreement as SCHC will cease to exist as of June 30, 2015.

The transfer of general partner interest necessitates execution of an Agreement for Tierra Linda Housing and South County Housing Corporations to substitute and assign all rights, title, and interest in the property and obligations of the loan to Tierra Linda LLC, as the new general partner of the project.

**STRATEGIC PLAN:** Providing affordable housing within the City is a component of numerous City goals, including implementation of economic development measures.

**FINANCIAL IMPACT:** There is no financial impact, as this is an existing loan that was funded with Redevelopment funds.

**ALTERNATIVES:** The City Council as the Successor Housing Agency could choose not to approve the Assignment and Substitution Agreement and direct Staff to execute new loan documents.

**ATTACHMENTS:** None

cc: City Attorney

RESOLUTION NO. \_\_\_\_\_ (SHA)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE IN ITS CAPACITY AS THE SUCCESSOR TO THE HOUSING ASSETS AND FUNCTIONS OF THE FORMER REDEVELOPMENT AGENCY APPROVING THE CHANGE OF GENERAL PARTNER INTERESTS FROM TIERRA LINDA HOUSING CORPORATION, AND SOUTH COUNTY HOUSING CORPORATION (ASSIGNOR), TO TIERRA LINDA LLC., A LIMITED LIABILITY COMPANY (ASSIGNEE), RELATED TO A LOAN FROM THE FORMER REDEVELOPMENT AGENCY FOR PROPERTY LOCATED AT 490-492 BECK STREET (APN: 017-152-29) WATSONVILLE, CALIFORNIA; AND AUTHORIZING AND DIRECTING THE INTERIM CITY MANAGER TO EXECUTE THE ASSIGNMENT AND SUBSTITUTION AGREEMENT AND THIRD AMENDMENT TO FIRST AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF TIERRA LINDA ASSOCIATES, AND ANY AMENDMENTS THERETO, SUBJECT TO LEGAL APPROVAL, AND ANY OTHER AGREEMENTS/LOAN DOCUMENTS NECESSARY TO IMPLEMENT THIS ACTION

Amends Resolution No.'s 14-93 (RA) and 27-94 (RA)

BE IT RESOLVED BY THE SUCCESSOR HOUSING AGENCY OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the City of Watsonville in its capacity as the Successor to the Housing Assets and functions of the former Redevelopment Agency hereby approves the change of general partner interests from Tierra Linda Housing Corporation and South County Housing Corporation (Assignor), to Tierra Linda LLC., a limited liability company (Assignee), related to a loan from the former Redevelopment Agency for the property located at 490-492 Beck Street (APN: 017-152-29), Watsonville, California.

2. That the Interim City Manager is hereby authorized and directed to execute the Assignment and Substitution Agreement and Third Amendment to First Amended and Restated Limited Partnership Agreement of Tierra Linda Associates for and on behalf of the City of Watsonville, a copy of which Agreement is attached hereto and

incorporated herein by this reference, is fair and equitable and is hereby ratified and approved

3. That the Interim City Manager is hereby authorized and directed to execute any future amendments thereto, subject to legal approval, and any other agreements/loan documents necessary to implement this action for and on behalf of the City of Watsonville.

\*\*\*\*\*

**ASSIGNMENT AND SUBSTITUTION AGREEMENT  
AND THIRD AMENDMENT TO SECOND AMENDED AND RESTATED LIMITED  
PARTNERSHIP AGREEMENT OF TIERRA LINDA ASSOCIATES**

This Assignment and Substitution Agreement and Third Amendment to Second Amended and Restated Limited Partnership Agreement (the "Agreement") is made as of the 15th day of May, 2015, by and among Tierra Linda Housing Corporation, a California nonprofit public benefit corporation ("TLHC") and South County Housing Corporation, a California nonprofit public benefit corporation, successor in interest to BRIDGE Housing Corporation ("SCHC" and together with TLHC, collectively referred to as the "Assignor"), Tierra Linda LLC, a California limited liability company (the "Assignee"), and Baywood Apartments, Inc., a California nonprofit public benefit corporation ("Baywood") with reference to the following facts:

A. MHIFED 94 Limited Partnership, formerly known as MHIFED I Limited Partnership ("Mission"), as "Limited Partner" entered into a Second Amended and Restated Limited Partnership Agreement of Tierra Linda Associates, a California Limited Partnership (the "Partnership") dated June 17, 1994 (the "Partnership Agreement"), along with TLHC as the Managing General Partner and BRIDGE Housing Corporation as the Special General Partner.

B. Pursuant to an Assignment and Substitution Agreement and Amendment to Second Amended and Restated Limited Partnership Agreement dated May 31, 2014, Mission assigned its limited partner interest in the Partnership to Pajaro Valley Housing Corporation ("PVHC") and PVHC was substituted as the limited partner of the Partnership.

C. Pursuant to an Assignment and Substitution Agreement and Second Amendment to Second Amended and Restated Limited Partnership Agreement dated May 1, 2015, PVHC assigned its limited partner interest in the Partnership to Baywood and Baywood was substituted as the limited partner of the Partnership.

D. Assignor desires to assign its general partner interest in the Partnership to Assignee and Assignee desires to accept the assignment of Assignor's general partner interest in the Partnership and enter into the Partnership as a substituted general partner.

E. The Parties desire to amend the Partnership Agreement as provided herein.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto mutually agree as follows:

1. Capitalized terms used but not defined herein shall have the respective meanings attributed thereto in the Partnership Agreement.

2. Assignor hereby assigns, grants, transfers and sets over to Assignee all of Assignor's rights, title and interest as general partner in the Partnership as well as all of its

obligations attributable thereto, if any, and Assignee hereby accepts all of Assignor's rights, title and interest as general partner in the Partnership and assumes all of Assignor's obligations relating thereto, if any. Notwithstanding the provisions of this Section 2, Assignor specifically retains any and all claims and rights that it has or will have pursuant to the Partnership Agreement to receive distributions of surplus cash from the Partnership subject to the terms of that certain Orderly Transition Agreement dated November 4, 2013 (as amended), entered into with Eden Housing, Inc.

3. Assignor and Assignee at any time and from time to time after the date hereof, shall execute and deliver all such further documents, and take and forbear from all such action, as may be reasonably necessary or appropriate in order more effectively to perfect the transfer of rights and assumption of obligations contemplated herein or otherwise to confirm or carry out the provisions of this Agreement.

4. The Partnership Agreement is hereby amended to substitute Assignee as the general partner of the Partnership and to provide for the withdrawal of Assignor as the general partner of the Partnership.

5. Exhibit B to the Partnership Agreement is hereby amended and replaced with the new Amended Exhibit B attached hereto.

6. Except as expressly amended hereby and as previously amended, the Partnership Agreement remains in full force and effect in accordance with its terms.

7. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

*Signatures provided on the following page*

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date first written above.

**ASSIGNOR:**

Tierra Linda Housing Corporation,  
a California nonprofit public benefit corporation

By:   
Dennis Lalor, Executive Director

South County Housing Corporation,  
a California nonprofit public benefit corporation

By:   
Dennis Lalor, President/CEO

**ASSIGNEE:**

Tierra Linda LLC,  
a California limited liability company

By: Eden South County, Inc.  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Tony Ma, Authorized Signer

**LIMITED PARTNER:**

Baywood Apartments, Inc.,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Tony Ma, Authorized Signer

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date first written above.

**ASSIGNOR:**

Tierra Linda Housing Corporation,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Dennis Lalor, Executive Director

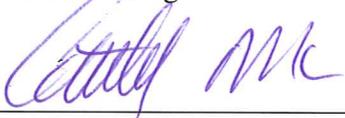
South County Housing Corporation,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Dennis Lalor, President/CEO

**ASSIGNEE:**

Tierra Linda LLC,  
a California limited liability company

By: Eden South County, Inc.  
a California nonprofit public benefit corporation,  
its sole member/manager

By:  \_\_\_\_\_  
Tony Ma, Authorized Signer

**LIMITED PARTNER:**

Baywood Apartments, Inc.,  
a California nonprofit public benefit corporation

By:  \_\_\_\_\_  
Tony Ma, Authorized Signer

**AMENDED EXHIBIT B  
PARTNER INFORMATION SCHEDULE  
TO THE  
SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF  
TIERRA LINDA ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP**

<u>Name and Address</u>	<u>Capital Contribution</u>	<u>Percentage Interest</u>
<u>General Partner:</u>		
Tierra Linda LLC 22645 Grand Street Hayward, CA 94541		1%
<u>Limited Partner:</u>		
Baywood Apartments, Inc. 22645 Grand Street Hayward, CA 94541		99%

Department of Housing and Community Development provided a loan of Rental Housing Construction Program funds in the original amount of \$975,000 to Tierra Linda Associates, a California Limited Partnership (the "Partnership"). In connection therewith, we hereby approve of the assignment from Tierra Linda Housing Corporation, a California nonprofit public benefit corporation and South County Housing Corporation, a California nonprofit public benefit corporation of their respective general partner interests in the Partnership to Tierra Linda LLC, a California limited liability company pursuant to Assignment and Substitution Agreement and Third Amendment to Second Amended and Restated Limited Partnership Agreement.

Department of Housing and Community Development

By: \_\_\_\_\_  
Its: \_\_\_\_\_

The former City of Watsonville Redevelopment Agency provided a loan in the original amount of \$250,000 to Tierra Linda Associates, a California Limited Partnership (the "Partnership"). In connection therewith, we hereby approve of the assignment from Tierra Linda Housing Corporation, a California nonprofit public benefit corporation and South County Housing Corporation, a California nonprofit public benefit corporation of their respective general partner interests in the Partnership to Tierra Linda LLC, a California limited liability company pursuant to Assignment and Substitution Agreement and Third Amendment to Second Amended and Restated Limited Partnership Agreement.

City of Watsonville, a California municipal corporation ("City"), in its capacity as the successor for housing assets and functions of the dissolved City of Watsonville Redevelopment Agency (the "Former Agency")

By: \_\_\_\_\_  
Marcela Tavantzis, Interim City Manager

APPROVED AS TO FORM:

By:   
Lynn Hutchins, Attorney  
Goldfarb and Lipman, LLP

ATTEST

By: \_\_\_\_\_  
City Clerk

CCD Mortgage Securities, Inc., successor by assignment to Citibank, N.A., provided a loan in the original amount of \$449,270 to Tierra Linda Associates, a California Limited Partnership (the "Partnership"). In connection therewith, we hereby approve of the assignment from Tierra Linda Housing Corporation, a California nonprofit public benefit corporation and South County Housing Corporation, a California nonprofit public benefit corporation of their respective general partner interests in the Partnership to Tierra Linda LLC, a California limited liability company pursuant to Assignment and Substitution Agreement and Third Amendment to Second Amended and Restated Limited Partnership Agreement.

CCD Mortgage Securities, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**CONSENT TO ASSIGNMENT  
(TCAC CA 92-151)**

California Tax Credit Allocation Committee hereby consents to the assignment from Tierra Linda Housing Corporation, a California nonprofit public benefit corporation and South County Housing Corporation, a California nonprofit public benefit corporation of their respective general partner interests in the Partnership to Tierra Linda LLC, a California limited liability company pursuant to Assignment and Substitution Agreement and Third Amendment to Second Amended and Restated Limited Partnership Agreement.

CALIFORNIA TAX CREDIT ALLOCATION  
COMMITTEE

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**City of Watsonville  
Community Development Department**

**M E M O R A N D U M**



**DATE:** May 19, 2015

**TO:** Marcela Tavantzis, Interim City Manager

**FROM:** Keith Boyle, Acting Community Development Director  
Laurie Blackwood, Administrative Analyst

**SUBJECT:** Approval of a general partner change related to a loan between the former Redevelopment Agency and South County Land Corporation

**AGENDA ITEM:** May 26, 2015 Successor Housing Agency

APPROVED  
By Marcela Tavantzis at 8:11 am, May 20, 2015

APPROVED  
By Keith Boyle at 10:00 am, May 20, 2015

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**RECOMMENDATION:** That the City Council as the Successor Housing Agency adopt a Resolution:

- 1) Approving the change of general partner interests from Tierra Linda Housing Corporation to Pacific Terrace Apartments, LLC related to a loan from the former Redevelopment Agency for the project located at 131-135 Landis Avenue; and
- 2) Directing and authorizing the City Manager to execute the Assignment and Substitution Agreement, and any future amendments and/or agreements/loan documents necessary to implement this action.

**DISCUSSION:** On July 12 1994, the City's former Redevelopment Agency (Agency) approved a loan to Pajaro Valley Housing Corporation (PVHC) for the acquisition and construction of a 28-unit affordable housing project located on Landis Avenue (also known as Pacific Terrace). The loan was revised in 1997, and new loan documents were executed between the City's former Redevelopment Agency and the successor in interest to PVHC, the Pacific Terrace Associates. The \$512,000 loan is repaid from residual receipts (surplus cash from operating income after expenses) with 3% simple interest annually. In 1998, the Agency approved an additional \$225,000 loan to Pacific Terrace Associates in connection with the above mentioned project. This loan is evidenced by a separate Promissory Note and secured by a Deed of Trust dated July 17, 1998. Repayment of the second loan is deferred at 0% interest until approximately 2029, at which time the principal will be amortized over the next 24 years with 3% simple interest per annum.

Tierra Linda Housing Corporation (TLHC) was the managing general partner of Pacific Terrace Associates and associated with PVHC when the loan was approved. In 2002, PVHC and its affiliates merged with South County Housing Corporation, which allowed TLHC to remain as general partner. Eden South County, Inc., a California nonprofit public benefit corporation, has acquired South County Housing Corporation (SCHC) requiring a change to the general partnership agreement as SCHC will cease to exist as of June 30, 2015.

The transfer of general partner interest necessitates execution of an Agreement for Tierra Linda Housing to substitute and assign all rights, title, and interest in the property and obligations of the loan to Pacific Terrace Apartments LLC, as the new general partner of the project.

**STRATEGIC PLAN:** Providing affordable housing within the City is a component of numerous City goals, including implementation of economic development measures.

**FINANCIAL IMPACT:** There is no financial impact, as this is an existing loan that was funded with Redevelopment funds.

**ALTERNATIVES:** The City Council as the Successor Housing Agency could choose not to approve the Assignment and Substitution Agreement and direct Staff to execute new loan documents.

**ATTACHMENTS:** None

cc: City Attorney

## RESOLUTION NO. \_\_\_\_\_ (SHA)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE IN ITS CAPACITY AS THE SUCCESSOR TO THE HOUSING ASSETS AND FUNCTIONS OF THE FORMER REDEVELOPMENT AGENCY APPROVING THE CHANGE OF GENERAL PARTNER INTERESTS FROM TIERRA LINDA HOUSING CORPORATION, A CORPORATION (ASSIGNOR), TO PACIFIC TERRACE APARTMENTS LLC., A LIMITED LIABILITY COMPANY (ASSIGNEE), RELATED TO A LOAN FROM THE FORMER REDEVELOPMENT AGENCY FOR PROPERTY LOCATED AT 131-135 LANDIS AVENUE (APN: 016-231-02) WATSONVILLE, CALIFORNIA; AND AUTHORIZING AND DIRECTING THE INTERIM CITY MANAGER TO EXECUTE THE ASSIGNMENT AND SUBSTITUTION AGREEMENT AND THIRD AMENDMENT TO FIRST AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF PACIFIC TERRACE ASSOCIATES, AND ANY AMENDMENTS THERETO, SUBJECT TO LEGAL APPROVAL, AND ANY OTHER AGREEMENTS/LOAN DOCUMENTS NECESSARY TO IMPLEMENT THIS ACTION**

**Amends Resolution No.'s 35-96 (RA) and 15-98 (RA), and Deeds of Trust with Assignment of Rents dated February 27, 1997 and July 17, 1998**

**BE IT RESOLVED BY THE SUCCESSOR HOUSING AGENCY OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. That the City of Watsonville in its capacity as the Successor to the Housing Assets and functions of the former Redevelopment Agency hereby approves the change of general partner interests from Tierra Linda Housing Corporation, a corporation, (Assignor), to Pacific Terrace Apartments LLC., a limited liability company (Assignee), related to a loan from the former Redevelopment Agency for the property located at 131-135 Landis Avenue (APN: 016-231-02), Watsonville, California.

2. That the Interim City Manager is hereby authorized and directed to execute the Assignment and Substitution Agreement and Third Amendment to First Amended and Restated Limited Partnership Agreement of Pacific Terrace Associates for and on behalf of the City of Watsonville, a copy of which Agreement is attached hereto and

incorporated herein by this reference, is fair and equitable and is hereby ratified and approved

3. That the Interim City Manager is hereby authorized and directed to execute any future amendments thereto, subject to legal approval, and any other agreements/loan documents necessary to implement this action, for and on behalf of the City of Watsonville.

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**ASSIGNMENT AND SUBSTITUTION AGREEMENT  
AND THIRD AMENDMENT TO FIRST AMENDED AND RESTATED LIMITED  
PARTNERSHIP AGREEMENT OF PACIFIC TERRACE ASSOCIATES**

This Assignment and Substitution Agreement and Third Amendment to First Amended and Restated Limited Partnership Agreement (the "Agreement") is made as of the 15th day of May, 2015, by and among Tierra Linda Housing Corporation, a California nonprofit public benefit corporation (the "Assignor"), Pacific Terrace Apartments LLC, a California limited liability company (the "Assignee"), and Baywood Apartments, Inc., a California nonprofit public benefit corporation ("BAI") with reference to the following facts:

A. Edison Capital Housing Partners IX, successor-in interest to Edison Capital Housing Investments ("Edison"), as "Limited Partner" entered into a First Amended and Restated Limited Partnership Agreement of Pacific Terrace Associates, a California Limited Partnership (the "Partnership") dated July 31, 1998 (the "Partnership Agreement"), along with the Assignor as the General Partner.

B. Pursuant to an Assignment and Substitution Agreement and Amendment to First Amended and Restated Limited Partnership Agreement dated March 31, 2015, Edison assigned its limited partner interest in the Partnership to Pajaro Valley Housing Corporation ("PVHC") and PVHC was substituted as the limited partner of the Partnership.

C. Pursuant to an Assignment and Substitution Agreement and Second Amendment to First Amended and Restated Limited Partnership Agreement date May 1, 2015, PVHC assigned its limited partner interest in the Partnership to BAI and BAI was substituted as the limited partner of the Partnership.

D. Assignor desires to assign its general partner interest in the Partnership to Assignee and Assignee desires to accept the assignment of Assignor's general partner interest in the Partnership and enter into the Partnership as a substituted general partner.

E. The Parties desire to amend the Partnership Agreement as provided herein.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto mutually agree as follows:

1. Capitalized terms used but not defined herein shall have the respective meanings attributed thereto in the Partnership Agreement.

2. Assignor hereby assigns, grants, transfers and sets over to Assignee all of Assignor's rights, title and interest as general partner in the Partnership as well as all of its obligations attributable thereto, if any, and Assignee hereby accepts all of Assignor's rights, title and interest as general partner in the Partnership and assumes all of Assignor's obligations

relating thereto, if any. Notwithstanding the provisions of this Section 2, Assignor specifically retains any and all claims and rights that it has or will have pursuant to the Partnership Agreement to receive distributions of surplus cash from the Partnership subject to the terms of that certain Orderly Transition Agreement dated November 4, 2013 (as amended), entered into with Eden Housing, Inc.

3. Assignor and Assignee at any time and from time to time after the date hereof, shall execute and deliver all such further documents, and take and forbear from all such action, as may be reasonably necessary or appropriate in order more effectively to perfect the transfer of rights and assumption of obligations contemplated herein or otherwise to confirm or carry out the provisions of this Agreement.

4. The Partnership Agreement is hereby amended to substitute Assignee as the general partner of the Partnership and to provide for the withdrawal of Assignor as the general partner of the Partnership.

5. Exhibit B to the Partnership Agreement is hereby amended and replaced with the new Amended Exhibit B attached hereto.

6. Except as expressly amended hereby and as previously amended, the Partnership Agreement remains in full force and effect in accordance with its terms.

7. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

*Signatures provided on the following page*

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date first written above.

**ASSIGNOR:**

Tierra Linda Housing Corporation,  
a California nonprofit public benefit corporation

By:   
Dennis Lalor, Executive Director

**ASSIGNEE:**

Pacific Terrace Apartments LLC,  
a California limited liability company

By: Eden South Bay, Inc.  
a California nonprofit public benefit corporation,  
its sole member/manager

By:   
Tony Ma, Authorized Signer

**LIMITED PARTNER:**

Baywood Apartments, Inc.,  
a California nonprofit public benefit corporation

By:   
Tony Ma, Authorized Signer

**AMENDED EXHIBIT B  
PARTNER INFORMATION SCHEDULE  
TO THE  
FIRST AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF  
PACIFIC TERRACE ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP**

<u>Name and Address</u>	<u>Capital Contribution</u>	<u>Percentage Interest</u>
<u>General Partner:</u>		
Pacific Terrace Apartments LLC 22645 Grand Street Hayward, CA 94541		0.1%
<u>Limited Partner:</u>		
Baywood Apartments, Inc. 22645 Grand Street Hayward, CA 94541		99.9%

Department of Housing and Community Development provided (2) loans in the original amounts of \$100,000 and \$950,000, respectively, to Pacific Terrace Associates, a California Limited Partnership (the "Partnership"). In connection therewith, we hereby approve of the assignment from Tierra Linda Housing Corporation, a California nonprofit public benefit corporation of its general partner interests in the Partnership to Pacific Terrace Apartments LLC, a California limited liability company pursuant to Assignment and Substitution Agreement and Third Amendment to First Amended and Restated Limited Partnership Agreement.

Department of Housing and Community Development

By: \_\_\_\_\_  
Its: \_\_\_\_\_

The former City of Watsonville Redevelopment Agency provided two (2) loans in the original amounts of \$512,000 and \$225,000, respectively, to Pacific Terrace Associates, a California Limited Partnership (the "Partnership"). In connection therewith, we hereby approve of the assignment from Tierra Linda Housing Corporation, a California nonprofit public benefit corporation, of its general partner interests in the Partnership to Pacific Terrace Apartments LLC, a California limited liability company, pursuant to Assignment and Substitution Agreement and Third Amendment to First Amended and Restated Limited Partnership Agreement.

City of Watsonville, a California municipal corporation ("City"), in its capacity as the successor for housing assets and functions of the dissolved City of Watsonville Redevelopment Agency (the "Former Agency")

By: \_\_\_\_\_  
Marcela Tavantzis, Interim City Manager

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Lynn Hutchins, Attorney  
Goldfarb and Lipman, LLP

ATTEST:

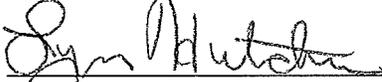
By: \_\_\_\_\_  
City Clerk

The former City of Watsonville Redevelopment Agency provided (2) loans in the original amounts of \$512,000 and \$225,000, respectively, to Pacific Terrace Associates, a California Limited Partnership (the "Partnership"). In connection therewith, we hereby approve of the assignment from Tierra Linda Housing Corporation, a California nonprofit public benefit corporation of its general partner interests in the Partnership to Pacific Terrace Apartments LLC, a California limited liability company pursuant to Assignment and Substitution Agreement and Third Amendment to First Amended and Restated Limited Partnership Agreement.

City of Watsonville, a California municipal corporation ("City"), in its capacity as the successor for housing assets and functions of the dissolved City of Watsonville Redevelopment Agency (the "Former Agency")

By: \_\_\_\_\_  
Marcela Tavantzis, Interim City Manager

APPROVED AS TO FORM:

By:  \_\_\_\_\_  
Lynn Hutchins, Attorney  
Goldfarb and Lipman, LLP

Citibank, N.A., successor by merger to Savings Associates Mortgage Co., Inc., provided a loan in the original amount of \$721,400 to Pacific Terrace Associates, a California Limited Partnership (the "Partnership"). In connection therewith, we hereby approve of the assignment from Tierra Linda Housing Corporation, a California nonprofit public benefit corporation of its general partner interests in the Partnership to Pacific Terrace Apartments LLC, a California limited liability company pursuant to Assignment and Substitution Agreement and Third Amendment to First Amended and Restated Limited Partnership Agreement.

Citibank, N.A.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**CONSENT TO ASSIGNMENT  
(TCAC CA 96-075)**

California Tax Credit Allocation Committee hereby consents to the assignment from Tierra Linda Housing Corporation, a California nonprofit public benefit corporation of its general partner interests in the Partnership to Pacific Terrace Apartments LLC, a California limited liability company pursuant to Assignment and Substitution Agreement and ThirdAmendment to First Amended and Restated Limited Partnership Agreement.

CALIFORNIA TAX CREDIT ALLOCATION  
COMMITTEE

By: \_\_\_\_\_  
Its: \_\_\_\_\_

City of Watsonville  
Parks & Community Services Department



MEMORANDUM

**DATE:** May 12, 2015

**TO:** Marcela Tavantzis, City Manager Pro Tempore

APPROVED  
By Marcela Tavantzis at 8:01 am, May 20, 2015

**FROM:** Ana Espinoza, Director Parks & Community Services  
Steve Palmisano, Director Public Works & Utilities  
Maria E. Rodriguez, Assistant Public Works & Utilities Director  
Brad Blachly, Assistant Director Parks & Community Services

APPROVED  
By Steve Palmisano at 7:47 am, May 13, 2015

**SUBJECT:** Resolution Confirming the Diagram and Assessment and Levying the Assessment for Fiscal Year 2015-2016 for the Gonzales Street Alleyway Landscaping and Lighting Maintenance Assessment District No. PK-94-1

**AGENDA ITEM:** May 26, 2015

**City Council**

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**RECOMMENDATION:**

Staff recommends that the City Council adopt the Resolution Confirming the Diagram and Assessment and Levying the Annual Assessment for fiscal year 2015-2016 for the Gonzales Street Alleyway Landscaping and Lighting Maintenance Assessment District No. PK-94-1 (Gonzales Street LLMAD).

**DISCUSSION:**

The Gonzales Street LLMAD was established in 1994 to assist the residents bordering this alleyway and adjoining small parcel to cooperatively maintain this parcel owned by the City which clearly benefits its neighbors. The annual cost of \$600 required to maintain the area was spread among the 17 parcels with one parcel not immediately adjacent to the alley paying slightly less.

**STRATEGIC PLAN:**

The Gonzales Street LLMAD meets the City Council's goal of enhancing the image of the City.

**FINANCIAL IMPACT:**

The annual assessment fees total \$600.

**ALTERNATIVES:**

Should the City Council choose not to levy the fee, the property owners of the 17 parcels would be responsible for the maintenance of the Gonzalez Street Alleyway.

**ATTACHMENTS:**

None.

cc: City Attorney

**City of Watsonville  
Parks & Community Services Department**

**M E M O R A N D U M**



**DATE:** May 12, 2015

**TO:** Marcela Tavantzis, City Manager Pro Tempore APPROVED  
By Marcela Tavantzis at 8:55 am, May 20, 2015

**FROM:** Ana Espinoza, Director Parks & Community Services *Ana Espinoza*  
Steve Palmisano, Director Public Works & Utilities APPROVED  
By Steve Palmisano at 7:48 am, May 13, 2015  
Maria E. Rodriguez, Assistant Public Works & Utilities Director  
Brad Blachly, Assistant Director Parks & Community Services

**SUBJECT:** Resolution Confirming the Diagram and Assessment and Levying the 2015-2016 Assessment for the Vista Montaña Subdivision Landscaping and Lighting Maintenance Assessment District No. PK-03-03

**AGENDA ITEM:** May 26, 2015 **City Council**

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**RECOMMENDATION:**

Staff recommends that the City Council adopt the Resolution Confirming the Diagram and Assessment and Levying the 2015-2016 Assessment for the Vista Montaña Subdivision Landscaping and Lighting Maintenance Assessment District No. PK-03-03 (Vista Montaña LLMAD). A total of \$121,035 will be collected and used to maintain Zones A and B of the Maintenance Assessment District. This is the maximum allowable assessment and is an increase of \$13,072 over the amount of \$107,963 that has been charges since work began in this LLMAD in fiscal year 2004-05.

**DISCUSSION:**

The Vista Montaña Subdivision is located off of East Lake Avenue and adjacent to Ann Soldo Elementary School and the Bay Village subdivision. The Vista Montaña Subdivision Landscaping and Lighting Assessment District (LLMAD) maintenance program includes the following:

1. Regular maintenance, repair and replacement of all facilities within the agricultural buffer area (except the street and utilities) which includes but is not limited to, the landscaping, signage, perimeter wall, retaining walls, pedestrian path and erosion control plantings within or adjacent to the detention basins and drainage swale.
2. Operation, maintenance, repairs and replacement of and power for the street lighting

- within the District.
3. Regular maintenance, repair and replacement of the parkway strip and street trees on Cipres, Roble, Arce, Manzana, Cirvelo, Cereza, and Secoya Streets, and Vista Montaña, Franich and Marcela Drives.
  4. Operation, maintenance, repair and replacement of the storm drain detention basins, drainage channel, drainage facilities and erosion control measurers within the agricultural buffer, including the proposed storm drain culvert crossing Highway 152 and the inlet structure on the west side of Highway 152.
  5. Regular maintenance, repair and replacement of the landscaping and perimeter wall along the Highway 152 frontage adjacent to the District boundaries, including graffiti removal.
  6. Regular maintenance, repair and replacement of the pedestrian/bike path connecting Secoya Street and McKenzie Avenue, adjacent to the District boundaries.
  7. Regular maintenance, repair and replacement of pedestrian pathways located at the end of Roble Street, at the end of Cirvelo Street, within the agricultural buffer area and parallel to Bridge Street, on the south side of the town homes parallel to Franich Drive and on the west side of the town homes parallel to Marcela Drive.

The Vista Montaña Subdivision LLMAD is comprised of two Zones: A and B. Zone A benefits all parcels within the District which includes, for example, the street lighting installed along Highway 152, the landscape improvements along Highway 152 and the agricultural buffer area. Zone B benefits those parcels within the single family residential area primarily and includes the maintenance of the “street end caps”, the “park strips” and street lighting.

The Assessment District is based on a total number of Equivalent Dwelling Units (EDU’s) and the benefit received by the EDU within the District. The actual assessments for 2015-2016 are \$435 per EDU for single family homes, \$348 per EDU for townhomes and condominiums and \$120 per EDU for apartments. This results in a total assessment of \$121,035 for the entire Assessment District and is the maximum that can be assessed. Since work began in the District in fiscal year 2004-05, assessments have remained constant at \$393.68 per EDU for single family homes, \$314.94 per EDU for townhomes and condominiums and \$108.60 per EDU for apartments, which resulted in a total assessment of \$107,963 for the entire District.

The assessment is used to fund ongoing maintenance and a reserve for future replacement items in the district. Of the total District assessment, \$81,058 is dedicated to routine maintenance of landscape and hardscape. For example, routine maintenance includes tasks such as pruning trees and shrubs, maintenance of irrigation systems, removal of graffiti from perimeter walls, etc.

In addition to maintenance, the assessment also funds a reserve of \$39,977 for the replacement of items such as the perimeter wall, retaining walls, street lights, street trees, etc. Many of these items are expensive to replace, and the purpose of the reserve is to set aside an assessment reserve each year so that these items can be replaced at the end of their lifespan. As an example, the perimeter wall has the highest replacement cost of \$154,000. The

wall has a lifespan of 20 years; therefore, \$7,700 would be reserved each year so that in 20 years a \$154,000 will be available to replace the wall if necessary.

Currently, the cash balance of the Vista Montaña LLMAD account is approximately \$30,000. The amount obligated to the reserve for 2015-16 is \$39,977. As a result, the cash balance is short of funding the reserve obligation by approximately \$10,000. Unless there are large unanticipated replacement costs in 2015-16, the reserve obligation for that year will be funded.

However, in the long term it is necessary to build the reserve to cover eventual replacement costs. This is the reason for increase in the assessment for 2015-16. The replacement reserve is not at an adequate level for three reasons.

1. The assessment amount has not changed since the formation of the LLMAD. In the past, the City Council has not wished to charge the maximum allowed, nor has it allowed the assessment to be increased in accordance with the Consumer Price Index, which is allowed.
2. In fiscal years 2007-08 and 2008-09, the residents requested to have additional work performed in the district. This additional work reduced the reserve by approximately \$127,000. The additional work included additional landscape enhancements to the open space on Bridge Street.
3. Staff who perform the maintenance work in the district are frequently asked by residents to perform additional tasks. In an effort to provide excellent customer services, these tasks were often performed. This resulted in higher maintenance charges, which in turn led to less being dedicated to the replacement reserve. Some additional maintenance work was also the result of direction by City Administration or the City Council in response to requests by residents.

In fiscal year 2015-2016, staff will perform only the amount of maintenance work budgeted. This level of maintenance will be less than that of prior years, but is necessary to build the replacement reserve.

### **STRATEGIC PLAN:**

The Assessment District addresses the City Council's goal of enhancing the image of the City.

### **FINANCIAL IMPACT:**

The annual assessment for 2015-2016 is \$121,035 which includes funds in the amount of \$81,058 for annual maintenance and \$39,977 for a reserve which provides for replacement costs of such things as lighting or street trees based on current EDU's within the District.

### **ALTERNATIVES:**

The City Council agreed to the formation of a LLMAD in lieu of a Homeowners Association at the time of project approval. Per recorded CC&R's, (Conditions, Covenants & Restrictions), the maintenance responsibilities covered by the LLMAD are the obligation of the property

owners, either through the LLMAD or the formation of an incorporated Homeowners Association. Should the City Council choose not to levy the assessment, property owners will be obligated to assume the cost of maintenance for this through the formation of a Homeowners Association.

**ATTACHMENTS:**

None.

cc: City Attorney

City of Watsonville  
Parks & Community Services Department



MEMORANDUM

**DATE:** May 12, 2015

**TO:** Marcela Tavantzis, City Manager Pro Tempore

APPROVED  
By Marcela Tavantzis at 8:04 am, May 20, 2015

**FROM:** Ana Espinoza, Director Parks & Community Services  
Steve Palmisano, Director Public Works & Utilities  
Maria E. Rodriguez, Assistant Public Works & Utilities Director  
Brad Blachly, Assistant Director Parks & Community Services

APPROVED  
By Steve Palmisano at 7:46 am, May 13, 2015

**SUBJECT:** Resolution Confirming the Diagram and Assessment and Levying the 2015/2016 Assessment for the Bay Breeze Subdivision Landscaping and Lighting Maintenance District No. PK-03-02

**AGENDA ITEM:** May 26, 2015

**City Council**

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**RECOMMENDATION:**

Staff recommends that the City Council adopt the Resolution Confirming the Diagram and Assessment and Levying the 2015/2016 Assessment for the Bay Breeze Landscaping and Lighting Maintenance Assessment District No. PK-03-02 (Bay Breeze LLMAD).

**DISCUSSION:**

The Bay Breeze Subdivision is located at the southwest corner of Ohlone Parkway and Harkins Slough Road. The Bay Breeze Landscaping and Lighting Assessment District (LLMAD) maintenance program includes the following:

1. Maintenance and replacement of the street trees within the subdivision.
2. Operation, maintenance, repair and replacement of the detention basins and the detention basis access roads within the subdivision.
3. Operation, maintenance, repair and replacement of the perimeter fencing around the entire subdivision.
4. Maintenance and replacement of the plantings done as part of the wetland mitigation plan.
5. Maintenance of the environmental management parcel to be created within the subdivision.
6. Maintenance, repair and replacement of the landscaping within the public right-of-way abutting and within the subdivision, including the Ohlone Parkway medians.

7. Operation, maintenance, repair and replacement of the sewer pump station.
8. Maintenance of the graffiti coatings on the public exposure of the perimeter walls along the District boundaries.

The Bay Breeze Subdivision LLMAD is comprised of 114 single-family residential parcels. The annual costs for the operation, maintenance and servicing of landscaping and street lighting improvements is apportioned to each parcel within the District in proportion to the EDU's (Equivalent Dwelling Unit) assigned to the parcel as a percentage of the total number of EDU's assigned to all parcels within the District. Since fiscal year 2004-05, the assessment per EDU has remained constant at \$456.17 yielding a maximum total District assessment of \$52,003.38. The assessment has never been increased to match the Consumer Price Index as is allowed. The 2015-16 assessment will be increased the maximum allowable of \$463.18 per EDU for a total District assessment of \$52,802.52.

**STRATEGIC PLAN:**

The Assessment District addresses the City Council's goal of enhancing the image of the City.

**FINANCIAL IMPACT:**

The annual assessment for the Bay Breeze Subdivision LLMAD is \$52,802.52 of which \$17,907.81 is estimated for annual maintenance, and the remainder sum of \$34,894.71 for reserve for replacement of trees, lights, sewer pump station and perimeter fencing. The EDU rate of \$463.18 is charged to each single-family residence parcel.

**ALTERNATIVES:**

The City Council agreed to the formation of a LLMAD in lieu of a Homeowners Association at the time of project approval. Per recorded CC&R's (Conditions, Covenants & Restrictions), the maintenance responsibilities covered by the LLMAD are the obligation of the property owners, either through the LLMAD or the formation of an incorporated Homeowners Association. Should the City Council choose not to levy the assessment, property owners will be obligated to assume the cost of maintenance for this through a formation of a Homeowners Association.

**ATTACHMENTS:**

None.

cc: City Attorney

**RESOLUTION NO. \_\_\_\_\_ (CM)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE CONFIRMING DIAGRAM AND ASSESSMENT AND LEVYING ASSESSMENT FOR FISCAL YEAR 2015-2016 FOR THE GONZALES STREET ALLEYWAY LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT**

**Assessment District No. PK-94-1**

**(Pursuant to the Landscaping and Lighting Act of 1972)**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. That pursuant to Chapter 3 (California Streets and Highways Code Sections 22620 et seq.) of the Landscaping and Lighting Act of 1972, the City Council directed the City Public Works and Utilities Assistant Director, Engineer of Work for the Gonzales Street Alleyway Landscaping and Lighting Maintenance Assessment District No. PK-94-1, to prepare and file an annual report for Fiscal Year 2015-2016.

2. That the Council on April 14, 2015, adopted Resolution No. 52-15 (CM) directing the filing of the 2015-2016 Annual Engineer's Report for Assessment District No. PK-94-1.

3. That the Council on April 28, 2015, adopted Resolution No. 63-15 (CM), accepting the Engineer's Report.

4. That the Council on April 28, 2015, adopted Resolution No. 64-15 (CM), a Resolution of Intention to levy and collect assessments within the assessment district for Fiscal Year 2015-2016 and set a public hearing to be held on May 26, 2015, in the meeting place of the City Council located in the City Council Chambers, 275 Main

Street, Fourth (4<sup>th</sup>) Floor, Watsonville, California. Notice of the hearing was given in the time and manner required by law.

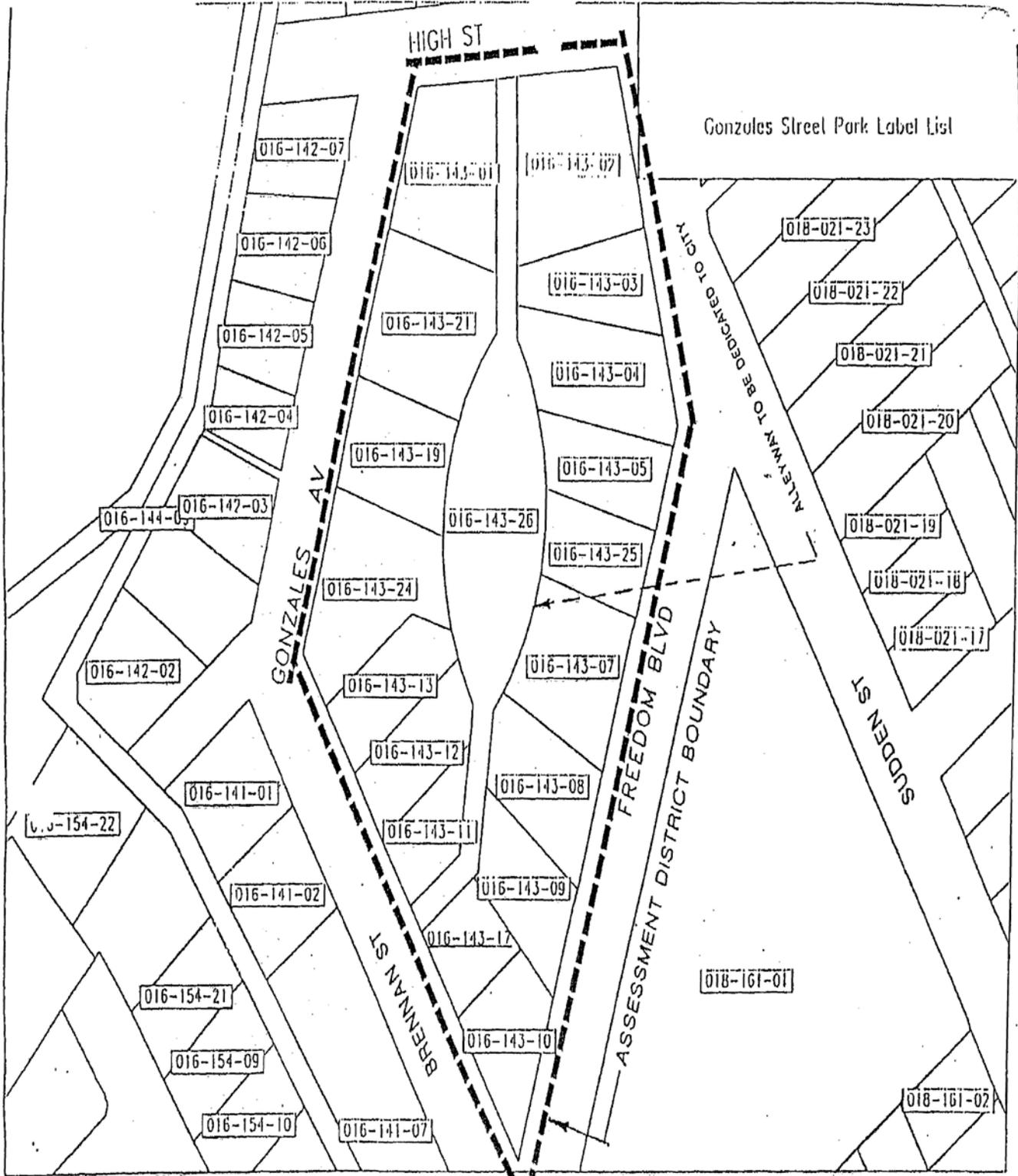
5. That at the public hearing, the City Council afforded to every interested person an opportunity to protest the annual report either in writing or orally, and the City Council has considered any such protest.

6. That the City Council hereby confirms the annual report of the Engineer of Work accepted by Resolution No. 63-15 (CM) on April 28, 2015.

7. That the City Council hereby confirms the Diagram and Assessment and hereby levies the assessment set forth on Exhibit "A," attached herein and incorporated hereto, for Fiscal Year 2015-2016.

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Gonzales Street Alleyway Landscaping & Lighting Maintenance  
Assessment Diagram



Gonzales Street  
Assessment Roll  
FY 2015/2016

Annual Maintenance

APN	Property Owner	Owner Address				Assessment Amount
016-143-01		747 AMESTI RD	WATSONVILLE	CA	95076	\$ 35.82
016-143-02		855 FREEDOM BLVD	WATSONVILLE	CA	95076	\$ 35.82
016-143-03		845 FREEDOM BLVD	WATSONVILLE	CA	95076	\$ 35.82
016-143-04		P O BOX 448	WATSONVILLE	CA	95077	\$ 35.82
016-143-05		833 FREEDOM BLVD	WATSONVILLE	CA	95076	\$ 35.82
016-143-07		95 LILLY WAY	WATSONVILLE	CA	95076	\$ 35.82
016-143-08		819 FREEDOM BLVD	WATSONVILLE	CA	95076	\$ 35.82
016-143-09		813 FREEDOM BLVD	WATSONVILLE	CA	95076	\$ 35.82
016-143-10		P O BOX 207	WATSONVILLE	CA	95077	\$ 26.88
016-143-11		P O BOX 207	WATSONVILLE	CA	95077	\$ 35.82
016-143-12		322 BRENNAN	WATSONVILLE	CA	95076	\$ 35.82
016-143-13		1871 ORANGE GR DR	SAN JOSE	CA	95124	\$ 35.82
016-143-17		P O BOX 207	WATSONVILLE	CA	95077	\$ 35.82
016-143-19		24 GONZALES AVE	WATSONVILLE	CA	95076	\$ 35.82
016-143-21		32 GONZALES ST	WATSONVILLE	CA	95076	\$ 35.82
016-143-24		20 GONZALES AVE	WATSONVILLE	CA	95076	\$ 35.82
016-143-25		827 FREEDOM BLVD	WATSONVILLE	CA	95076	\$ 35.82
016-143-26		P O BOX 50000	WATSONVILLE	CA	95077	\$ -
Total						\$ 600.00

**RESOLUTION NO. \_\_\_\_\_ (CM)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE CONFIRMING DIAGRAM AND ASSESSMENT AND LEVYING ASSESSMENT FOR FISCAL YEAR 2015-2016 FOR THE BAY BREEZE SUBDIVISION LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT**

**Assessment District No. PK-03-02**

**(Pursuant to the Landscaping and Lighting Act of 1972)**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. That pursuant to Chapter 3 (California Streets and Highways Code Sections 22620 et seq.) of the Landscaping and Lighting Act of 1972, the City Council directed the City Public Works and Utilities Assistant Director, Engineer of Work for the Bay Breeze Subdivision Landscaping and Lighting Maintenance Assessment District No. PK-03-02, to prepare and file an annual report for Fiscal Year 2015-2016.

2. That the Council on April 14, 2015, adopted Resolution No. 53-15 (CM) directing the filing of the 2015-2016 Annual Engineer's Report for Assessment District No. PK-03-02.

3. That the Council on April 28, 2015, adopted Resolution No. 65-15 (CM), accepting the Engineer's Report.

4. That the Council on April 28, 2015, adopted Resolution No. 66-15 (CM), a Resolution of Intention to levy and collect assessments within the assessment district for Fiscal Year 2015-2016 and set a public hearing to be held on May 26, 2015, in the meeting place of the City Council located in the City Council Chambers, 275 Main Street,

Fourth (4<sup>th</sup>) Floor, Watsonville, California. Notice of the hearing was given in the time and manner required by law.

5. That at the public hearing, the City Council afforded to every interested person an opportunity to protest the annual report either in writing or orally, and the City Council has considered any such protest.

6. That the City Council hereby confirms the annual report of the Engineer of Work accepted by Resolution No. 65-15 (CM) on April 28, 2015.

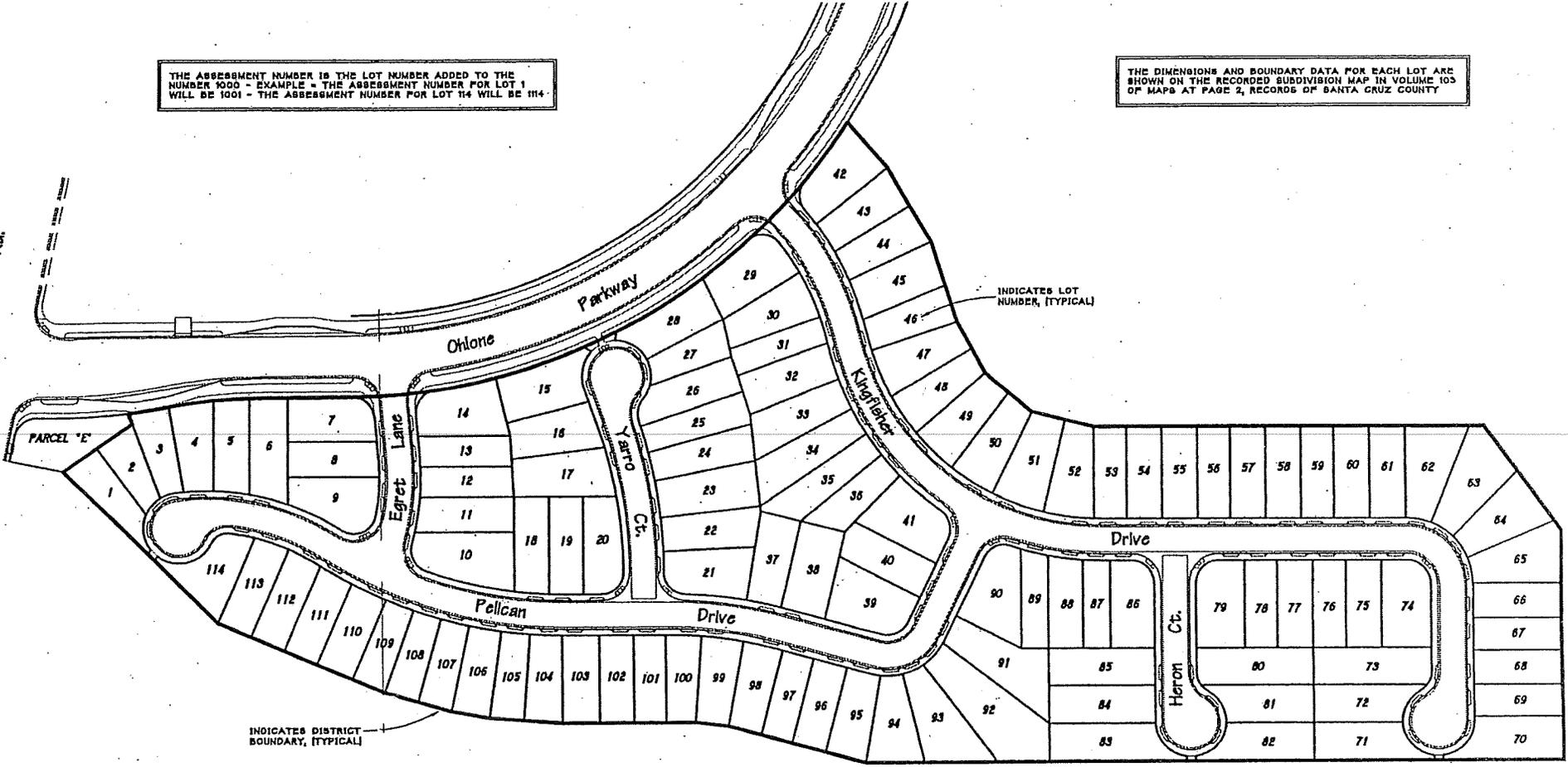
7. That the City Council hereby confirms the Diagram and Assessment and hereby levies the assessment set forth on Exhibit "A," attached herein and incorporated hereto, for Fiscal Year 2015-2016.

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THE ASSESSMENT NUMBER IS THE LOT NUMBER ADDED TO THE NUMBER 1000 - EXAMPLE - THE ASSESSMENT NUMBER FOR LOT 1 WILL BE 1001 - THE ASSESSMENT NUMBER FOR LOT 114 WILL BE 1114

THE DIMENSIONS AND BOUNDARY DATA FOR EACH LOT ARE SHOWN ON THE RECORDED SUBDIVISION MAP IN VOLUME 103 OF MAPS AT PAGE 2, RECORDS OF SANTA CRUZ COUNTY

Harkins Slough Rd.



INDICATES DISTRICT BOUNDARY, (TYPICAL)

INDICATES LOT NUMBER, (TYPICAL)

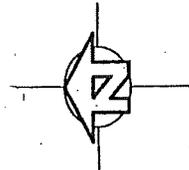
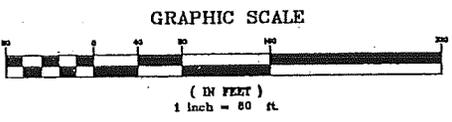


Exhibit "A"  
1 of 5.

ASSESSMENT DIAGRAM  
Bay Breeze Landscape and  
Lighting Maintenance District

FEBRUARY 2003 CITY OF WATSONVILLE SCALE: 1" = 80'

**Mand**  
ENGINEERS, INC.

1100 WATER STREET  
SANTA CRUZ, CA 95062  
TEL (831) 428-8313  
FAX (831) 428-1743

SHEET NO. 1 OF 1 SHEET JOB NUMBER 88001.01

**Bay Breeze Landscaping and Lighting Maintenance**  
**District Property Owner List and Assessment Roll**  
**FY 2015-2016**

<b>Asmnt No.</b>	<b>A.P.N</b>	<b>Owner</b>	<b>Owner Address</b>	<b>City</b>	<b>State</b>	<b>ZIP</b>	<b>Asmnt Amount</b>
1001	018-601-01		116 PELICAN DR	WATSONVILLE	CA	95076	463.18
1002	018-601-02		112 PELICAN DR	WATSONVILLE	CA	95076	463.18
1003	018-601-04		108 PELICAN DR	WATSONVILLE	CA	95076	463.18
1004	018-601-05		104 PELICAN DR	WATSONVILLE	CA	95076	463.18
1005	018-601-06		100 PELICAN DR	WATSONVILLE	CA	95076	463.18
1006	018-601-07		96 PELICAN DR	WATSONVILLE	CA	95076	463.18
1007	018-601-10		4 EGRET LN	WATSONVILLE	CA	95076	463.18
1008	018-601-09		8 EGRET LN	WATSONVILLE	CA	95076	463.18
1009	018-601-08		12 EGRET LN	WATSONVILLE	CA	95076	463.18
1010	018-602-01		21 EGRET LN	WATSONVILLE	CA	95076	463.18
1011	018-602-02		17 EGRET LN	WATSONVILLE	CA	95076	463.18
1012	018-602-03		13 EGRET LN	WATSONVILLE	CA	95076	463.18
1013	018-602-04		9 EGRET LN	WATSONVILLE	CA	95076	463.18
1014	018-602-05		5 EGRET LN	WATSONVILLE	CA	95076	463.18
1015	018-611-06		25 YARRO CT	WATSONVILLE	CA	95076	463.18
1016	018-611-05		21 YARRO CT	WATSONVILLE	CA	95076	463.18
1017	018-611-04		17 YARRO CT	WATSONVILLE	CA	95076	463.18
1018	018-611-01		60 PELICAN DR	WATSONVILLE	CA	95076	463.18
1019	018-611-02		56 PELICAN DR	WATSONVILLE	CA	95076	463.18
1020	018-611-03		52 PELICAN DR	WATSONVILLE	CA	95076	463.18
1021	018-613-08		4 YARRO CT	WATSONVILLE	CA	95076	463.18
1022	018-613-07		8 YARRO CT	WATSONVILLE	CA	95076	463.18
1023	018-613-06		12 YARRO CT	WATSONVILLE	CA	95076	463.18
1024	018-613-05		16 YARRO CT	WATSONVILLE	CA	95076	463.18
1025	018-613-04		20 YARRO CT	WATSONVILLE	CA	95076	463.18
1026	018-613-03		24 YARRO CT	WATSONVILLE	CA	95076	463.18
1027	018-613-02		28 YARRO CT	WATSONVILLE	CA	95076	463.18
1028	018-613-01		32 YARRO CT	WATSONVILLE	CA	95076	463.18
1029	018-613-21		4 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1030	018-613-20		8 KINGFISHER DR	WATSONVILLE	CA	95076	463.18

1031	018-613-19		12 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1032	018-613-18		16 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1033	018-613-17		20 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1034	018-613-16		24 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1035	018-613-15		28 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1036	018-613-14		32 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1037	018-613-09		20 PELICAN DR	WATSONVILLE	CA	95076	463.18
1038	018-613-10		16 PELICAN DR	WATSONVILLE	CA	95076	463.18
1039	018-613-11		12 PELICAN DR	WATSONVILLE	CA	95076	463.18
1040	018-613-12		4 PELICAN DR	WATSONVILLE	CA	95076	463.18
1041	018-613-13		4 PELICAN DR	WATSONVILLE	CA	95076	463.18
1042	018-614-01		5 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1043	018-614-02		110 BRYCE CT	APTOS	CA	95003	463.18
1044	018-614-03		13 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1045	018-614-04		17 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1046	018-614-05		21 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1047	018-614-06		10 KITE HILL RD	SANTA CRUZ	CA	95060	463.18
1048	018-614-07		29 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1049	018-614-08		33 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1050	018-621-01		37 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1051	018-621-02		41 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1052	018-621-03		45 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1053	018-621-04		49 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1054	018-621-05		53 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1055	018-621-06		255 FIELDBROOK LN	WATSONVILLE	CA	95076	463.18
1056	018-621-07		61 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1057	018-621-08		P O BOX 66715	SCOTTS VALLEY	CA	95067	463.18
1058	018-621-09		69 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1059	018-621-10		73 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1060	018-621-11		77 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1061	018-621-12		81 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1062	018-621-13		85 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1063	018-621-14		89 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1064	018-621-15		93 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1065	018-621-16		97 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1066	018-621-17		101 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1067	018-621-18		105 KINGFISHER DR	WATSONVILLE	CA	95076	463.18

1068	018-621-19		109 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1069	018-621-20		113 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1070	018-621-21		117 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1071	018-622-01		88 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1072	018-622-02		84 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1073	018-622-03		80 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1074	018-622-04		76 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1075	018-622-05		72 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1076	018-622-06		68 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1077	018-622-07		105 WESTERN CT	SANTA CRUZ	CA	95060	463.18
1078	018-622-08		60 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1079	018-622-09		56 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1080	018-622-10		5 HERON CT	WATSONVILLE	CA	95076	463.18
1081	018-622-11		9 HERON CT	WATSONVILLE	CA	95076	463.18
1082	018-622-12		13 HERON CT	WATSONVILLE	CA	95076	463.18
1083	018-623-01		12 HERON CT	WATSONVILLE	CA	95076	463.18
1084	018-623-02		8 HERON CT	WATSONVILLE	CA	95076	463.18
1085	018-623-03		4 HERON CT	WATSONVILLE	CA	95076	463.18
1086	018-623-04		52 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1087	018-623-05		48 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1088	018-623-06		44 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1089	018-623-07		40 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1090	018-623-08		36 KINGFISHER DR	WATSONVILLE	CA	95076	463.18
1091	018-623-09		9 PELICAN DR	WATSONVILLE	CA	95076	463.18
1092	018-623-10		13 PELICAN DR	WATSONVILLE	CA	95076	463.18
1093	018-612-12		17 PELICAN DR	WATSONVILLE	CA	95076	463.18
1094	018-612-11		21 PELICAN DR	WATSONVILLE	CA	95076	463.18
1095	018-612-10		17426 BELLETTO DR	MORGAN HILL	CA	95037	463.18
1096	018-612-09		29 PELICAN DR	WATSONVILLE	CA	95076	463.18
1097	018-612-08		33 PELICAN DR	WATSONVILLE	CA	95076	463.18
1098	018-612-07		815 CLINTONIA AVENUE	SAN JOSE	CA	95125	463.18
1099	018-612-06		41 PELICAN DR	WATSONVILLE	CA	95076	463.18
1100	018-612-05		45 PELICAN DR	WATSONVILLE	CA	95076	463.18
1101	018-612-04		49 PELICAN DR	WATSONVILLE	CA	95076	463.18
1102	018-612-03		53 PELICAN DR	WATSONVILLE	CA	95076	463.18
1103	018-612-02		57 PELICAN DR	WATSONVILLE	CA	95076	463.18
1104	018-612-01		61 PELICAN DR	WATSONVILLE	CA	95076	463.18

1105	018-603-10		71 RICARDO COURT	AROMAS	CA	95004	463.18
1106	018-603-09		69 PELICAN DR	WATSONVILLE	CA	95076	463.18
1107	018-603-08		73 PELICAN DR	WATSONVILLE	CA	95076	463.18
1108	018-603-07		245 LAUREL DR	FELTON	CA	95018	463.18
1109	018-603-06		125 VIA MEDICI	APTOS	CA	95003	463.18
1110	018-603-05		85 PELICAN DR	WATSONVILLE	CA	95076	463.18
1111	018-603-04		89 PELICAN DR	WATSONVILLE	CA	95076	463.18
1112	018-603-03		93 PELICAN DR	WATSONVILLE	CA	95076	463.18
1113	018-603-02		97 PELICAN DR	WATSONVILLE	CA	95076	463.18
1114	018-603-01		101 PELICAN DR	WATSONVILLE	CA	95076	463.18
					<b>Total Assessment FY 15/16:</b>		<b>\$52,802.52</b>

**RESOLUTION NO. \_\_\_\_\_ (CM)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE CONFIRMING DIAGRAM AND ASSESSMENT AND LEVYING ASSESSMENT FOR FISCAL YEAR 2015-2016 FOR THE VISTA MONTAÑA SUBDIVISION LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT**

**Assessment District No. PK-03-03**

**(Pursuant to the Landscaping and Lighting Act of 1972)**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. That pursuant to Chapter 3 (California Streets and Highways Code Sections 22620 et seq.) of the Landscaping and Lighting Act of 1972, the City Council directed the City Public Works and Utilities Assistant Director, Engineer of Work for the Vista Montaña Subdivision Landscaping and Lighting Maintenance Assessment District No. PK-03-03, to prepare and file an annual report for Fiscal Year 2015-2016.

2. That the Council on April 14, 2015, adopted Resolution No. 54-15 (CM) directing the filing of the 2015-2016 Annual Engineer's Report for Assessment District No. PK-03-03.

3. That the Council on April 28, 2015, adopted Resolution No. 67-15 (CM), accepting the Engineer's Report.

4. That the Council on April 28, 2015, adopted Resolution No. 68-15 (CM), a Resolution of Intention to levy and collect assessments within the assessment district for Fiscal Year 2015-2016 and set a public hearing to be held on May 26, 2015, in the meeting place of the City Council located in the City Council Chambers, 275 Main Street,

Fourth (4<sup>th</sup>) Floor, Watsonville, California. Notice of the hearing was given in the time and manner required by law.

5. That at the public hearing, the City Council afforded to every interested person an opportunity to protest the annual report either in writing or orally, and the City Council has considered any such protest.

6. That the City Council hereby confirms the annual report of the Engineer of Work accepted by Resolution No. 67-15 (CM) on April 28, 2015.

7. That the City Council hereby confirms the Diagram and Assessment and hereby levies the assessment set forth on Exhibit "A," attached herein and incorporated hereto, for Fiscal Year 2015-2016.

\*\*\*\*\*



**Vista Montaña Landscaping and Lighting Maintenance Assessment  
District Property Owner List and Assessment Roll  
FY 2015-2016**

APN	Owner	Owner Address	City	State	ZIP	Assessment Amount*
017-741-01		262 E LAKE AVE	WATSONVILLE	CA	95076	\$ 435.00
017-741-02		705 VISTA MONTANA DR	WATSONVILLE	CA	95076	\$ 435.00
017-741-03		709 VISTA MONTANA DR	WATSONVILLE	CA	95076	\$ 435.00
017-741-04		713 VISTA MONTANA DR	WATSONVILLE	CA	95076	\$ 435.00
017-741-05		2290 MURIEL DR	SANTA CRUZ	CA	95062	\$ 435.00
017-741-06		3333 CLARES ST	CAPITOLA	CA	95010	\$ 435.00
017-741-07		2290 MURIEL DR	SANTA CRUZ	CA	95062	\$ 435.00
017-741-08		215 JUNE CT	WATSONVILLE	CA	95076	\$ 435.00
017-741-09		733 VISTA MONTANA DR	WATSONVILLE	CA	95076	\$ 435.00
017-741-10		2290 MURIEL DR	SANTA CRUZ	CA	95062	\$ 435.00
017-741-11		741 VISTA MONTANA DR	WATSONVILLE	CA	95076	\$ 435.00
017-741-12		745 VISTA MONTANA DR	WATSONVILLE	CA	95076	\$ 435.00
017-741-13		749 VISTA MONTANA DR	WATSONVILLE	CA	95076	\$ 435.00
017-741-14		599 COLLEGE AVE	PALO ALTO	CA	94306	\$ 348.00
017-741-15		757 VISTA MONTANA DR	WATSONVILLE	CA	95076	\$ 348.00
017-741-16		761 VISTA MONTANA DR	WATSONVILLE	CA	95076	\$ 348.00
017-741-17		101 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-741-18		3355 HAAS DR	APTOS	CA	95003	\$ 348.00
017-741-19		762 ARCE ST	WATSONVILLE	CA	95076	\$ 348.00
017-741-20		758 ARCE ST	WATSONVILLE	CA	95076	\$ 348.00
017-741-21		754 ARCE ST	WATSONVILLE	CA	95076	\$ 348.00
017-741-22		750 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-23		746 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-24		742 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-25		738 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-26		734 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-27		730 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-28		726 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-29		722 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-30		718 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-31		714 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-32		710 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-33		706 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-741-34		P O BOX 1690	FREEDOM	CA	95019	\$ 435.00
017-742-01		701 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-02		140 CUTTER DR	WATSONVILLE	CA	95076	\$ 435.00
017-742-03		709 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-04		713 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-05		P O BOX 1617	FREEDOM	CA	95019	\$ 435.00
017-742-06		721 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-07		725 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-08		729 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00

017-742-09		733 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-10		739 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-11		741 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-12		745 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-13		749 ARCE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-14		753 ARCE ST	WATSONVILLE	CA	95076	\$ 348.00
017-742-15		757 ARCE ST	WATSONVILLE	CA	95076	\$ 348.00
017-742-16		761 ARCE ST	WATSONVILLE	CA	95076	\$ 348.00
017-742-17		121 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-05		140 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-06		136 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-07		132 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-08		128 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-09		124 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-10		120 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-11		116 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-12		112 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-13		108 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-14		116 NANCY CT	WATSONVILLE	CA	95076	\$ 348.00
017-742-18		135 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-742-19		762 ROBLE ST	WATSONVILLE	CA	95076	\$ 348.00
017-742-20		758 ROBLE ST	WATSONVILLE	CA	95076	\$ 348.00
017-742-21		754 ROBLE ST	WATSONVILLE	CA	95076	\$ 348.00
017-742-22		750 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-23		746 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-24		742 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-25		738 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-26		734 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-27		730 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-28		726 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-29		722 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-30		701 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-31		714 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-32		710 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-33		706 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-742-34		702 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-01		701 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-02		705 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-03		943 ACORN WAY	WATSONVILLE	CA	95076	\$ 435.00
017-743-04		713 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-05		717 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-06		721 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-07		725 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-08		P O BOX 1006	WATSONVILLE	CA	95077	\$ 435.00
017-743-09		733 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-10		737 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-11		741 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-12		745 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00

017-743-13		749 ROBLE ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-14		753 ROBLE ST	WATSONVILLE	CA	95076	\$ 348.00
017-743-15		757 ROBLE ST	WATSONVILLE	CA	95076	\$ 348.00
017-743-16		761 ROBLE ST	WATSONVILLE	CA	95076	\$ 348.00
017-743-17		147 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-743-20		762 CIPRES ST	WATSONVILLE	CA	95076	\$ 348.00
017-743-21		758 CIPRES ST	WATSONVILLE	CA	95076	\$ 348.00
017-743-22		754 CIPRES ST	WATSONVILLE	CA	95076	\$ 348.00
017-743-23		P O BOX 3893	SANTA CRUZ	CA	95063	\$ 435.00
017-743-24		746 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-25		742 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-26		738 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-27		734 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-28		730 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-29		726 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-30		722 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-31		718 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-32		714 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-33		710 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-34		706 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-35		702 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-743-37		163 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-01		156 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-02		152 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-03		148 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-04		4612 FAIRWAY RANCH RD	SOQUEL	CA	95073	\$ 348.00
017-744-15		P O BOX 2624	WATSONVILLE	CA	95076	\$ 348.00
017-744-16		164 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-17		168 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-18		172 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-19		176 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-20		20918 BIG FOOT CT	GROVELAND	CA	95321	\$ 348.00
017-744-21		P O BOX 64	WATSONVILLE	CA	95077	\$ 348.00
017-744-22		P O BOX 64	WATSONVILLE	CA	95077	\$ 348.00
017-744-23		179 FRANICH DR	WATSONVILLE	CA	95076	\$ 348.00
017-744-24		761 CIPRES ST	WATSONVILLE	CA	95076	\$ 348.00
017-744-25		757 CIPRES ST	WATSONVILLE	CA	95076	\$ 348.00
017-744-26		753 CIPRES ST	WATSONVILLE	CA	95076	\$ 348.00
017-744-27		749 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-744-28		745 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-744-29		741 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-744-30		737 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-744-31		733 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-744-32		729 CIPRESS ST	WATSONVILLE	CA	95076	\$ 435.00
017-744-33		9 E PHILLIPS RD	WATSONVILLE	CA	95076	\$ 435.00
017-744-34		P O BOX 3893	SANTA CRUZ	CA	95063	\$ 435.00
017-744-35		717 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-744-36		713 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00

017-744-37		709 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-744-38		705 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-744-39		701 CIPRES ST	WATSONVILLE	CA	95076	\$ 435.00
017-751-13		62 BROWN VALLEY RD	WATSONVILLE	CA	95076	\$ 348.00
017-751-14		135 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-15		139 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-16		1800 TAPO CANYON RD	SIMI VALLEY	CA	93063	\$ 348.00
017-751-17		147 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-18		151 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-19		155 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-20		159 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-21		163 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-22		167 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-23		171 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-24		88 WINDING WAY	WATSONVILLE	CA	95076	\$ 348.00
017-751-25		47 PASEO DR	WATSONVILLE	CA	95076	\$ 348.00
017-751-26		542 MANZANA ST	WATSONVILLE	CA	95076	\$ 348.00
017-751-27		4300 MIRALESTE DR	RANCHO PALOS VERDES	CA	90275	\$ 348.00
017-751-28		534 MANZANA ST	WATSONVILLE	CA	95076	\$ 348.00
017-751-29		530 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-751-30		526 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-751-31		522 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-751-32		518 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-751-33		514 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-751-34		510 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-751-35		506 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-01		505 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-02		509 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-03		513 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-04		510 VISTA DEL MAR	APTOS	CA	95003	\$ 435.00
017-752-05		521 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-06		525 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-07		529 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-08		533 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-09		537 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-10		541 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-11		545 MANZANA ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-12		546 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-13		542 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-14		538 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-15		534 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-16		530 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-17		526 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-18		522 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-19		518 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-20		514 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-21		510 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
017-752-22		506 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00

(a)	017-551-23	[REDACTED]	599 COLLEGE AVE	PALO ALTO	CA	94306	\$ 16,200.00
	017-751-02	[REDACTED]	505 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-03	[REDACTED]	509 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-04	[REDACTED]	513 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-05	[REDACTED]	517 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-06	[REDACTED]	521 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-07	[REDACTED]	525 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-08	[REDACTED]	529 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-09	[REDACTED]	533 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-10	[REDACTED]	537 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-11	[REDACTED]	541 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-12	[REDACTED]	545 CIRVELO ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-39	[REDACTED]	123 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
	017-751-40	[REDACTED]	119 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
	017-751-41	[REDACTED]	115 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
	017-751-42	[REDACTED]	111 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
	017-751-43	[REDACTED]	107 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
	017-751-44	[REDACTED]	546 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-45	[REDACTED]	542 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-46	[REDACTED]	538 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-47	[REDACTED]	534 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-48	[REDACTED]	530 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-49	[REDACTED]	526 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-50	[REDACTED]	522 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-51	[REDACTED]	518 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-52	[REDACTED]	514 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-53	[REDACTED]	510 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-751-54	[REDACTED]	PO BOX 1275	CAPITOLA	CA	95010	\$ 435.00
	017-751-57	[REDACTED]	127 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
	017-753-02	[REDACTED]	505 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-753-03	[REDACTED]	3012 WISTERIA WAY	APTOS	CA	95003	\$ 435.00
	017-753-04	[REDACTED]	513 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-753-05	[REDACTED]	517 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-753-06	[REDACTED]	521 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-753-07	[REDACTED]	525 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-753-08	[REDACTED]	529 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-753-09	[REDACTED]	533 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-753-10	[REDACTED]	537 CEREZE ST	WATSONVILLE	CA	95076	\$ 435.00
	017-753-11	[REDACTED]	541 CEREZE ST	WATSONVILLE	CA	95076	\$ 348.00
	017-753-12	[REDACTED]	545 CEREZE ST	WATSONVILLE	CA	95076	\$ 348.00
	017-753-13	[REDACTED]	549 CEREZE ST	WATSONVILLE	CA	95076	\$ 348.00
	017-753-14	[REDACTED]	106 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
	017-753-15	[REDACTED]	102 MARCELA DR	WATSONVILLE	CA	95076	\$ 348.00
	017-753-16	[REDACTED]	550 SECOYA ST	WATSONVILLE	CA	95076	\$ 348.00
	017-753-17	[REDACTED]	161 NAVIGATOR DR	SCOTTS VALLEY	CA	95066	\$ 348.00
	017-753-18	[REDACTED]	542 SECOYA ST	WATSONVILLE	CA	95076	\$ 348.00
	017-753-19	[REDACTED]	538 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
	017-753-20	[REDACTED]	181 BARNES RD	APTOS	CA	95003	\$ 435.00

017-753-21		530 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-753-22		526 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-753-23		522 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-753-24		518 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-753-25		514 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-753-26		510 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-753-27		506 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-02		505 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-03		509 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-04		513 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-05		517 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-06		521 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-07		525 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-08		529 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-09		533 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-10		537 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-11		541 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-12		545 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-13		549 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
017-754-14		553 SECOYA ST	WATSONVILLE	CA	95076	\$ 435.00
<b>Total Assessment FY 15/16</b>						<b>\$121,035.00</b>

Assessment Amount determined as follows:

- \$435.00 price per Single Family Dwelling Unit**
- \$348.00 price per Town Home**
- \$120.00 price per Apartment**

(a) Cost on this parcel includes amount for 135 apartment units

**City of Watsonville**  
**Public Works and Utilities Department**

**M E M O R A N D U M**



**DATE:** May 20, 2015

**TO:** Marcela Tavantzis, Interim City Manager

**FROM:** Steve Palmisano, Director of Public Works and Utilities  
Nancy Lockwood, Environmental Projects Manager

**SUBJECT:**

APPROVED  
By Steve Palmisano at 4:16 pm, May 20, 2015

1. Resolution affirming the Governor's April 1, 2015 Executive Order and the State Water Resources Control Board Emergency Regulations that mandate a 20% reduction in water usage and expand and extend specific water use restrictions.
2. Resolution declaring a Water Supply Emergency and enacting Level 2 water restrictions contained in the City of Watsonville 2010 Urban Water Management Plan.
3. Resolution approving continuation of the Turf Replacement Rebate Program.

**AGENDA ITEM:** May 26, 2015

**City Council**

**RECOMMENDATION:**

It is recommended that the City Council take the following actions:

1. Adopt a resolution affirming the Governor's April 1, 2015 Executive Order and the State Water Resources Control Board Emergency Regulations that mandate a 20% reduction in water usage for Watsonville and expand and extend specific water use restrictions.
2. Adopt a resolution declaring a Water Supply Emergency and enacting Level 2 water restrictions contained in the City of Watsonville 2010 Urban Water Management Plan.
3. Adopt a resolution approving continuation of the Turf Replacement Rebate Program.

**DISCUSSION**

**Results of 2014 Conservation Effort in Watsonville**

In August 26, 2014, City Council at a public hearing approved Resolution No. 117-14 (CM), approving State emergency landscape watering restrictions, limiting sprinkler watering to two days per week, and setting in place a fine schedule. Watsonville residents and businesses heeded the Governor's call for reduced water usage in Watsonville decreased by 12% in 2014 as compared to water used in the base year, 2013. This fell short of the State's call for a voluntary 20% reduction but exceeded those statewide results of only 9%.

## **2015 Statewide Emergency Regulations**

Due to the ongoing severe drought and overall poor statewide result of 9% reduction in water usage statewide in 2014, on April 1, 2015, Governor Jerry Brown announced Executive Order B-29-15 which calls for a mandatory 25% reduction statewide and directed the State Water Resources Control Board to issued mandatory reduction targets for all water agencies. Failure to meet the target could result in fines to Water agencies of up to \$10,000 per day.

The Water Board set nine reduction targets or tiers ranging from 8% to 36% with the assignment based on each agency's per capita water usage in 2014. Watsonville received a water conservation target of 20%, based on the current per capita water use, which is between 50 and 60 gallons per day.

Other requirements are mandatory monthly reporting by water agencies of both water production and enforcement actions The Executive Order is in effect through February 2016. On May 5, 2015, the Water Board adopted the final regulations for the Executive Order with an effective date of June 15, 2015.

## **Additional Water Use Restrictions for 2015**

The 2015 Emergency Regulations add several more water use restrictions as listed below.

1. Water agencies are required to report to the Water Board on a monthly basis the amount of water produced as well as the number of water waste complaints, the follow up on complaints and number and type of water waste enforcement actions.
2. Prohibition on irrigation of turf on medians on public streets.
3. Prohibition on use of potable water to wash sidewalks and driveways.
4. Prohibition on irrigating outdoors during and within 48 hours following measurable rainfall.
5. Prohibition on irrigation with potable water outside of newly constructed homes and buildings unless by drip or micro-spray systems (delayed implementation).
6. Requires that restaurants serve water to customers only upon request.
7. Requires hotels and motels must offer their guests the option to not have their linens and towels laundered daily, and prominently display this option in each guest room.
8. Though not prohibited, urban water suppliers and municipalities are urged to stop watering other non-functional turf such as strips bordering street lanes. Irrigation for preservation of trees is encouraged.

These 2015 restrictions are in addition to those imposed by the State in 2014 which set in place the two-day per week watering limit and the fines for wasting of water. In addition, The City of Watsonville municipal water waste prohibitions, all of which remain in effect.

## **Impact on Businesses**

There are not specific percentage reductions assigned to any sector of the water service area. The target 20% reduction is for total water production by the water agency. According the State Water Resources Board, the majority of the water reduction will be achieved through reductions in outdoor water use and improved efficiency. Outdoor watering accounts for about

50% of water usage and it therefore the target for reduction. It should be possible to meet mandated goals without negative impacts on the business sector.

### **Plan to Reach the Mandated 20% Water Use Reduction Target in Watsonville**

In order to maintain the 12% water use reduction our community achieved in 2014 and gain an additional 8% reduction, staff has identified four primary strategies.

1. Increased education and outreach for all of the City's water conservation programs.
2. Continuation of the popular turf replacement rebate program including increased program promotion.
3. Retrofit irrigation systems at City parks and facilities.
4. Hire a temporary employee to assist with education and enforcement.

Staff has increased educational efforts to promote the Landscape Conservation Consultation program and the Turf Replacement Rebate to residents and businesses. The Landscape Consultation Program has seen an increase in service requests. This program sends out a contracted landscape expert to evaluate outdoor and indoor water usage. Examples of common problems that can be resolved include re-programming of irrigation controllers, identification of leaks, and identification of high-flow toilets that are eligible for the City's rebate. The program is free for residents and businesses that are also provided recommendations to further reduce water use by reducing unused lawn areas and installation of drought tolerant plants.

The proposed water conservation measures will be added to our existing water conservation program which already includes the following measures.

- Rebate for lawn replacement
- Retrofit irrigation equipment at City parks and facilities
- Water waste reporting hotline and email – 768-3133 and [waterwaste@cityofwatsonville.org](mailto:waterwaste@cityofwatsonville.org)
- Free expert home and landscape water consultations
- Resources for restaurants and hotels
- Enforcement in cases of chronic waste
- Rebates for high efficiency toilets and washing machines,
- Free toilet replacement program
- Community outreach and school programs
- Water Smart Garden web-based tool.
- Restrictions on the wasting of water in WMC 6-3.432.
- Co-sponsored Cabrillo College classes
- Co-sponsored classes for landscapers in partnership with PVUSD Adult Ed
- Coordination with PVWMA and regional partners.

It is also proposed that a "Lose Your Lawn" hands-on workshop be held in Watsonville this fall. Fall is an ideal time to retrofit landscaping to take advantage of winter rain to help establish new plants.

## **Declaration of Water Supply Emergency and Enacting Level 2 Water Restrictions**

As required by the State Water Resources Board and adopted by the City Council, the 2010 Urban Water Management Plan contains a Water Shortage Contingency Plan. The Water Resources Board has directed water agencies to enact their contingency plans in 2015. Watsonville's Water Shortage Contingency Plan includes five levels of action that can be declared by City Council corresponding to the severity of the water supply scenario and is summarized below.

**Level One** occurs when it is necessary to decrease demand by 0-16%. Level One action consist of those already taken by the conservation programs

**Level Two** occurs when it is necessary to decrease demand in consumption 17-20%. Actions include continuation of Level One, and expansion of conservation program.

**Level Three** occurs when it is necessary to reduce water demand 21-22% and includes mandatory retrofit of plumbing fixtures and mandatory irrigation restrictions.

**Level Four** occurs at 23-26% and prohibits washing cars, filling pools, no new issuance of letters of water availability and collection of connection charges.

**Level Five** demand reductions of 27% and includes rationing of water, no outdoor cleaning, no new water connections, and penalties for using more than ration allotment.

At this time, it is recommended that City Council, declare a Water Supply Shortage and enact the Level Two Water Restrictions. Level Two is consistent with the State mandates and is anticipated to be adequate to achieve the 20% water use reduction in 2015. Though Watsonville has adequate water supplies from its groundwater sources, the State-mandated 20% water use reduction target in effect triggers a reduction in usable supply.

### **Turf Replacement Rebate Program Update**

It is also recommended that the City Council approve continuation of the pilot program to help City water customers with removal of lawn areas. Lawns are the most water-intensive type of landscaping. Replacement of lawn with drought tolerant plants can cut landscape water use by 90%. Turf areas can be retrofitted to attractive low or no-water landscape, artificial turf or permeable hardscape. Removal of turf areas that are not used for recreation or pets makes sense given our chronic overdraft of the aquifer and the extended drought.

In the pilot turf replacement rebate program, approved by City Council in August, 2014, the rebate amount is \$.75 per square foot of lawn removed. The limit is \$500 per residential customer and \$1000 per commercial customer. Staff visits sites to give approval prior to the lawn removal and afterward to assure the rebate funds are used in a most beneficial manner. The pilot program was allocated \$20,000 and these funds have been expended.

So far, 90 customers have applied for the rebate and 41 have completed their project and received the rebate. The program has resulted in the removal 55,139 square feet of turf. The estimated total water savings from the City's turf rebate is 1.5 million gallons per year. In many

projects, customers removed larger areas of turf than the area covered by the rebate. The City's rebate functions effectively as an incentive and partially off-sets the cost of larger projects that have an even greater water savings.

### **Additional Background: 2014 State-Mandated Emergency Outdoor Landscape Watering Restrictions**

The key restrictions imposed by the 2014 State order were (1) the restriction on use of sprinklers to two days per week and (2) requirement to issue fines of up to \$500 for violations. In order for the City to comply with the 2014 State emergency regulations, City Council approved by resolution these two new conservation measures at the August 26 meeting. The restriction on outdoor watering required that use of sprinklers or other overhead watering devices be limited to two days per week for 15 minutes per day. This action puts the City in complete compliance with the Governor's 2014 order. In 2014, the City Council approved a watering schedule as follows:

#### **OUTDOOR LANDSCAPE WATER RESTRICTIONS APPROVED IN 2014**

All residents and businesses within the City of Watsonville water service area are limited to the following restrictions on the use of sprinklers or other overhead watering devices:

- Addresses with odd numbers may water on Wednesdays and Saturdays for max of 15 minutes.
- Addresses with even numbers may water on Thursday and Sundays for max of 15 minutes.
- Watering between the hours of 9:00 AM and 5:00 PM is not allowed.

Included in these restrictions are all single and multi-family residences, businesses, industrial facilities, schools and other public facilities. Also included in these restrictions are customers with irrigation accounts. Customers with commercial and landscape accounts may request a watering schedule that avoids weekend day if necessary to enable monitoring by landscape maintenance professionals or use of playing areas or fields for residents.

Outdoor watering by use of drip irrigation that emits water directly to plant roots, or use of a hand-held hose with a shut-off nozzle directed at plant roots is exempt.

#### **FINE SCHEDULE MANDATED BY STATE AND ADOPTED BY CITY COUNCIL IN 2014**

As per the Governor's 2014 order, residents found to be in violation of water restrictions can receive fines of up to \$500. On August 26, 2014, by Resolution No. 117-14 (CM), City Council adopted the following fine schedule in order to be in compliance with the State mandate.

- First offense – warning and offer of free technical assistance
- Second offense - \$50 fine and offer of free technical assistance. Fine removed after acceptance of assistance.

- Third offense - \$100 fine and offer of free technical assistance
- Fourth offense - \$200 fine and offer of free technical assistance
- Fifth and subsequent offenses - \$500 fine and offer of free technical assistance

During 2014, no enforcement action was taken in the residential sector. The focus of conservation efforts was providing education and technical assistance. However, several businesses did not respond to repeated notification of water waste and offers of assistance. The typical water waste scenario is use of an automatic irrigation system in a manner that results in large amounts of water running to waste onto streets or parking lots. After multiple contacts, it was necessary, consistent with the Municipal Code and the State mandate, to move into the enforcement phase. Ten businesses have had their water rate doubled, as per Watsonville Municipal Code. This action has not resulted in action to stop the waste. Several of these businesses recently received notices of the \$50 fine and now are taking action. Staff will continue to offer assistance as soon as the customer responds. One of the businesses responded to the fine by making plans to replace the turf with low water plants on a drip system.

The 2014 and 2015 watering restrictions mandated by the State are in addition to the City's Water Waste Ordinance contained in WMC Sec.6-3.432 which also remain in effect. The Water Waste Ordinance includes a prohibition on allowing water to run to waste, allowing loss of water due to leaks, use of hose without a shut-off nozzle, use of fountain without recirculation pump and operation of car wash without best available conservation technology. In addition, the existing ordinance prohibits the watering of landscaping between 9:00 AM and 5:00 PM except by use of drip irrigation or hand-watering with hose with shut-off nozzle. WMC Sec. 6-3.302 allows for the doubling of a customer's water rate for chronic unlawful wasting of water.

### **Overview of Watsonville's Water Supply**

In Watsonville, our primary source of water is groundwater aquifer is the Aromas Red Sands aquifer. The City operates 14 wells and distributes potable water to 65,000 customers in the City and extending to Corralitos, Freedom, and portions of the surrounding unincorporated area. In addition, approximately ten percent of our water typically comes from Corralitos and Browns Valley Creeks in the Santa Cruz Mountains, except during severe drought. The Filter Plant is currently off-line due to the drought and the need to leave adequate water in the creeks for fish habitat.

Our reliance on groundwater in the Pajaro Valley water buffers us from the immediate and devastating effects of this drought experienced in other areas. The water in our aquifer is the rain that fell thousands or hundreds of years ago as well as rain that fell in the Pajaro Valley only a few years ago. Rainwater percolates through the soil, sand and gravel until it reaches a solid layer of rock or clay. The water is stored there until a well is drilled and the water is pumped out for agriculture, commercial or residential use.

Long before the current drought, geologists found that our groundwater basin is in an overdraft condition. Overdraft means that we are pumping more water than is replenished by rain and

was first identified in the Valley in the 1950s. As the groundwater levels drop, salt water from the ocean has flowed into the aquifer in coastal areas. Many wells in the vicinity of Palm and Sunset Beaches are unusable for drinking or irrigation water. It is estimated all users in the Pajaro Valley use 12,000 acre feet of water more than nature can replenish. Even greater than normal rainfall in the future will not solve the overdraft.

Extended drought has serious long-term consequences to our water supply. The lack of rainfall results in less water percolating into the ground to recharge the aquifer and contributes to more severe overdraft conditions. Without the usual rainfall, the current four-year drought has resulted in a drop in water depths in our well by about ten feet. The overall water level in our main aquifer underlying the Pajaro Valley is below sea level in a growing area. The negative pressure inside the aquifer increases the flow of seawater into the aquifer along the coast. While the aquifer holds sufficient water to meet current needs, it is critical that we conserve existing water resources for future needs.

The City works closely with the Pajaro Valley Water Management Agency to plan and implement projects and strategies to bring our groundwater basin into balance and stop salt water intrusion. The City's Water Recycling Facility is a prime example of a successful project that allows use of highly treated wastewater for agricultural irrigation. The Agency's new Basin Management Plan outlines a comprehensive plan to solve the overdraft by constructing several projects that will provide new sources of local water.

Increased conservation by urban and agricultural water users is included as an important strategy in the Basin Management Plan. In the Pajaro Valley, 85 percent of water is used for agriculture. Water is the backbone of our economy and tremendous efforts are underway to protect of water resources for the future.

**STRATEGIC PLAN:**

The proposed restrictions on landscape watering and the continuation of the rebate for lawn removal are consistent with the Strategic Plan goal to improve infrastructure which includes conservation of our water resources.

**FINANCIAL IMPACT:**

Failure of the City to achieve the State-mandated water use reduction of 20% could result in fines by the State of \$10,000 per day.

**ALTERNATIVES:**

An alternative would be to not approve one or more of the three recommended actions.

**ATTACHMENTS:**

None

cc: City Attorney

**RESOLUTION NO. \_\_\_\_ (CM)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE AFFIRMING THE GOVERNOR'S APRIL 1, 2015, EXECUTIVE ORDER AND ADOPTING THE STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2015-0032 MANDATING A 20% REDUCTION IN WATER USAGE AND EXPANDING AND EXTENDING SPECIFIC WATER USE RESTRICTIONS**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

That the City Council of the City of Watsonville hereby affirms the Governor's April 1, 2015, Executive Order and adopts the State Water Resources Control Board Resolution No. 2015-0032, that mandates a 20% reduction in water usage and expands and extends specific water use restrictions, a copy of which is attached hereto and incorporated herein.

\*\*\*\*\*

**STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 2015-0032**

**TO ADOPT AN EMERGENCY REGULATION FOR  
STATEWIDE URBAN WATER CONSERVATION**

**WHEREAS:**

1. On April 25, 2014, Governor Edmund G. Brown Jr. issued an executive order (April 2014 Proclamation) to strengthen the State's ability to manage water and habitat effectively in drought conditions, and called on all Californians to redouble their efforts to conserve water. The April 2014 Proclamation finds that the continuous severe drought conditions present urgent challenges across the State, including water shortages in communities and for agricultural production, increased wildfires, degraded habitat for fish and wildlife, threat of saltwater contamination, and additional water scarcity, if drought conditions continue into 2015. The April 2014 Proclamation also suspends the environmental review required by the California Environmental Quality Act to allow the emergency regulation and other actions to take place as quickly as possible;
2. The April 2014 Proclamation refers to the [Governor's Proclamation No. 1-17-2014](#), issued on January 17, 2014, declaring a drought State of Emergency to exist in California due to severe drought conditions (January 2014 Proclamation). The January 2014 Proclamation finds that dry conditions and lack of precipitation present urgent problems to drinking water supplies and cultivation of crops, which put farmers' long-term investments at risk. The conditions also threaten the survival of animals and plants that rely on California's rivers, including many species in danger of extinction. The January 2014 Proclamation also calls on all Californians to reduce their water usage by 20 percent;
3. On December 22, 2014, in light of the continued lack of rain, Governor Brown issued [Executive Order B-28-14](#), which extends the California Environmental Quality Act suspension through May 31, 2016 for Water Code section 13247 and certain activities identified in the January 2014 and April 2014 proclamations;
4. On April 1, 2015, Governor Brown issued a new Executive Order that directs the State Water Board to impose restrictions on urban water suppliers to achieve a statewide 25 percent reduction in potable urban usage through February 2016; require commercial, industrial, and institutional users to implement water efficiency measures; prohibit irrigation with potable water of ornamental turf in public street medians; and prohibit irrigation with potable water outside newly constructed homes and buildings that is not delivered by drip or microspray systems; along with other directives;
5. Water Code section 1058.5 grants the State Water Board the authority to adopt emergency regulations in certain drought years in order to: "prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion, of water, to promote water recycling or water conservation, to require curtailment of diversions when water is not available under the diverter's priority of right, or in furtherance of any of the foregoing, to require reporting of diversion or use or the preparation of monitoring reports";

6. On July 15, 2014, the State Water Board adopted an emergency regulation to support water conservation ([Resolution No. 2014-0038](#)), and that regulation became effective July 28, 2014 upon approval by the Office of Administrative Law (OAL);
7. On March 17, 2015, the State Water Board amended and readopted the emergency regulation to support water conservation ([Resolution No. 2015-0013](#)), which became effective March 27, 2015 upon approval by OAL;
8. The current emergency regulation has supported Californians' water conservation efforts, with over 125 billion gallons saved from August 2014 through March 2015; however, statewide water use is only nine percent less than the same months in 2013. Achieving a 25 percent reduction in use will require even greater conservation efforts across the state. In particular, many communities must dramatically reduce their outdoor water use;
9. In many areas, 50 percent or more of daily water use is for lawns and outdoor landscaping. Outdoor water use is generally discretionary, and many irrigated landscapes will survive while receiving a decreased amount of water;
10. Although urban water suppliers have placed restrictions on outdoor watering, the State Water Board continues to receive reports of excessive outdoor water use;
11. Water conservation is the easiest, most efficient and most cost-effective way to quickly reduce water demand and extend supplies into the next year, providing flexibility for all California communities. Water saved this summer is water available later in the season or next year, reducing the likelihood of even more severe water shortages should the drought continue;
12. Education and enforcement against water waste is a key tool in conservation programs. When conservation becomes a social norm in a community, the need for enforcement is reduced or eliminated;
13. Public information and awareness is critical to achieving conservation goals, and the Save Our Water campaign, run jointly by the Department of Water Resources (DWR) and the Association of California Water Agencies, is an excellent resource for conservation information and messaging that is integral to effective drought response (<http://saveourwater.com>);
14. Many California communities are facing social and economic hardship due to this drought. The rest of us can make adjustments to our water use, including landscape choices that conserve even more water;
15. The California Constitution declares, at article X, section 2, that the water resources of the state must be put to beneficial use in a manner that is reasonable and not wasteful. Relevant to the current drought conditions, the California Supreme Court has clarified that "what may be a reasonable beneficial use, where water is present in excess of all needs, would not be a reasonable beneficial use in an area of great scarcity and great need. What is a beneficial use at one time may, because of changed conditions, become a waste of water at a later time." (*Tulare Dist. v. Lindsay Strathmore Dist.* (1935) 3 Cal.2d 489, 567.) In support of water conservation, the legislature has, through Water Code section 1011, deemed reductions in water use due to conservation as equivalent

to reasonable beneficial use of that water. Accordingly, this regulation is in furtherance of article X, section 2 during this drought emergency. This temporary emergency regulation is not to be used in any future administrative or judicial proceedings as evidence or finding of waste and unreasonable use of any individual water user or water supplier subject to this regulation, and are not to affect or otherwise limit any rights to water conserved under applicable law, including without limitation, water conserved consistent with Water Code section 1011;

16. Directive two of the Governor's April 1, 2015 Executive Order directs the State Water Board to consider the relative per capita usage of each urban water supplier's service area and require that areas with high per capita use achieve proportionally greater reductions than areas with low per capita use;
17. On April 7, 2015, the State Water Board issued a draft framework proposing increasing levels of required water reduction based upon residential per capita per day use (R-GPCD) for the proposed regulation, and solicited public comments. The Board received over 300 comments on the framework, primarily relating to the levels of required water reduction;
18. On April 18, the State Water Board issued draft regulatory language for public comment based on the April 7 framework and the comments received. The draft regulatory language reflected careful consideration of all comments including those directed at the levels of required reduction. Again, the Board received close to 300 comments;
19. On April 28, 2015, the State Water Board issued a final version of draft regulatory language for comment, followed on April 29 by a formal public notice that it would consider the adoption of the emergency regulation at the Board's regularly-scheduled May 5 and 6, 2015 public meeting, in accordance with applicable State laws and regulations. The State Water Board also distributed for public review and comment a Finding of Emergency that complies with State laws and regulations;
20. As discussed above, the State Water Board is adopting the emergency regulation because of the continuing emergency drought conditions, the need for prompt action to prevent the waste and unreasonable use of water and to promote conservation, and the specific actions called for in the Governor's April 1, 2015 Executive Order; and
21. Nothing in the regulation or in the enforcement provisions of the regulation precludes a local agency from exercising its authority to adopt more stringent conservation measures. Moreover, the Water Code does not impose a mandatory penalty for violations of the regulation adopted by this resolution, and local agencies retain the enforcement discretion in enforcing the regulation to the extent authorized. Local agencies are encouraged to develop their own progressive enforcement practices to promote conservation.

THEREFORE BE IT RESOLVED THAT:

1. The State Water Board adopts California Code of Regulations, title 23, section 866 and re-adopts sections 863, 864, and 865, as appended to this resolution as an emergency regulation;

2. State Water Board staff will submit the regulation to OAL for final approval;
3. If, during the approval process, State Water Board staff, the State Water Board, or OAL determines that minor corrections to the language of the regulation or supporting documentation are needed for clarity or consistency, the State Water Board Executive Director or the Executive Director's designee may make such changes;
4. This regulation shall remain in effect for 270 days after filing with the Secretary of State unless the State Water Board determines that it is no longer necessary due to changed conditions, or unless the State Water Board renews the regulation due to continued drought conditions as described in Water Code section 1058.5;
5. The State Water Board directs staff to provide the Board with monthly updates on the implementation of the emergency regulation and its effect. These updates shall include information regarding the progress of the Building Standards Commission, Department of Housing and Community Development, and other state agencies in the adoption and implementation of emergency regulations or other requirements that implement increased outdoor irrigation efficiency for new construction. These regulations and other requirements will extend existing efficiency standards for new construction to the outdoor environment and ensure that California's new homes are constructed to meet the growing demand with the most efficient standards;
6. The State Water Board directs staff to condition funding upon compliance with the emergency regulation, to the extent feasible;
7. The State Water Board directs staff to work with DWR and the Save Our Water campaign to disseminate information regarding the emergency regulation; and
8. The State Water Board directs staff to update the electronic reporting portal to include data fields for the new reporting required by the emergency regulation.

THEREFORE BE IT FURTHER RESOLVED THAT:

9. The State Water Board shall work with DWR, the Public Utilities Commission, and other agencies to support urban water suppliers' actions to implement rates and pricing structures to incent additional conservation, as required by directive eight in the Governor's April 1, 2015 Executive Order. The Fourth District Court of Appeal's recent Decision in *Capistrano Taxpayer Association Inc. v. City of San Juan Capistrano* (G048969) does not foreclose the use of conservation-oriented rate structures;
10. The State Water Board calls upon water suppliers to:
  - a. ensure that adequate personnel and financial resources exist to implement conservation requirements not only for 2015, but also for another year of drought should it occur. Water suppliers that face budget shortfalls due to reduced sales should take immediate steps to raise necessary revenues in a way that actively promotes continued conservation;
  - b. expedite implementation of new conservation programs by minimizing internal review periods and utilizing emergency authorities, as appropriate;

- c. consider the relative water use and conservation practices of their customers and target those with higher water use to achieve proportionally greater reductions than those with low use;
  - d. minimize financial impacts to low-income customers;
  - e. preserve safe indoor water supplies in areas with very low R-GPCD and where necessary to protect public health and safety;
  - f. promote low-water use methods of preserving appropriate defensible space in fire-prone areas, consistent with local fire district requirements;
  - g. educate customers on the preservation of trees;
  - h. promote on-site reuse of water; and
  - i. promptly notify staff of the supplier's need for an alternate method of compliance pursuant to resolved paragraph 16.
11. The State Water Board calls upon all businesses within California's travel and tourism sectors to inform visitors of California's dire drought situation and actions visitors should take to conserve water;
  12. The State Water Board commends wholesale water agencies that have set aggressive conservation targets for their retail water suppliers;
  13. The State Water Board commends water suppliers that have made investments to boost drought-resistant supplies, such as advanced treated recycled water and desalination. Those investments help to make communities more resilient in the face of drought;
  14. The State Water Board commends the many water suppliers that have already surpassed their 20x2020 conservation targets. Long-term conservation efforts are critical to maintaining economic and social well-being, especially in light of the impacts of climate change on California's hydrology;
  15. During this drought emergency, heightened conservation that extends urban resilience is necessary. The State Water Board's focus is primarily on immediate reductions in outdoor water use. Some short-term conservation efforts, such as landscape conversions and installation of efficient appliances, will also support long-term conservation objectives, and are encouraged wherever possible;
  16. The State Water Board recognizes that some commercial and industrial customers, while accounting for a significant portion of total use in a service area, have already taken steps to significantly reduce their water consumption and cannot further reduce their use without substantial impacts. However, the Board also recognizes that in many areas there are significant opportunities for reductions in water use by industries and commercial enterprises that have yet to take action, especially those with large areas of non-functional turf. The Board directs staff to respond promptly upon receipt of any request for alternate enforceable methods of compliance. If the supplier believes the conservation standard is unachievable due to firm commercial and industrial water use

and residential use reductions that would affect public health and safety, it should provide any supporting information or documentation for an alternate method of compliance; and

17. Some water suppliers have called for further refinement of the tiers to reflect a range of factors that contribute to water use, including but not limited to temperature, lot size, and income. Others have called for an approach that provides greater recognition for early investments in conservation, the development of local, drought resistant water supplies, and health and safety needs. These suggestions and many others are important considerations in the development of a more comprehensive, and long term, conservation framework. The State Water Board directs staff to work with stakeholders on a thoughtful process to devise options for extended and expanded emergency regulations should the drought continue into 2016.

### **CERTIFICATION**

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on May 5, 2015.

AYE:           Chair Felicia Marcus  
                  Vice Chair Frances Spivy-Weber  
                  Board Member Tam M. Doduc  
                  Board Member Steven Moore  
                  Board Member Dorene D'Adamo

NAY:           None

ABSENT:       None

ABSTAIN:      None



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Jeanine Townsend  
Clerk to the Board

# ADOPTED TEXT OF EMERGENCY REGULATION

## Article 22.5. Drought Emergency Water Conservation.

### Sec. 863. Findings of Drought Emergency.

(a) The State Water Resources Control Board finds as follows:

(1) On January 17, 2014, the Governor issued a proclamation of a state of emergency under the California Emergency Services Act based on drought conditions;

(2) On April 25, 2014, the Governor issued a proclamation of a continued state of emergency under the California Emergency Services Act based on continued drought conditions;

(3) On April 1, 2015, the Governor issued an Executive Order that, in part, directs the State Board to impose restrictions on water suppliers to achieve a statewide 25 percent reduction in potable urban usage through February, 2016; require commercial, industrial, and institutional users to implement water efficiency measures; prohibit irrigation with potable water of ornamental turf in public street medians; and prohibit irrigation with potable water outside newly constructed homes and buildings that is not delivered by drip or microspray systems;

(4) The drought conditions that formed the basis of the Governor's emergency proclamations continue to exist;

(5) The present year is critically dry and has been immediately preceded by two or more consecutive below normal, dry, or critically dry years; and

(6) The drought conditions will likely continue for the foreseeable future and additional action by both the State Water Resources Control Board and local water suppliers will likely be necessary to prevent waste and unreasonable use of water and to further promote conservation.

Authority: Section 1058.5, Water Code.

References: Cal. Const., Art., X § 2; Sections 102, 104, 105, and 275, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

### Sec. 864. End-User Requirements in Promotion of Water Conservation.

(a) To prevent the waste and unreasonable use of water and to promote water conservation, each of the following actions is prohibited, except where necessary to address an immediate health and safety need or to comply with a term or condition in a permit issued by a state or federal agency:

(1) The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures;

(2) The use of a hose that dispenses potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use;

(3) The application of potable water to driveways and sidewalks; and

(4) The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculating system;

(5) The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall;

(6) The serving of drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased;

(7) The irrigation with potable water of ornamental turf on public street medians; and

(8) The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.

(b) To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

(c) Immediately upon this subdivision taking effect, all commercial, industrial and institutional properties that use a water supply, any portion of which is from a source other than a water supplier subject to section 865, shall either:

(1) Limit outdoor irrigation of ornamental landscapes or turf with potable water to no more than two days per week; or

(2) Reduce potable water usage supplied by sources other than a water supplier by 25 percent for the months of June 2015 through February 2016 as compared to the amount used from those sources for the same months in 2013.

(d) The taking of any action prohibited in subdivision (a) or the failure to take any action required in subdivisions (b) or (c), is an infraction, punishable by a fine of up to five hundred dollars (\$500) for each day in which the violation occurs. The fine for the infraction is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

Authority: Section 1058.5, Water Code.

References: Cal. Const., Art., X § 2; Sections 102, 104, 105, 275, 350, and 10617, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

#### Sec. 865. Mandatory Actions by Water Suppliers.

(a) As used in this section:

(1) "Distributor of a public water supply" has the same meaning as under section 350 of the Water Code, except it does not refer to such distributors when they are functioning solely in a wholesale capacity, but does apply to distributors when they are functioning in a retail capacity.

(2) "R-GPCD" means residential gallons per capita per day.

- (3) "Total potable water production" means all potable water that enters into a water supplier's distribution system, excluding water placed into storage and not withdrawn for use during the reporting period, or water exported outside the supplier's service area.
- (4) "Urban water supplier" means a supplier that meets the definition set forth in Water Code section 10617, except it does not refer to suppliers when they are functioning solely in a wholesale capacity, but does apply to suppliers when they are functioning in a retail capacity.

(b) In furtherance of the promotion of water conservation each urban water supplier shall:

(1) Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-user's exclusive control.

(2) Prepare and submit to the State Water Resources Control Board by the 15<sup>th</sup> of each month a monitoring report on forms provided by the Board. The monitoring report shall include the amount of potable water the urban water supplier produced, including water provided by a wholesaler, in the preceding calendar month and shall compare that amount to the amount produced in the same calendar month in 2013. The monitoring report shall specify the population served by the urban water supplier, the percentage of water produced that is used for the residential sector, descriptive statistics on water conservation compliance and enforcement efforts, and the number of days that outdoor irrigation is allowed, and monthly commercial, industrial and institutional sector use. The monitoring report shall also estimate the gallons of water per person per day used by the residential customers it serves.

(c)(1) To prevent the waste and unreasonable use of water and to meet the requirements of the Governor's April 1, 2015 Executive Order, each urban water supplier shall reduce its total potable water production by the percentage identified as its conservation standard in this subdivision. Each urban water supplier's conservation standard considers its service area's relative per capita water usage.

(2) Each urban water supplier whose source of supply does not include groundwater or water imported from outside the hydrologic region in which the water supplier is located, and that has a minimum of four years' reserved supply available may, submit to the Executive Director for approval a request that, in lieu of the reduction that would otherwise be required under paragraphs (3) through (10), the urban water supplier shall reduce its total potable water production by 4 percent for each month as compared to the amount used in the same month in 2013. Any such request shall be accompanied by information showing that the supplier's sources of supply do not include groundwater or water imported from outside the hydrologic region and that the supplier has a minimum of four years' reserved supply available.

(3) Each urban water supplier whose average July-September 2014 R-GPCD was less than 65 shall reduce its total potable water production by 8 percent for each month as compared to the amount used in the same month in 2013.

(4) Each urban water supplier whose average July-September 2014 R-GPCD was 65 or more but less than 80 shall reduce its total potable water production by 12 percent for each month as compared to the amount used in the same month in 2013.

(5) Each urban water supplier whose average July-September 2014 R-GPCD was 80 or more but less than 95 shall reduce its total potable water production by 16 percent for each month as compared to the amount used in the same month in 2013.

(6) Each urban water supplier whose average July-September 2014 R-GPCD was 95 or more but less than 110 shall reduce its total potable water production by 20 percent for each month as compared to the amount used in the same month in 2013.

(7) Each urban water supplier whose average July-September 2014 R-GPCD was 110 or more but less than 130 shall reduce its total potable water production by 24 percent for each month as compared to the amount used in the same month in 2013.

(8) Each urban water supplier whose average July-September 2014 R-GPCD was 130 or more but less than 170 shall reduce its total potable water production by 28 percent for each month as compared to the amount used in the same month in 2013.

(9) Each urban water supplier whose average July-September 2014 R-GPCD was 170 or more but less than 215 shall reduce its total potable water production by 32 percent for each month as compared to the amount used in the same month in 2013.

(10) Each urban water supplier whose average July-September 2014 R-GPCD was 215 or more shall reduce its total potable water production by 36 percent for each month as compared to the amount used in the same month in 2013.

(d)(1) Beginning June 1, 2015, each urban water supplier shall comply with the conservation standard specified in subdivision (c).

(2) Compliance with the requirements of this subdivision shall be measured monthly and assessed on a cumulative basis.

(e)(1) Each urban water supplier that provides potable water for commercial agricultural use meeting the definition of Government Code section 51201, subdivision (b), may subtract the amount of water provided for commercial agricultural use from its potable water production total, provided that any urban water supplier that subtracts any water provided for commercial agricultural use from its total potable water production shall:

(A) Impose reductions determined locally appropriate by the urban water supplier, after considering the applicable urban water supplier conservation standard specified in subdivision (c), for commercial agricultural users meeting the definition of Government Code section 51201, subdivision (b) served by the supplier;

(B) Report its total potable water production pursuant to subdivision (b)(2) of this section, the total amount of water supplied for commercial agricultural use, and shall identify the reduction imposed on its commercial agricultural users and each recipient of potable water for commercial agricultural use;

(C) Certify that the agricultural uses it serves meet the definition of Government Code section 51201, subdivision (b); and

(D) Comply with the Agricultural Water Management Plan requirement of paragraph 12 of the April 1, 2015 Executive Order for all commercial agricultural water served by the supplier that is subtracted from its total potable water production.

(2) Submitting any information pursuant to subdivision (e)(1)(B) or (C) of this section that is found to be materially false by the board is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(f)(1) To prevent waste and unreasonable use of water and to promote water conservation, each distributor of a public water supply that is not an urban water supplier shall take one or more of the following actions:

(A) Limit outdoor irrigation of ornamental landscapes or turf with potable water by the persons it serves to no more than two days per week; or

(B) Reduce by 25 percent reduction its total potable water production relative to the amount produced in 2013.

(2) Each distributor of a public water supply that is not an urban water supplier shall submit a report by December 15, 2015, on a form provided by the Board, that either confirms compliance with subdivision (f)(1)(A) or identifies total potable water production, by month, from June through November, 2015, and total potable water production, by month, for June through November 2013.

Authority: Section 1058.5, Water Code.

References: Cal. Const., Art., X § 2; Sections 102, 104, 105, 275, 350, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

#### Sec. 866. Additional Conservation Tools.

(a)(1) To prevent the waste and unreasonable use of water and to promote conservation, when a water supplier does not meet its conservation standard required by section 865 the Executive Director, or the Executive Director's designee, may issue conservation orders requiring additional actions by the supplier to come into compliance with its conservation standard.

(2) A decision or order issued under this article by the board or an officer or employee of the board is subject to reconsideration under article 2 (commencing with section 1122) of chapter 4 of part 1 of division 2 of the California Water Code.

(b) The Executive Director, or his designee, may issue an informational order requiring water suppliers, or commercial, industrial or institutional properties that receive any portion of their supply from a source other than a water supplier subject to section 865, to submit additional information relating to water production, water use or water conservation. The failure to provide the information requested within 30 days or any additional time extension granted is a violation subject to civil liability of up to \$500 per day for each day the violation continues pursuant to Water Code section 1846.

Authority: Section 1058.5, Water Code.

References: Cal. Const., Art., X § 2; Sections 100, 102, 104, 105, 174, 186, 187, 275, 350, 1051, 1122, 1123, 1825, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

**RESOLUTION NO. \_\_\_\_\_ (CM)****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE DECLARING A WATER SUPPLY EMERGENCY AND ENACTING LEVEL 2 WATER RESTRICTIONS CONTAINED IN THE CITY OF WATSONVILLE 2010 URBAN WATER MANAGEMENT PLAN**

**WHEREAS**, Santa Cruz County is experiencing the fourth consecutive year of below normal precipitation, with 2014 being the fourth driest year on record for California; and

**WHEREAS**, the local groundwater basin that provides water to the City is in a serious state of overdraft whereby more water is being annually extracted than can be naturally recharged by precipitation; and

**WHEREAS**, on January 17, 2014, Governor Brown declared a State of Emergency to exist in California due to prolonged drought conditions; and

**WHEREAS**, on January 28, 2014, the City Council adopted Resolution No. 12-14 (CM) encouraging all City water service customers to voluntarily conserve water by 20% in support of Governor Brown's declaration; and

**WHEREAS**, on August 26, 2014, the City Council adopted Resolution No. 117-14 (CM) adopting State emergency landscape watering restrictions, limiting watering to two days per week and setting a schedule of fines; and

**WHEREAS**, on March 17, 2015, the State Water Resources Control Board amended and readopted the emergency regulation to support water conservation due to ongoing severe drought conditions and overall poor statewide results of 9% percent reduction in water usage statewide in 2014; and

**WHEREAS**, on April 1, 2015, Governor Brown issued Executive Order B-29-15 calling for, among other actions, a statewide 25% percent reduction in urban water use compared to 2013 through February 28, 2016; and

**WHEREAS**, on May 5, 2015, the State Water Resources Control Board adopted the final regulations for the Executive Order with an effective date of June 15, 2015; and

**WHEREAS**, the State Water Resources Control Board has mandated that the City of Watsonville's water utility reduce water production by 20% percent as compared to 2013; and

**WHEREAS**, as required by the State Water Resources Control Board, the City of Watsonville's 2010 Urban Water Management Plan contains a Water Shortage Contingency Plan which was adopted on June 14, 2011 by Resolution No. 111-11 (CM); and

**WHEREAS**, the State Water Resources Control Board has directed water agencies to enact their contingency plans in 2015; and

**WHEREAS**, the City of Watsonville's Water Shortage Contingency Plan includes five levels of action that can be declared by the City Council corresponding to the severity of the water supply scenario; and

**WHEREAS**, Level Two water restrictions found in the City's Water Shortage Contingency Plan is consistent with the State's mandates and is anticipated to be adequate to achieve the 20% percent water use reduction in 2015.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

That the City Council of the City of Watsonville hereby declares a Water Supply Emergency and enacts Level Two water restrictions of the City's Water Shortage Contingency Plan contained in the City of Watsonville 2010 Urban Water Management Plan which will remain in effect through at least February 28, 2016 (the expiration of Governor Brown's Executive Order B-29-15.)

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**RESOLUTION NO. \_\_\_\_\_ (CM)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE ESTABLISHING A PERMANENT TURF REPLACEMENT REBATE PROGRAM TO ENCOURAGE THE REPLACEMENT OF HIGH-WATER USE LAWN AREAS**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. That the City Council of the City of Watsonville hereby establishes a permanent Turf Replacement Rebate Program for City water service customers for the removal of lawn areas.
2. That the rebate amount be \$.75 per square foot of lawn removed.
3. That the limit be \$500 per residential customer and \$1000 per commercial customer.
4. That City staff make site visits for approval prior to the lawn removal and afterward to assure the rebate funds are used in a most beneficial manner.

\*\*\*\*\*

May 19, 2015

Mayor and City Council  
275 Main Street, 4<sup>th</sup> Floor  
Watsonville, CA 95076

Regarding: First Semi Annual public Report;

Dear City Council Members,

I write this letter as the Chair of the Measure G Committee on behalf of the Committee.

On June 6, 2014, voters approved a ½ cent sales tax dedicated to support police, fire and emergency services. Pursuant to subdivision (b) of Section 3-6.1101 of Measure G, the City was obligated to establish a City Revenue Oversight Committee to provide a second independent verification that all expenditures are being made as promised to Watsonville residents.

On September 9, 2014, the Council adopted Resolution 122-14 (CM) authorizing the Mayor to appoint the measure G Citizen's Revenue Oversight Committee ("Committee"). The Committee is required to meet at least twice a year. The City first received Measure G sales tax revenue in October 2014. The Committee has reviewed and approved its first semiannual report for Measure G revenue received through March 31, 2015 (enclosed). The report includes revenue received and expended by the City from October 1, 2014 through March 31, 2015.

The Committee has met four times since it was established on September 9, 2014: on October 15, 2014, February 15, 2015, April 21, 2015 and May 13, 2015. The Committee heard reports from Administrative Services Director Ezequiel Vega, Police Chief Solano and Fire Chief Barreto on February 15, 2015 and May 13, 2015. Meeting agendas, reports, minutes and links to audio recordings are on the Committee's website and can be found here: <http://cityofwatsonville.org/measure-g/revenue-measure-oversight-committee-meetings>

The Council will tonight review the City's draft 2015-17 biennial budget. The Committee directs the Council to page 169 and 247, which specifies that all Measure G revenue shall be used only for improving public safety: 60% to police and 40% to fire. We find that the information on these pages demonstrates that the City has indeed established separate funds into which Measure G revenue shall be deposited.

The Committee finds and reports to the Council and the public that the City is in compliance with the requirements of Measure G.

Our next meeting is scheduled to occur on Wednesday, August 12, 2015 at 1:00 pm. Our meetings are usually held in the Civic Plaza Community Room on the 4<sup>th</sup> floor of 275 Main. At our August meeting we expect to review a report of Measure G revenue and spending through the end of the 2014-2015 fiscal year on June 30, 2015. All our meetings are publicly noticed just like Council meetings and are likewise open to the

Watsonville  
Report to City Council  
May 26, 2015 Council meeting

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public. Councilman Hurst attended our May 13, 2015 meeting where we approved the attached first report to the public. We invite all to attend.

We expect our next written report to the Council and the public to be in December 2015 after our November 4, 2015 Committee meeting. After that meeting we will report the information we have received for the entire fiscal year 2014-15 Measure G revenue and expenditures. We also expect to be able to report first quarter fiscal year 2015-2016 revenue and expenses. In the mean time you can review all agendas, reports and minutes on our website. We will also furnish a copy of our agendas, reports and minutes to the City Clerk who will include them in the Council's meeting agenda materials.

Sincerely,

Dee Dee Vargas  
Revenue Measure Oversight Committee Chair

Enclosure:

- First Measure G Revenue Measure Oversight Committee Semi Annual Report



# Revenue Measure Oversight Committee Semi-Annual Report

## Measure G

In June of 2014, City voters approved a 1/2 cent sales tax dedicated to the support of police, fire and emergency services. The measure provides a stable source of locally-controlled funding that is entirely dedicated to keeping Watsonville residents safe. This measure provides funding for the following:

- Ensure rapid emergency response times for police, fire and paramedics
- Expand programs to fight gangs and drug houses
- Protect successful anti-gang and youth

violence prevention efforts

- Replace inadequate and outdated life-saving and safety equipment for fire-fighters and paramedics
- Increase neighborhood police patrols
- Upgrade equipment and technology to coordinate in solving crimes and fighting gangs

The Public Safety Sales Tax Measure revenue is directed to support the Police and Fire Department, in the proportions of sixty percent



(60%) to Police and forty percent (40%) to Fire.

For additional information, please visit:  
[www.cityofwatsonville.org/measure-g](http://www.cityofwatsonville.org/measure-g)

### Inside this Report:

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Conclusions	4

## Letter from the Committee Chair

It is my pleasure to share with you the Revenue Measure Oversight Committee's first bi-annual report to the community. The City Revenue Measure Oversight Committee shall serve in an oversight capacity to at least bi-

annually review revenues and expenditures and provide a second independent verification that all expenditures are being made as promised to Watsonville residents. I encourage you to attend a Revenue Measure Oversight

Committee Meeting to learn about the accomplishments made possible by your investment in our Watsonville Community.

Dee Dee Vargas, Chair  
Measure G Committee



# Members of the Revenue Measure Oversight Committee for the Public Safety Sales Tax (Measure G)

2014-2015

**Dee Dee Vargas**

Chairperson, Realtor

**John Martinelli**

Vice Chairperson, Business Owner

**Charles Bailey**

Police Association President

**Dorma Baker**

Pajaro Valley Unified School District

**Gina Castañeda**

Neighborhood Leader

**Bill Hansen**

Business Owner

**Katie Mahan**

Chamber of Commerce

**Gary Manfre**

Business Owner

**Robin Mathews-Johnson**

Pastor

**Renee Mello**

Chamber of Commerce and Realtor

**David Rodriguez**

Police Officer Association

**Corey Schaefer**

Firefighter Association President

**Diana Vargas**

Chamber of Commerce

## About Measure G and the Revenue Oversight Committee

Voters approved Measure G, which required a 2/3 vote for enactment. The approval allows the City to impose a one-half of one percent (0.50%) restricted sales tax for public safety over a period of seven (7) years.

Measure G also requires that a committee serve in an oversight capacity to at least bi-annually review revenues and expenditures and provide a second independent verifica-

tion that all expenditures are being made as promised to Watsonville residents.

On January 14, 2014, the City Council, by motion, authorized the Mayor to appoint members onto a committee for exploration of revenue measures for sales tax. On September 9, 2014, pursuant to Resolution 122-14, the Mayor appointed the members of the Revenue Measure Oversight Committee

for the Public Safety Sales Tax Measure. The members serve in an uncompensated capacity and agreed to serve for a two year term.

Our next meeting is on August 12, 2015 at 1 p.m. at the Civic Plaza Community Room (275 Main Street, 4th Floor). Meeting dates and minutes of prior meetings are available at the Measure G web page at: [www.cityofwatsonville.org/measure-g](http://www.cityofwatsonville.org/measure-g)



## Measure G Funding Summary

Financials through March 31, 2015

<b>Measure G Sales Tax</b>	<b>\$972,002</b>
<b>Contingency/Reserve Fund (10%)</b>	<b>\$97,200</b>
<b>Available Funds</b>	<b>\$874,802</b>

<b>Distribution</b>	
<b>Watsonville Fire Department (40%)</b>	<b>\$349,921</b>
<b>Watsonville Police Department (60%)</b>	<b>\$524,881</b>

<b>Watsonville Fire Department</b>	
<b>Available Funds:</b>	<b>\$349,921</b>
<b>Expenditures:</b>	
Personnel (Firefighters)	\$95,385
Operations	\$13,458
Equipment	\$1,000
<b>Balance:</b>	<b>\$240,078</b>

<b>Watsonville Police Department</b>	
<b>Available Funds:</b>	<b>\$524,881</b>
<b>Expenditures:</b>	
Personnel (3 Police Officers, Police Service Specialist, Crime Analyst and Recreation Specialist)	\$190,106
Operations	\$23,400
Equipment	\$55,466
<b>Balance:</b>	<b>\$255,909</b>

## Fiscal Accountability

An independent auditor shall annually review and audit expenditures of funds specifically derived from the Public Safety Sales Tax Measure, to disclose how the money was used and ensure compliance with the expenditure plans and to ensure that revenues are spent within prudent, established accounting procedures and practices. The results will be part of the City's annual audit.

To date, the City has incurred \$19,440 in Administrative Costs. These are overhead costs for accounting, payroll and human resources related to the Public Safety Sales Tax Measure, which shall never exceed 2% of the annual revenues.

In addition, a Public Safety Sales Tax Measure Contingency/Reserve Fund has been established at ten percent (10%) of the annually budgeted revenues. The reserve fund is now at \$97,200



## Maintenance of Effort

The Revenue Measure Oversight Committee has verified that the City has not use Public Safety Sales Tax Measure funds to replace General Fund operating budget contributions for the Police and Fire Departments. The baseline maintenance of effort budgets for this purpose are the Fiscal Year 2013-2014 Adopted General Fund budgeted City contribution amounts for Police and Fire operations. The Police Department Fiscal Year 2013-2014 Adopted General Fund operating City budget contribution amount is \$12,359,924; and the Fire Department Fiscal Year 2013-2014 Adopted General Fund operating City budget contribution amount is \$5,672,299. The City has to date met its maintenance of effort requirements through March 31, 2015.

## City Budget

The Committee has reviewed a draft of page 169 and 247 of the City's 2015-17 Biennial Budget and finds that they specify that all revenues from the Public Safety Sales Tax Measure shall be used only for improving public safety, 60% to police and 40% to fire. We verify that the City established separate funds into which Measure G revenue shall be deposited.

## Conclusions

The Revenue Measure Oversight Committee for the Public Safety Sales Tax Measure G finds that the City of Watsonville has complied with the requirements of Measure G and State Law in accounting for and expending the public safety sales tax revenue.



City of Watsonville  
Finance Department



MEMORANDUM

**DATE:** May 20, 2015

**TO:** Marcela Tavantzis, Interim City Manager

**FROM:** Ezequiel Vega, Administrative Services Director

**SUBJECT:** 2015-16 & 2016-17 Proposed Budget

**AGENDA ITEM:** May 26, 2015 Joint Successor Agency & City Council

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**RECOMMENDATION:**

Staff will present the proposed 2014-2015 budget plan including the 5-year Capital Improvement Program. No further action is required.

**BACKGROUND:**

**Budget Adoption & the City Charter**

Under the Charter of the City of Watsonville, sections 1103-1105 instruct that the City Manager must prepare and present a proposed budget for the ensuing fiscal year at least 30 days prior to the beginning of next fiscal year. Accordingly, the 2015-16 Budget is being presented for review today and will be presented for adoption June 9, 2015.

The Charter requires that “the City Council shall proceed to consider the proposed budget and may increase, decrease or omit any item or insert new items therein.” It further requires that a public hearing be held, grants the authority for City Council to make any final modifications and then requires that prior to the beginning of the ensuing fiscal year, “the City Council shall adopt the budget with revisions, if any.”

Charter sections 1108-1110 provides the minimum information that this budget message or document must contain and states:

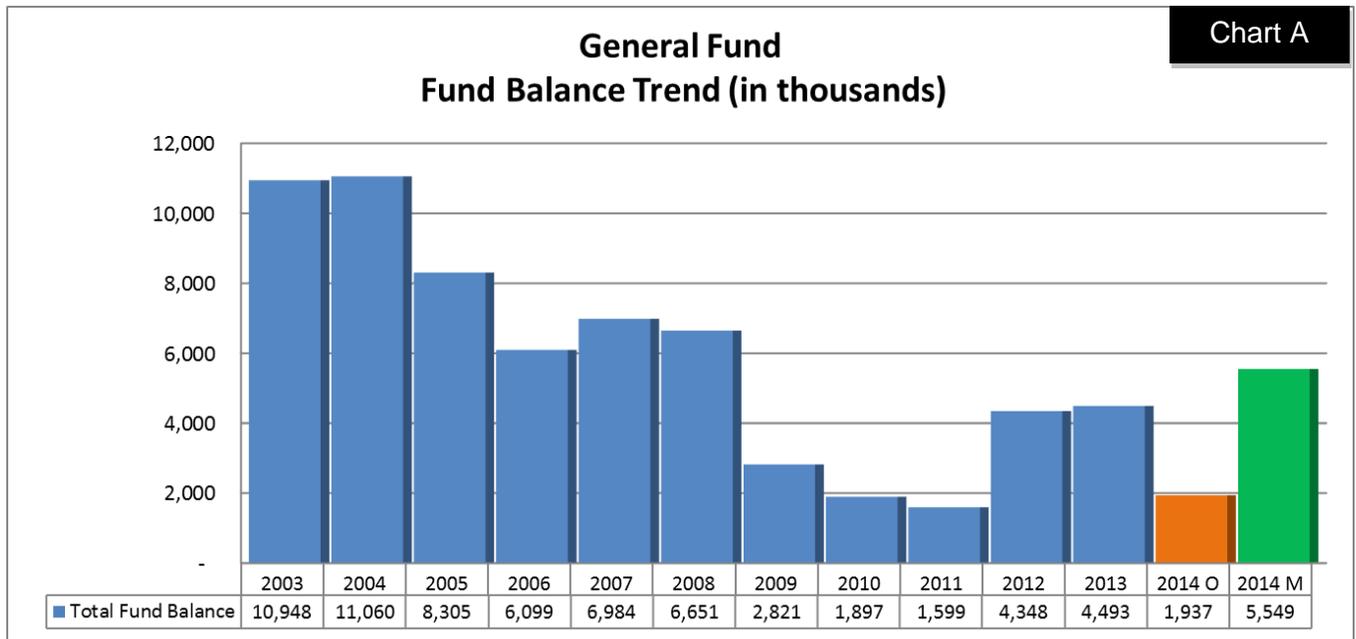
The budget message submitted by the City Manager to the City Council shall be explanatory of the budget, shall contain an outline of the proposed financial policies of the City for the budget year and shall describe in connection therewith the important features of the budget plan. It shall set forth the reasons for salient changes from the previous year in cost and revenue items and shall explain any major changes in financial policy.

**Budget Background**

The City of Watsonville has continued to experience financial challenges during the current fiscal year, particularly for services provided by the General Fund. The City responded to these challenges by implementing several cost containment and reduction measures which have helped minimize the impact to services provided to residents. In fact, the City’s ongoing revenues

have been in balance with ongoing expenditures for the last few fiscal years. However, as indicated during the Audited Financial Statements presentation to the Council on the February 10, 2015 meeting; over a long period of time, the City's cumulative financial challenges have resulted in reduction of cash reserves citywide and depletion of General Fund reserves. This situation has been exacerbated by the continuous cash grabs from the State. Among all the actions taken by them, the dissolution of the Redevelopment Agencies has been the most impactful to the City, even after three years of the dissolution of the Agency.

The City's Comprehensive Annual Financial Report (CAFR) for FY 2013-14 indicate the General Fund ongoing operations ended the FY 2013-14 with revenues exceeding expenditures by approximately \$300,000. This positive balance can be attributed to the ongoing efforts by the City and its employees to reduce expenditures (including \$1.6 million in salary concessions) and the stabilization of major revenue sources such as Sales and Property Taxes. However, the State Department of Finance (DOF) demanded the City to pay \$4.6 million to the State under ABX1-26 and AB 1484 (the Dissolution Act). This resulted in a reduced Fund Balance in the General Fund. Chart "A" shows the City's General Fund trend from 2003 until 2014. The orange bar indicates the fund balance as reported in the audited financial statements while the green bar shows what the results would have been if the State had not demanded the repayment of the City-Successor Agency Loan. The difference is \$3.6 million. This demand by the State and its background is explained in the following paragraphs.



ABX1-26 enacted by the State legislature on June 27, 2011 and the subsequent decision rendered by the California Supreme Court in the Matosantos case, called for the dissolution of all redevelopment agencies in California as of February 1, 2012. As a result, the Watsonville Redevelopment Agency (RDA) ceased to exist and the City elected to serve as the Successor Agency to its dissolved RDA. The RDA Dissolution Act established new county-wide funds called Redevelopment Property Tax Trust Funds (RPTTF) wherein what was formerly called RDA tax increment is deposited by the County. The County Auditor-Controller then distributes to Successor Agencies only that amount needed to meet the Successor Agency's enforceable

obligations and administrative expenses as approved by DOF and the local Oversight Board with any balance remaining being distributed to the affected taxing entities. AB 1484, was adopted in June 2012 as clean-up legislation to ABX1-26.

The Dissolution Act called for the State Controller's Office (SCO) to conduct an audit or review of all assets transferred by redevelopment agencies during the period of time from January 1, 2011 to January 31, 2012 to determine which, if any, transfers that occurred during that time period may be subject to "claw-back" provisions. These are "retro-active" provisions contained in the Dissolution Act whereby certain transfers, which may have been legal prior to the dissolution of redevelopment agencies, could be reversed. This review is in addition to the "Due Diligence Review" that was required to be undertaken by third party, independent auditors. ***The State Controller Audit found that the transfers in the amount of \$4.6 million made by the City in 2011 were not subject to "the claw-back" provision of the dissolution act;*** however DOF continued to demand that the City pay the funds. In response to DOF's position, the City initiated legal proceedings against the State to resolve the matter, made the payment under protest and, worked with the oversight board to reinstate the loans as allowable under the Dissolution Act. However, DOF's refusal to reinstate the loans has created this one-time event in the audited financial statements which has significantly reduced the General Fund's fund balance. The City has initiated additional litigation to allow for the reinstatement of the loans as allowed under the law.

In addition to the cash grabs from the State, if the Mid Year Estimate projection holds true, the General Fund reserves are projected to be lower at the end of FY 2014-15 by \$224,000. The decline in cash and fund balance could be exacerbated by the possible denial of the State of California to reinstate \$4.6 million of valid redevelopment loans.

As it currently stands, the City's General Fund reserves (as a percentage of General Fund expenditures) are the lowest in the region, Chart B illustrates this point, The General Fund reserve level is further accentuated due to the City's geography and the potential for natural disasters (flood or earthquake for example). It would be prudent to also build a target catastrophic reserve for sudden and unforeseen one-time events such as natural disasters. These levels of reserves cannot be achieved in one year but must be built into the budget programmatically over time. But given the projection of City's financial position over the next five fiscal years, it is highly unlikely that funding a reserve of any kind would be realistic.

**Watsonville vs. Comparable Cities FY 2013-14 (in thousands, except population)**

	Salinas	Santa Cruz	Marina	Hollister	Seaside	Median	Watsonville
Population <sup>2</sup>	155,662	62,864	20,370	36,589	34,095	36,589	52,477
GF Revenues and Other S	\$ 79,291	\$ 69,798	\$ 17,602	\$ 18,186	\$ 23,022	\$ 23,022	\$ 35,592
GF Expenditures	82,517	75,277	17,359	17,513	20,835	20,835	38,362
GF Fund Balance	7,833	29,429	7,404	5,022	9,887	7,833	1,937
Fund Balance, % GF Exp	9.49%	39.09%	42.65%	28.68%	47.45%	37.60%	5.05%
General Fund Cash	13,499	19,725	7,251	1,606	4,836	7,251	8,415
Months Cash Available	1.96	3.14	5.01	1.10	2.79	4.18	2.63
GF Assets	26,426	33,719,253	9,866	6,189	11,097	11,097	17,494
GF Liabilities	18,593	4,168,358	2,042	1,155	1,210	2,042	10,580
Liabilities/Assets	70.4%	12.4%	20.7%	18.7%	10.9%	18.4%	60.5%
	<b>NP</b>						

**DISCUSSION:**

Every two years, the City of Watsonville adopts a comprehensive two year budget. The City Council adopted the last two year budget in June of 2013 and authorized appropriations for the first year in the two year budget plan. Subsequently, the second year of this two year budget plan was updated and presented for appropriation and adoption in June of 2014. This year, the City is following the same process. A two year budget is being presented to the City Council with the first year budget being adopted in June of 2015 and the second year presented for planning purposes. This new budget cycle began with the presentation of the Mid-Year Budget report on February 20, 2015 to the City Council. During this presentation, the Council received an estimate of the current year budget activity, a preview to the FY 2014-15 budget, and a report on the performance of the City for the fiscal year ending June 30, 2014.

The document presented tonight continues to build upon the information presented in the mid-year report and aligns with the City's objectives delineated by the City's 2015-2017 Strategic Plan which includes overall policy and strategic goals for the City and provides direction to staff on budget priorities. Today, the City Council is conducting its first study session on the proposed budget for the next fiscal year. On June 9, 2015; staff will bring the budget back to the City Council for a second study session and adoption of the 2015-2016 Budget. A summary of the proposed budget for major funds is shown below.

**City of Watsonville**

**Proposed Operating Budget: Consolidated Fund Summary**

(amounts shown in millions)	General Fund	Special Revenue	Debt Service	Enterprise Funds	Internal Service	Total All Funds
<b>FY 2015-16</b>						
Operating Revenue	\$ 36.1	\$ 15.4	\$ 0.7	\$ 43.5	\$ 10.0	\$ 105.7
Operating Expenses	(34.8)	(8.1)	-	(30.9)	(9.8)	(83.6)
Debt & Transfers Out	(0.5)	(3.7)	(0.7)	(3.9)	-	(8.8)
Capital	(0.8)	(6.0)	-	(13.2)	-	(20.0)
Net Results	<b>\$ -</b>	<b>\$ (2.4)</b>	<b>\$ -</b>	<b>\$ (4.5)</b>	<b>\$ 0.2</b>	<b>\$ (6.7)</b>
Proj. Beginning Bal.	1.9	12.8	-	130.5	0.8	146.1
Proj. Ending Fund Bal.	1.9	10.5	-	126.0	1.0	139.4

**Ongoing Salary and Position Reductions.** All miscellaneous employees (with the exception of a few solid waste employees) are currently paid for 36 hours per week which results in a 10%

**Summary of Salary Concessions by Fund**

Fund	Salary Steps	10% Furlough	Fire Furlough	Police Furloughs	Totals
General	\$143,376	\$ 948,098	\$275,406	\$254,892	\$ 1,621,772
Successor Agency	\$ -	\$ 3,292			\$ 3,292
Housing	\$ 6,414	\$ 24,316			\$ 30,730
Affordable Housing	\$ -	\$ 9,739			\$ 9,739
Library	\$ 30,873	\$ 205,994			\$ 236,867
Grants	\$ 2,991	\$ 6,646			\$ 9,638
LLMAD	\$ 2,659	\$ 5,909			\$ 8,568
Sewer	\$ 65,638	\$ 413,235			\$ 478,873
Water	\$ 50,870	\$ 214,512			\$ 265,382
Airport	\$ 10,857	\$ 66,532			\$ 77,390
Solid Waste	\$ 23,570	\$ 137,037			\$ 160,607
<b>Totals</b>	<b>\$337,247</b>	<b>\$2,035,310</b>	<b>\$275,406</b>	<b>\$254,892</b>	<b>\$2,902,856</b>

salary reduction. This reduction has been in place since 2009. In addition, step increases have been frozen for all Confidential, SEIU, Public Works, Management and Mid-Management positions and employees will continue contributing the full 7% employee share towards retirement.

**Proposed Budget** Preparing the budget for the new two budget cycle (FY 2015-16 & 2016-17) has been challenging just as in the previous five fiscal years. However, for the

first time in several years, the City has the ability to restore some of the reductions implemented in 2009. However, since negotiations with different labor groups are still ongoing, the budget presented to the City Council offers two alternatives:

- a. **Alternative A: Status Quo Budget.** This budget scenario assumes all the concessions currently in place remain at the same level. This is not the preference of the City, but this scenario is being presented as the primary alternative until all the negotiations with all labor groups is completed. The City would use the Status Quo budget and add services from the status quo as agreements are reached with labor groups.
- b. **Alternative B: All Reductions Currently in Place are Restored.** This is a worst case scenario budget. If negotiations do not progress with labor groups and no agreements are

in place by the time the budget needs to be adopted; the City would have to restore the concessions shown above. This would mean significant impacts to the services the City offers, particularly in the General Fund. Since the City does not have sufficient revenue to restore all concessions; the City would also have to implement reduction in workforce and corresponding services to balance the budget. It is currently estimated this would mean the reduction of at least 14 positions across multiple departments with Parks and Community Services affected by nine positions (1 full time, the rest part time temporary). In addition this will also result in holding several vacant positions in other departments including two police officers and one firefighter. More details of these reductions are shown below.

Department	Impact	# of		Amount	Comments
		Positions	Layoffs		
Police	Freeze two Police Officer Positions	2.00	-	\$ 307,827	Vacant positions
Parks & Community Services	Ramsay Park and Youth Center Reductions - elimination of FLYERS After-School Program, winter and spring camps and loss of Recreation Specialist at Youth Center.	4.75	4.75	\$ 71,000	0.75 Recreation Specialist, 4 recreation leaders (PART TIME TEMPORARY)
Parks & Community Services	Close Enterprise Community Youth Center & Watsonville Community Computer Center	4.00	4.00	\$ 36,000	1 Computer Center Assistant/Tutor (PART TIME TEMPORARY); 3 Senior Recreation Leaders (PART TIME TEMPORARY)
Parks & Community Services	Reduction in operating in Special Programs Budget reducing activities for older adults and the Contigo Program	-	-	\$ 5,000	Thursday's trip reduced from 6 to 4 per year, eliminate one contigo event per year, reduce training to contigo staff
Parks & Community Services	Reduction in Neighborhood Services Program	0.25	-	\$ 16,000	Outreach Coordinator, reduced from 1.0 to 75%;
Parks & Community Services	Reduction in Department Administration and recreation center maintenance.	-	-	\$ 25,000	No reduction of personnel
City Clerk	Elimination of Office Assistant Position	1.00	-	\$ 17,700	Elimination of temporary labor
Non Departmental	Social Service Grants Reduction of 5%	-	-	\$ 10,676	Impact on funding to valuable community grants
CDD	Reduction in code enforcement	1.00	1.00	\$ 70,400	1.00 code enforcement officer position would be eliminated in CDD
Finance	Reduction in temporary work	-	-	\$ 50,000	Reduction in temporary work
Fire	Freeze vacant fire position	1.00	-	\$ 98,000	1.0 FTE Firefighter
Public Works	Reduce further deferred maintenance of buildings	1.00	-	\$ 67,148	1.0 FTE Custodian, vacant
Public Works	Reduce streets and engineering work	0.50	0.50	\$ 45,663	0.5 FTE, Senior Engineering Aide
<b>Totals</b>		<b>15.50</b>	<b>10.25</b>	<b>\$ 820,414</b>	

### **General Fund Budget.**

The City of Watsonville has faced serious financial challenges over the last seven fiscal years. In three of those fiscal years, the City made a policy decision to deficit spend in the General Fund operations in order to preserve valuable services and jobs in the community resulting in depletion of General Fund reserves. During the same period, the City of Watsonville along with its employees and labor groups agreed to several budget reductions. With these efforts, services were maintained with minimal service disruption to the community. This was particularly true in the areas of public safety where no Police or Fire layoffs were implemented during that period of time.

For FY 2015-16, the operational budget is balanced, assuming a status quo budget (using FY 2014-15 as the base). This same scenario has been presented to the City Council each year since FY 2008-09, with the exception that in the FY 2015-16 proposed budget, there is a possibility to restore some level of concessions to bargaining groups. The level of restoration will depend on the ongoing negotiations between the City and different labor groups. However, since the outcome of the negotiations is still undetermined, the budget assumes a status quo in concessions. Additionally, there is also a possibility to fund a small portion of capital needs of the City which have been put on hold for the same period of time.

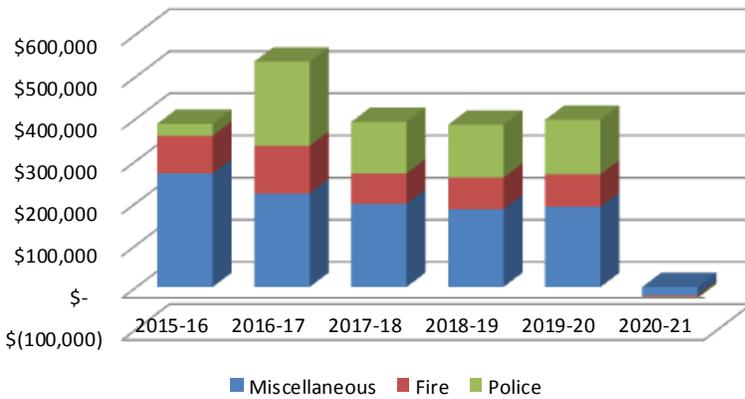
The budget also presents the appropriation from fund balance in the amount of \$285,000 for the ongoing construction of the Manabe Ow project. The Manabe Ow project has been an ongoing project for which the former RDA transferred funds to the General Fund a few years back, therefore, all expenses for this project affect its fund balance. This is a one-time cost and is a planned use of fund balance.

The City continues to appropriate \$250,000 for the repayment of the loan from the Water Fund to the General Fund. This is included in the budget as a contingency pending the resolution of the lawsuit against the State Department of Finance (DOF). DOF is contesting the reinstatement of valid City-former RDA loans in the amount of \$4.6 million. If the State does not allow repayment of the loan from future property tax funds, then the City's General Fund would be required to make the payment to reimburse the Water Fund on an annual basis. The City is appealing this decision as it believes the loans were reinstated in accordance with the provisions of the current law. Furthermore, the State Controller's Office recently conducted an audit of the City's RDA and in their findings indicated that they disagreed with the State Department of Finance in two ways: (1) they disagreed with DOF's determination that the \$4.6 million was subject to the "clawback" provisions of State law and therefore the City should not have been required to repay the \$4.6 million; (2) The State Controller's Office found that the \$4.6 million was a legitimate loan under the RDA dissolution law. In order to address the potential imbalance created by the repayment of this loan the City is planning to continue holding a number of non-safety vacant positions unfilled. By holding these positions vacant, the potential deficit of \$250,000 due to the RDA loan repayment will be eliminated.

Additional challenges the City must face include the aforementioned labor negotiations, ongoing pension cost increases, public safety overtime, increases in the California minimum wage in January of 2016, and continuous cost increases in health costs.

***Future Retirement Costs.*** Increasing retirement costs are a major concern beginning with FY 2015-16 for all funds within the City but in particular for the General Fund. The good news is that Watsonville will not see as large an increase in FY 2015-16 as initially projected; but rather a staggered increase over the next five fiscal years with the highest percentage increase projected for FY 2016-17 in the police safety group (almost 3% increase), and a projected small decrease in year 6 of the projection (FY 2020-21). This does not mean the increase in pension costs does not remain a top concern; however it does provide a better opportunity for the City to continue providing the same level of services while adopting balanced budgets over the next couple of years. Projections indicate the retirement rate would have increased by about six percent over the next five years. Changes which created the rate changes projected above include:

## Retirement Annual Increase Projections



- Amortization and rate smoothing changing to a 30 year fixed period, affecting rates over a 5 year period
- Improved longevity rate
- No gains or losses above the 7.5% rate of return are assumed for the projections
- Changes in risk pooling due to Public Employees' Pension Reform Act of 2013 (PEPRA)

**Five Year General Fund Projection.** Projections of revenues and expenses over the next five years show the City will be able to balance the budget *if reductions in services similar to the ones currently in place continue.* Projections assume a certain level of investment in capital improvements, but this investment in capital could otherwise be applied to the reduction of existing labor concessions. Alternatively, the City could budget part of this revenue to increase its reserve balances. The

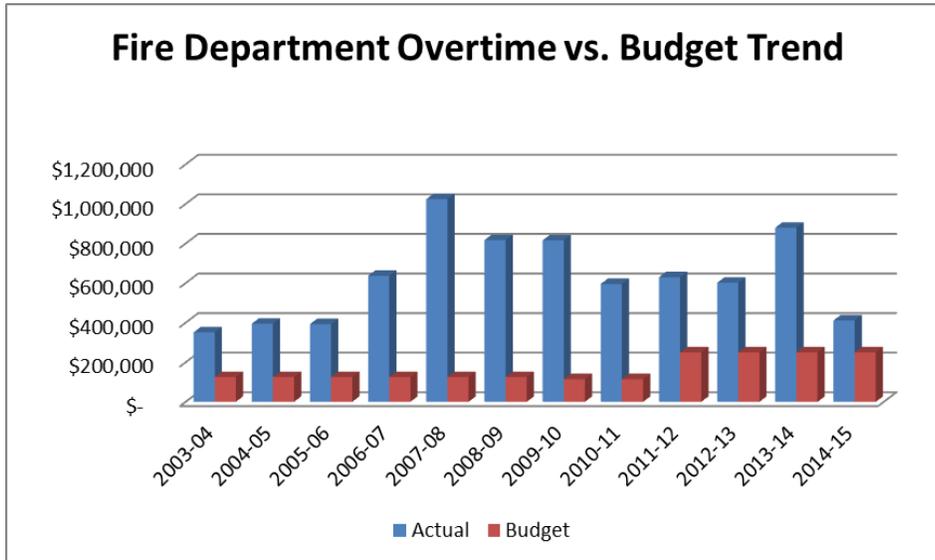
### General Fund Five Year Projection (values in millions)

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Revenue</b>	\$ 36.10	\$ 36.80	\$ 37.30	\$ 37.70	\$ 38.40
<b>Expenditures</b>	\$ 36.10	\$ 36.80	\$ 36.90	\$ 37.70	\$ 38.40
<b>Excess (deficit)</b>	\$ -	\$ -	\$ 0.40	\$ -	\$ -
<b>Value of Concessions</b>	\$ (1.60)	\$ (1.65)	\$ (1.70)	\$ (1.75)	\$ (1.80)

The General Fund reserve stands near 5.5% (\$1.9 Million as of 6/30/14). This level of reserves is low in comparison with other cities in the region and should be improved to at least the 16% (equivalent of two months of general fund operating revenues) recommended by the Government Officers Association (GFOA).

Additionally, due to the City's geography and the potential for natural disasters (flood or earthquake for example), it would be prudent to also build a target catastrophic reserve for sudden and unforeseen one-time events such as natural disasters. These levels of reserves cannot be achieved in one year but must be built into the budget programmatically over time. But given the projection of City's financial position over the next five fiscal years, it is highly unlikely that funding a significant reserve of any kind would be realistic.

**Public Safety Overtime.** Public Safety overtime costs continue to be a challenge for the City's budget, particularly in the fire department. The projected cost overrun in the department's FY 2014-15 budget was estimated at \$538,000 during the mid-year report. This level of budget overrun is unsustainable. More recent estimates show the fire department overtime budget to be at \$200,000 over budget. This drastic reduction in overtime estimates could be attributed to proactive actions taken by the department to reduce overtime.



Dealing with overtime budget overages has been a continuous problem over the last few years for the Fire Department. In each of the last five fiscal years, overtime has been a major contributing factor for cost overages. Although this same trend continues this year, the severity of the budget variance is on track to decrease when compared to results in the preceding years. Nevertheless, overtime levels are still at unsustainable levels despite several actions the Department has taken. The Department implemented a Temporary Upgrade program which enables personnel to upgrade to the next rank up. In the past, additional overtime would have occurred because the vacancy could only be filled by someone holding the same rank. Hiring of additional personnel in 2014 also allowed for more coverage without overtime. Since March of last year three firefighters were hired to replace vacant positions and two more were hired as Limited Term (LT) Fire fighters

At the end of April 2014, the Department had implemented the LT firefighter program which helped reduce the overtime. As of September 2014, the LT Firefighter program ended as per contract negotiations. During that time, staffing levels in the Department were below 30% of the authorized level and using the LT firefighters helped alleviate the staffing shortage in the department. A reduction in overtime was visible starting in June 2014 and continued past October with the hiring of the two LT firefighters as permanent firefighter under Measure G. The two hired will be part of the six to be hired under Measure G which should help reduce overtime costs.

Fire Prevention inspections of buildings, events and community events have also impacted the overtime budget. Fire Captains are being hired to perform the necessary inspections. The fee charged is higher than the hourly rate of a Fire Captain’s overtime rate but the amount collected from the fees is deposited into the fire inspection fees account and is not reflected in the General Fund overtime account.

Despite all these efforts, overtime continued to be an issue during the fiscal year due to long term worker compensation vacancies and other vacancies due to retirements, resignations and promotions. Implementation of Measure G staffing and with full staffing levels in place, will allow for a total of three persons off at one time before overtime is generated. At this time, any time off automatically generates overtime.

In order to alleviate this problem, the Department hired seven new fire fighters in March of 2015. Of the seven, four are funded by Measure G. Three of the seven vacancies are due to resignations and one to fill a vacancy that was created after a promotion.

City staff has participated in on-going discussions over a period of several years with the City Council and the community regarding ongoing budget issues and constraints and opportunities for less costly provision of fires services. Accordingly, the City Council has been presented with different options to control Fire Department costs while striving to limit a major impact to service levels.

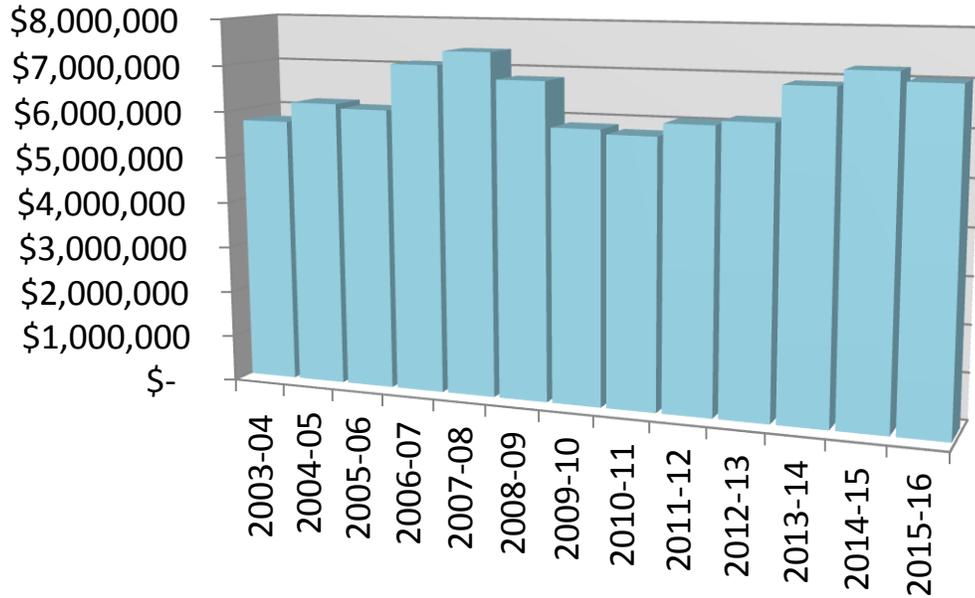
The budget also continues with the provision of funding for social service and community service grants and for the acquisition of a much needed police vehicle. Funding of the police vehicles is considered critical because the General Fund Capital Improvement Program funding has been virtually non-existing over the last five fiscal years. This has left the police vehicle fleet in a difficult position, along with many other General Fund Capital needs. Police vehicles are considered particularly important as the fleet is aging and many vehicles have surpassed their anticipated useful life.

***Increase in minimum wage.*** The minimum wage in California is set to increase from \$9 to \$10 per hour effective January 1, 2016. Even though the City is a charter City and is only required to follow the Federal minimum wage standard, the City has traditionally followed the State's higher standard to compensate its employees so the budget accounts for this change in the minimum wage.

This change will affect the Parks and Community Services Department, the Library, Public Works, and the Police Department.

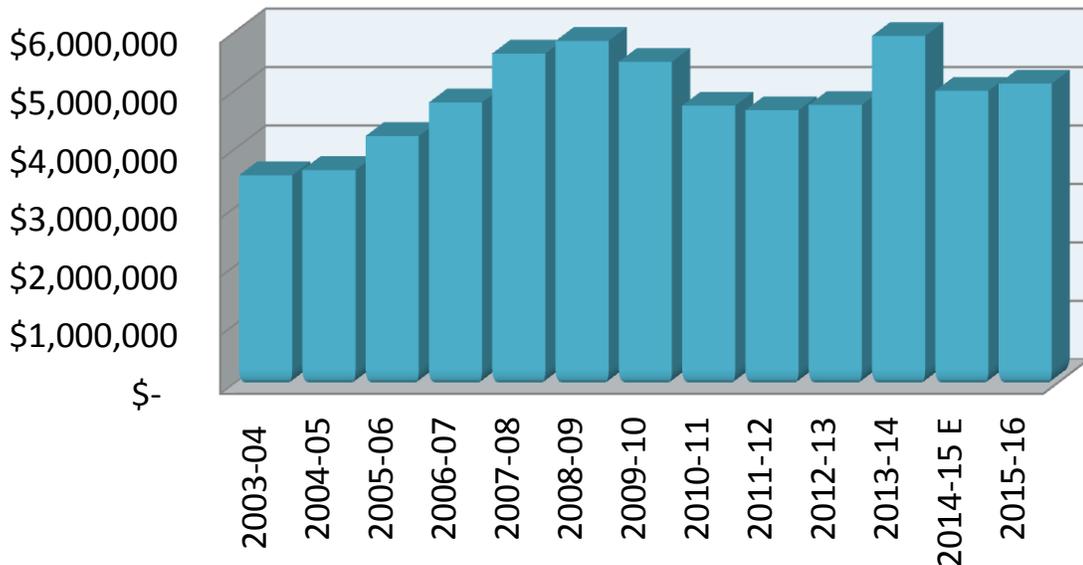
***Revenues.*** Revenues are being budgeted at similar levels from the original budget with slight increases in sales tax and property taxes while all other revenue groups remain flat or are decreasing. As explained in previous presentations, sales tax is the General Fund's single largest resource at approximately 20% of total revenue. It also tends to be the most volatile of the City's revenues as it changes in accordance with some key indicators as consumer confidence and inflation. However, as shown below, annual receipts over the last few years are proving to be more static and not representative of the major swings in earlier years. This trend could be attributed to the City's diverse industries which insulate the City from large swings experienced by other cities with over dependence in one industry, such as retail or auto sales.

### Sales Tax Trend



Likewise, property tax revenue continues to show signs of improvement, although the level of revenue is still lower than the property taxes at its peak in 2008-09. The peak in 2013-14 is related to a one time settlement with the County of Santa Cruz.

### Property Tax Trend



## **Capital Improvement Plan**

As funding is limited in the General Fund and can barely cover ongoing costs, City staff is not recommending new projects or equipment acquisition except for funding in the amount of \$37,500 for one police vehicle.

In the Enterprise Funds, the City has worked on a Capital Improvement Plan that identifies the most pressing needs only, focusing on making sure ongoing revenues can fund both operations and capital needs without tapping into their existing cash reserves. The capital improvement plan presented with this budget meets those requirements. However, many needed capital improvements in each of the utilities are not listed, and have been deferred to future years until sufficient revenue can be generated to fund them. The exhibit below shows a summary for the Enterprise Funds and the funding for capital projects. A detailed list of capital projects can be found on page 137 of the budget book.

## **Enterprise Funds**

The summary below shows the proposed budget for the Enterprise Funds. *Each Fund, with the exception of the Solid Waste Fund, has been budgeted with operating revenues exceeding operating and capital expenses. The Budgeted Sewer Fund's operating revenues of \$13.6 million would exceed the total expenses, including capital expenses by \$87,000. The Budgeted Water Fund's operating revenues are budgeted at \$16.1 million and would not meet the total expenses by \$6.4 million.* This negative variance in revenues over expenses is due to the large capital program outlay planned for FY 2015-16, with this trend continuing for the following four years. This capital outlay plan includes \$20 million in water treatment plant construction costs needed to meet the State's recently adopted chromium six requirements. In addition, several other significant water, sewer, and solid waste infrastructure projects are critically needed over the next five years. Earlier this year, City Council approved a new financial analysis of the City's utility rates that will be used to establish the rates necessary to fund the future infrastructure projects. New rate options will be presented to the City Council in the upcoming Council meetings, so that Council can decide how to best proceed with these important funding needs.

Additionally, water revenues will also be affected as the drought conditions are projected to continue into next fiscal year. The State has mandated that the City reduce overall consumption by 20% as compared to 2013 water use levels. Operating expenses are budgeted conservatively to account for the reduced demand for water that will result because of these policy decisions at State level.

The *Solid Waste Fund's operating revenues* are budgeted at higher levels than overall expenses by approximately \$380,000. This is necessary to catch up the fund with setting aside additional revenues for the planned closure of the City's landfill in the next couple of years. Nevertheless, this fund will need additional revenues in the next couple of years to meet the revenue requirements of the landfill closure, likely resulting in higher rates and the issuance debt. More details will be presented to the Council in upcoming meetings. Overall, the working capital of these three enterprise funds is solid, averaging at least two months of operating working capital.

		ENTERPRISE FUNDS			
		SEWER	WATER	AIRPORT	SOLID WASTE
		MAJOR FUND	MAJOR FUND	NON MAJOR	NON MAJOR
		710	720	730	740
		\$	\$	\$	\$
<b>FISCAL YEAR 2015/16</b>					
PROJECTED RESOURCES 2015-16					
	Revenues	13,578,852	16,144,766	2,881,890	10,706,361
	Transfers In	-	-	-	-
	RESOURCES	13,578,852	16,144,766	2,881,890	10,706,361
PROJECTED EXPENDITURES 2015-16					
	Operations	9,748,796	10,010,474	2,336,385	8,671,341
	Capital	1,701,000	10,431,170	121,000	651,000
	Reappropriated Capital Projects	1,136,405	523,279	15,000	3,500
	Transfers Out	159,877	25,164	5,045	192,487
	Debt Service	744,905	1,538,973	415,125	807,605
	USES	13,490,983	22,529,060	2,892,555	10,325,933
REVENUES AND OTHER FINANCING					
SOURCES OVER EXPENDITURES -					
SURPLUS (SHORTFALL)					
		87,870	(6,384,294)	(10,665)	380,428

The Airport's revenues are also budgeted to meet the expenses for the fiscal year. The Capital projects shown in the Airport fund are for planning purposes, as encompasses city-wide projects which would require multiple funds to cover these projects; since funding has not been secured for all funds there is a high probability these projects will not be funded in FY 2015-16. Although there is an improvement over previous years the Airport's total negative cash balance, it remains a concern that is being carefully managed. Accordingly, Airport Management has taken several measures to improve its long term financial situation. In early 2013, the Airport Manager performed a comparison of the Municipal Airport Fee Schedule relative to airports in the Bay Area. The results indicated our fees were on the low end of the spectrum in terms of average price per square foot.

To address this challenge Airport Management proposed the following actions which were approved by Council:

- a) Implemented a phased rate adjustment of twenty-four percent over the next three years, 2013- 2016. FY 2015-16 will be last year of these projected increases.
- b) Implemented an immediate 7% rate adjustment for all T-hangars, Box Hangars and Corporate Hangars.
- c) The 7% consisted of an approximately 2% CPI increase and a 5% rate adjustment.
- d) The increase was effective March 1, 2013 through the end of 2013-2014.
- e) Effective July 1, 2014 the rate adjustment is CPI plus a rate adjustment not exceeding 8% total increase.
- f) Effective July 1, 2015 the rate adjustment is CPI plus a rate adjustment not to exceed 9% total increase.

- g) Effective July 1, 2016 the rate adjustment will revert to the current CPI percentage.
- h) The effective rate over the three-year period is estimated to be approximately 24%.

In addition to the hangar rates (the largest revenue contributor) the Airport has also revisited a number of leases and moved to ensure fair market values are achieved. In most cases monthly rates were increased; i.e. United Flight, Diamond D and Sage Instruments each lease saw an increase in 2013. Finally, the Airport has also worked in a revision to the hangar waitlist fees. More details about this proposed change will be presented to the Council during its June 9, 2015 meeting.

In conjunction with these revenue enhancement measures, and in order to address the negative cash balance in the Airport, staff proposed to the Council in June of 2014 adopting a resolution authorizing and setting forth the terms and conditions between the Airport Fund and the City's pooled money investment account for an internal loan of up to \$5,000,000 with the interest rate set at the City's 12-month average pooled money portfolio rate for 15 years. Although much work has been completed in fully researching this item, no final resolution has been determined. Accordingly, this item is still on hold pending final recommendation to the City Council in upcoming meetings.

### **Library Fund**

The Library fund operating revenues are estimated at the same levels as the operating expenditures. However, with the inclusion of carryover and new capital projects, the fund is budgeted to use some of its reserves. Even with the approval of these capital projects, the Library is still projected to have a cash reserve of approximately eight hundred thousand dollars at the end of the current fiscal year. This cash balance represents a working capital of 2 months.

### **Self-Insurance Fund.**

The Self-Insurance fund has three different components: Liability Insurance, Worker's Compensation Insurance, and Health Insurance.

The Health Insurance activity captures the costs and revenues for the provision of health benefits to City employees. As the Council may recall, the City transitioned to a new Health Insurance Fund at the beginning of the FY 2013-14. This transition was necessary as the health self-insurance model for providing health benefits had produced adverse financial results for the City during FY 2010-11 and 2011-12. As a result the City entered into a pooled insurance model with CSAC EIA and created a new the Health Insurance fund to track the revenues and expenses under this new model. Accordingly, the new fund is budgeted to align operating revenues with operating expenses. The Liability Insurance and Workers compensation components are also budgeted to match operating revenues and expenses.

### **Gann Appropriation Limit**

In 1979 and 1990, California Voters passed Proposition 4 and 111 respectively setting the process for limiting the amount of appropriations a State and Local government agency could expend during any one year. Each year, the City must adopt a resolution setting the subsequent year's appropriation limit and ensure that the City's appropriations are below this limit.

The appropriations limit for any fiscal year is equal to the previous year's limit, adjusted for the annual percentage change in population and the annual percentage change in either of two allowed demographic factors; (1) California per-capita personal income or (2) growth in non-residential property assessed valuation. An agency can alternate between either of these two later factors year to year.

As shown in the Table below, the City continues to be far below the legal limit of appropriations and is in full compliance with this State statute, as demonstrated in the remaining appropriation capacity of \$93.6 million for Fiscal Year 2015-16.

### **Property Tax Levy Rate**

As provided by the City's Charter, annually the City must set the levy rate and instruct the County of Santa Cruz to levy, collect and remit to the Retirement Fund proceeds to support the General Fund for its employment retirement costs. The Charter states:

There shall be levied and collected...(2) a tax sufficient to meet all obligations of the City to the State Employees' Retirement System, or other system for the retirement of City employees, due and unpaid or to become due during the ensuing fiscal year (Section 1122, b2).

In the November 2006 general election, the voters of the City of Watsonville placed a cap on the annual levy of 0.077% (or \$77 per \$100,000 in assessed valuation) for the fiscal year beginning on July 1, 2007. This was done in tandem with voter approval for a ¼-cent increase in the City's Sales Tax rate in which the intent was to not impact the General Fund's ability to provide critical public services. The annual levy rate cannot exceed the 0.077% cap nor the retirement program costs of the General Fund.

### **Voluntary Time Off (VTO) Program**

The City Council has approved and offered employees in the past years a voluntary time off program (May 2009, February 2010, April 2010, April 2011, June 2012, June 2013, and June of 2014). The next sections describe the voluntary time off program that is set to expire on July of 2015.

The program was first introduced in 2009 during the first year of concessions to encourage additional salary savings. Between seven and twelve employees have participated in the program each year, saving the City an estimated \$70,000 - \$80,000 annually. This program allows employees to voluntarily reduce their work week hours beyond the current level of 36 hours per week and still maintain seniority and health benefits as if they were a full time employee. All other benefits and accruals are pro-rated based on the number of hours worked. This program is offered at no additional cost to the City.

Participation in the program must be approved by the department and City Administration to ensure that participation will not increase overtime or negatively impact workload or service demands.

As we continue to be in financially difficult times, it is recommended that this program be renewed for Fiscal Year 2015-16. All salary savings will be applied towards preserving positions and limit additional reductions. Savings for this program have already been incorporated into the proposed budget figures presented to the City Council.

**Measure G Budget**

Measure G is included in the recommended FY 2015-16 budget. This is the first full year budget for Measure G since its passage in June of 2014. The budget includes expenditures and revenues to fund public safety services, \$2.1 million for police and \$951,000 for fire. The table below shows a summary of this budget, which allocates 60% of funding to police and 40% to fire. This budget was presented to and approved by the oversight committee on May 13, 2015.

In accordance with Measure G requirements, “all revenues from the Public Safety Sales Tax Measure shall be used only for improving our community’s public safety, with the revenue to be directed in support of the Police and Fire Departments, in the proportions of sixty percent (60%) to police and forty percent (40%) to Fire. The proportions are based on the approximate historical General Fund budgetary funding proportions of the two departments.” The City has established separate funds into which specific monies are deposited. The funds are called Measure G Police and Measure G Fire, and are the source of expenditures as established in the Measure G budget appropriation, reviewed by the revenue Oversight Committee and approved by resolution of the Council.

<b>MEASURE G - FY 2015-16 BUDGET SUMMARY</b>			
<b>Revenues</b>	<b>Totals</b>	<b>Police</b>	<b>Fire</b>
Measure G	\$ 2,850,400	\$ 1,730,400	\$ 1,120,000
COPS Grant	\$ 125,000	\$ 125,000	\$ -
Interest	\$ 2,400	\$ 1,200	\$ 1,200
<b>Total Revenues</b>	<b>\$ 2,977,800</b>	<b>\$ 1,856,600</b>	<b>\$ 1,121,200</b>
<b>Expenses</b>			
Operations	\$ 2,058,043	\$ 1,299,932	\$ 758,111
Capital	\$ 704,945	\$ 546,945	\$ 158,000
Reappropriated Capital	\$ 325,704	\$ 290,701	\$ 35,003
<b>Total Expenses</b>	<b>\$ 3,088,692</b>	<b>\$ 2,137,578</b>	<b>\$ 951,114</b>
Revenue - Expenses	\$ (110,892)	\$ (280,978)	\$ 170,086
Reserves 07/01/2015	\$ 750,000	\$ 450,000	\$ 300,000
<b>Net Reserves 07/01/16</b>	<b>\$ 639,108</b>	<b>\$ 169,022</b>	<b>\$ 470,086</b>
	22%	10%	42%

**FINANCIAL IMPACT:**

The Proposed 2015-16 Operational Budget is balanced for all funds. However, when capital expenditures are added, some funds are using their cash reserves to fund these capital projects. Some level of concessions with all labor groups continue to help balancing the budget, particularly in the general fund.

**ALTERNATIVES:**

The City Council may direct staff to present different alternatives for the budget or make changes to the current recommendation.

**ATTACHMENTS:**

- 1 Exhibit A: Proposed 2015-16 Budget document
- 2 Exhibit B: City Debt
- 3 Exhibit C: Budget Summary by Fund

cc: City Attorney

## Exhibit B

### LONG-TERM DEBT BONDED DEBT

#### City Charter

The City shall not incur an indebtedness evidenced by general obligations bonds which shall in the aggregate exceed the sum of fifteen (15%) per cent of the total assessed valuation for purpose of City taxation of all the real and personal property within the City, exclusive of any indebtedness that has been or may hereafter be incurred for the purpose of acquiring, construction, extending or maintaining municipal utilities for which purpose a further indebtedness may be incurred by the issuance of bonds, subject only to the provisions of the State Constitution and of the Charter.

No bonded indebtedness which shall constitute a general obligation of the City may be created unless authorized by the affirmative votes of two-thirds (2/3) of the electors voting on such proposition at any election at which the question is submitted to the electors and unless in full compliance with the provisions of the State Constitution and of this Charter.

#### City Debt

The City's long-term debt obligations are repaid by the following funds: Revenue Bonds from the Sewer, Solid Waste, and Water Enterprise Funds; Tax Allocation Bonds from the Successor Agency Debt Service Fund; notes payable from the General Fund, Successor Agency Debt Service, Community Development Block Grant, the Airport, Fire Impact Fee and Solid Waste Enterprise Funds.

<u>Obligations</u>	<u>Amount Due as of 7/01/14</u>	<u>General Funds</u>	<u>Revenue Funds</u>	<u>Special Trust Fund</u>	<u>Special Purpose Enterprise Funds</u>
Revenue secured debts	\$30,586,332				\$30,586,332
Tax allocation bonds	19,075,000			\$19,075,000	
Limited obligation bonds	379,000		\$379,000		
Debt payable	3,527,610		2,735,104		792,506
Notes payable	<u>3,223,744</u>	<u>\$595,216</u>	<u>1,705,000</u>	<u>923,528</u>	
Total	<u>\$56,791,686</u>	<u>\$592,216</u>	<u>\$4,819,104</u>	<u>\$19,998,528</u>	<u>\$31,378,838</u>

#### Analysis of City Debt

The City is legally limited to issuing no more than 3.75 percent of its assessed value according to State law. The City's assessed value is \$3,247,264,000; therefore, the City's legal debt limit is \$116 million.

The City's total debt is much less than its legal limit because the City has issued debt sparingly. The City looks to issue debt only when an identifiable revenue source is present. Therefore, the major debt issues are funded as follows:

<u>Debt</u>	<u>Repayment Source</u>
2011 Airport Debt	Enterprise Revenue (Airport)
2010 Water Debt	Enterprise Revenue (Water)
2009 Refunding Revenue Bonds	Enterprise Revenue (Sewer, Solid Waste)
2007 Revenue Bonds	Enterprise Revenue (Water)
Various Assessment Debt	Assessment District Property Tax Bonds 2004 Tax Allocation Bonds Redevelopment Property Tax Trust Fund
Notes Payables General Fund,	Community Development Block Grant Funds, Redevelopment Property Tax Trust Fund, Fire Impact Fees

All the above issues are included in the City's financing and operating plan. The repayment of debt should not adversely affect operations.

A. Revenue Bonds

Revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water, sewer and solid waste systems. The revenue bonds are collateralized by the revenue of the water, sewer, and solid waste systems and the various special funds established by the bond ordinances.

Revenue debts payable at July 1, 2014 consist of the following individual issues:

	<u>Amount</u>
	\$
\$27,345,000, 2007 water revenue bonds due in annual principal installments ranging from 800,000 to 7,415,000 through May 15, 2037, interest rate ranges from 4.0% to 5.0%	27,345,000
\$3,491,786, 2009 sewer revenue refunding bonds due in annual principal installments of \$570,490 through May 2016, interest rate of 4.10%	1,084,819
\$5,444,243, 2009 solid waste revenue refunding bonds due in annual principal installments ranging from \$216,188 to \$754,883 through May 2016, interest rate ranges from 4.10% to 4.3%	<u>2,156,513</u>

Total Revenue Bonds

31,791,883

The respective amounts due from each of the revenue bonds, with the applied interest are as follows:

2007 Water Revenue Bonds

Maturity  
Date

May 15,

Principal  
\$

Interest  
\$

Debt Service  
\$

2015		1,294,059	1,294,059
2016		1,294,059	1,294,059
2017	800,000	1,294,059	2,094,059
2018	840,000	1,253,259	2,093,259
2019	880,000	1,210,419	2,090,419
2020	915,000	1,175,219	2,090,219
2021	955,000	1,137,704	2,092,704
2022	995,000	1,097,116	2,092,116
2023	1,040,000	1,053,585	2,093,585
2024	1,090,000	1,001,585	2,091,585
2025	1,145,000	947,085	2,092,085
2026	1,195,000	895,560	2,090,560
2027	1,250,000	841,785	2,091,785
2028	1,305,000	785,535	2,090,535
2029*	1,370,000	724,200	2,094,200
2030*	1,435,000	659,125	2,094,125
2031	1,500,000	590,963	2,090,963
2032*	1,570,000	523,463	2,093,463
2033	1,645,000	448,888	2,093,888
2034*	1,720,000	370,750	2,090,750
2035*	1,805,000	284,750	2,089,750
2036*	1,900,000	194,500	2,094,500
2037	<u>1,990,000</u>	<u>99,500</u>	<u>2,089,500</u>
	<u>27,345,000</u>	<u>19,177,168</u>	<u>46,522,168</u>

**\* Principal applied to a sinking fund in years 2015 and 2016**

2009 Sewer  
Refunding Bonds

Fiscal Year

Principal  
\$

Interest  
\$

Debt Service  
\$

2015	531,404	39,086	570,490
2016	<u>553,415</u>	<u>17,075</u>	<u>570,490</u>
Total	<u>1,084,819</u>	<u>56,161</u>	<u>1,140,980</u>

2009 Solid Waste

Refunding Bonds			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
	\$	\$	\$
2015	724,470	83,135	807,605
2016	754,883	52,722	807,605
2017	216,188	26,819	243,006
2018	225,584	17,423	243,006
2019	<u>235,388</u>	<u>2,557</u>	<u>237,946</u>
Total	<u>2,156,513</u>	<u>182,656</u>	<u>2,339,169</u>

*B. Tax allocation bonds*

In June of 2004 the former Redevelopment Agency of the City of Watsonville issued tax allocation bonds in three series as follows:

1. Series A - \$19,000,000
2. Series B-1 - \$2,310,000
3. Series B-2 - \$4,635,000

2004 Tax Allocation Bonds, Series A

A portion of the proceeds from the issue was used to finance a portion of the costs of design and construction of the Civic Center Plaza and Parking Structure project in downtown Watsonville. Interest rates for the Series A bonds range from 4% to 5% with principal payments ranging from \$265,000 to \$1,050,000 through fiscal year 2034.

Part of the proceeds from the 2004 Series A bonds were used to advance refund the 1993 Tax Allocation Bonds on August 1, 2004, their earliest scheduled redemption date. An Escrow Agreement was established and the above funds and certain other available funds were deposited in an escrow fund which was used to redeem the 1993 Bonds in full, including a redemption premium on such date.

The 2004 Tax Allocation Bonds, Series A have the following redemption schedule:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
<u>September 1</u>	\$	\$	\$
2014	675,000	665,598	1,340,598
2015	700,000	637,398	1,337,398
2016	730,000	607,820	1,336,820
2017	760,000	573,843	1,333,843
2018	795,000	538,458	1,333,458
2019	830,000	500,668	1,330,668
2020	870,000	460,500	1,330,500
2021	910,000	418,225	1,328,225
2022	955,000	373,931	1,328,931
2023	1,000,000	326,875	1,326,875
2024	1,050,000	276,250	1,326,250
2025	400,000	240,000	640,000

2026	415,000	219,625	634,625
2027	440,000	198,250	638,250
2028	460,000	175,750	635,750
2029	485,000	152,125	637,125
2030	505,000	127,375	632,375
2031*	535,000	101,375	636,375
2032*	560,000	74,000	634,000
2033*	585,000	45,375	630,375
2034*	<u>615,000</u>	<u>15,375</u>	<u>630,375</u>
Total	<u>14,200,000</u>	<u>6,803,912</u>	<u>21,003,912</u>

\* Principal applied to a sinking fund in years 2032 to 2035.

#### 2004 Tax Allocation Bonds, Series B-1

A portion of the proceeds from this issue was used to finance certain low and moderate income housing capital improvements within the former Redevelopment Project Area. Interest rates for the Series B-1 bonds range from 4% to 5% with principal payments ranging from \$60,000 to \$170,000 through fiscal year 2025.

The 2004 Tax Allocation Bonds, Series B-1 have the following redemption schedule:

Maturity Date	Principal	Interest	Debt Service
<u>September 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
	\$	\$	\$
2014	110,000	68,416	178,416
2015	115,000	63,718	178,718
2016	120,000	58,634	178,634
2017	125,000	53,181	178,181
2018	130,000	47,444	177,444
2019	135,000	41,397	179,397
2020	140,000	34,950	174,950
2021	150,000	28,073	178,073
2022	155,000	20,625	175,625
2023	165,000	12,625	177,625
2024	<u>170,000</u>	<u>4,250</u>	<u>174,250</u>
Total	<u>1,405,000</u>	<u>364,887</u>	<u>1,769,887</u>

#### 2004 Tax Allocation Bonds, Series B-2

A portion of the proceeds from this issue was used to finance certain low and moderate income housing capital improvements within the Redevelopment Project Area. Interest rates for the Series B-1 bonds range from 3% to 6.25% with principal payments ranging from \$100,000 to \$380,000 through fiscal year 2025.

The 2004 Tax Allocation Bonds, Series B-2 have the following redemption schedule:

Maturity  
Date

<u>September 1</u>	<u>Principal</u> \$	<u>Interest</u> \$	<u>Debt Service</u> \$
2014	210,000	186,438	396,438
2015*	225,000	174,175	399,175
2016*	235,000	160,375	395,375
2017*	250,000	145,825	395,825
2018*	265,000	130,375	395,375
2019*	280,000	114,025	394,025
2020**	300,000	96,250	396,250
2021**	315,000	77,031	392,031
2022**	335,000	56,719	391,719
2023**	360,000	35,000	395,000
2024**	<u>380,000</u>	<u>11,875</u>	<u>391,875</u>
Total	<u>3,470,000</u>	<u>1,677,816</u>	<u>5,147,816</u>

- Principal applied to a sinking fund in years 2015 to 2020.
- \*\* Principal applied to a sinking fund in years 2020 to 2024.

### C. Limited Obligation Bonds

Limited obligation bonds consist of bonds issued for improvements in special assessment districts and are secured by liens against the assessed property. The City has agreed to establish certain reserve funds and to act as agent for property owners with respect to payment of debt service. In the event of delinquency, however, the government is not obligated to retire bonds from available funds or to bring legal action against property holders.

Due to Governmental Accounting Standards Board Statement No. 6, the City must include its assessment bonds payable within the Government-wide Statements. However, the City of Watsonville has incurred no financial liability due to Assessment District Bonds. In the case of default, the City has authority to foreclose on the delinquent account.

Limited obligation bonds payable at July 1, 2014 consist of the following:

	<u>Amount</u>
\$144,956 Beck Street assessment district bonds due in annual principal installments ranging from \$956 to \$14,000 through September 2014, interest rate is 6.00%.	\$ 14,000
\$104,456 Progress Drive assessment district bonds due in annual principal installments ranging from \$456 to \$11,000 through September 2015, interest rate is 6.25%.	21,000
\$55,944 Watson Drive assessment district bonds due in annual principal installments ranging from \$944 to \$4,000 through September 2017, interest rate is 6.0%.	12,000

\$738,448 Atkins Lane assessment district bonds due in annual principal installments ranging from \$944 to \$4,000 through September 2020, interest rate is 6.0%. 294,000

\$100,022 7<sup>th</sup>, 8<sup>th</sup> & 9th Street assessment district bonds due in annual principal installments ranging from \$5,000 to \$10,000 through September 2017, interest rate is 6.0%. 30,000

Total limited obligation bonds payable at July 1, 2014 379,000

The annual requirements to amortize all limited obligation bonds outstanding as of July 1, 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u> \$	<u>Interest</u> \$	<u>Debt Service</u> \$
2015	89,000	23,570	112,570
2016	76,000	18,339	94,339
2017	65,000	13,840	78,840
2018	51,000	9,685	60,685
2019	49,000	6,370	55,370
2020	<u>49,000</u>	<u>3,185</u>	<u>52,185</u>
Total	<u>379,000</u>	<u>74,989</u>	<u>453,989</u>

*D. Debt*

**Water Revenue Refunding Bonds Series 1998** - On November 15, 2010, the government issued a \$3,084,944 City Loan with an interest rate of 3.39% to refund \$3,715,000 of outstanding 1998 Series A Water Revenue Bonds with interest rates ranging from 4.74% to 6.75%. The refunding was undertaken to reduce the total future debt service payments and resulted in an economic gain of \$153,697 and a reduction of \$721,053 in future debt service payments.

2010 City Water Loan

<u>Water Debt</u> <u>Fiscal Year</u>	<u>Principal</u> \$	<u>Interest</u> \$	<u>Debt Service</u> \$
2015	537,592	19,667	557,259
2016	<u>254,914</u>	<u>2,164</u>	<u>257,079</u>
Total	<u>792,506</u>	<u>21,831</u>	<u>814,337</u>

**Debt payable**

On April 13, 2012, the government entered into a commercial term loan with Santa Cruz County Bank to finance the cost of installing solar panels through the City of Watsonville. The total amount for which the government is obligated under the loan is \$3,014,285. Installation of the solar panels was completed during the 2012/13 fiscal year.

Interest rate for the loan is 5.29% with principal payments ranging from \$135,947 to \$282,376 through fiscal year 2027.

The annual requirements to amortize the loan outstanding as of July 1, 2014 is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
	\$	\$	\$
2015	150,911	142,717	293,628
2016	159,000	134,628	293,628
2017	167,522	126,106	293,628
2018	176,501	117,127	293,628
2019	185,962	107,666	293,628
2020	195,929	97,699	293,628
2021	206,431	87,197	293,628
2022	217,495	76,133	293,628
2023	229,153	64,475	293,628
2024	241,436	52,192	293,628
2025	254,377	39,251	293,628
2026	268,011	25,617	293,628
2027	<u>282,376</u>	<u>11,252</u>	<u>293,628</u>
Total	<u>2,735,104</u>	<u>1,081,757</u>	<u>3,816,861</u>

**E. Notes payable**

Successor Agency's Note payable to City's Water Utility Fund

The former Redevelopment Agency of the City of Watsonville discovered an overpayment of tax increment allocations in prior years by the County of Santa Cruz. The Agency borrowed \$1,005,236 from the City's Water Utility Fund to pay back the County. The loan will be paid back over 20 years with an interest rate of 2.5% for the first 5 years and restate each year after that to the average annual rate of the City pooled investments.

Minimum future installment payments for the note payable consist of the following:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
	\$	\$	\$
2015	48,015	15,906	63,921
2016	49,229	14,692	63,921
2017	50,474	13,447	63,921
2018	51,751	12,170	63,921

2019	53,060	10,861	63,921
2020	54,401	9,520	63,921
2021	55,777	8,144	63,921
2022	57,188	6,773	63,921
2023	58,634	5,257	63,921
2024	60,116	3,805	63,921
2025	61,637	2,284	63,921
2026	<u>57,869</u>	<u>726</u>	<u>58,595</u>
Total	<u>658,151</u>	<u>103,578</u>	<u>761,729</u>

Successor Agency's Notes payable to County of Santa Cruz:

In 2009, the former Redevelopment Agency of the City of Watsonville discovered an overpayment of tax increment allocations in prior years by the County of Santa Cruz. The Agency and County agreed on a pay back agreement for the County's portion of the tax increment of \$406,764. The note will be paid back over 10 year's interest free.

Minimum future installment payments for the note payable consist of the following:

Fiscal Year Ended <u>June 30,</u>	<u>Payment</u> \$
2015	49,985
2016	51,484
2017	53,029
2018	54,619
<u>2019</u>	<u>56,260</u>
Total payments	<u>265,377</u>

Minimum future installment payments for the note payable consist of the following:

Section 108 Note Payable

The City entered into contract with the Secretary of U.S. Department of Housing and Urban Development. The contract is for a loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. #5308. The promissory note, in the amount of \$2,530,000, is for the Downtown Parking Garage Project. The note is to be repaid with future Community Development Block Grant funds over a period of twenty years at an interest rate of 5.18%.

The annual requirements to amortize the Section 108 note outstanding as of July 1, 2014 are as follows:

Fiscal Year Ended June 30,	<u>Principal</u> \$	<u>Interest</u> \$	<u>Debt Service</u> \$
2014	110,000	88,442	198,442
2015	109,000	82,819	191,819
2016	114,000	76,935	190,935
2017	117,000	70,674	187,674
2018	121,000	64,087	185,087
2019	126,000	57,126	183,126
2020	133,000	49,717	182,717
2021	140,000	41,820	181,820
2022	147,000	33,439	180,439
2023	155,000	24,536	179,536
2024	163,000	15,083	178,083
2025	<u>170,000</u>	<u>5,109</u>	<u>175,109</u>
Total	<u>1,705,000</u>	<u>734,346</u>	<u>2,439,346</u>

**PG&E**

The City entered into an agreement with Pacific Gas & Electric Company (PG&E) to retrofit the City's owned street lights with qualified energy saving lights. The note is to be repaid with future energy savings over a period of ten years at an interest rate of 0%.

The annual requirements to amortize the PG&E note outstanding as of July 1, 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u> \$
2015	30,298
2016	30,298
2017	30,298
2018	30,298
2019	30,298
2020	30,298
2021	<u>15,149</u>
Total	<u>196,937</u>

**State of California Energy Commission**

The City entered into an agreement with State of California Energy Commission to retrofit the City's owned street lights with qualified energy saving lights. The note is to be repaid with future energy savings over a period of eight years at an interest rate of 3%.

The annual requirements to amortize the State of California Energy Commission note outstanding as of July 1, 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
	\$	\$	\$
2015	56,375	11,531	67,906
2016	58,053	9,852	67,905
2017	59,834	8,071	67,905
2018	61,642	6,263	67,905
2019	63,505	4,400	67,905
2020	65,420	2,486	67,906
2021	<u>33,450</u>	<u>503</u>	<u>33,953</u>
Total	<u>398,279</u>	<u>43,106</u>	<u>441,385</u>

**Exhibit C**

**CITY OF WATSONVILLE & REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE  
BUDGET APPROPRIATIONS  
BY FUND**

<b>FUNDS:</b>		<b>FISCAL</b>	<b>FISCAL</b>
<b>NUMBER</b>	<b>DESCRIPTION</b>	<b>YEAR</b>	<b>YEAR</b>
		<b>2015-16</b>	<b>2016-17</b>
150	GENERAL	36,426,403	36,835,716
160	RETIREMENT	2,832,607	2,910,082
204	HOUSING	83,193	84,436
205	CDBG	1,622,351	1,128,645
207	ECONOMIC DEVELOPMENT	476,520	26,520
209/210	OTHER RAH GRANTS	653,167	999,370
215	RELOCATION	145,000	145,000
221	INCLUSIONARY HOUSING	321,904	326,086
225	BUSINESS DEVELOPMENT	121,090	122,898
245	ABANDONED VEHICLE AUTHORITY	82,912	82,912
246	CIVIC CENTER COMMON AREA MAINTENANCE	244,912	245,653
250	LIBRARY	3,717,112	3,326,336
265	PEG	29,831	29,831
281	PARKS DEVELOPMENT	380,779	-
305	GAS TAX	3,150,437	2,445,000
309	PARKING GARAGE	183,331	183,576
526/527	MEASURE G	3,088,692	2,931,451
338/352	IMPACT FEES	1,363,184	664,103
354	LLMAD	177,070	177,547
825	NARCOTICS FORFEITURE	146,113	-
510	DEBT SERVICE	740,038	720,098
710	WASTE WATER	13,490,983	12,043,196
720	WATER	22,529,060	18,590,332
730	AIRPORT	2,892,555	3,146,818
740	SOLID WASTE	10,325,933	10,844,408
741	LANDFILL CLOSURE	150,761	150,761
780/785	INTERNAL SERVICES	9,759,246	10,287,326
202	SUCCESSORY AGENCY	3,588,151	3,444,653
<b>TOTAL APPROPRIATIONS</b>		<b>118,723,335</b>	<b>111,892,753</b>
<b>City of Watsonville</b>		<b>115,135,184</b>	<b>108,448,100</b>
<b>Successor Agency of the Redevelopment Agency</b>		<b>3,588,151</b>	<b>3,444,653</b>
<b>Total Appropriations</b>		<b>118,723,335</b>	<b>111,892,753</b>



"Gather, Learn and Celebrate!"

**Minutes  
Regular Meeting  
Board of Library Trustees**

**Monday, April 20, 2015  
6:00 P.M.**

**Library 2<sup>nd</sup> Floor Conference Room  
275 Main Street, Watsonville**

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**1.0 Roll Call**

Members present: Banales, Danna, Espinoza, Morales, Sanchez, and Tapiz.

Staff members present: Carol Heitzig, Library Director and Luz Martinez, Executive Assistant

**2.0 Approval of Minutes**

Trustee Tapiz moved for approval of minutes; seconded by Trustee Danna.

Minutes of March 16, 2015 were approved as written with 6 Ayes.

**3.0 Emergency Additions to Agenda**

Library Director would like to add 6.3 Fine Free Week & Reduce Maximum Fine & Volunteer Hours in Lieu of Fines and Trustee Tapiz and 6.4 Election of New Officers under New Business.

**4.0 Communications**

**4.1 Communications from the Public or Trustees**

Trustee Tapiz announced the Pajaro Valley Historical Association was very happy that the Library was chosen as a venue for a Naturalization Ceremony. He also encouraged the members to go the PVHA and begin a family history file.

Trustee Danna invited the board to attend MacQuiddy's Book Fair which will be held the first week in May.

Trustee Espinoza introduced herself to the board.

**4.2 Oral Communications from the Library Director**

The Library Director welcomed Trustee Espinoza and announced the resignation of Trustee Perez. The Library Director recently purchased the book *228 Interesting, Odd, Beautiful & Historic Things to see in the Santa Cruz County* by Steven Bignell (*husband of former children's librarian*) and Susan Bruijnes. She was impressed on the section regarding Watsonville which

included the library grandfather clock, the Agriculture Workers History Center and much more. It is available on Amazon.

## **5.0 Unfinished Business**

### **5.1 Budget Adjustments**

The Library Director explained that all city department heads presented a two 2-year budgets to the City Manager and the Finance Director last week; one was status quo and the other had a 5% decrease. Due to the library's unique funding source we only had to present a status quo budget. Capital Improvement Plans are funds set aside for major projects and improvements. The library's book budget was considered a capital improvement but will be moved to the general operations budget this year. We submitted CIPs for painting and computer and laptop upgrades. The budget plan will go to the City Council for final approval in June. The bargaining units are in negotiations which will directly affect budget scenarios.

### **5.2 Security Guard**

The City has signed a contract with Panther Security to patrol parking garages as well as the library. The library will have a security guard 24hrs a week. The current schedule is 3-7pm Monday thru Thursday, 2-6pm Friday and 12-4pm on Saturday; we can change the hours to fit our needs. Staff as well as patrons are pleased with the security guard and have noticed the positive difference their presence makes.

### **5.3 Lobby Mural**

The Friends of the Library chose Arturo Thomae to paint the apple box mural on the curved wall in the Lobby; it will be complete by the end of May.

### **5.4 Job Description Updates**

We have updated some job descriptions to accurately reflect the work our library staff does. We have also combined two positions (library clerk and computer lab assistant) this will allow for more flexibility when scheduling as well as compensate computer lab assistants more fairly. The descriptions have been sent to the Personnel Commission for approval.

Trustee Tapiz suggested getting teens from Digital Nest to volunteer in the computer lab. The Library Director will explore this suggestion further.

## **6.0 New Business**

### **6.1 Comment Forms**

The Library Director shared a few patron comment form submissions with the board and will be sharing more monthly. Trustee Sanchez suggested the forms to be categorized. A one page categorized uncensored patron comment form summary will be included in the monthly library board packet.

## **6.2 Digitalization of Register Pajaronian**

We have 685 rolls of Register Pajaronian microfilm that are deteriorating. We have signed a contract with BMI to digitize the microfilm and make it available online through our website. The digitized film will be keyword searchable. It will take about 90 days to complete. Patrons will be notified as microfilm is sent for digitalization; all film will be returned.

## **6.3 Fine Free Week & Reduce Fine from 3 dollars to 1 dollar & Volunteer in Lieu of Fine**

Patrons are allowed to checkout a maximum of 30 books. Although most patrons do not checkout this many books the few that do are often parents with young children. If a patron has checked out 30 books and accrues the maximum late fine of three dollars, they will owe a total of 90 dollars. The library rule is you have to be a patron in good standing (*owe less than ten dollars in fines and fees*) to check out books, use the computer lab and study rooms. If a patron returns the 30 books late, they will not be allowed to check out books, use the computer lab nor study room until they have paid the 90 dollar fine. Patrons get discouraged and may discontinue coming to the library. The purpose of a fine is to make the patron responsible; not meant to be a punishment. We don't want to deter children nor patrons from checking out materials so we would like to reduce the maximum fine from 3 dollars to 1 dollar, also have a fine free week to kick start to the Summer Reading Program and also begin a Volunteer in Lieu Fine period once or twice a year. After a discussion Trustee Tapiz motioned to endorse the reduction of fines maximum fine from 3 dollars to 1 dollar, also have a fine free week to kick start the Summer Reading Program and also begin a Volunteer in Lieu Fine period once or twice a year; Seconded by Trustee Sanchez motion passed with 6 ayes. The Library will present these changes to the City Council.

## **6.4 Election of Officers**

Trustee Danna nominated Trustee Tapiz as chair; seconded by Trustee Sanchez.

Trustee Tapiz nominated Trustee Sanchez as vice-chair; seconded by Trustee Danna.

Trustee Tapiz was appointed as Chair and Trustee Sanchez appointed as Vice-Chair with 6 ayes.

## **7.0 Reports**

### **7.1 Friends of the Library**

The Friends have deposit the Stein bequest into the Community Foundation in a flex account which earns interest and can be released in a grant installments. They are exploring the option of transferring a portion of the funds into an endowment which has more restrictions but has a higher interest.

### **7.2 Citizenship Ceremony @ the Library**

The Library hosted a very successful Naturalization Ceremony on Tuesday, March 31 in the meeting room 19 residents were sworn in.

**8.0 Adjournment**  
**7:20 pm**