

**BENICIA CITY COUNCIL
REGULAR MEETING AGENDA**

AMENDED

**City Council Chambers
July 22, 2014
6:00 PM**

*Times set forth for the agenda items are estimates.
Items may be heard before or after the times designated.*

*Please Note:
Regardless of whether there is a Closed Session scheduled, the open session will begin
at 6:30 PM*

I. CALL TO ORDER (6:00 PM):

II. CLOSED SESSION (6:00 PM):

A. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9

Number of potential cases: One

B. CONFERENCE WITH LABOR NEGOTIATOR

(Government Code Section 54957.6 (a))

Agency negotiators: City Manager, Assistant City Manager, Senior HR Analyst

Employee organizations: Senior Managers, Middle Management, Local 1, Benicia Public Service Employees' Association (BPSEA), Benicia Police Officers Association (BPOA), Benicia Firefighters Association (BFA), Benicia Dispatchers Association (BDA), Police Management, Unrepresented.

III. CONVENE OPEN SESSION (6:30 PM):

A. ROLL CALL.

B. PLEDGE OF ALLEGIANCE.

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF THE PUBLIC.

A plaque stating the fundamental rights of each member of the public is posted at the entrance to this meeting room per section 4.04.030 of the City of Benicia's Open Government Ordinance.

IV. ANNOUNCEMENTS/PROCLAMATIONS/APPOINTMENTS/PRESENTATIONS:

A. ANNOUNCEMENTS.

1. Announcement of action taken at Closed Session, if any.

2. Mayor's Office Hours:

Mayor Patterson will maintain an open office every Monday (except holidays) in the Mayor's Office of City Hall from 6:00 p.m. to 7:00 p.m. No appointment is necessary. Other meeting times may be scheduled through the City Hall office at 746-4200.

B. PROCLAMATIONS.

1. IN RECOGNITION OF NATIONAL NIGHT OUT - AUGUST 5, 2014

C. APPOINTMENTS.

D. PRESENTATIONS.

1. COMPLETION OF PHASE 1 - LIBRARY'S THIS PLACE HAS HISTORY PROJECT

V. ADOPTION OF AGENDA:

VI. OPPORTUNITY FOR PUBLIC COMMENT:

This portion of the meeting is reserved for persons wishing to address the Council on any matter not on the agenda that is within the subject matter jurisdiction of the City Council. State law prohibits the City Council from responding to or acting upon matters not listed on the agenda. Each speaker has a maximum of five minutes for public comment. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of your entire group. Speakers may not make personal

attacks on council members, staff or members of the public, or make comments which are slanderous or which may invade an individual's personal privacy.

A. WRITTEN COMMENT.

B. PUBLIC COMMENT.

VII. CONSENT CALENDAR (7:00 PM):

Items listed on the Consent Calendar are considered routine and will be enacted, approved or adopted by one motion unless a request for removal or explanation is received from a Council Member, staff or member of the public. Items removed from the Consent Calendar shall be considered immediately following the adoption of the Consent Calendar.

A. DENIAL OF CLAIM AGAINST THE CITY BY JEFFREY COOPER AND REFERRAL TO INSURANCE CARRIER. (City Attorney)

The claimant alleges that he entered the roadway and drove over a metal plate cover. The metal plate cover lifted up under his vehicle as he drove over it, wedging itself under the car and damaging the underside of his vehicle.

Recommendation: Deny the claim against the City by Jeffrey Cooper.

B. AUTHORIZATION TO SUBMIT APPLICATION FOR SUBSTANCE ABUSE PREVENTION ENVIRONMENTAL POLICY AND PROGRAMS. (Police Chief)

This action allows the Chief of Police to execute a proposal to implement, support and evaluate environmental policies and programs that relate to alcohol, tobacco, and other drug (ATOD) prevention and policy strategies for fiscal years 2015 through 2016, with potential annual renewal of award up to three years.

Recommendation: Adopt a resolution that authorizes submittal of an application for substance abuse prevention environmental policy and programs in response to a request for proposals from Solano County Health and Social Services Department - Health Promotion and Community Wellness Bureau (H&SS).

C. Approval to waive the reading of all ordinances introduced and adopted pursuant to this agenda.

VIII. BUSINESS ITEMS (7:00 PM):

A. INTRODUCTION OF AN ORDINANCE ADDING CHAPTER 3.22 TO THE BENICIA MUNICIPAL CODE ENACTING A GENERAL PURPOSE, ONE CENT TRANSACTION AND USE ("SALES") TAX TO BE PLACED ON THE NOVEMBER 4, 2014 BALLOT. (City Manager)

As part of the City's effort to ensure fiscal solvency, the City has pursued a variety of measures that either reduce expenditures or enhance revenue. One such measure is to implement a local, voter-approved one-cent sale tax, increasing the Benicia sales tax rate from 7.65% to 8.65%. The proposed general purpose local funding measure would improve or maintain essential City services relied on by our public, including public safety, 9-1-1 emergency response times, neighborhood police patrols, crime prevention services, programs for youth, pothole repair and other quality of life services. In addition, this measure is needed to ensure that our 31 local parks are properly maintained as safe spaces for children to play and families to visit. The decision about whether to enact such a funding measure would be considered by Benicia voters at the general election held on Tuesday, November 4, 2014. If a majority of voters (50% plus 1) support the measure, it would go into effect on April 1, 2015. The proposed measure will also require oversight review by the City of Benicia Finance Committee.

Recommendation: Conduct a public hearing to place a one-cent, locally-dedicated sales tax measure on the November 4, 2014 ballot and introduce the corresponding ordinance.

B. ADOPTION OF RESOLUTION OF INTENT TO IMPOSE DROUGHT SURCHARGE AND PROVIDE NOTICE OF A PROPOSITION 218 PUBLIC HEARING SET FOR SEPTEMBER 16, 2014. (City Manager)

After three consecutive years of below normal rainfall, the State of California is facing a severe drought emergency. Due to the drought conditions, and the actions deemed necessary to manage the drought, including consideration of the financial integrity of the Water Enterprise fund and the need to secure additional water supply; the City hired Bartel Wells Associates, an independent public finance consultant, to evaluate the drought impact and determine a drought surcharge. Based upon the attached Bartel Wells Drought Study report and recommendations, and supported by staff analysis and recommendation; staff is seeking Council approval to initiate the Proposition 218 rate process with the intent to impose a drought surcharge.

Recommendation: 1. Adopt the Resolution of intention to add a drought surcharge to water rates, setting the public hearing date for September 16, 2014, and directing staff to proceed with mailing notices to all property owners and water customers within the City of Benicia

2. **Adopt the Resolution adoption guidelines for the submission and tabulation of protests in connect with rate hearings conducted pursuant to Article XIID, Section 6 of the California Constitution**
3. **Approve the draft Proposition 218 Notice**
4. **Accept attached June Drought Report**

IX. ADJOURNMENT (9:00 PM):

Public Participation

The Benicia City Council welcomes public participation.

Pursuant to the Brown Act, each public agency must provide the public with an opportunity to speak on any matter within the subject matter jurisdiction of the agency and which is not on the agency's agenda for that meeting. The City Council allows speakers to speak on non-agendized matters under public comment, and on agendized items at the time the agenda item is addressed at the meeting. Comments are limited to no more than five minutes per speaker. By law, no action may be taken on any item raised during the public comment period although informational answers to questions may be given and matters may be referred to staff for placement on a future agenda of the City Council.

Should you have material you wish to enter into the record, please submit it to the City Manager.

Disabled Access or Special Needs

In compliance with the Americans with Disabilities Act (ADA) and to accommodate any special needs, if you need special assistance to participate in this meeting, please contact Anne Cardwell, the ADA Coordinator, at (707) 746-4211. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting.

Meeting Procedures

All items listed on this agenda are for Council discussion and/or action. In accordance with the Brown Act, each item is listed and includes, where appropriate, further description of the item and/or a recommended action. The posting of a recommended action does not limit, or necessarily indicate, what action may be taken by the City Council.

Pursuant to Government Code Section 65009, if you challenge a decision of the City Council in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing. You may also be limited

by the ninety (90) day statute of limitations in which to challenge in court certain administrative decisions and orders (Code of Civil Procedure 1094.6) to file and serve a petition for administrative writ of mandate challenging any final City decisions regarding planning or zoning.

The decision of the City Council is final as of the date of its decision unless judicial review is initiated pursuant to California Code of Civil Procedures Section 1094.5. Any such petition for judicial review is subject to the provisions of California Code of Civil Procedure Section 1094.6.

Public Records

The agenda packet for this meeting is available at the City Manager's Office and the Benicia Public Library during regular working hours. To the extent feasible, the packet is also available on the City's web page at www.ci.benicia.ca.us under the heading "Agendas and Minutes." Public records related to an open session agenda item that are distributed after the agenda packet is prepared are available before the meeting at the City Manager's Office located at 250 East L Street, Benicia, or at the meeting held in the Council Chambers. If you wish to submit written information on an agenda item, please submit to the City Clerk as soon as possible so that it may be distributed to the City Council. A complete proceeding of each meeting is also recorded and available through the City Clerk's Office.



PROCLAMATION

IN RECOGNITION OF

NATIONAL NIGHT OUT 2014

WHEREAS, the National Association of Town Watch (NATW) is sponsoring a unique, nationwide crime, drug and violence prevention program on August 5th, 2014 entitled "National Night Out"; and

WHEREAS, the "31st Annual National Night Out" provides a unique opportunity for Benicia to join forces with thousands of other communities across the country in promoting cooperative, police-community crime prevention efforts; and

WHEREAS, the Benicia Police Department Neighborhood Watch Groups play a vital role in assisting the Benicia Police Department through crime prevention efforts, and Benicia is supporting "National Night Out 2014" locally; and

WHEREAS, it is essential for all citizens of Benicia to be aware of the importance of crime prevention programs and impact that their participation can have on reducing crime, drugs and violence in Benicia; and

WHEREAS, police-community partnerships, neighborhoods safety, awareness and cooperation are important themes of the "National Night Out" program.

NOW, THEREFORE BE IT RESOLVED THAT I, Elizabeth Patterson, Mayor of the City of Benicia on behalf of the City Council, do hereby proclaim Tuesday, August 5, 2014 as "National Night Out" in Benicia, California.

Elizabeth Patterson, Mayor
July 22, 2014



**AGENDA ITEM
CITY COUNCIL MEETING DATE - JULY 22, 2014
CONSENT CALENDAR**

DATE : July 10, 2014

TO : City Council

FROM : City Attorney

SUBJECT : **DENIAL OF CLAIM AGAINST THE CITY BY JEFFREY COOPER AND REFERRAL TO INSURANCE CARRIER**

RECOMMENDATION:

Deny the claim against the City by Jeffrey Cooper.

EXECUTIVE SUMMARY:

The claimant alleges that he entered the roadway and drove over a metal plate cover. The metal plate cover lifted up under his vehicle as he drove over it, wedging itself under the car and damaging the underside of his vehicle.

BUDGET INFORMATION:

This claim is for \$1,373.03.

GENERAL PLAN:

N/A.

STRATEGIC PLAN:

N/A – There is not a relevant Strategic Plan Goal that relates to this agenda item.

BACKGROUND:

There is an old roadway vault for a 2 inch pipe in the roadway; it was covered by a 4' x 3' metal plate that weighed 20-25 lbs. The metal plate did not have a rim/seat, but was marked with cones. The claimant had ample space to drive around the metal plate, but somehow still drove over it despite the cones placed around the area. Upon rejection of the claim, the City Clerk should issue a rejection notice to Mr. Cooper using ABAG's Form Letter No. 3 of the ABAG Plan Claims Procedure Manual and process with proof of service by mail. A copy of the rejection notice and proof of service by mail should be sent to the ABAG Claims Examiner Doug Wong and the City Attorney.

Attachment:

- Copy of Claim Against the City

CLAIM AGAINST THE CITY OF BENICIA

Please return to the City Clerk, 250 East L Street, Benicia, CA 94510

Complete the following, adding additional sheets as necessary.

1. CLAIMANT'S NAME (Print): JEFF COOPER

2. CLAIMANT'S ADDRESS: _____
(Street or P.O. Box Number, City, State, Zip Code)

HOME PHONE: _____

WORK PHONE: _____

3. AMOUNT OF CLAIM: \$ STARTING AT \$1,373.03 (Attach copies of bills/estimates)

If amount claimed is more than \$10,000, indicate where jurisdiction rests:

Limited Civil Case N/A

Unlimited Civil Case N/A

4. Address to which notices are to be sent, if different from lines 1 and 2 (Print):

OFFICER FRED H. AYALA, TRAFFIC DIVISION
(Name)

BENICIA POLICE DEPARTMENT, 200 E. L ST., 94510
(Street or P.O. Box Number, City, State, Zip Code)

5. DATE OF INCIDENT: 22-NOV-13 TIME OF INCIDENT: 12:30 PM

LOCATION OF INCIDENT: LAKE HERMAN RD & EGRET CT.

6. Describe the incident or accident including your reason for believing that the City is liable for your damages:

SEE ATTACHED SHEET

7. Describe all damages which you believe you have incurred as a result of the incident:

SEVERED FLOOR PAN THROUG, INTERIOR CARPET, EXHAUST HANGERS, EXHAUST PIPE, DONUT GASKET, HARDWARE, POSSIBLE EXHAUST MANIFOLD

8. Names of public employee(s) causing the damages you are claiming:

OFFICER FRED AYALA HAS THE COMPLETE LIST. (SEE CASE #13-885) HIDDEN DAMAGE

[Signature]
Signature of Claimant

06-DEC-13
Date

Any person who, with intent to defraud, presents any false or fraudulent claim may be punished by imprisonment or fine or both.

Note: YOU must file a claim in compliance with Government Code Section 911.2.

(revised 12/18/02)

AGENDA ITEM
CITY COUNCIL MEETING DATE - JULY 22, 2014
CONSENT CALENDAR

DATE : July 11, 2014

TO : City Manager

FROM : Police Chief

SUBJECT : **AUTHORIZATION TO SUBMIT APPLICATION FOR SUBSTANCE ABUSE PREVENTION ENVIRONMENTAL POLICY AND PROGRAMS**

RECOMMENDATION:

Adopt a resolution that authorizes submittal of an application for substance abuse prevention environmental policy and programs in response to a request for proposals from Solano County Health and Social Services Department - Health Promotion and Community Wellness Bureau (H&SS).

EXECUTIVE SUMMARY:

This action allows the Chief of Police to execute a proposal to implement, support and evaluate environmental policies and programs that relate to alcohol, tobacco, and other drug (ATOD) prevention and policy strategies for fiscal years 2015 through 2016, with potential annual renewal of award up to three years.

BUDGET INFORMATION:

There is no impact to the general fund and there are no matching funds required. The county intends to award seven contracts for a total of \$607,000.

GENERAL PLAN:

Relevant General Plan Goals and Policies include:

- Goal # 4.1: Make community health and safety a high priority
Policy 4.1.3
- Goal # 4.4: Reduce the incidence of substance abuse and strive for a drug-free community
Policy 4.4.1

STRATEGIC PLAN:

Relevant Strategic Plan Issues and Strategies:

- Strategic Issue 1: Protecting Community Health and Safety
 - Strategy # 5: Promote Community and Personal Health

BACKGROUND:

The city has received noncompetitive grant funds from Solano County H&SS since the 2004-2005 fiscal year to increase services and activities intended to reduce ATOD abuse and use by youth. The police department has managed the grants and the Youth Action Coalition has provided matching funds program support to implement the grant objectives.

Solano County has shifted from a noncompetitive grant program to a competitive grant program utilizing a request for proposal format. In addition, the focus of ATOD grant funds has shifted to focus on environmental policy and programs.

Attachments:

- Proposed Resolution
- Substance Abuse Prevention RFP G99-0616-14 Environmental Policy and Programs

RESOLUTION NO. 14-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING SUBMITTAL OF A GRANT APPLICATION FOR THE SOLANO COUNTY HEALTH AND SOCIAL SERVICES SUBSTANCE ABUSE PREVENTION ENVIRONMENTAL POLICY AND PROGRAMS REQUEST FOR PROPOSAL AND AUTHORIZING THE CHIEF OF POLICE TO SIGN GRANT DOCUMENTS

WHEREAS, the Solano County Health and Social Services department has issued a request for proposals to invite vendors to help implement, support and evaluate environmental policies and programs that relate to alcohol, tobacco, and other drug prevention and policy strategies for fiscal years 2015 through 2016; and

WHEREAS, the City has received substance abuse prevention funding from Solano County Health and Social Services Department since the 2004-2005 fiscal year; and

WHEREAS, the Youth Action Coalition has acted as the “City Team” to participate in county wide efforts to reduce substance abuse; and

WHEREAS, the City Council authorizes the Chief of Police to submit a proposal and sign grant documents.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Benicia hereby authorizes the submittal of a proposal to the Solano County Health and Social Services Department in response to RFP G99-0616-14 and authorizes the Chief of Police to sign the proposal transmittal letter.

BE IT FURTHER RESOLVED that the Chief of Police is hereby authorized and empowered to execute in the name of the City of Benicia all necessary documents to implement and carry out the purposes of this resolution.

* * * * *

On motion of Council Member _____, seconded by Council Member _____, the above Resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on the 22nd day of July 2014, and adopted by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

Date



County of Solano
 General Services Department
 Central Services Division

**REQUEST FOR PROPOSAL
 FOR
 HEALTH AND SOCIAL SERVICES DEPARTMENT
 HEALTH PROMOTION AND COMMUNITY WELLNESS BUREAU
 SUBSTANCE ABUSE PREVENTION
 RFP ENVIRONMENTAL POLICY AND PROGRAMS
 RFP NO: G99-0616-14
 SUBMISSION DATE: JULY 28, 2014, 5:00 P.M., PST.**

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Section 2	RFP Schedule of Events
Section 3	General Requirements and Information
Section 4	Special Requirements
Section 5	Proposal Format and Content
Section 6	Evaluation and Contract Award
Section 7	Standard Contract Information
Section 8	Standard Contract
	Exhibits A, B, C, C1, D, D1, D2, D3, D4
Appendix	
Attachments	Minimum Proposal Requirements 9.0 Questions & Answers Form 9.1 Certification of Compliance 9.2 Cost Proposal Format 9.3 Non-Collusion Affidavit 9.4 Customer References 9.5 Reservations 9.6 Intent to Propose Form 9.7 Document Return List Attachment A: Technical Proposal Supplement Attachment B: Scope of Work Attachment C: Budget Proposal

SUBMIT RFP TO	RFP COORDINATOR
General Services Department Central Services Purchasing Services Office 675 Texas Street Suite 2500 Fairfield, CA 94533	JOANN EPPERSON BUYER/RFP COORDINATOR jepperson@solanocounty.com (707)-784-6322

This RFP document is available electronically on the County's website at www.solanocounty.com

Any vendor participating in this solicitation must include a vendor application with the proposal. This application may be downloaded from the above website. Proposers are responsible for frequently checking the County's website for any changes or information relating to this RFP.

1 INTRODUCTION

1.1 Statement of Purpose

The purpose of this Request for Proposals (RFP) is to define the County's minimum requirements, solicit proposals, and gain adequate information by which the County may evaluate the services offered by Proposers.

The Solano County, Health and Social Services Department, Health Promotion and Community Wellness Bureau, hereinafter referred to as the County, intends to secure a contract for Substance Abuse Prevention Services.

Solano County is soliciting a request for proposal from corporations, non-profit organizations, agencies, or individuals experienced in providing evidence based and local innovative prevention programs and public policy development within Solano County. The purpose of the request for proposal (RFP) is to invite vendors to help implement, support and evaluate environmental policies and programs that relate to alcohol, tobacco, and other drug (ATOD) prevention and policy strategies for fiscal years 2015 through 2016, with potential annual renewal of award up to three years, if contractual obligations and all requirements are sufficiently met. This is a multiple-award contract. The County anticipates awarding 7 contracts as described in the Appendix or as described in section 4 of this RFP. The County currently has two other related RFP's. Vendors can submit proposals to provide services in one or more jurisdictions. Vendors may also apply to provide services in other service categories outlined in RFP #G99-0617-14, Evaluation Services and RFP #G99-0618-14, Coalition Support and Policy Support for Contractors. Do not include these RFP proposals with this RFP (G99-616-14).

1.2 Scope of Service

The Appendix of this RFP, details the scope of services and deliverables that the County requires. This appendix will be worked into Exhibit A of the County's *Standard Contract* during contract negotiations as the Scope of Services required.

The *Standard* contract also includes Exhibit B, Budget and Payment Provisions, Exhibit C, Terms and Conditions required by the County and Exhibit D.

1.3 Contract Duration

The County intends to enter into a contract with an effective period of January 1, 2015 through June 30, 2016. The budget for January 1, 2015 to June 30, 2016 is \$607,000.

The County reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than three (3) years, provided that the County notifies the Contractor in writing of its intention to do so at least ninety (90) days prior to the contract expiration date. An extension of the term of this Contract will be affected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the County's maximum liability will also be affected through an amendment to the Contract and shall be based upon rates provided for in the original contract and proposal.

1.4 Letter of Intent to Propose

Use attachment 9.6, Letter of Intent to Propose form to indicate a vendor's intent to respond to this RFP. This form should be sent to the RFP Coordinator (refer to Section 3.1) no later than

the *Letter of Intent to Propose* deadline date detailed in the Section 2, RFP Schedule of Events. *Letters of Intent to Propose* may be delivered by facsimile transmission or email. Vendors may withdraw their *Letters of Intent to Propose* at any time before the deadline for submitting a proposal.

The following information should be included in the *Letter of Intent to Propose*:

- Vendor Name
- Name and Title of Vendor Main Contact
- Address, Telephone Number, and Facsimile Number, and email address of Vendor Main Contact
- Signed Statement of Intent to Propose

Submittal of a *Letter of Intent to Propose*, by the specified deadline, is not a prerequisite for submitting a proposal, but it is necessary to ensure a vendor's receipt of RFP amendments and other communications regarding the RFP.

1.5 Proposal Deadline

Proposals shall be submitted no later than the Proposal Deadline time and date detailed in the Section 2, RFP Schedule of Events. Proposers shall respond to the written RFP and any exhibits, attachments, or amendments. A Proposer's failure to submit a proposal as required before the deadline shall cause the proposal to be disqualified.

Proposers assume the risk of the method of dispatch chosen. The County assumes no responsibility for delays caused by any delivery service. Postmarking by the due date shall not substitute for actual proposal receipt by the County. It is strongly recommended that signature required courier services are used for proposal delivery. Late proposals shall not be accepted nor shall additional time be granted to any potential Proposer.

The proposal submission shall be in hard copy form only. No electronic submission will be considered.

1.6 Nondiscrimination

No person shall be excluded from participation in, be denied benefits of, be discriminated against in the admission or access to, or be discriminated against in treatment or employment in the County's contracted programs or activities on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by federal or California State Constitutional or statutory law; nor shall they be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of contracts with the County or in the employment practices of the County's contractors. Accordingly, Proposers entering into contracts with the County shall, upon request, be required to show proof of such nondiscrimination and to post in conspicuous places, available to all employees and Proposers, notices of nondiscrimination.

1.7 Assistance to Proposers With a Disability

Proposers with a disability may receive accommodation regarding the means of communicating this RFP and participating in this procurement process. Proposers with a disability should contact the RFP Coordinator to request reasonable accommodation no later than the deadline for accommodation requests detailed in the Section 2, RFP Schedule of Events.

2 RFP SCHEDULE OF EVENTS

The following RFP Schedule of Events represents the County's best estimate of the schedule that shall be followed. Unless otherwise specified, the time of day for the following events shall be between 8:00 a.m. and 5:00 p.m., Pacific Time.

The County reserves the right, at its sole discretion, to adjust this schedule as it deems necessary. Notification of any adjustment to the Schedule of Events shall be provided to all vendors that submitted a Letter of Intent to Propose.

	EVENT	DATE	TIME
1	County Issues RFP	June 17, 2014	
2	Deadline for Proposers with a Disability to Make Accommodation Requests	June 20, 2014	5:00 PM
3	Pre-proposal Conference 275 Beck, Fairfield, CA Conference Room 1	June 26, 2014	1:00 PM
4	Deadline for <i>Letter of Intent to Propose</i>	July 3, 2014	5:00 PM
5	Deadline for Written Comments	July 7, 2014	5:00 PM
6	County Issues Responses to Written Comments	July 14, 2014	5:00 PM
7	Deadline for Submitting Proposals	July 28, 2014	5:00 PM
8	County Completes Technical Evaluations	August 18, 2014	
9	Interviews will be held (if Required)	Week of August 18, 2014	
10	County Sends a written Notice of Intent to Award	August 25, 2014	
11	Conclusion of Contract Negotiation, and Contract Signing	November 2014	
12	Anticipated Contract Start Date	January 1, 2015	

3 GENERAL REQUIREMENTS AND INFORMATION

3.1 Communications Regarding the RFP

- 3.1.1 Upon release of this RFP, all vendor communications concerning this procurement must be directed to the RFP Coordinator. Unauthorized contact regarding the RFP with other County employees of the procuring County agency may result in disqualification.
- 3.1.2 All communications should be in writing to the RFP Coordinator. Any oral communications shall be considered unofficial and nonbinding on the County. Written Comments, including questions and requests for clarification, must cite the subject RFP number. The RFP Coordinator must receive these written requests by the deadline specified in the RFP Schedule of Events.
- 3.1.3 The County shall respond in writing to written communications. Such response shall constitute an amendment to the RFP. Only written responses to written communications shall be considered official and binding upon the County. The County reserves the right, at its sole discretion, to determine appropriate and adequate responses to written comments, questions, and requests for clarification.
- 3.1.4 The County shall email copies of its written responses to written comments, to all vendors submitting a *Letter of Intent to Propose* as well as post to the County website (www.solano county.com).
- 3.1.5 Any data or factual information provided by the County shall be deemed for informational purposes only, and if a Proposer relies on said factual information it should either:
- a) independently verify the information; or
 - b) obtain the County's written consent to rely thereon.

3.2 Required Review and Waiver of Objections by Proposers

Proposers should carefully review this RFP and all attachments, including but not limited to the *Standard* contract, for comments, questions, defects, objections, or any other matter requiring clarification or correction (collectively called "comments"). Comments concerning RFP objections must be made in writing and received by the County no later than the Deadline for Written Comments detailed in the Section 2, RFP Schedule of Events. This will allow issuance of any necessary amendments and help prevent the opening of defective proposals upon which contract award could not be made.

Protests based on any objection shall be considered waived and invalid if these objections have not been brought to the attention of the County, in writing, by the Deadline for Written Comments.

3.3 Proposal Submittal

- 3.3.1 Proposers shall respond to this RFP with a Technical Proposal and a Cost Proposal. No pricing information shall be included in the Technical Proposal.

Inclusion of Cost Proposal amounts in the Technical Proposal may make the proposal non-responsive.

One (1) clearly marked original, One (1) electronic copy, thumb drive and three (3) hard copies of the Technical Proposal shall be submitted to the County in a sealed package and be clearly marked:

“Technical Proposal in Response to RFP-G99-0616-14 -- Do Not Open”

One (1) Cost Proposal shall be submitted to the County as a separate, sealed package and clearly marked:

“Cost Proposal in Response to RFP-G99-0616-14 -- Do Not Open”

If the separately sealed proposals, marked as required above, are enclosed in another container for mailing purposes, the outermost container must fully describe the contents of the package and must be clearly marked on outside of packages, including the company/organization identification:

“Contains Separately Sealed Technical and Cost Proposals”

If applying for multiple jurisdictions, each is considered a separate proposal—with multiple copies needing to be provided separately.

3.4 Proposal Preparation Costs

The County shall not pay any costs associated with the preparation, submittal, or presentation of any proposal.

3.5 Proposal Withdrawal

To withdraw a proposal, the vendor must submit a written request, signed by an authorized representative, to the RFP Coordinator. After withdrawing a previously submitted proposal, the vendor may submit another proposal at any time up to the deadline for submitting proposals.

3.6 Proposal Amendment

The County shall not accept any amendments, revisions, or alterations to proposals after the deadline for proposal submittal unless such is formally requested, in writing, by the County.

3.7 Proposal Errors

Proposers are liable for all errors or omissions contained in their proposals. Proposers shall not be allowed to alter proposal documents after the deadline for submitting a proposal.

3.8 Rejection or Disqualification of Non-Responsive Applications Any proposals received which does not meet the requirements of this RFP may be considered to be non-responsive and may be rejected. Proposer must comply with all terms of this RFP and all applicable laws and regulations. The County may reject any proposal that does not comply with all terms and conditions of this RFP.

3.9 Incorrect Proposal Information

If the County determines that a Proposer has provided, for consideration in the evaluation process or contract negotiations, incorrect information which the Proposer knew or should have known was materially incorrect, that proposal shall be determined non-responsive, and the proposal shall be rejected.

3.10 Prohibition of Proposer Terms and Conditions

A Proposer may not submit the Proposer's own contract terms and conditions in a response to this RFP. If a proposal contains such terms and conditions, the County, at its sole discretion, may determine the proposal to be a non-responsive counteroffer, and the proposal may be rejected.

3.11 Assignment and Subcontracting

- 3.11.1 The Proposer may not subcontract, transfer, or assign any portion of the contract without prior, written approval from the County. Each subcontractor must be approved in writing by the County. The substitution of one subcontractor for another may be made only at the discretion of the County and with its prior, written approval.
- 3.11.2 Notwithstanding the use of approved subcontractors, the Proposer, if awarded a contract under this RFP, shall be the prime contractor and shall be responsible for all work performed.

3.12 Right to Refuse Personnel

The County reserves the right to refuse, at its sole discretion, any subcontractors or any personnel provided by the Proposer or its subcontractors.

3.13 Proposal of Alternate Services

Proposals of alternate services (*i.e.*, proposals that offer something different from that requested by the RFP) may be considered non-responsive and rejected.

3.14 Proposal of Additional Services

If a Proposer indicates an offer of services in addition to those required by and described in this RFP, these additional services may be added to the contract before contract signing at the sole discretion of the County.

The cost for any such additional services must be incorporated into the required cost amount(s) provided in the Cost Proposal so that all proposals may be equitably evaluated. The Proposer shall not propose un-requested rates as separate, additional rates for additional services. (Refer to Section 5.3 of this RFP for Cost Proposal requirements.)

3.15 Independent Price Determination

- 3.15.1 A proposal shall be disqualified and rejected by the County if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to such prices with any other Proposer, a County employee, or any competitor.
- 3.15.2 The Proposer is prohibited from submitting more than one proposal for the same category of service or for the same jurisdiction(s). Submittal of more than one proposal for the same category of service and/or for the same jurisdiction shall result in the disqualification of the Proposer.
- 3.15.3 The Proposer is prohibited from submitting multiple proposals for the same category of service in a different form (*i.e.*, same category of service base bid and alternate bid). Submittal of multiple proposals in a different form may result in the disqualification of all Proposers associated with a multiple proposal.
- 3.15.4 Should any such prohibited action detailed in Sections 3.14.1, 3.14.2, and 3.14.3 be detected any time during the term of the contract, such action shall be considered a material breach and grounds for contract termination.

3.16 Insurance

The apparent successful Proposer may be required to provide proof of adequate workers' compensation and public liability insurance coverage before entering into a contract.

Additionally, the County may, at its sole discretion, require the apparent successful Proposer to provide proof of adequate professional malpractice liability or other forms of insurance. Failure to provide evidence of such insurance coverage is a material breach and grounds for termination of the contract negotiations. Any insurance required by the County shall be in form and substance acceptable to the County.

3.17 Licensure

Before a contract pursuant to this RFP is signed, the Vendor must hold all necessary, applicable business and professional licenses. The County may require any or all Proposers to submit evidence of proper licensure.

3.18 Conflict of Interest and Proposal Restrictions

3.18.1 By submitting a proposal, the Proposer certifies that no amount shall be paid directly or indirectly to an employee or official of the County of Solano as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Proposer in connection with the procurement under this RFP.

Notwithstanding this restriction, nothing in this RFP shall be construed to prohibit a County agency or other governmental entity from making a proposal, being considered for award, or being awarded a contract under this RFP.

3.18.2 County agencies shall not contract with an individual who is, or within the past six months has been, an employee of the County of Solano. An individual shall be deemed a County employee until such time as all salary, termination pay, and compensations representing annual or compensatory leave have been paid by the County. A contract with a company in which a controlling interest is held by a County employee shall be considered to be a contract with said individual and shall be prohibited.

3.18.3 Any individual, company, or other entity involved in assisting the County in the development, formulation, or drafting of this RFP or its scope of services shall be considered to have been given information that would afford an unfair advantage over other Proposers, and said individual, company, or other entity may not submit a proposal in response to this RFP.

3.19 Disclosure of Proposal Contents

All proposals and other materials submitted in response to this RFP procurement process become the property of the County of Solano. Selection or rejection of a proposal does not affect this right. All proposal information, including detailed price and cost information, shall be held in confidence during the evaluation process. The proposals and associated materials shall be open for review by the public to the extent allowed by the **California Public Records Act**, (Government Code sections 6250-6270 and 6275-6276.48) upon the final award of the contract by all authorized parties. By submitting a proposal, the Proposer acknowledges and accepts that the contents of the proposal and associated documents shall become open to public inspection.

3.20 Proprietary Information

The master copy of each proposal shall be retained for official files and will become public record after the award of a contract unless the proposal or specific parts of the proposal can be shown to be exempt by law (Government Code section §6276). Each Proposer may clearly label part of a proposal as "CONFIDENTIAL" if the Proposer agrees to indemnify and defend the County for honoring such a designation. The failure to so label any information that is released by the County shall constitute a complete waiver of all claims for damages caused by any release of the information. If a public records request for labeled information is received by the County, the County will notify the Proposer of the request and delay access to the material

until seven working days after notification to the Proposer. Within that time delay, it will be the duty of the Proposer to act in protection of its labeled information. Failure to so act shall constitute a complete waiver.

3.21 Severability

If any provision of this RFP is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected; and, the rights and obligations of the County and Proposers shall be construed and enforced as if the RFP did not contain the particular provision held to be invalid.

4 SPECIAL REQUIREMENTS

4.1 Partnerships

The County prefers one Proposer to provide all services. If a Proposer cannot provide all required services, the County encourages and recommends partnering by various qualified entities to provide the complete scope of services required for this program. If a partnership is formed the County will require one Proposer to be the prime contractor for all service components. Other qualified entities may partner with the prime contractor as subcontractors. The prime contractor shall be responsible for all work performed by any and all subcontractors or other entities

Proposals from partnerships partnering for a specific service must be designed to minimize any administrative burden on the County as a result of the participation of multiple entities.

- 4.1.1 The Proposal shall clearly set forth the respective responsibilities and functions that the prime contractor would perform and the responsibilities and functions that any or all subcontractors would perform.
- 4.1.2 The Proposal must include a copy of the partnering agreement that identify the principals involved as well as the responsibilities and functions for each entity.
- 4.1.3 The proposal transmittal letter must be signed by each Principal of the partnership and include all required information.

4.2 Pre-Proposal Conference

- 4.2.1 A pre-proposal conference for all potential Proposers is scheduled at the Pre-Proposal Conference time and date detailed in the Section 2, RFP Schedule of Events. The conference shall be held at 275 Beck Ave, Fairfield, CA 94533. Each vendor may send a maximum of two (2) representatives. The purpose of the conference is to discuss the work to be performed with the prospective Proposers and allow them to ask questions concerning the RFP.
- 4.2.2 The County encourages all potential Proposers to attend the pre-proposal conference although attendance is not mandatory.
- 4.2.3 Specific questions concerning the RFP should be submitted in writing no later than as indicated in section 2, RFP Schedule of Events.
- 4.2.4 The response to any question that is given orally at the pre-proposal conference is to be considered tentative and nonbinding on the County. After the conference, the official response to questions shall be published in writing. This shall ensure accurate, consistent responses to all vendors. Copies of all written questions and the County's responses shall be emailed to all vendors submitting a *Letter of Intent to Propose as well as post to the County website, (www.solanocounty.com)*. Only the written responses from the County shall be considered official.

4.3 Location and Work Space

The work under this RFP is to be performed, completed, and managed at proposer's facility, and located within Solano County. The County shall not provide work-space for the Contractor. If work performed on the County's premises it must be completed during the County's standard business hours.

4.4 This section intentional left blank.

5 PROPOSAL FORMAT AND CONTENT

5.1 General Proposal Requirements

5.1.2 Proposers must follow all formats and address all portions of the RFP set forth herein providing all information requested. Proposers may retype or duplicate any portion of this RFP for use in responding to the RFP, provided that the proposal clearly addresses all of the County's information requirements.

5.1.3 Proposers must respond to every subsection under the Technical Proposal and Cost Proposal sections below. Proposers must label each response to RFP requirements with the section and subsection numbers associated with the subject requirement in this RFP (e.g., the response to the third requirement of the Proposal Transmittal Letter would be labeled 5.2.1.3). Failure to follow the specified format, to label the responses correctly, or to address all of the subsections may, at the County's sole discretion, result in the rejection of the Proposal.

All information presented in a Proposal must be relevant in response to a requirement of this RFP, must be clearly labeled, and, if not incorporated into the body of the Proposal itself, must be referenced to and from the appropriate place within the body of the Proposal. Any information not meeting these criteria shall be deemed extraneous and shall in no way contribute to the evaluation process.

5.1.4 Proposals shall be prepared on standard 8 1/2" x 11" paper. Foldouts containing charts, spread sheets, and oversize exhibits are permissible. All responses, as well as any reference material presented, must be written in English. All monetary amounts must be detailed in United States currency. All proposal pages must be numbered.

5.1.5 Proposers shall divide their responses to this RFP into a Technical Proposal and a Cost Proposal and submit them in accordance with Section 3.5 of this RFP by the Deadline for Submitting a Proposal in the RFP Schedule of Events.

Cost Proposal and pricing information shall not be included in the Technical Proposal. Inclusion of Cost Proposal dollar amounts in the Technical Proposal may make the proposal non-responsive and the proposal shall be rejected.

5.2 Technical Proposal

The Technical Proposal shall be divided into the following sections:

- Proposal Transmittal Letter;
- Mandatory Proposer Qualifications;
- General Proposer Qualifications and Experience;
- Technical Approach; and,
- Detailed Documentation of Proposer Financial Resources.

If a proposal fails to detail and address each of the requirements detailed herein, the County may determine the proposal to be non-responsive and reject it.

5.2.1 **Proposal Transmittal Letter.** The Technical Proposal must provide a written transmittal and offer of the proposal in the form of a standard business letter. The Proposal Transmittal Letter shall reference and respond to the following subsections in sequence and attach corresponding documentation as required. Each proposal must meet the Proposal Transmittal Letter requirements and provide all required documentation. A Proposal Transmittal Letter is mandatory, and failure to provide the information as required may result in the proposal being considered non-responsive and rejected.

- 5.2.1.1 The letter shall be signed by a an individual authorized to bind the proposing vendor to the provisions of this RFP and any contract awarded pursuant to it; if said individual is not the company president, the letter shall attach evidence showing authority to bind the company.
- 5.2.1.2 The letter shall state that the proposal remains valid for at least (180] days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any resulting contract between the Proposer and the County.
- 5.2.1.3 The letter shall provide the complete name and Social Security Number of the individual or the legal entity name and Federal Employer Identification Number of the firm making the proposal.
- 5.2.1.4 The letter shall provide the name, mailing address, and telephone number of the person the County should contact regarding the proposal.
- 5.2.1.5 The letter shall state whether the Proposer intends to use subcontractors — if so, clearly identify the names of the subcontractors along with complete mailing addresses and the scope and portions of the work the subcontractors shall perform. (NOTE: The Contractor must obtain written approval from the County prior to the use of any subcontractors.)
- 5.2.1.6 The letter shall state whether the Proposer or any individual who shall perform work under the contract has a possible conflict of interest (*e.g.*, employment by the County of Solano) and, if so, the nature of that conflict. The County reserves the right to cancel an award if any interest disclosed from any source could either give the appearance of a conflict of interest or cause speculation as to the objectivity of the offeror. Such determination regarding any questions of conflict of interest shall be solely within the discretion of the County.
- 5.2.1.7 The letter shall also include a statement of acknowledgement that the County's Standard Contract (Section 8) has been reviewed and accepted with or without qualification. If qualifications are involved, those items requiring adjustment or modification must be identified and listed along with suggested modifications to the contract. If no modifications to the contract are noted, then the County will assume that the Proposer is capable of performing all normal managerial tasks and services without reservation or qualification to the contract.
- 5.2.2 **Mandatory Proposer Qualifications.** Technical Proposals shall provide responses and documentation, as required, that indicate that the Proposer has met the Mandatory Proposer Qualifications requirements. Any Proposal which does not meet the mandatory requirements and provide all required documentation may be considered non-responsive, and the proposal may be rejected.
- Technical Proposals shall provide the following information (referencing the subsections in sequence):
- 5.2.2.1 Written confirmation that the Proposer shall comply with all of the provisions in this RFP and shall accept all terms and conditions set out in the Standard contract in Section 8 of this RFP. (NOTE: If the Proposal fails to provide said confirmation without exception or qualification, the County, at its sole discretion, may determine the proposal to be a non-responsive counteroffer, and the proposal may be rejected.)
- 5.2.2.2 Written certification and assurance of the Proposer's compliance with local, State and Federal codes and statues. Use, sign and return attachment 9.1 Certification of Compliance with proposal. Failure do so may result in disqualification of proposal.

- 5.2.2.3 Documentation of financial responsibility and stability; said documentation shall include:
 - 5.2.2.3.1 A current written bank reference, in the form of a standard business letter, indicating that the Proposer's business relationship with the financial institution is in positive standing
 - 5.2.2.3.2 Two current written, positive credit references, in the form of standard business letters, from vendors with which the Proposer has done business; in lieu of such, documentation of a positive credit rating determined by a accredited credit bureau within the last 6 months, and
 - 5.2.2.3.3 A copy of a valid certificate of insurance indicating liability insurance in the amount as specified in Exhibit C General Terms and Conditions of the Standard Contract.
- 5.2.2.4 This paragraph is intentional left blank.
- 5.2.3 General Proposer Qualifications and Experience. Technical Proposals shall provide the following information (referencing the subsections in sequence) to evidence the Proposer's experience in delivering services similar to those required by this RFP:
 - 5.2.3.1 A brief, descriptive statement indicating the Proposer's credentials to deliver the services sought under this RFP;
 - 5.2.3.2 A brief description of the Proposer's background and organizational history;
 - 5.2.3.3 Years in business;
 - 5.2.3.4 A brief statement of how long the Proposer has been performing the services required by this RFP;
 - 5.2.3.5 Location of offices;
 - 5.2.3.6 A description of the Proposer organization's number of employees, longevity, client base;
 - 5.2.3.7 This paragraph Intentionally Left blank.
 - 5.2.3.8 Form of business (*i.e.*, individual, sole proprietor, corporation, non-profit corporation, partnership, joint venture, limited liability company, *et cetera*);
 - 5.2.3.9 A statement as to whether the Proposer or any of the Proposer's employees, agents, independent contractors, or subcontractors have been convicted of, pled guilty to, or pled *nolo contendere* to any felony; and if so, an explanation providing relevant details;
 - 5.2.3.10 A statement as to whether there is any pending litigation against the Proposer; and if such litigation exists, attach an opinion of counsel as to whether the pending litigation will impair the Proposer's performance in a contract under this RFP;
 - 5.2.3.11 A statement as to whether, in the last ten years, the Proposer has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors; and if so, an explanation providing relevant details;
 - 5.2.3.12 An organizational chart highlighting the key people who shall be assigned to accomplish the work required by this RFP and illustrating the lines of authority and designate the individual responsible for the completion of each service component and deliverable of the RFP;
 - 5.2.3.13 A narrative description of the proposed project team, its members, and organizational structure;

- 5.2.3.14 A personnel roster and resumes of key people who shall be assigned by the Proposer to perform duties or services under the contract (include estimated number of hours to be worked on the contract for each person, and the resumes shall detail each individual's title, education, current position with the Proposer, and employment history);
- 5.2.3.15 Customer references for similar projects representing two (2) accounts similar in size and scope currently serviced by the vendor. Use attachment 9.4 Customer References.
- 5.2.3.16 A list, if any, of all current contractual relationships with the County of Solano and all those completed within the previous two year period— the list must include:
- a) the contract number;
 - b) the contract term; and
 - c) the procuring County agency for each reference.

(NOTE: Current or prior contracts with the County are NOT a prerequisite to being awarded the maximum available points for the Proposer Qualifications and Experience category. The existence of such current or prior contractual relationships will not automatically result in the addition or deduction of evaluation points. Any such current or prior contractual relationships, like those detailed pursuant to Section 5.2.3.15., shall be generally considered in awarding Proposer Qualifications and Experience category points.)

- 5.2.4 Technical Approach- Details for the technical approach are located in the Technical Proposal Supplement, (attachment A).
- 5.2.4.1 Proposers must provide a brief narrative, captioned "Project Understanding," that illustrates the vendor's understanding of the County's requirements.
- 5.2.4.2 This paragraph is intentional left blank.
- 5.2.4.3 Proposers must provide a comprehensive narrative, captioned "Project Management," that illustrates how the Proposer will manage the project, ensure completion of the scope of services, and accomplish required objectives.
- 5.2.5 Documentation of Financial Resources. The Proposer must provide evidence of sufficient financial strength and resources to provide the scope of services required by this RFP.

5.3 Cost Proposal

- 5.3.1 The Cost Proposal located on Attachment 9.2, shall be submitted to the County in a separate, sealed package from the Technical proposal.
- 5.3.2 The Cost Proposal required format is provided in Attachment 9.2, and the Cost Proposal must be recorded on an exact duplicate of it.
- 5.3.3 The Cost Proposal shall specifically record the exact cost proposed in the appropriate space as required by Attachment 9.2. Said proposed cost shall incorporate all cost for the proposed scope of services for the total contract period.
- 5.3.4 The Cost Proposal shall record only the proposed cost as required, and shall not record any other rates, amounts, or information. It shall not record any text that could be construed as a qualification of the cost proposed. If the Proposer fails to specify the Cost Proposal as required, the County shall determine the proposal to be non-responsive and reject it.
- 5.3.5 The Proposer must sign and date the Cost Proposal.
Note Budget Form and Budget Justifications must be included in the technical proposal.

6 EVALUATION AND CONTRACTOR SELECTION

6.1 Proposal Evaluation Categories and Maximum Points

The categories that shall be considered in the evaluation of proposals are Qualifications and Experience, Technical Approach, and Cost. The maximum points that shall be awarded for each of these categories are:

CATEGORIES*	MAXIMUM POINTS POSSIBLE
Organizational Capacity and Qualifications	35 Points
Scope of Work, Project Description and Evaluation	45 Points
Budget	20 Points
Cost Proposal	5 Points
Total	105 Points

6.2 Proposal Evaluation Process

6.2.1 The evaluation process is designed to award the procurement not necessarily to the Proposer of least cost, but rather to the Proposer with the best combination of attributes based upon the evaluation criteria. Therefore, proposals are evaluated against the evaluation criteria in this RFP and NOT against other proposals.

6.2.2 The RFP Coordinator shall manage the proposal evaluation process and maintain proposal evaluation records. A Proposal Evaluation Team made up of three or more members shall be responsible for evaluating proposals.

6.2.3 All proposals shall be reviewed by the RFP Coordinator to determine compliance with basic proposal requirements as specified in this RFP. If the RFP Coordinator determines that a proposal may be missing one or more such requirements, the Proposal Evaluation Team shall review the proposal to determine:

- a) if it meets requirements for further evaluation;
- b) if the County shall request clarification(s) or correction(s); or
- c) if the County shall determine the proposal non-responsive and reject it.

6.2.4 Intentionally Left Blank.

6.2.5 The Proposal Evaluation Team shall evaluate responsive proposals. Each evaluator shall score the General Proposer Qualifications and Experience section the Technical Approach section, the Technical Proposal Supplement, Budget and Budget Justification of each proposal. The evaluation scoring shall use the pre-established evaluation criteria and weights set out in this RFP. Each evaluator shall use only whole numbers for scoring proposals.

6.2.6 The County reserves the right, at its sole discretion, to request clarifications of technical proposals or to conduct discussions for the purpose of clarification with any or all Proposers. The purpose of any such discussions shall be to ensure full understanding of the proposal. Discussions shall be limited to specific sections of the proposal identified by the County and, if held, shall be after initial evaluation of Technical Proposals. If clarifications are made as a result of such discussion, the Proposer shall put such clarifications in writing.

- 6.2.6.1 At the discretion of the County, interviews may be scheduled with the top ranked companies or individuals submitting RFP's. The County will contact the companies to schedule any such interview. The interview, if held, will take place the week of August 18, 2014.

Information regarding the interview process will be provided to top ranked firms only. If conducted, the interview process will be administered such that all top ranked firms will have equivalent amounts of time and opportunity to present.

Upon completion of the interviews, if held, County of Solano may make adjustments to the scores and re-rank the top proposers. Personnel whose resumes are provided in the Proposer's response shall be in attendance at the interview. Key individuals that will be assigned as liaison to County of Solano shall be responsible for the presentation. The County will not assume any costs incurred by vendor (travel, lodging food etc.) in the event interviews/presentations/demonstrations are requested.

- 6.2.7 Upon completion of Technical Proposal scoring by the Proposal Evaluation Team, the RFP Coordinator shall calculate the average Technical Proposal score for each proposal.
- 6.2.8 After opening the Cost Proposals, the RFP Coordinator shall calculate scores for each Cost Proposal. The Cost Evaluation score shall be based on the proposed cost for evaluation amount indicated by the Cost Proposal.
- 6.2.9 The RFP Coordinator shall combine the average Technical Evaluation scores with the Cost Evaluation scores for each Proposer.
- 6.2.10 All proposal evaluation calculations shall result in numbers rounded to the nearest two decimal places (e.g., 9.99).

6.3 Contract Award Process

- 6.3.1 The RFP Coordinator shall forward results from the proposal evaluation process to the head of the procuring agency for consideration.
- 6.3.2 The County reserves the right to make an award without further discussion of any proposal submitted. There shall be no best and final offer procedure. Therefore, each proposal should be initially submitted on the most favorable terms the vendor can offer.
- 6.3.3 After the evaluation of proposals and final consideration of all pertinent information available, the head of the procuring agency shall issue a written Notice of Intent to Award to all Proposers. The notice shall identify the apparent best evaluated Proposer. The notice shall not create rights, interests, or claims of entitlement in the apparent best evaluated Proposer or any vendor.
- 6.3.4 The County reserves the right, at its sole discretion, to negotiate with the apparent best evaluated Proposer subsequent to the Notice of Intent.
- 6.3.5 The apparent best evaluated Proposer shall be prepared to enter into a contract with the County which shall be substantially the same as the *Standard* contract included in Section 8 of this RFP. Notwithstanding, the County reserves the right to add terms and conditions, deemed to be in the best interest of the County, during final contract negotiations. Any such terms and conditions shall be within the scope of the RFP and shall not affect the basis of proposal evaluations.
- 6.3.6 If a Proposer fails to sign and return the contract drawn pursuant to this RFP and final contract negotiations within 14 days of its delivery to the Proposer, the County may determine, at its sole discretion that the Proposer is non-responsive to the terms of this RFP and reject the proposal.

- 6.3.7 If the County determines that the apparent best evaluated Proposer is non-responsive and rejects the proposal after opening Cost Proposals, the RFP Coordinator shall recommend award to the next best evaluated proposer.
- 6.3.8 Contract award shall be subject to the contract approval of all appropriate County officials in accordance with applicable County laws and regulations.
- 6.3.9 The RFP files shall be made available for public inspection, after award of contract.
- 6.3.10 Any actual or prospective Proposer who is aggrieved in connection with the solicitation or Notice of Intent to Award a contract may protest to the Director of General Services. The protest shall be submitted in writing to the Director of General Services within seven (7) working days after such aggrieved person or company knows or should have known of the facts giving rise thereto. All letters of protest shall clearly identify the reasons for the protest. The protest must also state the law, rule, regulation, or policy upon which the protest is based. The Director of General Services shall issue a written decision within ten (10) working days after receipt of the protest.

RFP # G99-0616-14

Proposer Name		
Evaluator	Date	
Item	Possible Points	Points Total
Organizational Capacity and Qualifications		35
Proposer clearly articulates the capacity of the organization, including an organizational history, to accomplish ATOD prevention policy initiatives in Solano County. The project fits with the Proposer's mission and goals. Adequate facilities are documented.	7	
Proposer's (and subcontractors, if applicable) past accomplishments or current projects/efforts relate to the type of work required under this RFP. Proposer describes a successful substance abuse prevention policy initiative conducted in the past 5 years.	7	
Proposer has sufficient staff and experience to appropriately manage the administrative, technical and fiscal elements of the project, including timely reporting and invoicing.	7	
Proposer demonstrates the appropriate levels of staffing with ability to collect, synthesize, analyze and report data related to proposed prevention project and services; and to participate in development of an evaluation plan.	7	
Proposer has sufficient staff and/or contracted staff to implement policy initiatives. Staff has sufficient levels of education, qualifications, cultural competency and experience to carry out ATOD prevention policy initiatives. Proposer demonstrates appropriate levels of staffing and staff time for data collection, reporting and participating in evaluation activities.	7	
Scope of Work, Project Description and Evaluation		45
Proposer uses recent, relevant data to clearly identify the community(s), target at risk population(s) and ATOD prevention service needs of that population. Demographics or other data/evidence of the need and rationale for the services are referenced.	5	
Project goals, outcomes and activities clearly link to Solano County's SPP goals and objectives and work plan.	10	
Scope of work clearly describes the strategies and/or services, the responsible parties, timelines and tracking/evaluation measures. The approach and methodology are clear, feasible and support the aims of the project/services. There is a clear connection between the various services offered.	15	
Proposer describes a reasonable and thorough approach to collaborating with other stakeholders and engaging their team and/or coalition to support project efforts. Proposer provides at least 2 letters of commitment.	10	
Appropriate tracking/evaluation performance measures are identified and clearly described. The expected results/outcomes are clearly linked to the services in the scope of work. The evaluation plan including data collection tools and processes are clear and demonstrate how results will improve project.	5	
Budget		20
Requested funds prioritize the emphasis on environmental policy and coalition-building and demonstrate an appropriate % of a full time equivalent of a Project Coordinator to carry out the project. Budget demonstrates that funding amounts requested are clearly related to the % FTE requested and the level of effort and time the individual will spend on environmental policy work with the coalition.	10	
All line items are appropriate, related and responsive to the activities and objectives of the project. There is adequate justification for all line items. If subcontracts are included, all subcontractor budgets are justified and appropriate to the proposed project and provide sufficient detail of service provided and expense.	6	

The program leverages other resources and/or other funding, including in-kind, to support the project. This funding is described.	4	
Total Possible Points		100

7 STANDARD CONTRACT INFORMATION

7.1 Contract Approval

The RFP and the contractor selection processes do not obligate the County and do not create rights, interests, or claims of entitlement in the apparent best evaluated Proposer or any vendor. The contract award and County obligations under it shall commence only after the contract is signed by the Proposer and the head of the procuring County agency and after the contract is signed by all other County officials as required by the County to establish a legally binding contract.

7.2 Contract Payments

Contract payments shall be made in accordance with the Payment Terms and Conditions provision of the final contract.

No payment shall be made until the contract is approved as required by County ordinances and regulations. Under no conditions shall the County be liable for payment of any type associated with the contract or responsible for any work done by the Proposer, even work done in good faith and even if the Proposer is orally directed to proceed with the delivery of services, if it occurs before the contract start date specified by the contract or before contract approval by County officials as required by applicable statutes and rules of the County of Solano.

7.3 RFP and Proposal Incorporated into Final Contract

This RFP and the successful proposal shall be incorporated into the final contract.

7.4 Contract Monitoring

The Proposer shall be responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and acceptance by the County. The County may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. At reasonable times, the County may inspect those areas of the Proposer's place of business that are related to the performance of the contract. If the County requires such an inspection, the Proposer shall provide reasonable access and assistance.

7.5 Contract Amendment

During the course of the contract, the County may request the Proposer to perform additional work for which would be compensated. That work shall be within the general scope of this RFP. In such instances, the County shall provide the Proposer a written description of the additional work, and the Contractor shall submit a time schedule for accomplishing the additional work and a price for the additional work based on the rates included in the Proposer's proposal to this RFP. If the County and the Proposer reach an agreement regarding the work and associated compensation, said agreement shall become effective by means of a contract amendment. Any such amendment must be signed by the Proposer and the head of the procuring County agency and must be approved by the appropriate County officials. The Proposer shall not commence additional work until a written contract amendment is approved.

8 STANDARD CONTRACT

The *Standard* contract (provided in the following pages) contains capitalized and bracketed items that shall be replaced with appropriate information in the final contract.

1. This Contract is entered into between the County of Solano and the Contractor named below:

CONTRACTOR'S NAME

2. The Term of this Contract is:

3. The maximum amount of this Contract is:

\$

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of this Contract:

- Exhibit A – Scope of Work
- Exhibit B – Budget Detail and Payment Provision
- Exhibit C – General Terms and Conditions
- Exhibit D – Special Terms and Conditions

The parties have executed this Contract as of the ___ day of _____, 20__.

CONTRACTOR	COUNTY OF SOLANO
<p>_____ CONTRACTOR'S NAME</p>	<p>_____ AUTHORIZED SIGNATURE</p> <p style="text-align: right;">_____ DATED</p>
<p>_____ SIGNATURE</p> <p style="text-align: right;">_____ DATED</p>	<p>_____ TITLE</p>
<p>_____ PRINTED NAME AND TITLE</p>	<p>_____ ADDRESS</p>
<p>_____ ADDRESS</p>	<p>_____ CITY</p> <p style="text-align: right;">_____ STATE</p> <p style="text-align: right;">_____ ZIP CODE</p>
<p>_____ CITY</p> <p style="text-align: right;">_____ STATE</p> <p style="text-align: right;">_____ ZIP CODE</p>	<p>Approved as to Content:</p> <p>_____ DEPARTMENT HEAD OR DESIGNEE</p> <p style="text-align: right;">_____ DATED</p> <p>Approved as to Form:</p> <p>_____ COUNTY COUNSEL</p> <p style="text-align: right;">_____ DATED</p>

CONTRACT MUST BE EXECUTED BEFORE WORK CAN COMMENCE

Rev.
01/19/07

EXHIBIT A

SCOPE OF WORK

CONTRACTOR SHALL BE RESPONSIBLE FOR THE FOLLOWING DUTIES:

COUNTY SHALL BE RESPONSIBLE FOR THE FOLLOWING:

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

[Insert budget detail and payment provision].

1. METHOD OF PAYMENT

Upon submission of an invoice by Contractor, and upon approval of County's representative, County shall pay Contractor monthly in arrears for fees and expenses incurred the prior month, up to the maximum amount provided for on the Standard Contract. Each invoice must specify services rendered, to whom, date of service and the accrued charges.

EXHIBIT C**GENERAL TERMS AND CONDITIONS****1. CLOSING OUT**

County will pay Contractor's final claim for payment providing Contractor has paid all financial obligations undertaken pursuant to this Contract. If Contractor has failed to pay all obligations outstanding, County will withhold from Contractor's final claim for payment the amount of such outstanding financial obligations owed by Contractor. Contractor is responsible for County's receipt of a final claim for payment 30 days after termination of this Contract.

2. TIME

Time is of the essence in all terms and conditions of this Contract.

3. TIME OF PERFORMANCE

Work will not begin, nor claims paid for services under this Contract until all Certificates of Insurance, business and professional licenses/certificates, IRS ID number, signed W-9 form, or other applicable licenses or certificates are on file with the County's Contract Manager.

4. TERMINATION

A. This Contract may be terminated by County or Contractor, at any time, with or without cause, upon 30 days written notice from one to the other, unless otherwise provided for in Exhibit D.

B. County may terminate this Contract immediately upon notice of Contractor's malfeasance.

C. Following termination, County will reimburse Contractor for all expenditures made in good faith that are unpaid at the time of termination not to exceed the maximum amount payable under this Contract unless Contractor is in default of the Contract.

5. SIGNATURE AUTHORITY

The parties executing this Contract certify that they have the proper authority to bind their respective entities to all terms and conditions set forth in this Contract.

6. WARRANTY

A. County relies upon Contractor's professional ability and training as a material inducement to enter into this Contract. Contractor warrants that Contractor will perform the work according to generally accepted professional practices and standards and the requirements of applicable federal, state and local laws. County's acceptance of Contractor's work shall not constitute a waiver or release of Contractor from professional responsibility.

B. Contractor further warrants that Contractor possesses current valid appropriate licensure, including, but not limited to, drivers license, professional license, certificate of tax-exempt status, or permits, required to perform the work under this Contract.

7. INSURANCE

A. Without limiting Contractor's obligation to indemnify County, Contractor must procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work under this Contract and the results of that work by Contractor, Contractor's agents, representatives, employees or subcontractors.

B. Minimum Scope of Insurance

Coverage must be at least as broad as:

- (1) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01).
- (2) Insurance Services Office Form Number CA 00 01 covering Automobile Liability, code1 (any auto).
- (3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

C. Minimum Limits of Insurance

Contractor must maintain limits no less than:

- (1) General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
(Including operations, products and completed operations.)
- (2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
- (3) Workers' Compensation: As required by the State of California.
- (4) Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

D. If Contractor maintains higher limits than the minimums shown above, County is entitled to coverage for the higher limits maintained by Contractor.

E. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by County. At the option of County, either:

- (1) The insurer will reduce or eliminate such deductibles or self-insured retentions with respect to County, its officers, officials, agents, employees and volunteers; or
- (2) Contractor must provide a financial guarantee satisfactory to County guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

F. Other Insurance Provisions

The general liability and automobile liability policies must contain, or be endorsed to contain, the following provisions:

- (1) The County of Solano, its officers, officials, agents, employees, and volunteers must be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Contractor; and with respect to liability arising out of work or operations performed by or on behalf of Contractor including materials, parts or equipment furnished in connection with such work or operations. General Liability coverage shall be provided in the form of an Additional Insured endorsement (CG 20 10 11 85 or equivalent) to Contractor's insurance policy, or as a separate owner's policy.

(2) For any claims related to work performed under this Contract, Contractor's insurance coverage must be primary insurance with respect to the County of Solano, its officers, officials, agents, employees, and volunteers. Any insurance or self-insurance maintained by County, its officers, officials, agents, employees, or volunteers is excess of Contractor's insurance and shall not contribute to it.

(3) Should any of the above described policies be cancelled prior to the policies' expiration date, Contractor agrees that notice of cancellation will be delivered in accordance with the policy provisions.

G. Waiver of Subrogation

(1) Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

(2) The Workers' Compensation policy must be endorsed with a waiver of subrogation in favor of County for all work performed by Contractor, its employees, agents and subcontractors.

H. Acceptability of Insurers

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

I. Verification of Coverage

(1) Contractor must furnish County with original certificates and endorsements effecting coverage required by this Contract.

(2) The endorsements should be on forms provided by County or, if on other than County's forms, must conform to County's requirements and be acceptable to County.

(3) County must receive and approve all certificates and endorsements before work commences.

(4) However, failure to do so shall not operate as a waiver of these insurance requirements.

(5) County reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

8. BEST EFFORTS

Contractor warrants that Contractor will at all times faithfully, industriously and to the best of his/her/its ability, experience and talent, perform to County's reasonable satisfaction.

9. DEFAULT

A. If Contractor defaults in Contractor's performance, County shall promptly notify Contractor in writing. If Contractor fails to cure a default within 30 days after notification, unless otherwise specified in Exhibit D, or if the default requires more than 30 days to cure and Contractor fails to commence to cure the default within 30 days after notification, then Contractor's failure shall terminate this Contract.

B. If Contractor fails to cure default within the specified period of time, County may elect to cure the default and any expense incurred shall be payable by Contractor to County.

C. If County serves Contractor with a notice of default and Contractor fails to cure the default, Contractor waives any further notice of termination of this Contract.

D. If this Contract is terminated because of Contractor's default, County shall be entitled to recover from Contractor all damages allowed by law.

10. INDEMNIFICATION

A. Contractor will indemnify, hold harmless and assume the defense of the County of Solano, its officers, employees, agents and elective and appointive boards from all claims, losses, damages, including property damages, personal injury, death and liability of every kind, directly or indirectly arising from Contractor's operations or from any persons directly or indirectly employed by, or acting as agent for, Contractor, excepting the sole negligence or willful misconduct of the County of Solano. This indemnification shall extend to claims, losses, damages, injury and liability for injuries occurring after completion of Contractor's services, as well as during the progress of rendering such services.

B. Acceptance of insurance required by this Contract does not relieve Contractor from liability under this indemnification clause. This indemnification clause shall apply to all damages or claims for damages suffered by Contractor's operations regardless if any insurance is applicable or not.

11. INDEPENDENT CONTRACTOR

A. Contractor is an independent contractor and not an agent, officer or employee of County. The parties mutually understand that this Contract is by and between two independent contractors and is not intended to and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association.

B. Contractor shall have no claim against County for employee rights or benefits including, but not limited to, seniority, vacation time, vacation pay, sick leave, personal time off, overtime, medical, dental or hospital benefits, retirement benefits, Social Security, disability, Workers' Compensation, unemployment insurance benefits, civil service protection, disability retirement benefits, paid holidays or other paid leaves of absence.

C. Contractor is solely obligated to pay all applicable taxes, deductions and other obligations including, but not limited to, federal and state income taxes, withholding, Social Security, unemployment, disability insurance, Workers' Compensation and Medicare payments.

D. Contractor shall indemnify and hold County harmless from any liability which County may incur because of Contractor's failure to pay such obligations.

E. As an independent contractor, Contractor is not subject to the direction and control of County except as to the final result contracted for under this Contract. County may not require Contractor to change Contractor's manner of doing business, but may require redirection of efforts to fulfill this Contract.

F. Contractor may provide services to others during the same period Contractor provides service to County under this Contract.

G. Any third persons employed by Contractor shall be under Contractor's exclusive direction, supervision and control. Contractor shall determine all conditions of employment including hours, wages, working conditions, discipline, hiring and discharging or any other condition of employment.

H. As an independent contractor, Contractor shall indemnify and hold County harmless from any claims that may be made against County based on any contention by a third party that an employer-employee relationship exists under this Contract.

I. Contractor, with full knowledge and understanding of the foregoing, freely, knowingly, willingly and voluntarily waives the right to assert any claim to any right or benefit or

term or condition of employment insofar as they may be related to or arise from compensation paid hereunder.

12. RESPONSIBILITIES OF CONTRACTOR

A. The parties understand and agree that Contractor possesses the requisite skills necessary to perform the work under this Contract and County relies upon such skills. Contractor pledges to perform the work skillfully and professionally. County's acceptance of Contractor's work does not constitute a release of Contractor from professional responsibility.

B. Contractor verifies that Contractor has reviewed the scope of work to be performed under this Contract and agrees that in Contractor's professional judgment, the work can and shall be completed for costs within the maximum amount set forth in this Contract.

C. To fully comply with the terms and conditions of this Contract, Contractor shall:

(1) Establish and maintain a system of accounts for budgeted funds that complies with generally accepted accounting principles for government agencies;

(2) Document all costs by maintaining complete and accurate records of all financial transactions associated with this Contract, including, but not limited to, invoices and other official documentation that sufficiently support all charges under this Contract;

(3) Submit monthly reimbursement claims for expenditures that directly benefit Solano County;

(4) Be liable for repayment of any disallowed costs identified through quarterly reports, audits, monitoring or other sources; and

(5) Retain financial, programmatic, client data and other service records for 3 years from the date of the end of the contract award or for 3 years from the date of termination, whichever is later.

13. COMPLIANCE WITH LAW

A. Contractor shall comply with all federal, state and local laws and regulations applicable to Contractor's performance, including, but not limited to, licensing, employment and purchasing practices, wages, hours and conditions of employment.

B. Contractor warrants that it will comply with the appropriate cost principles and administrative requirements including claims for payment or reimbursement by County as outlined in the Applicable Cost Principles and Administrative Requirements table below, as currently enacted or as may be amended throughout the term of this Contract.

Applicable Cost Principles and Administrative Requirements		
The federal cost principles and administrative requirements associated with each organization type apply to that organization.		
Organization Type	Cost Principles	Administrative Requirements
Federal Governments	2 CFR Part 225	OMB A-102
State and Local Government	2 CFR, Part 225	49 CFR, Part 18
Educational Institutions	2 CFR, Part 220	2 CFR, Part 215
Non-Profit Organizations	2 CFR, Part 230	2 CFR, Part 215
For Profit Organizations	48 CFR, Chapter 1, Part 31	49 CFR, Part 18
CFR (Code of Federal Regulations) OMB (Office of Management and Budget)		
Related URLs:		
Various OMB Circular:	http://www.whitehouse.gov/omb/grants_circulars	
Code of Federal Regulations:	http://www.gpoaccess.gov/CFR	

14. CONFIDENTIALITY

A. Contractor shall prevent unauthorized disclosure of names and other client-identifying information, except for statistical information not identifying a particular client.

B. Contractor shall not use client specific information for any purpose other than carrying out Contractor's obligations under this Contract.

C. Contractor shall promptly transmit to County all requests for disclosure of confidential information.

D. Except as otherwise permitted by this Contract or authorized by the client, Contractor shall not disclose any confidential information to anyone other than the State without prior written authorization from County.

E. For purposes of this section, identity shall include, but not be limited to, name, identifying number, symbol or other client identifying particulars, such as fingerprints, voice print or photograph. Client shall include individuals receiving services pursuant to this Contract.

15. CONFLICT OF INTEREST

A. Contractor warrants that Contractor and/or Contractor's employees and/or their immediate families and/or Board of Directors and/or officers have no interest, including, but not limited to, other projects or independent contracts, and shall not acquire any interest, direct or indirect, including separate contracts for the work to be performed hereunder, which conflicts with the rendering of services under this Contract. Contractor shall employ or retain no such person while rendering services under this Contract. Services rendered by Contractor's associates or employees shall not relieve Contractor from personal responsibility under this clause.

B. Contractor has an affirmative duty to disclose to County in writing the name(s) of any person(s) who have an actual, potential or apparent conflict of interest.

16. DRUG FREE WORKPLACE

Contractor warrants that Contractor is knowledgeable of Government Code section 8350 et. seq., regarding a drug free workplace and shall abide by and implement its statutory requirements.

17. HEALTH AND SAFETY STANDARDS

Contractor shall abide by all health and safety standards set forth by the State of California and/or the County of Solano pursuant to the Injury and Illness Prevention Program. If applicable, Contractor must receive all health and safety information and training.

18. CHILD/ADULT ABUSE

If services pursuant to this Contract will be provided to children and/or elder adults, Contractor warrants that Contractor is knowledgeable of the Child Abuse and Neglect Reporting Act (Penal Code section 11164 et seq.) and the Elder Abuse and Dependent Adult Civil Protection Act (Welfare and Institutions Code section 15600 et seq.) requiring reporting of suspected abuse.

19. INSPECTION

Authorized representatives of County, the state and/or the federal government may inspect and/or audit Contractor's performance, place of business and/or records pertaining to this Contract.

20. NONDISCRIMINATION

A. In rendering services under this Contract, Contractor shall comply with all applicable federal, state and local laws, rules and regulations and shall not discriminate based on age, ancestry, color, gender, marital status, medical condition, national origin, physical or mental disability, race, religion, sexual orientation, or other protected status.

B. Further, Contractor shall not discriminate against its employees, which includes, but is not limited to, employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.

21. SUBCONTRACTOR AND ASSIGNMENT

A. Services under this Contract are deemed to be personal services.

B. Contractor shall not subcontract any work under this Contract nor assign this Contract or monies due without the prior written consent of the County's Contract Manager, the County's applicable Department Head or his or her designee and the County Administrator subject to any required state or federal approval.

C. If County consents to the use of Subcontractors, Contractor shall require and verify that its subcontractors maintain insurance meeting all the requirements stated in Section 7 above.

D. Assignment by Contractor of any monies due shall not constitute an assignment of the Contract.

22. UNFORESEEN CIRCUMSTANCES

Contractor is not responsible for any delay caused by natural disaster, war, civil disturbance, labor dispute or other cause beyond Contractor's reasonable control, provided Contractor gives written notice to County of the cause of the delay within 10 days of the start of the delay.

23. OWNERSHIP OF DOCUMENTS

A. County shall be the owner of and shall be entitled to possession of any computations, plans, correspondence or other pertinent data and information gathered by or computed by Contractor prior to termination of this Contract by County or upon completion of the work pursuant to this Contract.

B. No material prepared in connection with the project shall be subject to copyright in the United States or in any other country.

24. NOTICE

A. Any notice necessary to the performance of this Contract shall be given in writing by personal delivery or by prepaid first-class mail addressed as stated on the first page of this Contract.

B. If notice is given by personal delivery, notice is effective as of the date of personal delivery. If notice is given by mail, notice is effective as of the day following the date of mailing or the date of delivery reflected upon a return receipt, whichever occurs first.

25. NONRENEWAL

Contractor acknowledges that there is no guarantee that County will renew Contractor's services under a new contract following expiration or termination of this Contract. Contractor waives all rights to notice of non-renewal of Contractor's services.

26. COUNTY'S OBLIGATION SUBJECT TO AVAILABILITY OF FUNDS

A. The County's obligation under this Contract is subject to the availability of authorized funds. The County may terminate the Contract, or any part of the Contract work, without prejudice to any right or remedy of the County, for lack of appropriation of funds. If expected or actual funding is withdrawn, reduced or limited in any way prior to the expiration date set forth in this Contract, or any subsequent Amendment, the County may, upon written Notice to the Contractor, terminate this Contract in whole or in part.

B. Payment shall not exceed the amount allowable for appropriation by the County Board of Supervisors. If the Contract is terminated for non-appropriation:

i. The County will be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination; and

ii. The Contractor shall be released from any obligation to provide further services pursuant to this Contract that are affected by the termination.

C. Funding for this Contract beyond the current appropriation year is conditional upon appropriation by the Board of Supervisors of sufficient funds to support the activities described in this Contract. Should such an appropriation not be approved, this Contract will terminate at the close of the current Appropriation Year.

D. This Contract is void and unenforceable if all or part of federal or State funds applicable to this Contract are not available to County. If applicable funding is reduced, County may either:

- (1) Cancel this Contract; or,
- (2) Offer a contract amendment reflecting the reduced funding.

27. CHANGES AND AMENDMENTS

A. County may request changes in Contractor's scope of services. Any mutually agreed upon changes, including any increase or decrease in the amount of Contractor's compensation, shall be effective when incorporated in written amendments to this Contract.

B. The party desiring the revision shall request amendments to the terms and conditions of this Contract in writing. Any adjustment to this Contract shall be effective only upon the parties' mutual execution of an amendment in writing.

C. No verbal agreements or conversations prior to execution of this Contract or requested Amendment shall affect or modify any of the terms or conditions of this Contract unless reduced to writing according to the applicable provisions of this Contract.

28. CHOICE OF LAW

The parties have executed and delivered this Contract in the County of Solano, State of California. The laws of the State of California shall govern the validity, enforceability or interpretation of this Contract. Solano County shall be the venue for any action or proceeding, in law or equity that may be brought in connection with this Contract.

29. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

Contractor warrants that it is knowledgeable of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulations issued by the U.S. Department of Health and Human Services (45 C.F.R. Parts 160-64) regarding the protection of health information obtained, created, or exchanged as a result of this Contract and shall abide by and implement its statutory requirements.

30. WAIVER

Any failure of a party to assert any right under this Contract shall not constitute a waiver or a termination of that right, under this Contract or any provision of this Contract.

31. CONFLICTS IN THE CONTRACT DOCUMENTS

The Contract documents are intended to be complementary and interpreted in harmony so as to avoid conflict. In the event of conflict in the Contract documents, the parties agree that the document providing the highest quality and level of service to the County shall supersede any inconsistent term in these documents.

32. FAITH BASED ORGANIZATIONS

A. Contractor agrees and acknowledges that County may make funds available for programs or services affiliated with religious organizations under the following conditions: (a) the funds are made available on an equal basis as for programs or services affiliated with non-religious organizations; (b) the program funded does not have the substantial effect of supporting religious activities; (c) the funding is indirect, remote, or incidental to the religious purpose of the organization; and (d) the organization complies with the terms and conditions of this resolution.

B. Contractor agrees and acknowledges that County may not make funds available for programs or services affiliated with a religious organization (a) that has denied or continues to deny access to services on the basis of race, color, religion, ancestry, national origin, sex, citizenship, or known disability; (b) will use the funds for a religious purpose; (c) will use the funds for a program or service that subjects its participants to religious education.

C. Contractor agrees and acknowledges that all recipients of funding from County must: (a) comply with all legal requirements and restrictions imposed upon government-funded activities set forth in Article IX, section 8 and Article XVI, section 5 of the California Constitution and in the First Amendment to the United States Constitution; and (b) segregate such funding from all funding used for religious purposes.

33. PRICING

Should Contractor, at any time during the term of this Contract, provide the same goods or services under similar quantity, terms and conditions to one or more counties in the State of California at prices below those set forth in this Contract, then the parties agree to amend this Contract so that such lower prices shall be extended immediately to County for all future services.

34. USE OF PROVISIONS, TERMS, CONDITIONS AND PRICING BY OTHER PUBLIC AGENCIES

Contractor and County agree that the terms of this Contract may be extended to any other public agency located in the State of California, as provided for in this section. Another public agency wishing to use the provisions, terms, and pricing of this Contract to contract for equipment and services comparable to that described in this Contract shall be responsible for entering into their own contract with Contractor, as well as providing for their own payment provisions, making all payments, and obtaining any certificates of insurance and bonds that may be required. County is not responsible for providing to any other government agency any documentation relating this Contract or its implementation. Any government agency that uses provisions, terms, or pricing of this Contract shall by virtue of doing so be deemed to indemnify and hold harmless County from all claims, demands, or causes of actions of every kind arising directly or indirectly with the use of this Contract. County makes no guarantee of usage by other users of this Contract nor shall the County incur any financial responsibility in connection with any contracts entered into by another government agency. Such other government agency shall accept sole responsibility for placing orders and making payments to Contractor.

35. DISBARMENT OR SUSPENSION OF CONTRACTOR

A. Contractor warrants that its officers, directors and employees (i) are not currently excluded, debarred, or otherwise ineligible to participate in the federal health programs as defined in 42 USC § 1320a-7b(f) (the "Federal Healthcare Programs") or any state healthcare programs; (ii) have not been convicted of a criminal offense related to the provision of healthcare items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal Healthcare Programs or any state healthcare programs, and (iii) are not, to the best of its knowledge, under investigation or otherwise aware of any circumstances which may result in Contractor being excluded from participation in the Federal Healthcare Programs or any state healthcare programs.

B. This representation and warranty shall be an ongoing representation and warranty during the term of this Contract and Contractor must immediately notify the County of any change in the status of the representations and warranty set forth in this section.

C. If services pursuant to this Contract involve healthcare programs, Contractor agrees to provide certification of non-suspension with submission of each invoice. Failure to submit certification with invoices will result in a delay in County processing of Contractor's payment.

36. EXECUTION IN COUNTERPARTS

This Contract may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute one instrument. Facsimile copies shall be deemed to be original copies.

37. LOCAL EMPLOYMENT POLICY

Solano County desires, whenever possible, to hire qualified local residents to work on County projects. A local resident is defined as a person who resides in, or a business that is located in, Solano County. The County encourages an active outreach program on the part of its contractors, consultants and agents. When local projects require subcontractors, Contractor shall solicit proposals for qualified local residents where possible.

38. ENTIRE CONTRACT

This Contract, including any exhibits referenced, constitutes the entire agreement between the parties and there are no inducements, promises, terms, conditions or obligations made or entered into by County or Contractor other than those contained.

EXHIBIT D**SPECIAL TERMS AND CONDITIONS****1. CONTRACT EXTENSION**

Notwithstanding Section 2 of the Standard Contract, and unless terminated by either party prior to _____, this Agreement shall be automatically extended from _____ through _____ to allow for continuation of services and sufficient time to complete a novation or renewal contract.

2. TERMINATION

A. Notwithstanding Section 4 in Exhibit C, this Contract may be terminated by County or Contractor, at any time, with good cause, upon ___ days written notice from one to the other.

3. ADDITIONAL INSURANCE

(1) Errors and Omissions insurance against loss due to negligent acts, errors and/or omissions, in an amount no less than one million dollars (\$1,000,000) combined single limit per claim and in the aggregate. The policy shall be written on an occurrence form or shall remain in full force and effect for no less than 3 years following the completion of work under this Contract.

(2) Professional malpractice insurance of all activities of Contractor (and its subcontractors) arising out of or in connection with this Contract in an amount no less than one million dollars (\$1,000,000) combined single limit for each occurrence. The policy shall be written on an occurrence form or shall remain in full force and effect for no less than 3 years following the completion of work under this Contract.

4. SPECIAL RESPONSIBILITIES OF CONTRACTOR

(1) Submit verification of non-profit status, if a requirement for the award of this Contract:

(2) Provide an audit report, including a management letter, to County annually;

(3) Conduct an audit, at Contractor's expense, according to the requirements of OMB Circular A-133, which identifies all funds granted, received, disbursed and expended, and provide the audit to County within 30 days of completion;

(4) Provide an un-audited statement of revenue and expenditures to County within thirty (30) days of completion of the project if funds awarded to Contractor are \$100,000 or less;

(5) Obtain a bond at, Contractor's sole expense, in an amount sufficient to cover start-up funds if any were provided to Contractor from County.

5. DRUG FREE WORKPLACE

Contractor shall execute the form attached as Exhibit " " .

6. CHILD/ADULT ABUSE

Contractor shall execute the form attached as Exhibit " " .

7. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

Contractor shall execute the form attached as Exhibit " " .

8. CHANGES AND AMENDMENTS

Amendments that are not State approved vendor agreement amendments shall be submitted to the State for prior approval at least 30 days before the effective date of any proposed changes governing compensation, services or term.

9. CONFIDENTIALITY OF MENTAL HEALTH RECORDS

Contractor warrants that Contractor is knowledgeable of Welfare and Institutions Code section 5328 respecting confidentiality of records. County and Contractor shall maintain the confidentiality of any information regarding clients (or their families) receiving Contractor's services. Contractor may obtain such information from application forms, interviews, tests or reports from public agencies, counselors or any other source. Without the client's written permission, Contractor shall divulge such information only as necessary for purposes related to the performance or evaluation of services provided pursuant to this Contract, and then only to those persons having responsibilities under this Contract, including those furnishing services under Contractor through subcontracts.

10. EARLIER DEFAULT

Services provided under this Contract are of a time-sensitive nature. Accordingly, notwithstanding the requirements of Section 9 in Exhibit C, the time period for notifying Contractor of default shall be ____ days. If Contractor fails to cure a default within ____ days after notification, or if the default requires more than ____ days to cure and Contractor fails to commence to cure the default within ____ days after notification, then Contractor's failure shall terminate this Contract.

11. INDEMNIFICATION FOR PHYSICIANS

Pursuant to Government Code section 800 et seq., County shall indemnify Contractor against all claims, losses and damages arising out of Contractor's performance to the extent that Contractor would be entitled to indemnification if Contractor were a County employee. County may indemnify either by self-insuring or by purchasing insurance for such purpose.

12. CONFIDENTIAL RECORDS

Contractor acknowledges that any information generated, received or disseminated pursuant to its performance under this Contract is confidential and shall not be disclosed in any manner unless authorized by law. Furthermore, Contractor warrants that Contractor is knowledgeable of Welfare and Institutions Code sections applicable to the subject of this Contract, particularly, sections 10850 and 11478.1 and will abide by its requirements.

EXHIBIT D1

DRUG-FREE WORKPLACE CERTIFICATION

(rev-09/01/94)

COMPANY/ORGANIZATION NAME

The Contractor named above certifies compliance with Government Code section 8355 in matters relating to providing a drug-free workplace. Contractor will:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code section 8355(a).
2. Establish a Drug-Free Awareness Program as required by Government Code section 8355(b), to inform employees about all of the following:
 - (a) The dangers of drug abuse in the workplace;
 - (b) The person's or organization's policy of maintaining a drug-free workplace;
 - (c) Any available counseling, rehabilitation and employee assistance programs; and
 - (d) Penalties that may be imposed upon employees for drug abuse violations.
3. Provide, as required by Government Code Section 8355(c), that every employee who works on the proposed contract or grant:
 - (a) Will receive a copy of the company's drug-free policy statement; and
 - (b) Will agree to abide by the terms of the company's statement as a condition of employment on the contract or grant.

CERTIFICATION

I, the official named below, certify that I am duly authorized legally to bind the contractor or grant recipient to the above described certification. I am fully aware that this certification, executed on the date and in the county below, is made under penalty of perjury under the laws of the State of California.

Contractor or Signature

Date

Official's Name (type or print)

Title

Federal Tax I.D. Number

THIS FORM MUST BE RETURNED WITH RFP RESPONSE

EXHIBIT D2

CHILD ABUSE REPORTING REQUIREMENTS

Section 11166 of the Penal Code requires any child care custodian, medical practitioner, non-medical practitioner, or employee of a child protective agency who has knowledge of, or observes a child in his or her professional capacity or within the scope of his or her employment, whom he or she knows or reasonably suspects, has been the victim of a child abuse to report the known or suspected instance of child abuse to a child protective agency immediately or as soon as practically possible by telephone, and to prepare and send a written report thereof within 36 hours of receiving the information concerning the incident.

I, the undersigned, have read and understand the requirements of Penal Code Section 11166 and will comply with its provisions.

I agree to report to my immediate supervisor any suspected child abuse situations of which I am aware and will report directly to the Child Protective Services as necessary.

Signature:

Name:

Title:

Date:

THIS FORM MUST BE RETURNED WITH RFP RESPONSE

EXHIBIT D3

SOLANO COUNTY
HIPAA BUSINESS ASSOCIATE CERTIFICATION
 45 C.F.R. Parts 160-164

(Contractor Name)

The Contractor or grant recipient (hereinafter "Contractor") named above certifies compliance with the privacy standards of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulations issued by the United States Department of Health and Human Services at 45 CFR. ("Code of Federal Regulations") Parts 160-164. Pursuant to HIPAA, Contractor has been found to be a Business Associate of the County of Solano. The privacy standards require the County to ensure that its Business Associates who receive or create confidential information in the course of providing services on behalf of the County comply with certain obligations regarding the confidentiality of protected health information ("PHI").

As a Business Associate of the County of Solano, the above named Contractor will:

1. Disclose or use protected health information it creates for or receives from the County only:
 - (a) For functions and activities on the County's behalf;
 - (b) As authorized for Contractor's management, administrative or legal responsibilities as a Business Associate of the County. The uses and disclosures of PHI may not exceed the limitations applicable to the County;
 - (c) As required by law.
 - (d) To provide Data Aggregation services to the County as permitted by 45 CFR § 164.504(e)(2)(i)(B).
 - (e) To report violations of law to appropriate Federal and State authorities, consistent with CFR §164.502(j)(1).
2. Not further disclose or use protected health information except as specified in this Exhibit or as otherwise required by law.
3. Comply with 45 CFR Parts 160-164 as applicable to a "business associate" of a "covered entity," and with applicable state law that is not preempted by 45 CFR Part 160, Subpart B.
4. Develop, implement, maintain and use appropriate administrative, technical and physical safeguards to prevent use or disclosure of PHI other than as provided in this Agreement or in compliance with Social Security Acts § 1173(d) (42 U.S.C. § 1320d-2(d)) and 45 CFR § 164.530 (c).
5. Require any agents, including subcontractors to which the Contractor provides PHI received from, or created or received by the Contractor on behalf of the County, to provide reasonable written assurance that subcontractor or agent will comply with the same restrictions

6. Comply with, and require each subcontractor or agent involved to comply with each applicable requirement of 45 CFR 1162, if subcontractor conducts in whole or in part Standard Transactions for or on behalf of the County.
7. At the request of the County, and in the time and manner designated by the County, Contractor shall provide access to PHI in a Designated Record Set to an Individual subject of the PHI, or to the County, to meet the requirements of 45 CFR § 164.524.
8. Upon receipt of notice from County, promptly amend or permit the County access to amend any portion of protected health information in the designated record set which Contractor created for or received from the County so that the County may meet its amendment obligations under 45 CFR § 164.526.
9. Document each disclosure it makes of PHI which Contractor created for or received from County and make available an accounting of such disclosures to the individual subject to the disclosure, or the County for inspection during regular business hours at its place of business so that County may meet its disclosure accounting obligations under 45 CFR § 164.528.
10. Make its internal practices, books and records relating to its use and disclosure of the protected health information it creates for or receives from the County, available to the County and to the U.S. Department of Health and Human Services to determine compliance with 45 CFR Parts 160-164 or this Exhibit.
11. Request, use and disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure under 45 CFR § 164.512(d)(3).
12. Report to the County, in writing, any use or disclosure of protected health information not permitted by this Exhibit, or otherwise in violation of the Privacy Rule (45 CFR Part 164), within five (5) days of becoming aware of such use or disclosure pursuant to 45 CFR § 164.504(e)(2)(ii)(C).
13. Mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of PHI in violation of the requirements of this Agreement or HIPAA regulations.
14. Upon termination of this Agreement for any reason:
 - (a) Return all PHI received from the County, or created or received by Contractor in connection with work performed under this Contract required to be retained by the Privacy Rule.
 - (b) Return or destroy, at County's sole discretion, all other PHI received from the County, or created or received by Contractor on behalf of the County.
 - (c) Retain no copies of PHI, including PHI in possession of subcontractors or agents of Contractor.
 - (d) Provide the County notification of the conditions that make return or destruction not feasible, in the event that Contractor determines that returning or destroying the PHI is not feasible. If the County agrees that the return of the PHI is not feasible, Contractor shall extend the protections of this Agreement to such PHI and limit further use and disclosures of such

County of Solano

Exhibit D-4

Standard Contract

Special Terms and Conditions

**TOBACCO, ALCOHOL AND MARIJUANA PREVENTION AND INVESTMENT
POLICY**

All funded projects and any of its subcontractors associated with this agreement will adhere to the following:

1. Provide a smoke-free working environment.
2. Will not engage in doing business with the tobacco, alcohol or marijuana industries during the course of this contract. This includes receiving free educational materials or curriculum.
3. Refuse tobacco, alcohol and marijuana industry funding including sponsorship of events.
4. Divest themselves of tobacco and alcohol product investments.

I agree to adhere to the above requirements during the term of this contract.

Signature:

Name:

Title:

Date:

THIS FORM MUST BE RETURNED WITH RFP RESPONSE

Appendix**RFP G99-0616-14****Minimum Proposal Requirements.**

Solano County Health Promotion and Wellness Bureau is soliciting a request for proposals from corporations, non-profit organizations, agencies, or individuals experienced in providing evidence based and local innovative substance abuse prevention programs and public policy development within Solano County. The purpose of the request for proposals (RFP) is to invite vendors to help implement, support and evaluate environmental policies and programs that relate to Alcohol, Tobacco, and Other Drug (ATOD) prevention and policy strategies.

INTRODUCTION

The Solano County Strategic Prevention Plan (SPP) for Alcohol, Tobacco, and Other Drug Prevention, (ATOD), Fiscal Year, (FY) 2012/13 through FY 2017/18, SPP seeks to reduce the rates of Alcohol, Tobacco, and Other Drug (ATOD) use, abuse, and the related community impact. This current strategic prevention plan is based on the Strategic Prevention Framework (SPF). A tremendous amount of local data was compiled and reviewed to empower data-driven decisions that reflect current needs and assets. The plan covers (FYS) 2012/13 through 2017/18 and is the result of the work initiated by the Reducing Rates Coalition in January 2010, supplemented by communications with stakeholders including the members of the city teams, city team coordinators, all city team members, substance abuse prevention treatment providers, the evaluation consultant, and county prevention staff.

The overarching goals of the Solano County Strategic Prevention Plan are to:

1. Delay initial use of alcohol, tobacco, and other drugs among children and youth in Solano County.
2. Reduce the overall proportion of Solano County children and youth who use alcohol, tobacco, and other drugs.
3. Reduce the impact of alcohol, tobacco, and other drugs on communities, families, and individuals, largely through policy and environmental prevention strategies.

Population To Be Served

The participants to be served and impacted are youth and the Solano community at large. Refer to 1.1 below for the services being solicited.

Geographic Areas to Be Served

It is the intention of County to fund environmental policy work in each jurisdiction in Solano County. The seven city jurisdictions that are targeted for environmental policy strategy work are: Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville and Vallejo.

1.1 Scope of Services

Note: It is the Provider's responsibility to propose a complete Scope of Work (Attachment B) that explains in detail the provider's offering. The proposed Scope of Work will be used for negotiating the final Scope of Work for inclusion in Exhibit A of the Standard Contract, included in Section 8 of this RFP. Below are the minimum requirements for this scope of service.

1. Designate a Project Coordinator who will be the point of contact to Solano County Health and Social Services (H&SS), the Alcohol Tobacco Other Drug (ATOD) Prevention Collaborative, the contractor who provides Coalition Support and Policy Support, and the contractor who provides Evaluation Services.
2. Ensure ongoing development of a local community coalition or team that includes representation and active involvement in environmental policy efforts from the following sectors: faith-based, law enforcement, youth serving organization, volunteer group, elected officials, government, business, parent, youth, school, healthcare, and media.

3. Coordinate 15 meetings over the 18 months of the ATOD prevention local coalition or team and/or its subcommittees with the goal of reducing access and availability to alcohol, tobacco, and/or marijuana through development and implementation of environmental policy efforts as contained in the SPP.
4. Identify model environmental policies that are relevant for the jurisdiction.
5. Map alcohol, tobacco, and marijuana retailers in proximity to child sensitive areas such as schools, parks, residential areas, youth centers, churches, etc. to use in community education, retailer education, and to inform policy direction.
6. Participate in 100% of ATOD Prevention Collaborative meetings as required by H&SS. If Project Coordinator is unable to attend, another designee will participate. Meetings anticipated to be held quarterly.
7. Participate in 100% of substance abuse prevention contractor meetings as required by H&SS. Meetings anticipated to be held bimonthly.
8. Participate in at least three trainings as required by H&SS, which will provide support to environmental prevention efforts.
9. Coordinate and/or ensure participation of the majority of local ATOD prevention coalition or team in three (3) trainings approved by H&SS that will provide support to environmental strategy efforts.
10. Participate in efforts to collect data on retail environment by recruiting youth and adult volunteers, participating in data collection training, and conducting surveys according to protocol provided by H&SS.
11. Implement a comprehensive set of activities to support at least one (1) ATOD prevention environmental strategy or policy that is contained in the SPP. Refer to SPP pages 35-36: Goal 1, Objective 4; Goals 2, Objective 3; 4; Goal 3, Objective 2; Goal 4, Objective 1; 2.
12. Work to identify and seek funds to leverage current Solano County funding to sustain ATOD prevention efforts and further build capacity of local team or coalition.
13. Develop and/or update the ATOD prevention team goals and objectives for the local jurisdiction based on most recent California Healthy Kids Survey data, FY 13-14 Healthy Stores for a Healthy Community data, and other relevant data.
14. Prepare a written report that includes successes and challenges of ATOD prevention project and efforts of local team or coalition and present report to the local City Council and other identified stakeholders.
15. Conduct ATOD prevention programs, if funding allows, that show coordination with the environmental strategy efforts.

1.2 Evaluation Requirements for Contractors

Solano County conducts evaluations of its investments at the program level, the initiative level, and the community level. The evaluation design includes an annual required submission to the County, an interim and annual performance measures report, periodic evaluation reports and various other reports for grantee agency(s) and the public to learn about outcomes achieved as a result of County's funded services. Vendors are required to establish program-level and individual performance measures and identify validated instruments to measure program performance. Those agencies awarded funding from the Substance Abuse Prevention and Treatment (SAPT) block grant will be required to use the California Outcome Measurement Service for Prevention (CalOMS Pv) to report collected data, including individual-level data on services, linkages, outcomes and follow-up. Depending on program or service type, this may require the administration of pre and post tests to measure the effectiveness of strategies implemented. The successful vendor will be expected to participate in all levels of evaluation as follows:

A. Conduct program-level data collection, including individual-level data and evaluation activities as set forth in the Contract, including but not limited to tracking and reporting of services by strategy type; reporting of demographics of populations served; and non-demographic services. Data will be collected at point of service initiation and at regular intervals and at completion of the program.

B. In conjunction with H&SS and evaluation services contractor, assist in developing an evaluation plan to measure program effectiveness and adhere to the evaluation plan which will include data collection at prescribed intervals throughout the funded period.

C. Assist evaluation services contractor to identify individuals in the jurisdiction to interview for the Tri-Ethnic Community Readiness Survey or other similar survey.

Note: Solano County contractors who are awarded SAPT funds are expected to report service counts/demographics monthly in CalOMS Pv. Quarterly and annually, contractors must also submit performance measures data and narrative progress reports with supporting documentation of activities, successes, and challenges.

1.3 Eligible Proposers

Local experienced individuals, schools districts, non-profit organizations, for-profit organizations, and government entities with experience delivering community-based prevention services within Solano County are eligible to submit a proposal.

2 REQUIREMENTS

2.1 General

Individuals, organizations and or agencies will be required to meet the minimum qualifications as stated below in order to respond to this RFP:

Environmental Policy and Programs

1. Demonstrate a minimum of 2 years' experience in Solano County implementing alcohol, tobacco and other drug primary prevention efforts which include environmental policy initiatives and evidence-based or local innovative primary prevention efforts.
2. Demonstrated ability to convey strong interpersonal and organizational skills, including ability to apply effective community engagement strategies, coalition building strategies and interact effectively with diverse groups including individuals, families, neighborhood groups, community organizations, prevention providers, faith community, schools, elected officials as well as H&SS staff.
3. Demonstrate the ability to manage the administrative, programmatic, technical, and fiscal elements of projects of similar scope to this Request for Proposal.
4. Demonstrate the ability to gather, synthesize, analyze, and report data and information related to prevention services provided.
5. Demonstrate the ability to conduct evaluation and collect data for measureable outcomes.

Proposer must fully complete the technical proposal supplement in the format required by the County (See attachment A, technical proposal supplement for Instructions), responding to every question and attach all necessary requested documents.

6 DEFINITIONS AND TERMS

6.1 Budget Terminology

- A. Personnel costs must include positions, salary, and “FTE” (actual percentage of time devoted to the project) for each position. Salary and fringe benefits must be pro-rated for non-full-time employees if agency provides fringe benefits to part time employees. Salaries are fixed compensation for services performed by staff that are directly employed by the Proposer and are paid for on a regular basis. Employee benefits and employer payroll taxes include employer's contributions or expenses for social security, employee's life and health insurance plans, unemployment insurance, pension plans, and other similar expenses that are approved by Solano County. These expenses are allowable when they are included in the grant award and are in accordance with the agency's approved written policies.
- B. Salaries and benefits of personnel involved in more than one grant or project must be charged to each grant based on the actual percentage of time spent on each grant or project. The annualized actual percentage charged for a particular position (e.g., Project Director) cannot exceed the annual percentage approved in the grant award. Similarly, the dollar amount charged for a particular position also must not exceed the dollar amount in the approved grant award. Functional timesheets, time studies, or an allocation plan must be maintained which support the time charged to Solano County contracts.
- C. Allowable operating expenses are defined as necessary expenditures exclusive of personnel salaries, benefits and equipment. Such expenses include specific items directly charged to the project. The expenses must be grant-related (i.e., to further the program objectives as defined in the grant award) and be incurred (realized) during the grant period. Solano County reserves the right to make the final determination if an operating expense is allowable and necessary.
- D. Indirect costs must be federally accepted or approved; the cost rate or cost allocation are shared costs that cannot be directly assigned to a particular activity, but are necessary to the operation of the Agency and the performance of the program. The costs of operating and maintaining facilities, accounting services and administrative salaries are examples of indirect costs. If your agency does not have an accepted indirect cost rate or cost allocation plan, indirect costs should not be listed in the budget submitted with this RFP. If your agency is in the process of getting its cost allocation plan approved, this should be noted in the budget section of the application and indirect costs may be listed.

6.2 Leveraged Funds

Consistent with the criterion of Solano County to value leveraging of its resources, “leveraged funds” are utilized to expand services, and include any additional sources of revenue that have been or will be brought in to support the proposed project.

ATTACHMENT 9.1

CERTIFICATION OF COMPLIANCE

RFP #G99-0616-14

Proposer Name

By indication of the authorized signature below, the Proposer certifies and assures the Proposer's compliance with:

- a) the laws of the County of Solano;
- b) Title VI of the federal Civil Rights Act of 1964;
- c) Title IX of the federal Education Amendments Act of 1972;
- d) the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government;
- e) the Americans with Disabilities Act of 1990 and the regulations issued thereunder by the federal government;
- f) the condition that the submitted proposal was independently arrived at, without collusion, under penalty of perjury; and,
- g) All contract employees performing services and/or work as a result of this solicitation must have documented legal authority to work in the United States of America; and
- h) the condition that no amount shall be paid directly or indirectly to an employee or official of the County of Solano as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Proposer in connection with the Procurement under this RFP.

Proposer Signature

Date

THIS FORM MUST BE RETURNED WITH PROPOSAL RESPONSE

ATTACHMENT 9.2

COST PROPOSAL FORMAT

RFP #G99-0616-14

Proposer Name

NOTICE TO PROPOSER:

The Proposer shall indicate below the offered price for providing all services proposed including all services as defined in the Appendix A Proposed Statement of Work. This Cost Proposal must specifically record below the exact cost amount(s) proposed in the appropriate space(s) as required herein. Said cost proposed must incorporate all cost for the proposed scope of services for the total contract period.

The Cost Proposal shall detail only the cost proposed as required, and shall not detail any other rates, amounts, or information. It shall not detail any text that could be construed as a qualification of the cost proposed. If the Proposer fails to specify the Cost Proposal as required, the County shall determine the proposal to be non-responsive and reject it.

The Proposer must sign and date the Cost Proposal.

PROPOSED COST

<p>Environmental Strategies Programs & Policy Initiatives (list each Jurisdiction cost separately, time period January 1, 2015 through June 30, 2016)</p>	
<p>Jurisdiction</p>	

The proposed cost and the submitted technical proposal associated with this cost shall remain valid for at least [180] days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any resulting contract between the Proposer and the County.

Proposer Signature

Date

THIS FORM MUST BE RETURNED WITH PROPOSAL RESPONSE

ATTACHMENT 9.3

RFP #G99-0616-14

NON-COLLUSION DECLARATION PURSUANT TO PUBLIC CONTRACT CODE SEC. 7106

The undersigned declares: I am the _____ of _____,
the party making the foregoing bid.

The bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The bid is genuine and not collusive or sham. The bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid. The bidder has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or to refrain from bidding. The bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder. All statements contained in the bid are true. The bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company association, organization, bid depository, or to any member or agent thereof to effectuate a collusive or sham bid, and has not paid, and will not pay, any person or entity for such purpose.

Any person executing this declaration on behalf of a bidder that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the bidder.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on (date) _____,
(city) _____ (state) _____.

Company Name _____

Bidder's Name and Signature

THIS FORM MUST BE RETURNED WITH PROPOSAL RESPONSE

ATTACHMENT 9.4

RFP# G99-0616-14 CUSTOMER REFERENCE

1. Agency or Firm Name:	
<i>Business Address:</i>	
<i>Mailing Address:</i>	
<i>Contact Person:</i>	
<i>Telephone:</i>	
<i>Email address:</i>	
<i>Description of Service:</i>	
<i>Dates(s) when service provided</i>	
2. Agency or Firm Name:	
<i>Business Address:</i>	
<i>Mailing Address:</i>	
<i>Contact Person:</i>	
<i>Telephone:</i>	
<i>Email address:</i>	
<i>Description of Service:</i>	
<i>Dates(s) when service provided</i>	
3. Agency or Firm Name:	
<i>Business Address:</i>	
<i>Mailing Address:</i>	
<i>Contact Person:</i>	
<i>Telephone:</i>	
<i>Email address:</i>	
<i>Description of Service:</i>	
<i>Dates(s) when service provided</i>	

Name _____

Signature of Bidder's Authorized Representative _____

Company Name _____

THIS FORM MUST BE RETURNED WITH PROPOSAL RESPONSE

RFP NO.: G99-0616-14
 SUBMISSION DATE: July 28, 2014, 5:00 PM

ATTACHMENT 9.5

RESERVATIONS

RFP #G99-0616-14

THE COUNTY OF SOLANO AT IT SOLE DISCRETION, RESERVES THE FOLLOWING RIGHTS AND RESERVATION:

1. Amend, cancel, or reissue this RFP/IFB in writing at any time, (on, or before, or after submittal deadline date), in part, or in its entirety.
2. Make an award not necessarily to the lowest proposal/bid, but the Proposer/Bidder determined to be professionally and technically able to provide equipment and perform services, and fulfill all specified bid requirements.
3. Request clarifications of proposals/bids, or conduct discussions for the purpose of clarification with any or all Proposers/Bidders.
4. Make an award without further discussion of any other proposal/bid submitted.
5. Negotiate with the apparent low Proposer subsequent to the Notice of Award.
6. Waive any and all minor variances, irregularities, technicalities or informalities in bids/proposals which are determined to be in the best interest of the County.
7. Make an award in whole or in part or of any varying combination of proposal/bid items that will be in the best interest of the County.
8. Cancel any award and re-solicit proposals/bids for the specified requirements, due to increased or added costs, if in its opinion, prices are greater than those of the general market.
9. Cancel any award and re-solicit proposals in the event contracted proposal requirements cannot commence within ten (10) days after the agreed upon start date.
10. Reduce or increase any proposal item or specified requirement, in whole or in part due to budget constraints.

THE COUNTY OF SOLANO FURTHER RESERVES THE RIGHTS TO REJECT ANY AND ALL PROPOSALS:

11. Considered not to be in the best interest of the County.
12. Considered to be non-responsive, non-responsible, not in compliance with, or do not meet all terms, provisions, specifications, or performance requirements of this RFP/IFB.
13. Of any Proposer who is in default on the payments of taxes, licenses, or any other monies due to Solano County or any other government agency.
14. Of any Proposer who previously failed to adequately provide services, supplies, merchandise, and/or equipment to Solano County or any other government agency.

Proposer's Signature _____ **Date:** _____

THIS FORM MUST BE RETURNED WITH PROPOSAL RESPONSE

ATTACHMENT 9.6

**INTENT TO PROPOSE FORM
RFP # G99-0616-14**

Dated _____

Fax the following Intent to Propose form to JoAnn Epperson (RFP coordinator) at (707) 422-9770 in accordance with Section 2 and Section 3 of RFP.

To: County of Solano Purchasing Services
Attn: JoAnn Epperson, Buyer
Fax/email: (707) 422-9770 ,jeepperson@solanocounty.com

From: _____

Contact Name _____

Company Name _____

Company Address _____

Phone Number _____

Fax Number _____

Contact email _____

Check Category of service, check one or more jurisdictions.

___ Environmental Strategies Policy and Program initiatives

___ Benicia ___ Dixon ___ Fairfield ___ Rio Vista

___ Suisun City ___ Vacaville ___ Vallejo

Company Name _____ Date _____

Contact Name _____ Title _____
(Please print)

Signature of Contact Person _____

By signing the above, I certify that I am authorized by the Company named above to respond to this request.

Fax or email this form to the RFP Coordinator on or before date and time as specified in RFP section 2, Schedule of Events. NOTE: faxed or emailed copy must be signed.

THIS FORM MUST BE RETURNED WITH PROPOSAL RESPONSE

ATTACHMENT 9.7

IMPORTANT NOTICE TO VENDORS

DOCUMENTS TO BE RETURNED

The following documents must be completed and submitted on or before the Final Submission Date with your response.

ATTACHMENTS

- 9.1 – Certification of Compliance
- 9.2 – Cost Proposal Format
- 9.3 – Non-Collusion Affidavit
- 9.4 – Customer Reference Page
- 9.5 – Reservations
- 9.6 – Letter of Intent to Propose

Attachment A: Technical Proposal Supplement

Attachment B: Scope of Work

Attachment C: Budget Proposal

Vendor Application (If not already submitted to Purchasing Services, may be downloaded at www.solanocounty.com – under “Vendor Information”)

Failure to complete, sign (where required), and return the above documents with your response may render it non-responsive.

AGENDA ITEM
CITY COUNCIL MEETING DATE - JULY 22, 2014
BUSINESS ITEMS

DATE : July 17, 114

TO : City Council

FROM : City Manager

SUBJECT : **INTRODUCTION OF AN ORDINANCE ADDING CHAPTER 3.22 TO THE BENICIA MUNICIPAL CODE ENACTING A GENERAL PURPOSE, ONE CENT TRANSACTION AND USE (“SALES”) TAX TO BE PLACED ON THE NOVEMBER 4, 2014 BALLOT**

RECOMMENDATION:

Conduct a public hearing to place a one-cent, locally-dedicated sales tax measure on the November 4, 2014 ballot and introduce the corresponding ordinance.

EXECUTIVE SUMMARY:

As part of the City's effort to ensure fiscal solvency, the City has pursued a variety of measures that either reduce expenditures or enhance revenue. One such measure is to implement a local, voter-approved one-cent sale tax, increasing the Benicia sales tax rate from 7.65% to 8.65%. The proposed general purpose local funding measure would improve or maintain essential City services relied on by our public, including public safety, 9-1-1 emergency response times, neighborhood police patrols, crime prevention services, programs for youth, pothole repair and other quality of life services. In addition, this measure is needed to ensure that our 31 local parks are properly maintained as safe spaces for children to play and families to visit. The decision about whether to enact such a funding measure would be considered by Benicia voters at the general election held on Tuesday, November 4, 2014. If a majority of voters (50% plus 1) support the measure, it would go into effect on April 1, 2015. The proposed measure will also require oversight review by the City of Benicia Finance Committee.

BUDGET INFORMATION:

The proposed, locally-enacted sales tax measure of one cent is projected to generate approximately \$3.7 million in revenue to support local needs that cannot be taken away by the State.

STRATEGIC PLAN:

Relevant Strategic Plan Goals and Strategies:

- Strategy Issue #3: Strengthening Economic and Fiscal Conditions
 - Strategy #4: Manage City finances prudently

BACKGROUND:

Since 2008 the City of Benicia has been weathering the effects of the Great Recession, taking the necessary measures to preserve, as best as possible, both the quality and quantity of desired City services. The City has been working diligently to structurally reset the City's General Fund and Enterprise Fund operating budgets in order to provide a sustainable future for City operations and ensure continued service delivery to the community.

The efforts to achieve this goal have not been easy or without sacrifice. Over the last six years the City has implemented employee salary and benefit concessions, with employees agreeing to 10% reductions in compensation, including contributing considerably more toward health care and retirement costs. The City has also downsized, including employee lay-offs and freezing positions. Over the last four years, since 2010 the City has decreased employee related expenditures by approximately \$11.2 million and reduced City's full time workforce by 12%.

In addition to reducing employee costs the City has also delayed internal service needs and postponed capital improvement projects, including improvements to streets, parks and the Library Basement Project. Over the same period, the City has maximized revenue potential of City real estate, implementing park user fees and increasing lease income by 275%, generating over \$65,000 per month. Notwithstanding these efforts the City still has significant unfunded needs including over \$100 million in unfunded capital needs, including over \$50 million in streets and transportation, \$20 million in storm drain improvements, over \$30 million in parks and facilities including the library and swimming pool.

To exacerbate matters, the effect of the Great Recession was more than a temporary period of economic contraction, but an event that reshaped Benicia's fiscal landscape. While Benicia's property tax base is returning to pre-recession levels, approximately \$1.0 billion representing 20% of the City's property tax base is at risk due to outstanding appeals. Additionally, Benicia's most prominent source of sales tax, the Benicia Industrial Park, is seeing stagnant growth. Compounding this loss of local revenue is reductions of State funding, in particular funds needed to maintain local streets.

Unfortunately, while the economy has improved significantly over the past two years, Benicia like many other California cities still faces escalation in operating

costs outside of their control and which are outpacing revenue growth. This makes it a challenge to continue existing funding levels for critical services to the community.

The confluence of these elements has greatly stressed the City's General Fund budget, which, if not addressed, will lead to substantial deficits in the years to come. A recent 10-year forecast study of the General Fund indicated an average annual operating loss of approximately \$1.5 million over the 10-year period despite the cost reduction measures and at the current unsustainably low level of capital investment.

In order to address these challenges, following adoption of the 2013-15 budget, the Council directed staff to develop a budget stabilization plan. In the subsequent months, staff has been working on initiating a Sustainable Community Services Strategy, which will help prepare the organization to take the necessary steps to create a more fiscally sustainable City with the necessary resources to provide services most valued by the community.

In June of this year, as part of the SCSS process, the City commissioned a customer satisfaction survey that asked residents what their priorities were. A random sample of 400 respondents gave the City very high job and customer satisfaction ratings for the quality of life services it provides, and more than two-thirds of respondents indicated their strong feelings about protecting Benicia's status as a full-service city, including the small town quality of life services the community expects, such as improving public safety and city streets, maintaining parks, trimming trees, supporting the historic downtown and community events, attracting new businesses, and creating jobs.

Furthermore, constituents expressed concern about the fact that many of our streets have cracked or buckled sidewalks, or no sidewalks at all, potholes and other unsafe driving conditions. Additional funding is needed to fix these hazardous road conditions and maintain 94 miles of city streets and roads so motorists, pedestrians, buses, cyclists and police and fire safety vehicles are safe. Providing funding to maintain the City's 31 local parks was also identified as a priority by 70% of respondents.

Faced with the challenge of declining revenues, rising expenditures and an overwhelming desire by residents to maintain Benicia's high quality of life, which in large part manifests itself in the services and amenities the City's provides, necessitates the City consider a locally controlled revenue measure.

The timing to consider such a measure is based on a variety of factors. First, as noted above, the economy is no longer in recession and unemployment continues to trend downward; the 2014 first quarter unemployment rate for

Benicia is 4.3% and the California rate is 7.8%. Contrary to many other municipal agencies, Benicia did not move to raise taxes during the recession. This was a deliberate choice by City leaders not to raise taxes at a time when many city residents were struggling to find employment and/or pay their home mortgages.

In addition to an improving economy there is a willingness of residents to support a local tax. In the City's recently-conducted Customer Satisfaction survey, respondents were asked directly whether they wanted to cut services or identify additional revenue.

Respondents, by significant percentages, stated that services cuts in the following areas would **not** be acceptable:

- Reducing 9-1-1 emergency response times (84%)
- Reducing neighborhood police patrols (72%)
- Reducing crime prevention services (72%)
- Reducing pothole repair (70%)
- Reducing programs for youth (70%)

Respondents were also asked about their interest in a locally approved, one-cent sales tax. The results of the survey concluded that 65% of respondents would support a simple majority requirement measure. Benicia residents' willingness to support a local sales tax is consistent with state wide trends. Last month during the June primary election, six jurisdictions sought sales tax measures and all six passed.¹

The final factor in staff's recommendation to consider a locally-dedicated sales tax is the timing of the election calendar. State law requires that such measures coincide with local City Council elections. Therefore the City's opportunity to place such a measure for public vote are this upcoming November or in two years in November of 2016. Alternatively, the City could call a special election to place a sales tax measure on the ballot, but such an action is more costly and must be preceded by a City Council resolution proclaiming a fiscal emergency.

If the City Council deems it appropriate to proceed, staff recommends placing the following measure on the ballot, which has been carefully crafted to address the community's service priorities and was developed in conjunction with the City Attorney and City staff. The ballot question calls out some very key elements. First, the Benicia Quality of Life Measure is a general purpose tax,

¹ California Cities that passed local sales tax measures at the June 4, 2014 election: Woodland, Hayward, Cathedral City, Davis, Anderson and Cotati. *Source: californiacityfinance.com*

*Refers to percentage of respondents that indicated they would find budget cuts to these services unacceptable.

meaning the proceeds of the tax stay in Benicia to support the City's General Fund. Secondly, the measure requires Citizen oversight, which, as described in the related City Ordinance, will be conducted by the City of Benicia Finance Committee. No revisions are recommended to the ballot label wording.

THE BENICIA SALES TAX MEASURE	
City of Benicia Quality of Life Measure. To maintain Benicia's status as a full-service city, improve/maintain Police patrols, fire/9-1-1 response times; road conditions; pothole repair; clean water; storm drains to protect the Carquinez Strait; business attraction/job creation; park maintenance; other city services, shall the City of Benicia enact a one cent sales tax with authority to incur bonded indebtedness to accelerate infrastructure projects, requiring independent audits, Citizens' Oversight, all revenue for Benicia, none for Sacramento?	YES
	NO

The ballot question, limited to 75 words, succinctly describes what the proceeds would support, listing out those City services so highly valued by our residents. These services are framed in the title of the tax "Benicia Quality of Life Measure." Our very understanding of quality of life is, in many ways, derived from the services provided by the City of Benicia.

Quality of life is one's sense of peace, place and prosperity. In our community, residents feel safe walking alone in the evening, secure in the knowledge that our 9-1-1 dispatch center and police department are a moment away from responding. Benicians are not burdened with the worry of a long wait for medical or fire response. Playgrounds, parks, a community center, library and swimming pool foster recreation and give residents locations outside the confines of one's home to be with his/her family and friends. The lighting of the Christmas Tree on the First Friday in December or a 4th of July parade enjoyed on the evening of the 3rd are community celebrations that create a kinship between neighbors and a bond that make us all Benicians. Without waiting in long lines or enduring automated phone systems residents have access to City officials when one wants to open a business or improve his/her home. Peace, place, prosperity; City services make those impressions tangible.

Yet, these services, nearly universally appreciated, are not themselves universal. Not all communities have the services enjoyed by Benicia residents. Moreover, these services are not guaranteed; they exist because there is a desire to have them and a means to support them. In years past Benicia has met this desire with residential development and the construction of new industrial buildings. No longer can new buildings provide the means to support those services,

instead the cost must be borne from the place that gives rise to the services, the residents themselves. To that end, staff is recommending the approval of placing the proposed sales tax measure on the ballot.

If approved the local sales tax rate in Benicia would be 8.625%, consistent with the sales tax rates of Fairfield and Vallejo. Moving forward, if the City Council directs staff to proceed with the City of Benicia Quality of Life Measure for the November ballot, then the following must occur to meet the scheduled deadlines of the Solano County Registrar of Voters:

1. July 22, 2014:
 - Introduce Sales Tax Ordinance
2. July 28, 2014:
 - Second Reading and adoption of Sale Tax Ordinance
 - Approval of Resolution to place sales tax measure on the ballot for the November 4, 2014 election.
 - Direct City Attorney to draft impartial legal analysis
 - Appoint City Council Sub-committee to draft ballot arguments
3. By August 8, 2014:
 - City staff submits signed Resolution to Solano County Registrar of Voters
4. August 12, 2014:
 - City Council approves ballot argument
5. August 15, 2014:
 - City staff submits ballot argument to Solano County Registrar of Voters
6. August 25, 2014:
 - City Attorney submits impartial legal analysis to Solano County Registrar of Voters
 - Rebuttal arguments due to Registrar of Voters

To qualify for the ballot, 2/3 of the City Council (4 members) are required to vote affirmatively for the sales tax ordinance. If so approved by the Council and then passed by the voters on November 4, 2014, the tax would become effective on April 1, 2015.

In addition to submitting the requisite paperwork to Solano County, the City would also retain the services of The Lew Edwards Group to conduct informational outreach, much like the City did with the recent water rate

VIII.A.6

increases. State law forbids the City from campaigning in favor of an initiative. The City may provide voters with information and facts related to the tax measure. The cost of the placing the sales tax measure on the November 4, 2014 ballot assessed by Solano County as well as project management cost is estimated to be \$46,500.

Based on all of the previous actions of the City Council to secure a sustainable budget, and the remaining need to continue to take action to ensure balanced budgets in the future, staff recommends moving forward to ask the Benicia voters to approve a local sales tax measure.

Attachments:

- Proposed Ordinance
- Proposed Resolution with Proposed Ordinance (to be approved with second reading of ordinance at a Special Meeting of the City Council on July 28, 2014)

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BENICIA, CALIFORNIA, ADDING CHAPTER 3.22 TO THE BENICIA MUNICIPAL CODE TO ENACT A TRANSACTIONS AND USE (“SALES”) TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

WHEREAS, unlike many cities of similar size in the Bay Area, Benicia is a full service city, equipped with its own City-run police, fire, park and water services; and

WHEREAS, without additional revenue, the City will be forced to consider cutting back on locally controlled City services and contracting with the County or other outside entities to provide these services; and

WHEREAS, the City wishes to continue to address service priorities that the public has identified such as public safety services, 9-1-1 emergency response times, neighborhood police patrols, crime prevention services, and programs for youth and pothole repair efforts; and

WHEREAS, additional funding will improve public safety and city streets, maintain parks and trim trees, and fund programs to support our historic downtown and community events, attract new businesses and create jobs; and

WHEREAS, additional funding will help maintain Benicia’s financial viability as a full-service city and protect the small town quality of life; and

WHEREAS, many streets in Benicia have cracked or buckled sidewalks, or no sidewalks at all and many roads have potholes and other unsafe driving conditions; and

WHEREAS, additional funding is needed to fix hazardous road conditions and maintain 94 miles of city streets and roads so motorists, pedestrians, buses, cyclists and police and fire safety vehicles are safe; and

WHEREAS, additional funding is needed to ensure that our 31 local parks are properly maintained as safe spaces for children to play and families to visit; and

WHEREAS, Benicia needs local control over local funds, for local needs; and

WHEREAS, pursuant to California Revenue and Taxation Code Section 7285.9 the City of Benicia ("City") has the authority to levy a Transactions and Use Tax for general purposes; and

WHEREAS, the City would like to levy a one percent (1%) Transactions and Use Tax for general purposes to fund essential City services; and

WHEREAS, the City believes only a locally-approved voter funding source

would guarantee that new revenue stays in Benicia to help the City provide essential services to its residents; and

WHEREAS, the City's Transactions and Use Tax Ordinance will be added to the Benicia Municipal Code as Chapter 3.22; and

WHEREAS, the City plans to submit a ballot measure to the voters for a majority vote to authorize the Transactions and Use Tax at the general election on November 4, 2014.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BENICIA DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Title. This ordinance shall be known as the Benicia Transactions and Use Tax Ordinance. This ordinance shall be applicable in the incorporated territory of the City.

Section 2. Operative Date. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

Section 3. Approval by the Voters. This ordinance shall be submitted to the voters at an election to be held on November 4, 2014. Upon approval by a majority of the voters of the City voting on this ordinance, a Transactions and Use Tax shall be authorized.

Section 4. Addition. Upon approval by the voters, Chapter 3.22 will be added to the Benicia Municipal Code to read in full as set forth in the attached Exhibit "A," which is incorporated into this ordinance.

Section 5. Severability. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 6. Effective Date. This ordinance relates to the levying and collecting of the City's Transactions and Use Tax and shall take effect immediately.

On motion of Council Member _____, seconded by Council Member _____, the above Ordinance was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on the 22nd day of July 2014, and adopted by the following vote:

Ayes:

Noes:

Absent:

Attest:

Mayor Patterson, Mayor

Lisa Wolfe, City Clerk

Date

CITY OF BENICIA

ORDINANCE NO. 14-

AN ORDINANCE OF THE CITY OF BENICIA ADDING CHAPTER 3.22 TO THE BENICIA MUNICIPAL CODE IMPOSING A TRANSACTIONS AND USE TAX FOR GENERAL PURPOSES TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION SUBJECT TO THE APPROVAL OF THE VOTERS

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BENICIA DOES ORDAIN as follows:

Section 1.

Title 3 (Revenue and Finance) of the Benicia Municipal Code is hereby amended adding a new Chapter 3.22 (Transaction and Use Tax) to read as follows:

Chapter 3.22

Transaction and Use Tax

Sections:

- 3.22.010 Short Title.
- 3.22.020 Definitions.
- 3.22.030 Purpose.
- 3.22.040 Contract with State.
- 3.22.050 Imposition of transaction tax, transaction tax rate.
- 3.22.060 Place of sale.
- 3.22.070 Imposition of use tax, use tax rate.
- 3.22.080 Adoption of provisions of state law.
- 3.22.090 Limitations on the adoption of state law and collection of use taxes
- 3.22.100 Permit not required.
- 3.22.110 Exemptions and exclusions.
- 3.22.120 Oversight, Annual Audit and Public Report.
- 3.22.130 Amendments.
- 3.22.140 Enjoining collection forbidden.
- 3.22.150 Termination.

3.22.010 Short Title. This chapter shall be known as the Transactions and Use Tax Ordinance of the city of Benicia.

3.22.020 Definitions. For the purposes of this chapter the follow terms shall have the meanings given in this section:

"City" means the incorporated territory of the city.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this chapter and the approval by the voters of the city of a measure approving the imposition of a transaction and use tax; provided, that if the city shall not have contracted with the State Board of Equalization as required by section 3.22.040 prior to such date, the city shall nevertheless so contract and in such a case the Operative Date shall be the first day of the first calendar quarter following the execution of such a contract.

3.22.030 Purpose. The city council hereby declares that this chapter is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the city to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.22.040 Contract with State. Prior to the Operative Date, the city shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this chapter.

3.22.050 Imposition of transaction tax, transaction tax rate. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the city at the rate of one percent (1%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the

Operative Date and before the Termination Date.

3.22.060 Place of sale. For the purposes of this chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

3.22.070 Imposition of use tax, use tax rate. An excise tax is hereby imposed on the storage, use or other consumption in the city of tangible personal property purchased from any retailer on and after the Operative Date and before the Termination Date for storage, use or other consumption in said territory at the rate of one percent (1%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.22.080 Adoption of provisions of state law. Except as otherwise provided in this chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this chapter as though fully set forth herein.

3.22.090 Limitations on the adoption of state law and collection of use taxes.
In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of the city shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this city or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this chapter.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "city" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

3.22.100 Permit not required. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this chapter.

3.22.110 Exemptions and exclusions.
A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the city which is shipped to a point outside the city, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the city shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with

Section 9840) of the Vehicle Code by registration to an out-of-city address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out- of-city and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the Operative Date of this chapter.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the Operative Date of this chapter.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this chapter, the storage, use or other consumption in the city of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this chapter.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the Operative Date of this chapter.

5. For the purposes of subparagraphs (3) and (4) of this subsection, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible

personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the city shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the city or participates within the city in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the city or through any representative, agent, canvasser, solicitor, subsidiary, or person in the city under the authority of the retailer.

7. "A retailer engaged in business in the city" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the city.

D. Any person subject to use tax under this chapter may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.22.120 Oversight, Annual Audit and Public Report.

A. The independent auditor hired by the City Council to conduct an audit of and provide audited financial statements for all of the City's financial activities. The auditor shall include an accounting of the revenue received from the tax and expenditures thereof in the audited financial statements. The auditor's report shall be presented to the City Council and made available to the public.

B. The Finance Committee shall function as the tax oversight committee and shall review and report annually to the City Council on the receipt of revenue and expenditure of funds from the tax authorized by this chapter. The report shall include how the funds are being used to address the City Council's stated priorities and shall be completed in conjunction with the City's budget process. This report shall include the status and performance of the programs and services funded, wholly or partially with proceeds from the tax. It is not within the purview of the Committee to direct staff, recommend any particular contracts, or define the scope of a project using funds from the tax. Rather these responsibilities remain under the authority of the City Council and the professional staff including the city manager.

3.22.130 Amendments. All amendments subsequent to the Operative Date of this chapter to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this chapter, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this chapter.

3.22.140 Enjoining collection forbidden. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the city, or against any officer of the State or the city, to prevent or enjoin the collection under this chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.22.150 Termination. The authority to levy the tax imposed by this ordinance shall not expire, unless terminated by a unanimous vote of the City Council or by a vote of the people of the City of Benicia.

Section 2.

Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

The City Council hereby declares that it would have passed this and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, phrase or clauses be declared unconstitutional on their face or as applied.

Section 3.

Effective date. This Ordinance relates to the levying and collecting of the city transactions and use taxes and shall take effect immediately. However, no tax imposed by this Ordinance shall be imposed until approved by the voters of the city as required by section 2(b) of Article XIII C of the California Constitution and applicable law.

Section 4.

Declaration. The proceeds of the taxes imposed by this Ordinance may be used for any lawful purpose of the city, as authorized by ordinance, resolution or action of the City Council or by ordinance adopted by the electorate of the city. These taxes do not meet the criteria established by Section 1(d) of Article XIII C of the California Constitution for special taxes, and are general taxes imposed for general government purposes.

Section 5.

Relationship to existing tax. The tax imposed by this Ordinance is separate from, and in addition to, any transactions and use tax currently imposed by the city. Nothing in this Ordinance shall be interpreted to affect the rate or administration of any tax other than the tax imposed by this Ordinance.

* * * * *

On motion of Council Member _____, seconded by Council Member _____, the foregoing ordinance was introduced at a regular meeting of the City Council on the 22nd day of July, 2014, and adopted at a regular meeting of the Council held on the _____ day of _____, 2014, by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

ATTEST:

Lisa Wolfe, City Clerk

Date

RESOLUTION NO. 14-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA CALLING AND ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF BENICIA A CERTAIN MEASURE RELATING TO A PROPOSED ORDINANCE ADDING CHAPTER 3.22 TO THE BENICIA MUNICIPAL CODE ENACTING A ONE-CENT GENERAL PURPOSE TRANSACTION AND USE (“SALES”) TAX AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 4, 2014

WHEREAS, unlike many cities of similar size in the Bay Area, Benicia is a full service city, equipped with its own City-run police, fire, park and water services; and

WHEREAS, without additional revenue, the City will be forced to consider cutting back on locally controlled City services and contracting with the County or other outside entities to provide these services; and

WHEREAS, the City wishes to continue to address service priorities that the public has identified such as public safety services, 9-1-1 emergency response times, neighborhood police patrols, crime prevention services, and programs for youth and pothole repair efforts; and

WHEREAS, additional funding will improve public safety and city streets, maintain parks and trim trees, and fund programs to support our historic downtown and community events, attract new businesses and create jobs; and

WHEREAS, additional funding will help maintain Benicia’s financial viability as a full-service city and protect the small town quality of life; and

WHEREAS, many streets in Benicia have cracked or buckled sidewalks, or no sidewalks at all and many roads have potholes and other unsafe driving conditions; and

WHEREAS, additional funding is needed to fix hazardous road conditions and maintain 94 miles of city streets and roads so motorists, pedestrians, buses, cyclists and police and fire safety vehicles are safe; and

WHEREAS, additional funding is needed to ensure that our 31 local parks are properly maintained as safe spaces for children to play and families to visit; and

WHEREAS, Benicia needs local control over local funds, for local needs; and

WHEREAS, a General Municipal election shall be held on Tuesday, November 4, 2014; and

WHEREAS, on July 22, 2014, the City Council held a public hearing introducing an Ordinance adding Chapter 3.22 to the Benicia Municipal Code

imposing a one cent transactions and use tax for general purposes subject to the approval of the voters; and

WHEREAS, the tax provided for by the proposed Ordinance shall be enacted solely to raise revenue for general purposes, and shall be placed into the City's General Fund, and is not intended for regulation; and

WHEREAS, the City Council also desires, on its own motion, to submit to the voters at the General Municipal election a question relating to the imposition of a one-cent transactions and use tax for general purposes;

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Benicia does resolve, declare, determine and order as follows, that:

SECTION 1. The City Council pursuant to its right and authority, does order to be submitted to the voters at a General Municipal election the following question:

THE BENICIA SALES TAX MEASURE	
City of Benicia Quality of Life Measure. To maintain Benicia's status as a full-service city, improve/maintain Police patrols, fire/ 9-1-1 response times; road conditions; pothole repair; clean water; storm drains to protect the Carquinez Strait; business attraction/job creation; park maintenance; other city services, shall the City of Benicia enact a one cent sales tax with authority to incur bonded indebtedness to accelerate infrastructure projects, requiring independent annual audits, Citizens' Oversight, all revenue for Benicia, none for Sacramento?	YES
	NO

SECTION 2. The proposed measure submitted to the voters is as attached in Exhibit 1 to this Resolution, which is incorporated herein by this reference.

SECTION 3. The City will reimburse the county for the actual cost incurred in conducting the election upon receipt of a bill stating the amount due as determined by the elections official.

SECTION 4. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 5. Notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

SECTION 6. Pursuant to California Elections Code Section 9280, the City Council hereby directs the City Clerk to transmit a copy of the measure to the City Attorney.

The City Attorney shall prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure on the existing law and the operation of the measure, and transmit such impartial analysis to the City Clerk within ten (10) days of the adoption of this Resolution.

SECTION 7. Arguments for or against this measure shall be submitted not later than 5 p.m. on August 15, 2014 to the City Clerk.

SECTION 8. [The City Council adopts the provisions of subdivision (a) of Section 9285 of the Elections Code to permit rebuttal arguments, if arguments have been filed in favor of and against the measure which is being submitted to the voters of the City at this special election. Rebuttal arguments shall be filed not later than 5:00 p.m. on August 25, 2014.] **OR** [The City Council declines to allow rebuttal arguments.]

SECTION 9. The City Clerk is hereby directed to file a certified copy of this Resolution with the Solano County Board of Supervisors and the Solano County Registrar of Voters.

On motion of Council Member _____, and seconded by Council Member _____, the above Resolution was introduced and passed by the City Council of the City of Benicia at a special meeting of said Council held on the _____ day of July, 2014, and adopted by the following vote.

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

Date

CITY OF BENICIA

ORDINANCE NO. 14-__

AN ORDINANCE OF THE CITY OF BENICIA ADDING CHAPTER 3.22 TO THE BENICIA MUNICIPAL CODE ENPOSING A GENERAL PURPOSE TRANSACTIONS AND USE ("SALES") TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION SUBJECT TO THE APPROVAL OF CITY OF BENICIA VOTERS

THE COUNCIL OF THE CITY OF BENICIA DOES ORDAIN AS FOLLOWS:

WHEREAS, unlike many cities of similar size in the Bay Area, Benicia is a full service city, equipped with its own City-run police, fire, park and water services; and

WHEREAS, without additional revenue, the City will be forced to consider cutting back on locally controlled City services and contracting with the County or other outside entities to provide these services; and

WHEREAS, the City wishes to continue to address service priorities that the public has identified such as public safety services, 9-1-1 emergency response times, neighborhood police patrols, crime prevention services, and programs for youth and pothole repair efforts; and

WHEREAS, additional funding will improve public safety and city streets, maintain parks and trim trees, and fund programs to support our historic downtown and community events, attract new businesses and create jobs; and

WHEREAS, additional funding will help maintain Benicia's financial viability as a full-service city and protect the small town quality of life; and

WHEREAS, many streets in Benicia have cracked or buckled sidewalks, or no sidewalks at all and many roads have potholes and other unsafe driving conditions; and

WHEREAS, additional funding is needed to fix hazardous road conditions and maintain 94 miles of city streets and roads so motorists, pedestrians, buses, cyclists and police and fire safety vehicles are safe; and

WHEREAS, additional funding is needed to ensure that our 31 local parks are properly maintained as safe spaces for children to play and families to visit; and

WHEREAS, Benicia needs local control over local funds, for local needs; and

WHEREAS, pursuant to California Revenue and Taxation Code Section 7285.9 the City of Benicia ("City") has the authority to levy a Transactions and Use Tax for general purposes; and

WHEREAS, the City would like to levy a one percent (1%) Transactions and Use Tax for general purposes to fund essential City services; and

WHEREAS, the City believes only a locally-approved voter funding source would guarantee that new revenue stays in Benicia to help the City provide essential services to its residents; and

WHEREAS, the City's Transactions and Use Tax Ordinance will be added to the Benicia Municipal Code as Chapter 3.22; and

WHEREAS, the City plans to submit a ballot measure to the voters for a majority vote to authorize the Transactions and Use Tax at the general election on November 4, 2014.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BENICIA DOES HEREBY ORDAIN AS FOLLOWS:

Section 1.

Title. This ordinance shall be known as the Benicia Transactions and Use Tax Ordinance. This ordinance shall be applicable in the incorporated territory of the City.

Section 2.

Operative Date. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

Section 3.

Approval by the Voters. This ordinance shall be submitted to the voters at an election to be held on November 4, 2014. Upon approval by a majority of the voters of the City voting on this ordinance, a Transactions and Use Tax shall be authorized.

Section 4.

Addition. Upon approval by the voters, Chapter 3.22 will be added to the Benicia Municipal Code to read in full as set forth in the attached Exhibit "A," which is incorporated into this ordinance.

Section 5.

Severability. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 6.

Effective Date. This ordinance relates to the levying and collecting of the City's Transactions and Use Tax and shall take effect immediately.

On motion of Council Member _____, seconded by Council Member _____, the foregoing ordinance was introduced at a regular meeting of the City Council on the _____ day of _____, 2014, and adopted at a regular meeting of the Council held on the _____ day of _____, 2014, by the following vote:

Ayes:

Noes:

Absent:

Mayor Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

Date

CITY OF BENICIA

ORDINANCE NO. 14-__

AN ORDINANCE OF THE CITY OF BENICIA ADDING CHAPTER 3.22 TO THE BENICIA MUNICIPAL CODE IMPOSING A TRANSACTIONS AND USE TAX FOR GENERAL PURPOSES TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION SUBJECT TO THE APPROVAL OF THE VOTERS

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BENICIA DOES ORDAIN as follows:

Section 1.

Title 3 (Revenue and Finance) of the Benicia Municipal Code is hereby amended adding a new Chapter 3.22 (Transaction and Use Tax) to read as follows:

Chapter 3.22

Transaction and Use Tax

Sections:

- 3.22.010 Short Title.
- 3.22.020 Definitions.
- 3.22.030 Purpose.
- 3.22.040 Contract with State.
- 3.22.050 Imposition of transaction tax, transaction tax rate.
- 3.22.060 Place of sale.
- 3.22.070 Imposition of use tax, use tax rate.
- 3.22.080 Adoption of provisions of state law.
- 3.22.090 Limitations on the adoption of state law and collection of use taxes
- 3.22.100 Permit not required.
- 3.22.110 Exemptions and exclusions.
- 3.22.120 Oversight, Annual Audit and Public Report.
- 3.22.130 Amendments.
- 3.22.140 Enjoining collection forbidden.
- 3.22.150 Termination.

3.22.010 Short Title. This chapter shall be known as the Transactions and Use Tax Ordinance of the city of Benicia.

3.22.020 Definitions. For the purposes of this chapter the follow terms shall have the meanings given in this section:

"City" means the incorporated territory of the city.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this chapter and the approval by the voters of the city of a measure approving the imposition of a transaction and use tax; provided, that if the city shall not have contracted with the State Board of Equalization as required by section 3.22.040 prior to such date, the city shall nevertheless so contract and in such a case the Operative Date shall be the first day of the first calendar quarter following the execution of such a contract.

3.22.030 Purpose. The city council hereby declares that this chapter is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the city to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.22.040 Contract with State. Prior to the Operative Date, the city shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this chapter.

3.22.050 Imposition of transaction tax, transaction tax rate. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the city at the rate of one percent (1%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the

Operative Date and before the Termination Date.

3.22.060 Place of sale. For the purposes of this chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

3.22.070 Imposition of use tax, use tax rate. An excise tax is hereby imposed on the storage, use or other consumption in the city of tangible personal property purchased from any retailer on and after the Operative Date and before the Termination Date for storage, use or other consumption in said territory at the rate of one percent (1%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.22.080 Adoption of provisions of state law. Except as otherwise provided in this chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this chapter as though fully set forth herein.

3.22.090 Limitations on the adoption of state law and collection of use taxes. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of the city shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this city or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this chapter.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "city" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

3.22.100 Permit not required. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this chapter.

3.22.110 Exemptions and exclusions.
A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the city which is shipped to a point outside the city, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the city shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with

Section 9840) of the Vehicle Code by registration to an out-of-city address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out- of-city and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the Operative Date of this chapter.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the Operative Date of this chapter.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this chapter, the storage, use or other consumption in the city of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this chapter.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the Operative Date of this chapter.

5. For the purposes of subparagraphs (3) and (4) of this subsection, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible

personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the city shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the city or participates within the city in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the city or through any representative, agent, canvasser, solicitor, subsidiary, or person in the city under the authority of the retailer.

7. "A retailer engaged in business in the city" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the city.

D. Any person subject to use tax under this chapter may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.22.120 Oversight, Annual Audit and Public Report.

A. The independent auditor hired by the City Council to conduct an audit of and provide audited financial statements for all of the City's financial activities. The auditor shall include an accounting of the revenue received from the tax and expenditures thereof in the audited financial statements. The auditor's report shall be presented to the City Council and made available to the public.

B. The Finance Committee shall function as the tax oversight committee and shall review and report annually to the City Council on the receipt of revenue and expenditure of funds from the tax authorized by this chapter. The report shall include how the funds are being used to address the City Council's stated priorities and shall be completed in conjunction with the City's budget process. This report shall include the status and performance of the programs and services funded, wholly or partially with proceeds from the tax. It is not within the purview of the Committee to direct staff, recommend any particular contracts, or define the scope of a project using funds from the tax. Rather these responsibilities remain under the authority of the City Council and the professional staff including the city manager.

3.22.130 Amendments. All amendments subsequent to the Operative Date of this chapter to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this chapter, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this chapter.

3.22.140 Enjoining collection forbidden. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the city, or against any officer of the State or the city, to prevent or enjoin the collection under this chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.22.150 Termination. The authority to levy the tax imposed by this ordinance shall not expire, unless terminated by a unanimous vote of the City Council or by a vote of the people of the City of Benicia.

Section 2.

Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

The City Council hereby declares that it would have passed this and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, phrase or clauses be declared unconstitutional on their face or as applied.

Section 3.

Effective date. This Ordinance relates to the levying and collecting of the city transactions and use taxes and shall take effect immediately. However, no tax imposed by this Ordinance shall be imposed until approved by the voters of the city as required by section 2(b) of Article XIII C of the California Constitution and applicable law.

Section 4.

Declaration. The proceeds of the taxes imposed by this Ordinance may be used for any lawful purpose of the city, as authorized by ordinance, resolution or action of the City Council or by ordinance adopted by the electorate of the city. These taxes do not meet the criteria established by Section 1(d) of Article XIII C of the California Constitution for special taxes, and are general taxes imposed for general government purposes.

Section 5.

Relationship to existing tax. The tax imposed by this Ordinance is separate from, and in addition to, any transactions and use tax currently imposed by the city. Nothing in this Ordinance shall be interpreted to affect the rate or administration of any tax other than the tax imposed by this Ordinance.

* * * * *

On motion of Council Member _____, seconded by Council Member _____, the foregoing ordinance was introduced at a regular meeting of the City Council on the 22nd day of July, 2014, and adopted at a regular meeting of the Council held on the _____ day of _____, 2014, by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

ATTEST:

Lisa Wolfe, City Clerk

Date

AGENDA ITEM
CITY COUNCIL MEETING DATE - JULY 22, 2014
BUSINESS ITEMS

DATE : July 15, 2014

TO : City Council

FROM : City Manager

SUBJECT : **ADOPTION OF RESOLUTION OF INTENT TO IMPOSE DROUGHT SURCHARGE AND PROVIDE NOTICE OF A PROPOSITION 218 PUBLIC HEARING SET FOR SEPTEMBER 16, 2014**

RECOMMENDATION:

1. Adopt the Resolution of intention to add a drought surcharge to water rates, setting the public hearing date for September 16, 2014, and directing staff to proceed with mailing notices to all property owners and water customers within the City of Benicia
2. Adopt the Resolution adopting the guidelines for the submission and tabulation of protests in connect with rate hearings conducted pursuant to Article XIID, Section 6 of the California Constitution
3. Approve the draft Proposition 218 Notice
4. Accept attached June Drought Report

EXECUTIVE SUMMARY:

After three consecutive years of below normal rainfall, the State of California is facing a severe drought emergency. Due to the drought conditions, and the actions deemed necessary to manage the drought, including consideration of the financial integrity of the Water Enterprise fund and the need to secure additional water supply; the City hired Bartel Wells Associates, an independent public finance consultant, to evaluate the drought impact and determine a drought surcharge. Based upon the attached Bartel Wells Drought Study report and recommendations, and supported by staff analysis and recommendation; staff is seeking Council approval to initiate the Proposition 218 rate process with the intent to impose a drought surcharge.

BUDGET INFORMATION:

Information contained in the attached Bartle Wells Drought Study (the Study) is integral to understanding the City's drought situation, including the methodology for determining the surcharge rates. The total estimated drought-related impacts are approximately \$2.58 million. These impacts are comprised of estimated water purchases, conservation efforts and operating revenue loss as a result conservation efforts.

Cash reserves in the Water Enterprise funds have been declining steadily over the past decade. Between June 2009 and June 2013, total cash reserves declined from \$13.87 million to \$8.73 million.

Despite implementing five years of water rate increases beginning in January of 2013, such increases will not address the critical financial pressure brought about by the effects of the drought-related costs and reduced operating revenues estimated between now and June 30, 2015. While acknowledging the financial hardship the surcharge may be to the City's water customers, staff's view is that the rate implementation is critical to maintaining minimal reserve levels in the Water Enterprise fund.

GENERAL PLAN:

Relevant General Plan Goals:

- Overarching Goal of the General Plan: Sustainability
- Goal 2.36: Ensure an adequate water supply for current and future residents and businesses.

STRATEGIC PLAN:

Relevant Strategic Plan Issue and Strategy:

- Strategic Issue #1: Protecting Community Health and Safety
- Strategy #5: Promote community and personal health

Benicia's Drought Response

The City of Benicia's water supply primarily comes from two sources – approximately 85% from the Sacramento Delta (State Water Project) and the other 15% from Lake Berryessa. In January 2014, Governor Jerry Brown declared a drought state of emergency calling for Californians to reduce water use by 20 percent voluntarily and, currently, the State Water Resources Control Board passed a resolution adopting emergency conservation regulations primarily aimed at reducing outdoor urban water use.

Moreover, as discussed in several Council meetings, the City's allocation from the State Water Project has been volatile and projections of water available from that supply will be reduced in the drought continues. The attached monthly water report reflects the City's water status as of June 2014; including achieving a 15.6% baseline consumption reduction in June which exceeds the current State averages.

In response to the drought, on February 11, 2014 the City initiated Phase 1 of a Drought Response Plan, including implementation of a citywide 20% voluntary reduction in water consumption. On March 04, 2014, the Council authorized

additional water purchases of up to \$900,000 in order to secure additional water supply through February 2016.

On July 01, 2014, Council adopted an emergency outdoor water restrictions ordinance which took effect immediately. Council also received study session information on the proposed drought surcharge. Staff is now recommending initiation of the Proposition 218 process to implement a drought surcharge in order to recover drought-related expenses and to maintain minimal cash reserve levels in the Water Enterprise fund.

Projected Water Fund Reserves

During times of drought, a water utility has two core objectives: 1) to reduce the amount of water customers consume, and 2) to maintain an adequate amount of revenue to continue operations and to pay for drought-related expenses. The two competing objectives work against one another. As less water is sold, adequate revenues are not available to cover fixed operating costs.

As reflected below in Table 1, the Water Enterprise fund does not have adequate reserves to absorb the drought-related costs.

Assuming the surcharge is effective as of October 15, 2014; total fund reserves are projected at \$4.05 million as of June 30, 2015. Of this amount, \$2.03 million is restricted to capacity-related capital projects; \$1.22 million is committed to reserve funds for replacement of vehicles, filters and systems; and, \$0.80 million is available for operating reserves. These reserve levels are not fiscally prudent and must be stabilized.

If the City does not implement the drought surcharge, the projected reserve levels would decline from approximately \$4.05 million to approximately \$2.55 million as of June 30, 2015. Of this amount, only approximately \$514,000 is unrestricted and available to fund both committed capital and operations as of June 30, 2015. These levels are critically low and put the fund at extreme financial risk with little to no ability to respond to further negative events such as increased energy costs, pumping capacity needs, prolonged drought conditions, emergency or scheduled capital repairs, or further revenue losses.

Furthermore, these projections assume certain liability obligations totaling \$875,000 will be loaned from the Water Connection fund to the Operating fund during this period – which must be repaid.

Even with the assumed surcharge revenue, staff is reducing operating and capital expenditures, including deferred hiring, in order to conserve as much cash as possible until reserve balances stabilize and are restored to fiscally

prudent levels.

**Table 1
Projected Water Fund Reserves**

	Actual July 1, 2013	Estimated June 30, 2014	Drought Surcharge	
			With Projected June 30, 2015	Without Projected June 30, 2015
Operating Funds:				
Water Operations and Reserves - 090	\$1,965,100	\$ 1,825,000	\$ 800,000	\$ -
Sub-total Operating Reserves	\$1,965,100	\$ 1,825,000	\$ 800,000	\$ -
Capital Funds:				
Vehicle/Equipment Replacement - 592,595	\$509,885	\$ 439,410	\$ 471,695	\$ -
Filter Replacement - 593	\$86,510	\$ 67,285	\$ 200,000	\$ 200,000
System Replacement - 594	\$454,280	\$ 388,345	\$ 438,345	\$ 314,000
Major Capital - 596	\$608,775	\$ 249,325	\$ 104,325	\$ -
Sub-total Capital Replacement Reserves	\$1,659,450	\$ 1,144,365	\$ 1,214,365	\$ 514,000
Restricted:				
Water Connection - 045	\$ 5,109,545	\$ 3,647,160	\$ 2,033,160	\$ 2,033,160
Total Water Reserves	\$ 8,734,095	\$ 6,616,525	\$ 4,047,525	\$ 2,547,160

Reserves equal cash balances less budgeted capital and liability reserves.

Drought Surcharge

The table below reflects drought-related expenses that would be recovered through a 12-month surcharge. With a 20% consumption reduction, the surcharge is estimated to raise approximately \$2.58 million and is structured so that those using more water would pay a higher proportion of the total surcharge amount:

**Table 2
Drought-Related Expenses**

DROUGHT-RELATED EXPENSES					
	2013/14	2014/15	2015/16 1st 6 mos. Only	Total	
WATER PURCHASES AND DELIVERY					
Additional Water Purchases (4,000 AF)	\$0	\$776,000	\$0	\$776,000	
PG&E/Utilities	\$0	\$0	\$104,900	\$104,900	
<u>Terminal Reservoir Bar Screen</u>	<u>\$100,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$100,000</u>	
Total Drought-Related Costs	\$100,000	\$776,000	\$104,900	\$980,900	
ADDITIONAL CONSERVATION COSTS					
Water Outreach Consultant	\$30,000	\$17,000	\$0	\$47,000	
Prop 218 Printing and Mailing	\$7,000	\$0	\$0	\$7,000	
Prop 218 Soft Costs	\$10,000	\$0	\$0	\$10,000	
Part-time, Temporary Staff	\$0	\$40,000	\$20,000	\$60,000	
<u>Water Conservation Promotional Items</u>	<u>\$0</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$10,000</u>	
Total Additional Conservation Costs	\$47,000	\$62,000	\$25,000	\$134,000	
WATER CONSERVATION PROJECTS					
<i>Dept</i>					
<i>Project</i>					
Parks & Community Services	Feasibility study irrigating Benicia Community Park with groundwater or Lake Herman	\$0	\$35,000	\$0	\$35,000
Public Works Maintenance	Comprehensive Leak Detection Survey (1)	\$150,000	\$0	\$0	\$150,000
Public Works Water	Water Reuse Studies (1)	\$0	\$40,000	\$0	\$40,000
Parks & Community Services	Install Evapotranspiration at remaining parks in City	\$0	\$158,000	\$0	\$158,000
<u>Parks & Community Services</u>	<u>Install drip irrigation in median strips</u>	<u>\$0</u>	<u>\$80,000</u>	<u>\$0</u>	<u>\$80,000</u>
Total Water Conservation Projects		\$150,000	\$313,000	\$0	\$463,000
OPERATING EXPENSES (2)					
Operating Expenses to be Recovered via Drought Surcharges (Lost Revenue due to 20% Reduced Consumption)	\$136,376	\$862,741	\$0	\$999,117	
TOTAL DROUGHT-RELATED COSTS	\$433,376	\$2,013,741	\$129,900	\$2,577,017	
1 - The City currently does not have funding to implement the results of these studies. 2 - Assumes 14 months of lost revenue. Projected by BWA based on 2011/12 consumption. 3 - Lost revenue is calculated for 14-months ending June 30, 2015. Additional lost revenues due to reduced consumption beyond this period or reduced consumption beyond 20% will result in an extension of the surcharge until Council deems the drought is over and drought-related impacts have been repaid.					

Overview of Surcharge Components

The City's goal is to ensure, as much as possible, that there is an adequate water supply for all customers through February 2016, if the drought continues. The City has adequate water supply through 2014. However, if the drought continues, there is a strong likelihood the City will run out of water in 2015 unless steps are taken to secure additional water. To that end, \$776,000 for water purchases is included in the drought surcharge. The City will also incur other added expenditures to address the water shortage, including additional utility costs, outreach expenses, and municipal conservation projects. The municipal conservation projects reduce the City's water demand and therefore the need to purchase water now and in the future.

At the July 15, 2014 Council meeting, the City approved grants in the amount of \$199,000 for certain of the water conservation projects above. Given the timing of the approval only one week prior, the surcharge notice will go forward as recommended. At the protest hearing in September staff will present rates with this reduction in total expected cost. The City either will reduce the surcharge rates prior to implementation or decrease the amount of time the surcharge is in

place. The surcharge rates by tier represent the maximum the City can apply at any given time.

The proposed drought surcharge rates are temporary and will terminate when the City Council determines that water supply conditions have returned to normal and drought-related costs have been recovered. In an effort to keep the rate surcharge to a minimum, the expenses listed in Table 1 include lost revenue only for a 14-month period ending June 30, 2015. To the extent that the drought continues beyond that period or conservation efforts result in greater than 20% consumption reduction, the drought surcharge could continue beyond the first 12-month period in order to repay continuing actual drought-related costs.

Valero Surcharge Participation

As part of the proposed drought rate structure, staff is recommending that Valero receive an estimated allocation of 50% of the total drought-related costs. The basis of the estimated allocation is reflected in the chart below. If the City is successful in conserving treated water by 20%, Valero's share of the City's water supply will increase from 45% to 50%.

FIVE-YEAR AVERAGE WATER CONSUMPTION	BEFORE*		WITH REDUCTION*	
	TOTAL WATER USE (AF)	%	TOTAL WATER USE (AF)	%
Treated Water Non-Revenue	1,491	14%	1,193	13%
Treated Water Billed	4,346	41%	3,477	37%
Sub-total Treated Customers	5,837	55%	4,670	50%
Valero Raw Water	4,750	45%	4,750	50%
TOTAL	10,587	100%	9,420	100%

* Before represents five-year average total water use. With reduction assumes a 20% treated use reduction.

Following the July 01, 2014 Council meeting where Valero expressed some concern over the 50% allocation, staff met with Valero and explained the City intends that the allocation of drought-related expenses will be monitored over the surcharge period, and to the extent that Valero's allocation is greater or less than 50% - the allocated share of total drought costs will be redistributed based upon actual metered water results. Each 1% variance in the allocation percentage will change the share of estimated costs by \$25,770.

Surcharge Methodology

Together with the Bartle Wells' consultants, staff reviewed the recommended

rate allocation methodologies. Staff also gave fair consideration that residential water customers using only tier-1 water may tend to be those users who have been proactive in previous water conservation efforts; however, all tiers will incur a portion of usage surcharge. The table below reflects the recommended usage surcharge by tier, and is based upon detailed calculations and assumptions outlined in the Study included as an attachment to this report:

Recommended Surcharge by Tier

FY 2011-12 - Residential			FY 2011-12 - Non-Residential		
	Monthly Use	Rate Surcharge Amount		Monthly Use	Rate Surcharge Amount
Tier 1	0 - 8 hcf	\$ 0.66	Tier 1	0 - 30 hcf	\$ 0.67
Tier 2	8 - 30 hcf	\$ 1.07	Tier 2	Over 30 hcf	\$ 0.92
Tier 3	Over 30 hcf	\$ 1.38		N/A	

Sample Billing Effects of Drought Surcharge

The following are billing examples of proposed monthly and annual cost changes for three customer-types. Each table calculates the monthly base and surcharge costs for a given sample consumption. Included are the annualized costs of three scenarios: 1. the cost of consumption with no surcharge; 2. the cost of consumption with the surcharge; and, 3. the cost of a 20% reduction in consumption with the surcharge.

Average Residential Customer

Usage Breakdown	2014				Annualized Charge ¹			
	Monthly Consumption of 12 hcf	Current Charge	Monthly Charge	With Drought Surcharge	Monthly Charge	No Reduction No Surcharge	No Reduction With Surcharge	With 20% Reduction And Surcharge
Service Charge		\$16.68	\$16.68	\$16.68	\$16.68	\$200.16	\$200.16	\$200.16
Tier 1 8		\$1.65	\$13.20	\$2.31	\$18.48	\$158.40	\$221.76	\$221.76
Tier 2 4		\$2.60	\$10.40	\$3.67	\$14.68	\$124.80	\$176.16	\$70.46
Tier 3 0		\$2.78	\$0.00	\$4.16	\$0.00	\$0.00	\$0.00	
Total			\$40.28		\$49.84	\$483.36	\$598.08	\$492.38

¹ Annualized Charges are calculated by multiplying the monthly charge by 12 and do not take into account the expected rate change on January 1, 2015

Average Low Income Senior Customer

Usage Breakdown		2014				Annualized Charge ¹		
		Current Charge	Monthly Charge	With Drought Surcharge	Monthly Charge	No Reduction No Surcharge	No Reduction With Surcharge	With 20% Reduction And Surcharge
Service Charge		\$8.34	\$8.34	\$8.34	\$8.34	\$100.08	\$100.08	\$100.08
Tier 1	8	\$1.65	\$13.20	\$2.31	\$18.48	\$158.40	\$221.76	\$199.58
Tier 2	1	\$2.60	\$2.60	\$3.67	\$3.67	\$31.20	\$44.04	\$0.00
Tier 3	0	\$2.78	\$0.00	\$4.16	\$0.00	\$0.00	\$0.00	\$0.00
Total			\$24.14		\$30.49	\$289.68	\$365.88	\$299.66

Average Commercial Customer

Usage Breakdown		2014				Annualized Charge ¹		
		Current Charge	Monthly Charge	With Drought Surcharge	Monthly Charge	No Reduction No Surcharge	No Reduction With Surcharge	With 20% Reduction And Surcharge
Service Charge		\$19.08	\$19.08	\$19.08	\$19.08	\$228.96	\$228.96	\$228.96
Tier 1	30	\$2.25	\$67.50	\$2.92	\$87.60	\$810.00	\$1,051.20	\$981.12
Tier 2	5	\$2.63	\$13.15	\$3.56	\$17.80	\$157.80	\$213.60	\$0.00
Total			\$ 99.73		\$ 124.48	\$1,196.76	\$ 1,493.76	\$ 1,210.08

Low-Income Senior Rate Considerations

The City currently subsidizes the fixed service charge portion of water bills for senior and low-income senior customers. However, all customers pay the same volume-usage rates. Since drought surcharge is to be applied to the volume-usage rates, low-income seniors will share in the drought surcharge at the same rate as other customers.

There are approximately 220 low-income senior accounts. If the Council were to provide General fund assistance for low-income seniors, and also adhere to the policy of encouraging reducing water consumption; Council could consider subsidizing the drought surcharge for tier-1 water used by low-income seniors. If the number of low-income seniors remains constant, the annual estimated

General Fund cost is approximately \$10,000. Subsidizing the drought surcharge for all low-income senior tier-usage would result in an estimated cost of \$21,000.

Monitoring and Reporting Drought-Related Information

Staff has the information capacity to measure the following:

- Monthly billed usage compared to FY 2011-12 baseline by customer class and tier;
- Surcharge revenue billed;
- Total treated and non-treated water leaving the system - to monitor both conservation efforts and the Valero allocation;
- Total drought-related costs.

Staff will monitor and report the above information every six months the surcharge is implemented in order that the public may monitor the progress of the conservation efforts, and also, monitor the progress of repaying the drought-related expenses.

Please further note that Benicia's water rates, as shown on page 29 of the Bartle Wells Drought Study are near the bottom of the comparison agencies. Also attached is a Water and Sewer rate comparison study showing the relative combined costs water and sewer.

Proposition 218 Process

Any proposed increase to water rates is subject to Proposition 218, which requires that:

- City Council must hold a public meeting to review the rate studies and receive public testimony.
- After taking testimony, if the City Council decides to move forward with the drought surcharge, the Council will set a hearing date for the formal adoption of the increases.
- City notifies property owners by mail of their right to protest the increases, 45 days prior to the scheduled hearing date.
- Each parcel has the opportunity to submit one protest.
- If, as of the close of the public hearing, more than 50% of the property owners or water customers submit a written protest to the City, the surcharge rates cannot go into effect.
- At the close of the public hearing, if a majority protest does not exist, the City Council will consider the adoption of the proposed drought surcharge. Council can decrease proposed surcharge rates but cannot increase from amounts stated in the public notice.

Options

Council has the following available options. Staff recommends option one as critically necessary for recovering the drought-related costs and maintaining minimal Water Enterprise fund reserves:

1. Adopt Resolution of Intention to Impose Drought Surcharge
2. Take No Action

Attachments:

- Bartle Wells Drought Surcharge Study
- Bartle Wells Comparison of Combined Water and Sewer Rates
- Monthly Water Report
- Resolution of Intent to Impose Drought Surcharge
- Resolution Adopting Guidelines for the Submission and Tabulation of Protests in Connection with Rate Hearings Conducted Pursuant to Article XIID, Section 6 of the California Constitution
- Proposition 218 Notice



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

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Fax: 510.653.3769
E-mail: bwa@bartlewells.com

DATE: July 15, 2014
TO: Steve Salomon, Contract Public Works Director
FROM: Catherine Tseng, Senior Financial Analyst
SUBJECT: Drought Surcharge Study

MEMORANDUM

DROUGHT SURCHARGE STUDY OVERVIEW

The City of Benicia is considering temporary drought rates to fund additional expenditures needed to operate the water system during water shortage periods and to recover decreased revenues as a result of reduced consumption. The proposed drought rates are temporary and will terminate when the City determines that water supply conditions have returned to normal or when drought-related costs have been recovered.

The City of Benicia's water supply primarily comes from two surface water bodies – the Sacramento Delta and Lake Berryessa. The City receives approximately 85 percent of its water supply from the State Water Project in which water from the Delta is transported through the North Bay Aqueduct (NBA). To serve the remaining needs of the City, water from Lake Berryessa is conveyed through the Putah South Canal, providing 15 percent of Benicia's total water use. Lake Herman is used as an emergency source of water supply and for the Valero Refinery (Valero). The City's water supply contracts include the State Water Project, a 1962 agreement with the City of Vallejo, a Solano Irrigation District (SID) agreement, a water exchange and banking arrangement with the Mojave Water Agency with 2,000 AF, and a settlement agreement with the State as a result of an application for area of origin water rights.

After three consecutive years of below-normal rainfall, California is facing a severe drought emergency. Governor Jerry Brown has called for Californians to reduce water use by 20 percent voluntarily and mandatory rationing could be declared in the near future. Moreover, the City's allocation from the State Water Project has been reduced substantially.

In response to the drought, the City is requesting a 20 percent reduction in water consumption. The City Council will also be considering an emergency drought ordinance that restricts outdoor watering. A typical home uses approximately 50 percent of its water outside, and about 30 percent of that is lost due to overwatering and evaporation from wind and sun.

The City needs to purchase additional water to ensure sufficient supply through February 2016. The City will also incur added expenditures to address the water shortage, including additional utility costs, outreach expenses, and conservation projects. Furthermore, as consumption levels decrease, the water utility is experiencing a decrease in revenues, resulting in the City proceeding with the drought surcharges outlined in this memo.

Drought rates are designed to recover drought-related expenses as well as to achieve a targeted reduction in water consumption. During times of drought, a water utility has two core objectives: 1) to reduce the amount of water customers consume, and 2) to maintain an adequate amount of revenue to continue operations and to pay for drought-related expenses. The two competing objectives work against each other because as less water is sold the more difficult it is to maintain adequate revenue to cover an agency's costs.

In March 2014, the City retained Bartle Wells Associates (BWA) to evaluate drought rates/surcharges alternatives. This memo summarizes our work to date and presents a preliminary drought surcharge for consideration. The projections in this memo are draft and will be updated with input from staff and the City Council.

DROUGHT-RELATED EXPENSES

In addition to funding its current operations, the City also needs to pay for additional costs to manage the drought. These drought-related costs include additional water purchases, added utility expenses to pump water, expenses related to promoting conservation, and water saving projects throughout the City. The City anticipates purchasing up to 4,000 acre-feet (AF) of water at an estimated cost of \$776,000 to assure sufficient supply through February 2016. The City will also incur additional energy costs to pump the additional water. Other expenditures include costs to promote conservation such as rebates and temporary staff for outreach and enforcement. Staff is also proposing several water conservation projects throughout the City. Projects include the leak detection study, water reuse/reduction studies, and installing evapotranspiration and drip irrigation at City parks. The objective of these projects is to enable the City to save water.

Another significant impact is the loss of water sales revenue due to the suggested voluntary 20 percent reduction in consumption. Due to the cutback in water use, a portion of revenues will not be covered from the regular service charges. These revenues are needed for everyday operations and maintenance costs that have already been budgeted. Unfortunately, as usage declines, the City does not experience a corresponding decrease in its operating expenses. Drought rates recognize that rates need to account for net revenue loss due to a decline in water sales.

Using 2011/12 consumption as the base year, the loss of revenues is derived by estimating the amount of revenue based on the current and adopted January 1, 2015 water rates and subtracting out the amount of revenue calculated taking into account a 20 percent reduction in use. Actual consumption may vary, but the projections assume a 20 percent reduction in each residential and commercial tier for the 14 month period from May 2014 through June 2015. The projection of decreased revenues is included in the appendix. (The City operates on a fiscal year basis from July 1 through June 30 of the following year. Accordingly, the City's water consumption and financial data is shown by fiscal year.)

The majority of water system expenses are fixed; these costs are essential regardless of the amount of water that is consumed. Fixed expenses include operational and staff costs, expenditures for building and maintaining infrastructure, and debt service. On the other hand, variable costs are incurred to provide water supply to meet customer demand and fluctuate based on usage. Examples of variable costs include purchased water, chemicals, and utilities.

The following table summarizes the additional costs to the water fund related to the drought.

DROUGHT-RELATED EXPENSES				
	2013/14	2014/15	2015/16 1st 6 mos. Only	Total
WATER PURCHASES AND DELIVERY				
Additional Water Purchases (4,000 AF)	\$0	\$776,000	\$0	\$776,000
PG&E/Utilities	\$0	\$0	\$104,900	\$104,900
<u>Terminal Reservoir Bar Screen</u>	<u>\$100,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$100,000</u>
Total Drought-Related Costs	\$100,000	\$776,000	\$104,900	\$980,900
ADDITIONAL CONSERVATION COSTS				
Water Outreach Consultant	\$30,000	\$17,000	\$0	\$47,000
Prop 218 Printing and Mailing	\$7,000	\$0	\$0	\$7,000
Prop 218 Soft Costs	\$10,000	\$0	\$0	\$10,000
Part-time, Temporary Staff	\$0	\$40,000	\$20,000	\$60,000
<u>Water Conservation Promotional Items</u>	<u>\$0</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$10,000</u>
Total Additional Conservation Costs	\$47,000	\$62,000	\$25,000	\$134,000
WATER CONSERVATION PROJECTS				
<u>Dept</u>		<u>Project</u>		
Parks & Community Services		Feasibility study irrigating Benicia Community Park with groundwater or Lake Herman	\$0	\$35,000
Public Works Maintenance	\$150,000	Comprehensive Leak Detection Survey (1)	\$0	\$150,000
Public Works Water	\$0	Water Reuse Studies (1)	\$40,000	\$40,000
Parks & Community Services	\$0	Install Evapotranspiration at remaining parks in City	\$158,000	\$158,000
<u>Parks & Community Services</u>	<u>\$0</u>	<u>Install drip irrigation in median strips</u>	<u>\$80,000</u>	<u>\$80,000</u>
Total Water Conservation Projects	\$150,000		\$313,000	\$463,000
OPERATING EXPENSES (2)				
Operating Expenses to be Recovered via Drought Surcharges (Lost Revenue due to 20% Reduced Consumption)	\$136,376	\$862,741	\$0	\$999,117
TOTAL DROUGHT-RELATED COSTS	\$433,376	\$2,013,741	\$129,900	\$2,577,017
1 - The City currently does not have funding to implement the results of these studies. 2 - Assumes 14 months of lost revenue. Projected by BWA based on 2011/12 consumption. 3 - Lost revenue is calculated for 14-months ending June 30, 2015. Additional lost revenues due to reduced consumption beyond this period or reduced consumption beyond 20% will result in an extension of the surcharge until Council deems the drought is over and drought-related impacts have been repaid.				

2012 RATE STUDY

The City's water utility is a self-supporting enterprise fund. Revenues are derived primarily from water charges and must be adequate to fund the City's operating and capital programs. The City completed a water rate study in 2012 that adopted five-years of rate adjustments beginning on January 1, 2013 through January 1, 2017. Prior to the 2012 rate study, the City had not increased water rates since 2006. To minimize the impact on ratepayers and to keep the rate increases as low as possible, the City scaled back the water capital program to only include crucial infrastructure improvements. Additionally, staff lowered the water fund budget by implementing significant cost savings measures including reduced salaries and long-term energy savings projects.

At that time, the adopted rate adjustments were considered "the bare minimum" increases needed to ensure that the water utility covered expenses, complied with debt service coverage requirements, and met the water reserve fund target at the end of the five-year period. Consequently, the adopted rates did not leave the water fund with the latitude to pay for unexpected expenditures, such as additional water purchases.

ADOPTED MONTHLY WATER RATES						
Effective Date		2012/13	2013/14	2014/15	2015/16	2016/17
		Jan 1, 2013	Jan 1, 2014	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017
Rate Increase %		7.0%	12.9%	11.5%	6.8%	3.5%
Residential Rates						
Service Charge per meter	Single family	\$14.77	\$16.68	\$18.60	\$19.86	\$20.56
	Multi-family unit	\$11.09	\$12.52	\$13.96	\$14.91	\$15.43
Volume Charge per hcf (2)	0 - 8 hcf	\$1.46	\$1.65	\$1.84	\$1.97	\$2.04
	8 - 30 hcf	\$2.30	\$2.60	\$2.90	\$3.10	\$3.21
	Over 30 hcf	\$2.46	\$2.78	\$3.10	\$3.31	\$3.43
Commercial / Industrial / Irrigation / Municipal Rates						
Service Charge per meter	5/8 - 3/4"	\$19.08	\$21.54	\$24.02	\$25.65	\$26.55
	1"	\$33.90	\$38.27	\$42.67	\$45.57	\$47.16
	1½"	\$76.24	\$86.07	\$95.97	\$102.50	\$106.09
	2"	\$135.50	\$152.98	\$170.57	\$182.17	\$188.55
	3"	\$304.85	\$344.18	\$383.76	\$409.86	\$424.21
	4"	\$541.93	\$611.84	\$682.20	\$728.59	\$754.09
	6"	\$1,219.32	\$1,376.61	\$1,534.92	\$1,639.29	\$1,696.67
Volume Charge per hcf	0 - 30 hcf	\$1.99	\$2.25	\$2.51	\$2.68	\$2.77
	Over 30 hcf	\$2.33	\$2.63	\$2.93	\$3.13	\$3.24
Automatic Sprinkler & Private Fire Hydrant Rates						
Flat Rate per meter	2"	\$10.03	\$11.32	\$12.62	\$13.48	\$13.95
	4"	\$17.55	\$19.81	\$22.09	\$23.59	\$24.42
	6"	\$24.84	\$28.04	\$31.26	\$33.39	\$34.56
	8"	\$32.55	\$36.75	\$40.98	\$43.77	\$45.30
	10"	\$40.01	\$45.17	\$50.36	\$53.78	\$55.66
	12"	\$47.51	\$53.64	\$59.81	\$63.88	\$66.12
Fire Hydrants	Double outlet & steamer	\$12.53	\$14.15	\$15.78	\$16.85	\$17.44
	Single outlet & wharf	\$3.77	\$4.26	\$4.75	\$5.07	\$5.25
Untreated Water Rates						
Minimum Charge per meter	2"	\$25.02	\$28.25	\$31.50	\$33.64	\$34.82
	3"	\$50.03	\$56.48	\$62.98	\$67.26	\$69.61
	4"	\$75.00	\$84.68	\$94.42	\$100.84	\$104.37
	6"	\$149.98	\$169.33	\$188.80	\$201.64	\$208.70
Volume Charge per hcf	0 - 150 hcf	\$0.90	\$1.02	\$1.14	\$1.22	\$1.26
	Over 150 hcf	by agmt				
(1) Customers are billed on a bi-monthly basis.						
(2) HCF = one hundred cubic feet = 748 gallons						
Source: City Ordinance Nos. 93-15, 95-11, 96-9, 00-13						

WATER UTILITY RESERVE FUNDS

As of July 1, 2013, the water enterprise held total reserves of \$8.73 million in operations, capital, and replacement reserve funds as shown below. However, the majority of the reserves are restricted for specific capital projects. With a balance of \$1.96 million, the Water Operations Reserve (Fund 090) functions like a “checking account”.

Cash reserves in the water enterprise funds have been declining steadily over the past decade. A significant portion of the decline related to inadequate operating revenues generated to maintain stable cash levels. Between June 2009 and June 2013, total cash reserves declined from \$13.87 million to \$8.73 million. Approximately 47% of the amount depleted during this time related to net operating costs and debt payments.

Despite enacting five years of water rate increases beginning in January of 2013, such increases will not address the financial pressure brought about by declining reserves, and now intensified by the effects of the additional drought costs and reduced water revenues estimated between now and June 30, 2015.

The table below reflects estimated water enterprise operating cash reserves of \$1.82 and \$0.80 million as of June 30, 2014 and 2015, respectively. Such balances are difficult to estimate, and assume drought surcharge revenue is collected as recommended by staff beginning in September 2014. Any consumption reduction beyond the 20% estimated in the drought study or any unexpected expenditures will further reduce projected operating reserve balances. Conversely, any reduced expenditures or water consumption levels above the 20% predicted will result in increased reserves.

Estimated capital reserves are \$1.14 and \$1.21 million as of June 30, 2014 and 2015, respectively. It is also worth noting that the water system capital planning is currently on a “pay-as-you-go” basis for essential maintenance, repair, and replacement projects. These are the only funds available for such activity and the current projected levels should not be considered adequate over the long term for maintenance, repair, and replacement of capital infrastructure.

The Restricted Water Connection reserve consists of connection fee revenues. These revenues are restricted for funding capital projects related to the improvement or expansion of water system capacity. The table below reflects estimated restricted connection fee reserves of \$3.65 and \$2.0 million as of June 30, 2014 and 2015, respectively. Restricted capital reserves consist of estimated cash balances less budgeted capital projects.

In April 2011, the City adopted a “Fund Balance Reserve Policy” that requires a minimum operating fund reserve balance equivalent to 20 percent of enterprise revenues. For 2013/14, the water utility’s operating reserve target is about \$1.56 million.

Maintaining a prudent minimal level of fund reserves provides a financial cushion for dealing with unanticipated expenses, revenue shortfalls, and non-catastrophic emergency capital repairs. As the table below reflects, the “operating and capital” fund reserves will decline through June 2015 while the City absorbs drought-related costs ahead of the surcharge revenue that will be collected through September 2015 or beyond if the drought continues past June 2015. It is acceptable if reserves fall below the target on a temporary basis, provided action is taken to achieve the target over the longer run.

WATER RESERVE FUND BALANCES			
	Actual July 1, 2013	Projected June 30, 2014	Projected (1) June 30, 2015
Operating Funds:			
Water Operations and Reserves - 090	\$1,965,100	\$1,825,000	\$800,000
Sub-total Operating Reserves	\$1,965,100	\$1,825,000	\$800,000
Capital Funds:			
Vehicle/Equipment Replacement - 592,595	\$509,885	\$439,410	\$471,695
Filter Replacement - 593	\$86,510	\$67,285	\$200,000
System Replacement - 594	\$454,280	\$388,345	\$438,345
Major Capital - 596	\$608,775	\$249,325	\$104,325
Sub-total Capital Replacement Reserves	\$1,659,450	\$1,144,365	\$1,214,365
Restricted:			
Water Connection - 045	\$5,109,545	\$3,647,160	\$2,033,160
Total Water Reserves	\$8,734,095	\$6,616,525	\$4,047,525

1 - Projected Balances at June 30, 2015 assumed drought surcharge in effect beginning in October 2014.

WATER CONSUMPTION

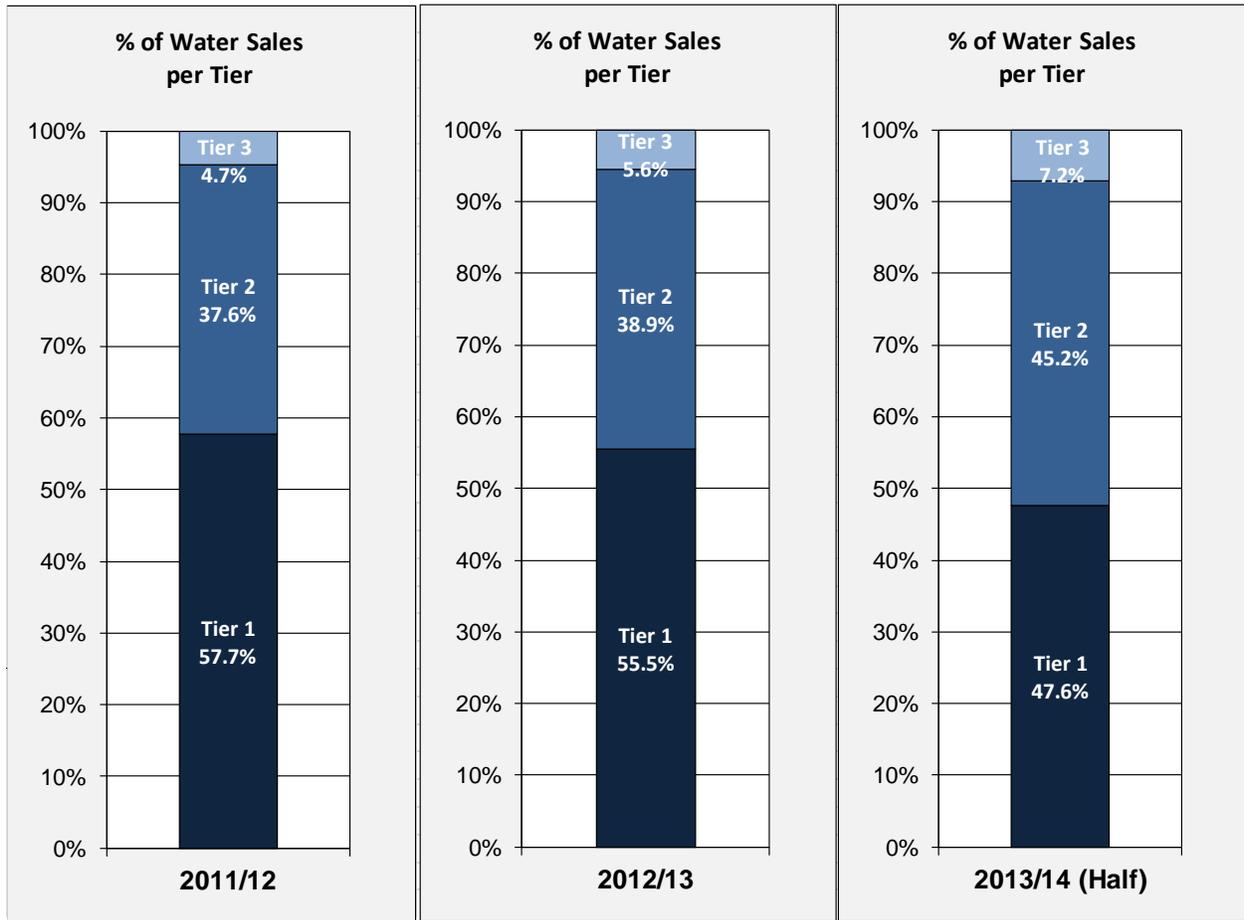
Over the five-year period from 2008/09 through 2012/13, total consumption has increased roughly 3 percent. It is important to note that City staff considers 2012/13 an above-average consumption year. A “normal” consumption year is 2011/12 in which annual consumption totaled 1,893,087 hundred cubic feet (hcf).

ANNUAL WATER CONSUMPTION										
Customer Category	2008/09		2009/10		2010/11		2011/12		2012/13	
	hcf	Percent								
Residential										
Single Family Resid.	917,557	46.8%	834,857	47.7%	836,445	46.8%	846,394	44.7%	891,504	44.1%
Senior Single Family Resid.	287,938	14.7%	270,007	15.4%	281,350	15.7%	345,584	18.3%	368,687	18.2%
Multi-Family Dwelling	209,924	10.7%	200,095	11.4%	200,095	11.2%	207,131	10.9%	219,442	10.9%
Senior Multi-Family	3,766	0.2%	2,767	0.2%	3,295	0.2%	4,608	0.2%	4,494	0.2%
Mobile Home	<u>932</u>	<u>0.0%</u>	<u>1,123</u>	<u>0.1%</u>	<u>1,639</u>	<u>0.1%</u>	<u>1,839</u>	<u>0.1%</u>	<u>1,301</u>	<u>0.1%</u>
Subtotal Residential	1,420,117	72.5%	1,308,849	74.8%	1,322,824	74.0%	1,405,556	74.2%	1,485,428	73.5%
Commercial	184,997	9.4%	154,829	8.8%	163,015	9.1%	167,064	8.8%	188,069	9.3%
Municipal	10,780	0.6%	10,427	0.6%	11,478	0.6%	10,638	0.6%	12,292	0.6%
Industrial	46,435	2.4%	45,508	2.6%	38,964	2.2%	40,922	2.2%	38,848	1.9%
Hydrant Meters	5,551	0.3%	1,375	0.1%	551	0.0%	761	0.0%	341	0.0%
Subtotal, Except Irrigation	1,667,880	85.1%	1,520,988	86.9%	1,536,832	85.9%	1,624,941	85.8%	1,724,978	85.4%
Irrigation										
Irrigation	175,696	9.0%	134,727	7.7%	145,643	8.1%	162,232	8.6%	176,766	8.7%
Municipal Irrigation	<u>115,337</u>	<u>5.9%</u>	<u>94,111</u>	<u>5.4%</u>	<u>106,198</u>	<u>5.9%</u>	<u>105,914</u>	<u>5.6%</u>	<u>118,679</u>	<u>5.9%</u>
Subtotal Irrigation Meters	291,033	14.9%	228,838	13.1%	251,841	14.1%	268,146	14.2%	295,445	14.6%
Total Usage	1,958,913	100.0%	1,749,826	100.0%	1,788,672	100.0%	1,893,087	100.0%	2,020,422	100.0%
<i>Percent Change</i>			-10.7%		2.2%		5.8%		6.7%	

(1) Benicia has 3 mobile home parks that are included in Residential Senior, Multi-Family Senior, and Multi-Family categories.
Source: City of Benicia Consumption Reports

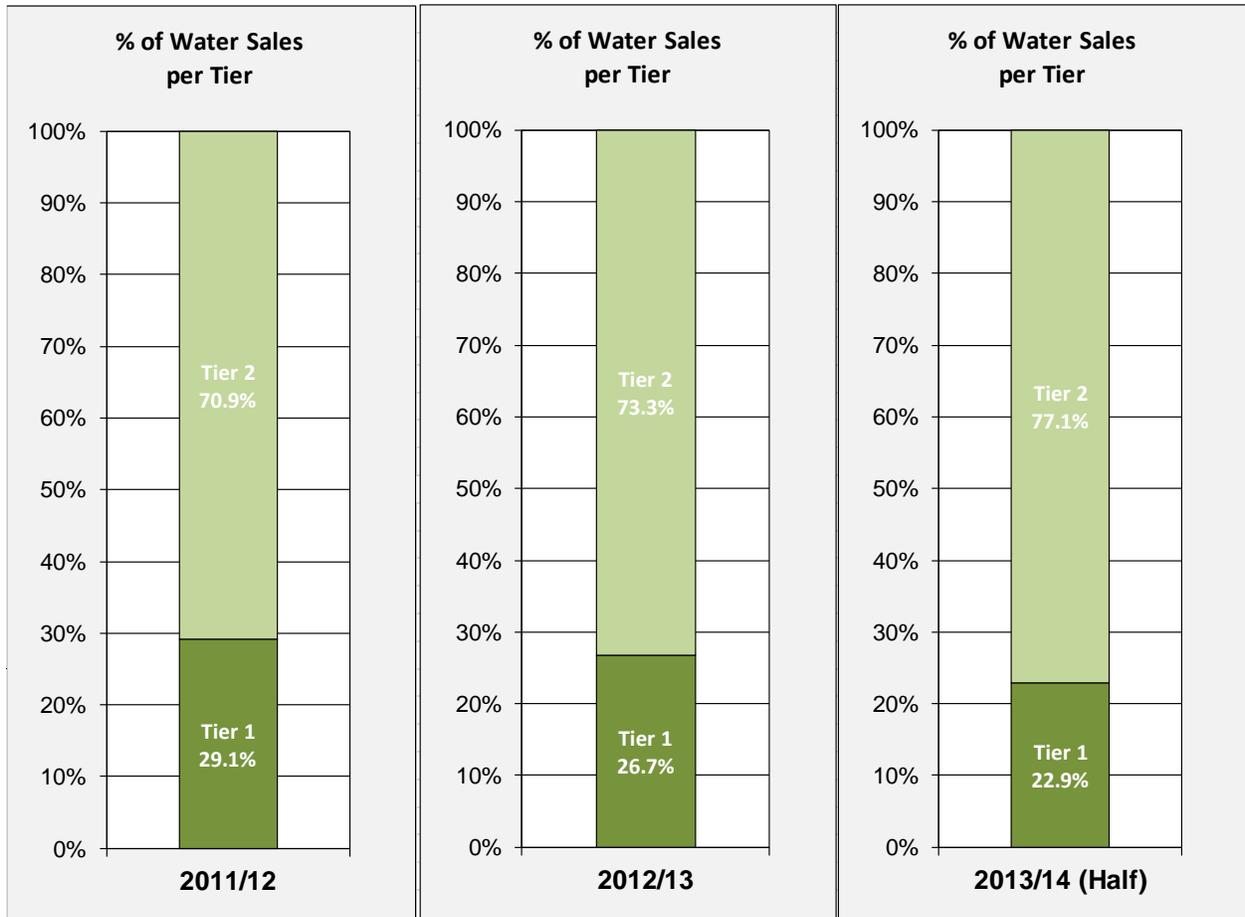
The following charts reflect the amount of water sold in each tier during FY 2011-12 through FY 2013-14 for both residential and non-residential customers. The residential category includes both single family and multi-family residential since both categories incur the same three tier-levels and charges per City ordinance. The non-residential category includes commercial, industrial, municipal, and irrigation customers which incur the same two tier-levels and charges per City ordinance. While tier-usage varies year over year; in FY 2011-12 (baseline year) approximately 95% of residential water sales occurs in the first two tiers, and 29% of non-residential water sales occurs within the first tier.

Residential: Percent of Water Consumption in Each Tier								
2011/12		2012/13		2013/14				
Monthly Use	Water Use in Tier	Monthly Use	Water Use in Tier	Monthly Use	Water Use in Tier			
Tier 1	0 - 8 hcf	57.7%	Tier 1	0 - 8 hcf	55.5%	Tier 1	0 - 8 hcf	47.6%
Tier 2	8 - 30 hcf	37.6%	Tier 2	8 - 30 hcf	38.9%	Tier 2	8 - 30 hcf	45.2%
Tier 3	Over 30 hcf	4.7%	Tier 3	Over 30 hcf	5.6%	Tier 3	Over 30 hcf	7.2%
Total		100.0%	Total		100.0%	Total		100.0%



1 - Water bills & use statistics based on consumption data for 2011/12, 2012/13 and 2013/14.

Non-Residential: Percent of Water Consumption in Each Tier								
2011/12		2012/13		2013/14				
Monthly Use	Water Use in Tier	Monthly Use	Water Use in Tier	Monthly Use	Water Use in Tier			
Tier 1	0 - 30 hcf	29.1%	Tier 1	0 - 30 hcf	26.7%	Tier 1	0 - 30 hcf	22.9%
Tier 2	Over 30 hcf	70.9%	Tier 2	Over 30 hcf	73.3%	Tier 2	Over 30 hcf	77.1%
Total		100.0%	Total		100.0%	Total		100.0%



1 - Water bills & use statistics based on consumption data for 2011/12, 2012/13 and 2013/14.

Water losses are common in all water systems, typically accounting for approximately 10 - 20% of all usage. Comparatively, water losses in Benicia are estimated at approximately 26.5% in 2013. The exact cause of the losses is unknown but can likely be attributed to the aging water system, including leaks in the pipelines and inaccurate meter readings.

Many of the City's water transmission and distribution pipelines are now 40 to 70 years old, or older. The City's water meters are also aging which could result in imprecise meter readings. While these pipelines and meters have been operating for many years, in future years the City

will likely need to make substantial investments in the rehabilitation and replacement of aging infrastructure as they reach the end of their useful lives. Many other water agencies are facing similar challenges.

To determine the cause of the water losses, the City is conducting a leak detection study for the water system. The City is also considering a meter replacement program for the future.

VALERO REFINERY

Benicia supplies Valero with untreated water under a water supply agreement. The agreement was updated in January 2009 and established that the water rates for Valero would be re-calculated on a bi-annual basis based on actual operating costs. The last rate adjustment was implemented for 2013/14 and 2014/15. Total annual revenue from Valero is approximately \$1 million.

As part of the proposed drought rate structure, staff is recommending that Valero pay 50 percent of the total surcharge costs based on the following. Valero is the City's largest untreated water consumer. Of the 10,500 acre-feet of raw water used by the City, Valero consumes 45 percent of it in an average year. Unlike most of the community, Valero is very limited in its ability to conserve because of the nature of their operations. This means that if the community is successful in conserving, Valero's share of the City's water supply will increase from 45 percent to 50 percent. Valero will benefit from other customer conservation efforts because it reduces the amount of water the City has to buy which reduces the overall cost of the surcharge.

It should be acknowledged that Valero began water conservation efforts in 2000 when it acquired the Benicia refinery. In 2000 Valero's raw water usage was 5,400 acre-feet and has decreased to 4,750 acre-feet in 2013. The recently completed steam condensate recovery project, Phase 1, saves 23 million gallons of water per year. Early this year, when the Governor declared the drought, Valero stepped up immediately and began taking actions to reduce both its treated and raw water use. In addition, the boiler project for which the City Council authorized partial funding at the June 17, 2014 meeting will save additional water. It is expected that this project will not be fully implemented for the drought surcharge period.

During the surcharge period, the City will monitor the estimated allocation percentage versus actual results with the intent of considering adjustments to the allocation percentage.

VALERO / TREATED WATER CUSTOMERS COST SHARE ALLOCATION				
WATER CONSUMPTION <i>(BASED ON 5-YEAR AVERAGE IN ACRE-FEET)</i>	Total Water Use	Percent	Water Use with	Percent
	<u>(AF)</u>	<u>of Total</u>	<u>20% Reduction (AF)</u>	<u>of Total</u>
Treated Water Customers	5,837	55%	4,670	50%
Valero	<u>4,750</u>	<u>45%</u>	<u>4,750</u>	<u>50%</u>
Total Use	10,587	100%	9,420	100%

ASSUMPTIONS

The drought surcharges developed in this study are based on the best information currently available and include a number of assumptions including:

- Treated water consumption is projected to decrease by 20 percent; calculated 14-months through June 2015.
- 2011/12 water consumption is considered an average use year and is used as the baseline year to estimate the effect of the 20 percent reduction.
- The drought surcharge will become effective in October 2014.
- The drought surcharge is temporary and will only be in effect until the City recovers the drought-related costs discussed above and water supply conditions have stabilized. The rates presented in this memo assume that the drought surcharge will be in effect for a 12-month period. The City Council will ultimately determine how long the drought surcharge will be in place.
- The City will implement the January 1, 2015 rate increase.
- Valero will pay for 50% of the costs associated with the drought.

PROPOSED DROUGHT SURCHARGES

The City’s water rates include two components:

- a) A **fixed service charge** that varies based on meter size and is levied regardless of water consumption. Any customer connected to the water system must pay the service charge for each billing period, whether or not they use any water. The service charge recognizes the fact that the water utility incurs fixed costs in connection with the ability to serve each connection at any given time. The minimum charge per billing period for all accounts is the service charge.
- b) A **volume charge** billed per each unit of metered water use. Single family and multi-family residential customers are billed according to a three-tiered inclining volumetric rate structure in which the cost of each incremental unit of water increases in each tier. For all other customers, the volume rate structure consists of two tiers.

It is recommended that the drought surcharge be only applied to the volume charge. The City recognizes that the City’s ratepayers are already doing their part to conserve. Applying the drought surcharge to only the volume charge component gives customers the increased ability to control a portion of their water bills.

Allocation of Drought-Related Costs

The proposed drought surcharge will recover the additional drought-related expenses while maintaining revenue stability to the water fund. The surcharges assume that the City’s allocation of total costs is 50% and Valero’s allocation is 50% as shown below. Approximately \$2.58 million of drought-related costs need to be recovered from the City’s drought surcharge.

50% TREATED WATER CUSTOMERS / 50% VALERO		
	<u>Allocation</u>	
TREATED WATER CUSTOMER'S SHARE OF DROUGHT EXPENSES	50%	
Water Purchases & Delivery		\$490,450
Additional Conservation Costs		\$67,000
Water Conservation Projects		\$231,500
<u>Operating Expenses to be Recovered via Drought Surcharges (1)</u>		<u>\$499,559</u>
Total		\$1,288,509
VALERO'S SHARE OF DROUGHT EXPENSES	50%	
Water Purchases & Delivery		\$490,450
Additional Conservation Costs		\$67,000
Water Conservation Projects		\$231,500
<u>Operating Expenses to be Recovered via Drought Surcharges (1)</u>		<u>\$499,559</u>
Total		\$1,288,509
TOTAL DROUGHT EXPENSES		\$2,577,017

1 - Operating expenses that need to be recovered due to lost revenue attributed to the reduction in consumption.

To calculate the drought surcharge, the treated water customers’ share of drought-related expenses are allocated between residential (single and multi-family) and non-residential (commercial, industrial, irrigation, and municipal) customer classes based on their share of total treated water consumption. As shown in the next table, residential customers consume approximately 74 percent and non-residential customers use roughly 26 percent of total use. Therefore, approximately \$957,500 (or 74 percent) of drought expenses will be recovered from residential water sales, and \$331,000 (or 26 percent) will be recovered from non-residential water sales.

DROUGHT EXPENSES ALLOCATED BETWEEN RESIDENTIAL & NON-RESIDENTIAL				
		Cost Allocation to Residential & Non-Residential		
		Residential	Non-Residential	Total
Baseline Projected Water Use (hcf)		1,405,556	487,531	1,893,087
Change in Water Sales		-20%	-20%	-20%
Projected Water Use Based on Reduction		1,124,445	390,025	1,514,470
% of Total Water Consumption		74.2%	25.8%	100.0%
EXPENSES	50%			
Water Purchases & Delivery	\$490,450	\$364,143	\$126,307	\$490,450
Additional Conservation Costs	\$67,000	\$49,745	\$17,255	\$67,000
Water Conservation Projects	\$231,500	\$171,881	\$59,619	\$231,500
<u>Operating Expenses to be Recovered via Drought Surcharges</u>	<u>\$499,559</u>	<u>\$370,906</u>	<u>\$128,652</u>	<u>\$499,559</u>
Total Expenses	\$1,288,509	\$956,676	\$331,833	\$1,288,509

After the drought-related expenses are allocated between the two customer classes, the costs are distributed amongst the consumption tiers. The objective is to encourage overall 20 percent reduction in baseline water usage. To minimize the impact on low water users, the higher tiers (Tiers 2 and 3 for Residential and Tier 2 for Commercial) will see a higher increase. The drought-related costs are allocated differently between the residential and non-residential classes because the number of volumetric tiers and distribution of water consumption varies for each class.

Water Purchases and Delivery

The additional expenses for water purchases and utilities are allocated based on an estimate of the amount of purchased water is needed for each tier. The calculation allocates half or 2,000 AF of the total amount of the additional water purchases to the City and assumes that only 85 percent of the additional water will be billed due to system water losses. The City is assuming an average water loss of 15 percent based upon aggressive implementation of leak detection and meter-replacement plans in order to reduce the current high level of unaccounted water. A higher portion of the purchased water is allocated to Tiers 2 and 3 for residential and to Tier 2 for non-residential. The table below shows the distribution of additional water purchases to the customer classes.

ALLOCATION OF ADDITIONAL WATER PURCHASES & DELIVERY COSTS				
Total Water Purchases (4,000 AF)	1,742,400	hcf		
Total City's Share of Additional Water Purchases (2,000 AF)	871,200	hcf		
Assumed % Actually Billed (1)	85%			
Water actually metered and billed by City	740,520	hcf		
Residential allocation of imported water (assuming 15% water loss) - 74.2%	549,812	hcf		
Commercial allocation of imported water (assuming 15% water loss) - 25.8%	190,708	hcf		
RESIDENTIAL (SINGLE FAMILY & MULTI-FAMILY)				
	Tier 1	Tier 2	Tier 3	Total
Total use with 20% cutback (hcf)	648,976	422,482	52,987	1,124,445
% of water supply from imported water	32.9%	67.0%	100.0%	
Imported water allocation to tiers (hcf)	213,762	283,063	52,987	549,812
% of imported water cost recovery per tier	38.9%	51.5%	9.6%	
Allocation of imported water costs to tiers	\$141,576	\$187,474	\$35,094	\$364,143
NON-RESIDENTIAL (COMMERCIAL/INDUSTRIAL/IRRIGATION/MUNICIPAL)				
	Tier 1	Tier 2	Tier 3	Total
Total use with 20% cutback (hcf)	113,565	276,460	n/a	390,025
% of water supply from imported water	21.9%	60.0%		
Imported water allocation to tiers (hcf)	24,832	165,876	n/a	190,708
% of imported water cost recovery per tier	13.0%	87.0%		
Allocation of imported water costs to tiers	\$16,446	\$109,860	n/a	\$126,307
1 - Assumes not all water is billed due to system loss and metering deficiencies				

Additional Conservation Costs and Water Conservation Projects

For residential, the additional conservation costs and projects are allocated amongst all use with a disproportionate cost recovery on Tiers 2 and 3. Based on 2011/12 water consumption, approximately 9 percent (2 times the amount of water used in Tier 3) of additional conservation costs is allocated to Tier 3. Roughly 56 percent (1.5 times the amount of water used in Tier 2) of additional costs is allocated to Tier 2. The remainder of the costs or 34 percent is allocated to Tier 1.

For non-residential, the additional conservation costs and projects are allocated 29 percent to Tier 1 and 71 percent to Tier 2. Compared to the residential class, the non-residential class is not homogenous which makes it difficult to estimate each customer's capacity to conserve. Therefore, these costs are distributed based on the proportion of actual consumption in each tier.

Operating Expenses to be Recovered via Drought Surcharges

For both residential and non-residential, the lost revenue due to the reduction in water consumption is allocated to each tier based on the percentage of water used in each tier.

The following table summarizes the allocation of the drought-related expenses to each tier for both the residential and non-residential classes.

DROUGHT SURCHARGE CALCULATION														
	RESIDENTIAL ALLOCATION								NON-RESIDENTIAL ALLOCATION					
	Tiered Rate Allocation %				Tiered Rate Allocation \$				Tiered Rate Allocation %			Tiered Rate Allocation \$		
	Tier 1	Tier 2	Tier 3	Subtotal	Tier 1	Tier 2	Tier 3	Subtotal	Tier 1	Tier 2	Subtotal	Tier 1	Tier 2	Subtotal
Baseline Projected Water Use (hcf)	811,220	528,103	66,234	1,405,556					141,956	345,575	487,531			
Change in Water Sales	-20%	-20%	-20%	-20%					-20%	-20%	-20%			
Projected Water Use - 20% Conservation (hcf)	648,976	422,482	52,987	1,124,445					113,565	276,460	390,025			
% of Total Water Consumption	42.9%	27.9%	3.5%	74.2%					7.5%	18.3%	25.8%			
% of Consumption in Each Tier	57.7%	37.6%	4.7%	100.0%					29.1%	70.9%	100.0%			
EXPENSES														
Water Purchases & Delivery	38.9%	51.5%	9.6%	100.0%	\$141,576	\$187,474	\$35,094	\$364,143	13.0%	87.0%	100.0%	\$16,446	\$109,860	\$126,307
Additional Conservation Costs	34.2%	56.4%	9.4%	100.0%	\$17,021	\$28,036	\$4,688	\$49,745	29.1%	70.9%	100.0%	\$5,024	\$12,231	\$17,255
Water Conservation Projects (1)	34.2%	56.4%	9.4%	100.0%	\$58,812	\$96,870	\$16,199	\$171,881	29.1%	70.9%	100.0%	\$17,359	\$42,259	\$59,619
Operating Expenses to be Recovered via Drought Surcharges	57.7%	37.6%	4.7%	100.0%	\$214,069	\$139,359	\$17,478	\$370,906	29.1%	70.9%	100.0%	\$37,460	\$91,192	\$128,652
Total Expenses	45.1%	47.2%	7.7%	100.0%	\$431,478	\$451,739	\$73,459	\$956,676	23.0%	77.0%	100.0%	\$76,290	\$255,543	\$331,833
Projected Water Consumption per Tier					648,976	422,482	52,987					113,565	276,460	
Tiered Rate Allocation Divided by Projected Water Use					\$0.66	\$1.07	\$1.39					\$0.67	\$0.92	

The proposed drought surcharges for the current rates effective January 1, 2014 and for the adopted rates for January 1, 2015 are shown on the table below. Highlighted in blue, the drought surcharges only apply to the volume charge. There are no changes to the service charges which are not shown.

PROPOSED DROUGHT SURCHARGES			
January 1, 2014 Rates			
	Current Volume Charge	Proposed Drought Surcharge	Total Proposed Volume Charge
RESIDENTIAL (SINGLE & MULTI-FAMILY) VOLUME CHARGE			
Tier 1: 0 - 8 hcf	\$1.65	\$0.66	\$2.31
Tier 2: 8 - 30 hcf	\$2.60	\$1.07	\$3.67
Tier 3: Over 30 hcf	\$2.78	\$1.39	\$4.17
NON-RESIDENTIAL (COMMERCIAL/INDUSTRIAL/IRRIGATION/MUNICIPAL) VOLUME CHARGE			
Tier 1: 0 - 30 hcf	\$2.25	\$0.67	\$2.92
Tier 2: Over 30 hcf	\$2.63	\$0.92	\$3.55

January 1, 2015 Rates			
	Current Volume Charge	Proposed Drought Surcharge	Total Proposed Volume Charge
RESIDENTIAL (SINGLE & MULTI-FAMILY) VOLUME CHARGE			
Tier 1: 0 - 8 hcf	\$1.84	\$0.66	\$2.50
Tier 2: 8 - 30 hcf	\$2.90	\$1.07	\$3.97
Tier 3: Over 30 hcf	\$3.10	\$1.39	\$4.49
NON-RESIDENTIAL (COMMERCIAL/INDUSTRIAL/IRRIGATION/MUNICIPAL) VOLUME CHARGE			
Tier 1: 0 - 30 hcf	\$2.51	\$0.67	\$3.18
Tier 2: Over 30 hcf	\$2.93	\$0.92	\$3.85

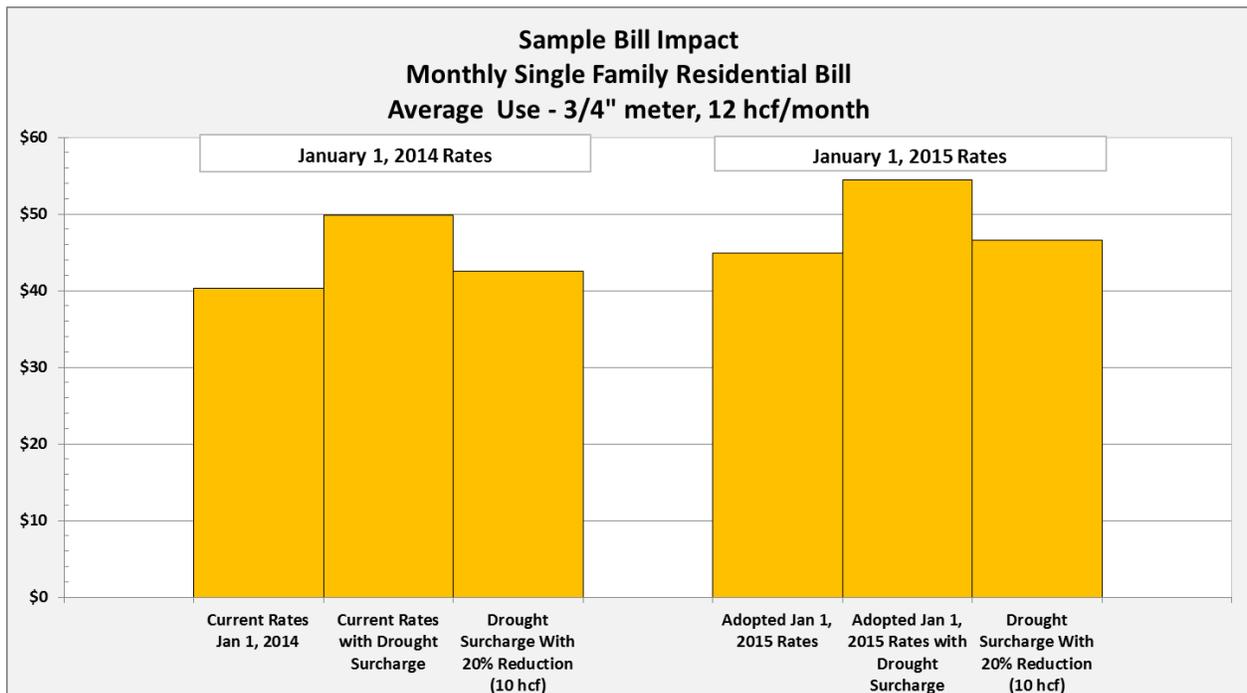
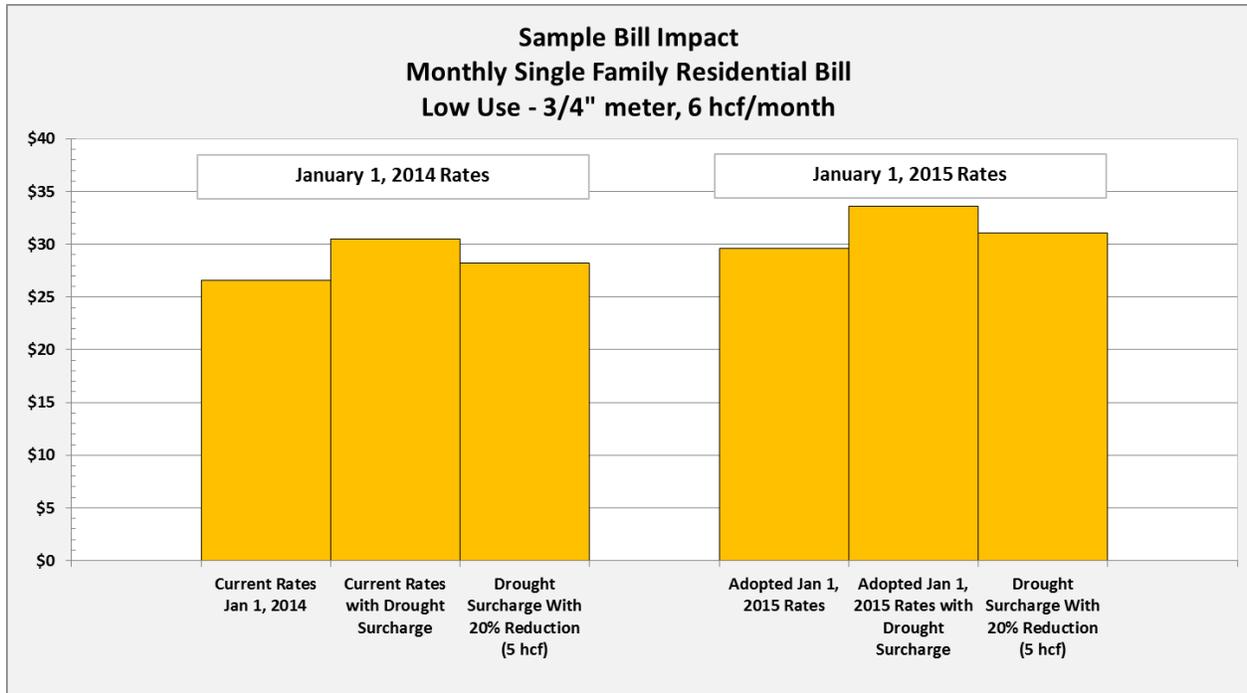
SAMPLE BILL IMPACTS

The following tables show sample monthly bill impacts for a selection of customer profiles. The proposed revenue adjustments do not imply that each customer will receive the same percentage increase in their bill. The bill impacts will vary for each customer as a result of each individual customer's actual consumption levels. Note that water consumption, particularly for single family customers, typically varies from bill to bill due to seasonal variations in weather and/or other factors. Hence customers could face a range of impacts throughout the year depending on their level of water use in each billing period.

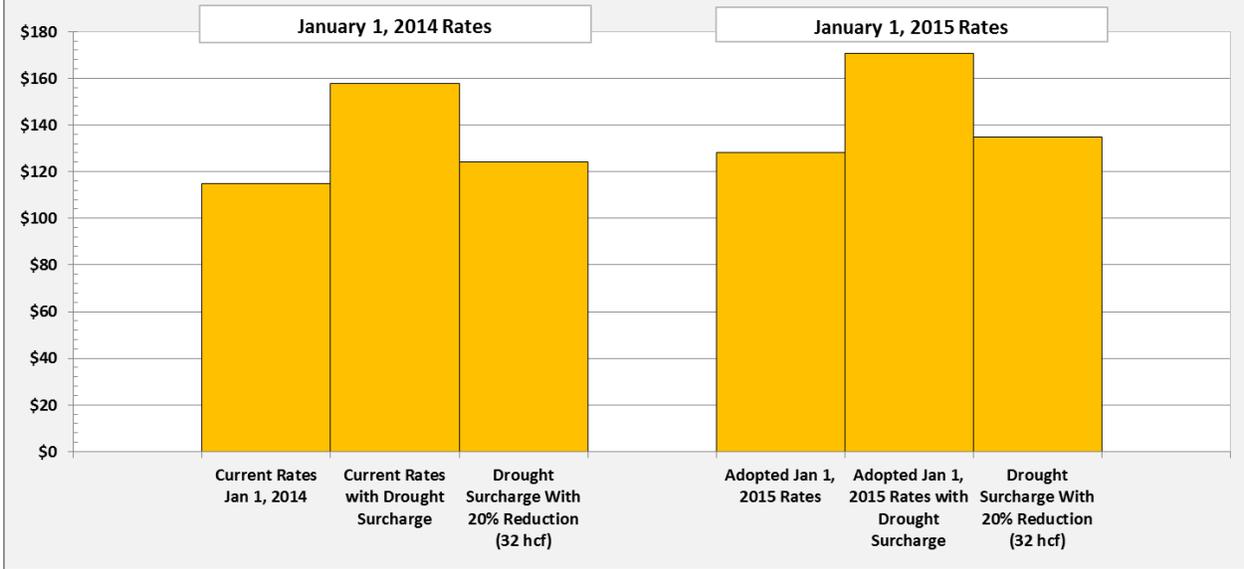
SAMPLE MONTHLY BILL IMPACTS: SINGLE FAMILY RESIDENTIAL					
	Usage	JANUARY 1, 2014 RATES		JANUARY 1, 2015 RATES	
		Current Rates Effective Jan 1, 14	Drought Surcharge Effective Sept 1, 14	Adopted Rates Effective Jan 1, 15	Drought Surcharge Effective Jan 1, 15
3/4" Meter - Low Use					
Service Charge	6	\$16.68	\$16.68	\$18.60	\$18.60
Consumption Charge					
Tier 1: 0 - 8 hcf	<u>6</u>	<u>\$9.90</u>	<u>\$9.90</u>	<u>\$11.04</u>	<u>\$11.04</u>
Total Consumption	6	\$9.90	\$9.90	\$11.04	\$11.04
Drought Surcharge					
Tier 1: 0 - 8 hcf	<u>6</u>	<u>\$0.00</u>	<u>\$3.96</u>	<u>\$0.00</u>	<u>\$3.96</u>
Total Drought Surcharge	6	\$0.00	\$3.96	\$0.00	\$3.96
Total Monthly Bill		\$26.58	\$30.54	\$29.64	\$33.60
\$ Change			\$3.96		\$3.96
% Change			14.9%		13.4%
3/4" Meter - Average Use					
Service Charge	12	\$16.68	\$16.68	\$18.60	\$18.60
Consumption Charge					
Tier 1: 0 - 8 hcf	8	\$13.20	\$13.20	\$14.72	\$14.72
Tier 2: 9 - 30 hcf	<u>4</u>	<u>\$10.40</u>	<u>\$10.40</u>	<u>\$11.60</u>	<u>\$11.60</u>
Total Consumption	12	\$23.60	\$23.60	\$26.32	\$26.32
Drought Surcharge					
Tier 1: 0 - 8 hcf	8	\$0.00	\$5.28	\$0.00	\$5.28
Tier 2: 9 - 30 hcf	<u>4</u>	<u>\$0.00</u>	<u>\$4.28</u>	<u>\$0.00</u>	<u>\$4.28</u>
Total Drought Surcharge	12	\$0.00	\$9.56	\$0.00	\$9.56
Total Monthly Bill		\$40.28	\$49.84	\$44.92	\$54.48
\$ Change			\$9.56		\$9.56
% Change			23.7%		21.3%
3/4" Meter - High Use					
Service Charge	40	\$16.68	\$16.68	\$18.60	\$18.60
Consumption Charge					
Tier 1: 0 - 8 hcf	8	\$13.20	\$13.20	\$14.72	\$14.72
Tier 2: 9 - 30 hcf	22	\$57.20	\$57.20	\$63.80	\$63.80
Tier 3: Over 30 hcf	<u>10</u>	<u>\$27.80</u>	<u>\$27.80</u>	<u>\$31.00</u>	<u>\$31.00</u>
Total Consumption	40	\$98.20	\$98.20	\$109.52	\$109.52
Drought Surcharge					
Tier 1: 0 - 8 hcf	8	\$0.00	\$5.28	\$0.00	\$5.28
Tier 2: 9 - 30 hcf	22	\$0.00	\$23.54	\$0.00	\$23.54
Tier 3: Over 30 hcf	<u>10</u>	<u>\$0.00</u>	<u>\$13.90</u>	<u>\$0.00</u>	<u>\$13.90</u>
Total Drought Surcharge	40	\$0.00	\$42.72	\$0.00	\$42.72
Total Monthly Bill		\$114.88	\$157.60	\$128.12	\$170.84
\$ Change			\$42.72		\$42.72
% Change			37.2%		33.3%

* The table above reflects one month of billing activity. The City bills for two months of activity each billing cycle.

The following charts compare sample monthly single family residential bills based on the current rates and proposed drought surcharges. The charts also show the estimated monthly bills based on the drought surcharge with a 20% reduction in consumption.



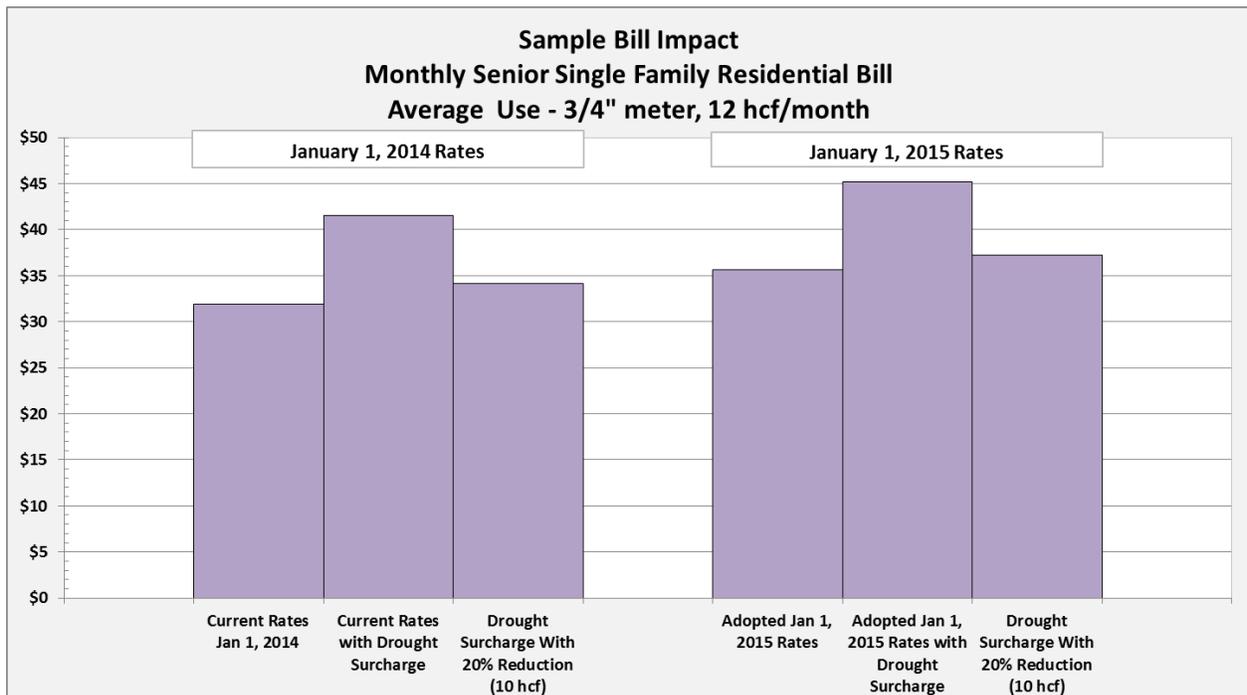
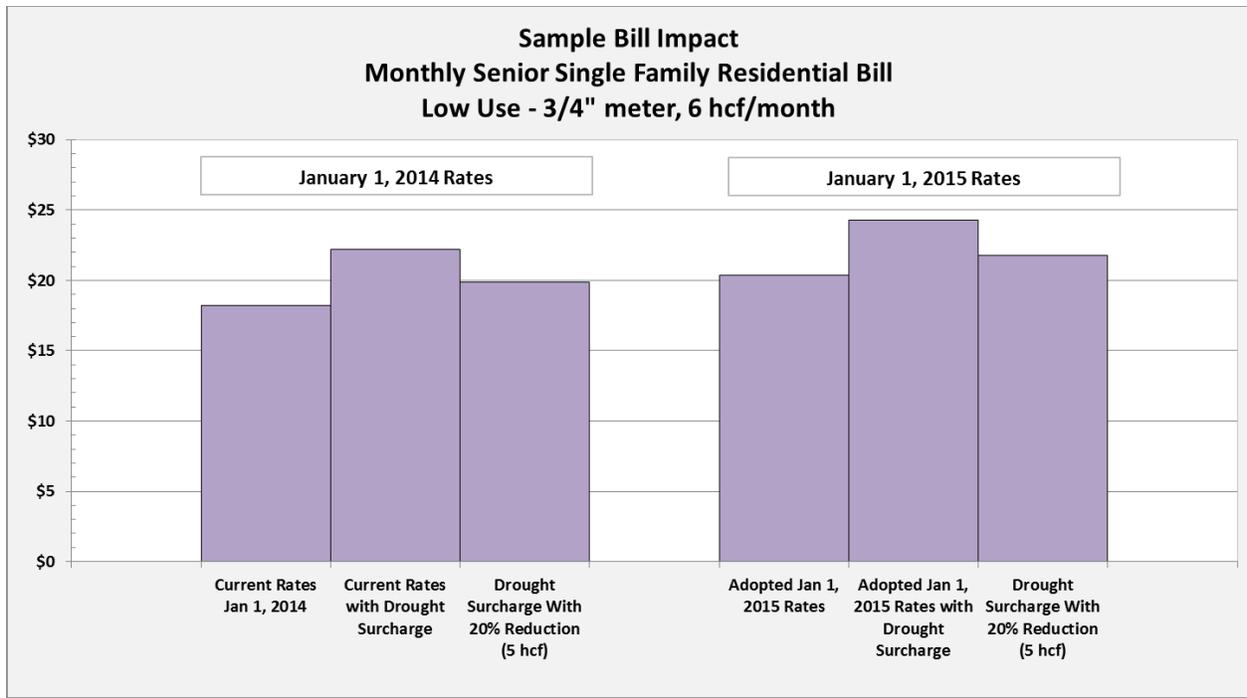
**Sample Bill Impact
Monthly Single Family Residential Bill
High Use - 3/4" meter, 40 hcf/month**



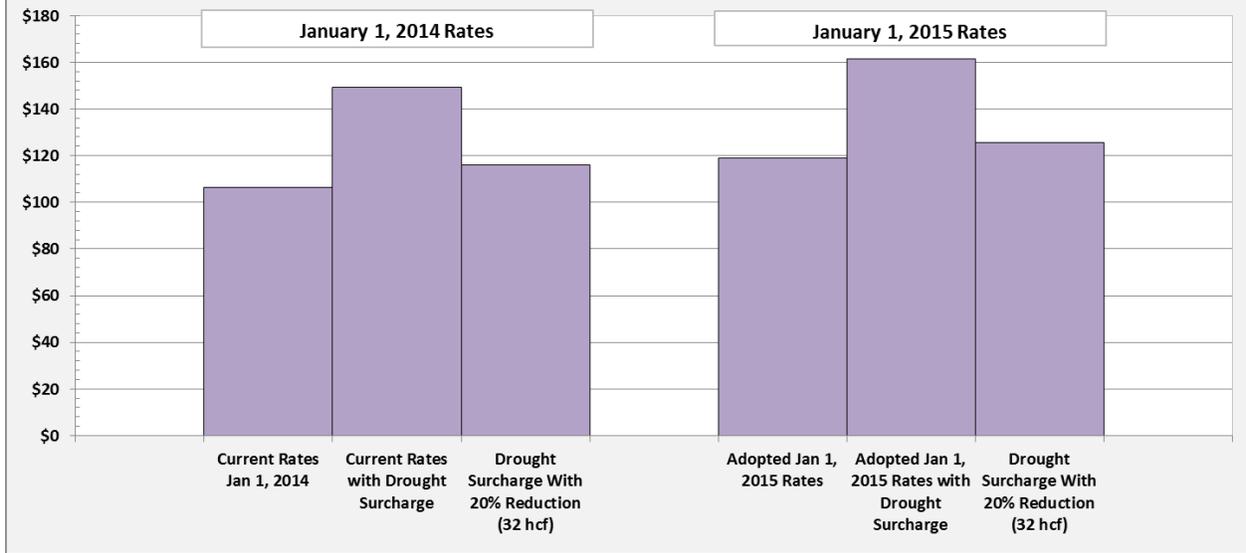
SAMPLE MONTHLY BILL IMPACTS: SENIOR SINGLE FAMILY RESIDENTIAL					
		JANUARY 1, 2014 RATES		JANUARY 1, 2015 RATES	
		Current Rates Effective Jan 1, 14	Drought Surcharge Effective Sept 1, 14	Adopted Rates Effective Jan 1, 15	Drought Surcharge Effective Jan 1, 15
Usage					
3/4" Meter - Low Use					
Service Charge	6	\$8.34	\$8.34	\$9.30	\$9.30
Consumption Charge					
Tier 1: 0 - 8 hcf	<u>6</u>	<u>\$9.90</u>	<u>\$9.90</u>	<u>\$11.04</u>	<u>\$11.04</u>
Total Consumption	6	\$9.90	\$9.90	\$11.04	\$11.04
Drought Surcharge					
Tier 1: 0 - 8 hcf	<u>6</u>	<u>\$0.00</u>	<u>\$3.96</u>	<u>\$0.00</u>	<u>\$3.96</u>
Total Drought Surcharge	6	\$0.00	\$3.96	\$0.00	\$3.96
Total Monthly Bill		\$18.24	\$22.20	\$20.34	\$24.30
\$ Change			\$3.96		\$3.96
% Change			21.7%		19.5%
3/4" Meter - Average Use					
Service Charge	12	\$8.34	\$8.34	\$9.30	\$9.30
Consumption Charge					
Tier 1: 0 - 8 hcf	8	\$13.20	\$13.20	\$14.72	\$14.72
Tier 2: 9 - 30 hcf	<u>4</u>	<u>\$10.40</u>	<u>\$10.40</u>	<u>\$11.60</u>	<u>\$11.60</u>
Total Consumption	12	\$23.60	\$23.60	\$26.32	\$26.32
Drought Surcharge					
Tier 1: 0 - 8 hcf	8	\$0.00	\$5.28	\$0.00	\$5.28
Tier 2: 9 - 30 hcf	<u>4</u>	<u>\$0.00</u>	<u>\$4.28</u>	<u>\$0.00</u>	<u>\$4.28</u>
Total Drought Surcharge	12	\$0.00	\$9.56	\$0.00	\$9.56
Total Monthly Bill		\$31.94	\$41.50	\$35.62	\$45.18
\$ Change			\$9.56		\$9.56
% Change			29.9%		26.8%
3/4" Meter - High Use					
Service Charge	40	\$8.34	\$8.34	\$9.30	\$9.30
Consumption Charge					
Tier 1: 0 - 8 hcf	8	\$13.20	\$13.20	\$14.72	\$14.72
Tier 2: 9 - 30 hcf	22	\$57.20	\$57.20	\$63.80	\$63.80
Tier 3: Over 30 hcf	<u>10</u>	<u>\$27.80</u>	<u>\$27.80</u>	<u>\$31.00</u>	<u>\$31.00</u>
Total Consumption	40	\$98.20	\$98.20	\$109.52	\$109.52
Drought Surcharge					
Tier 1: 0 - 8 hcf	8	\$0.00	\$5.28	\$0.00	\$5.28
Tier 2: 9 - 30 hcf	22	\$0.00	\$23.54	\$0.00	\$23.54
Tier 3: Over 30 hcf	<u>10</u>	<u>\$0.00</u>	<u>\$13.90</u>	<u>\$0.00</u>	<u>\$13.90</u>
Total Drought Surcharge	40	\$0.00	\$42.72	\$0.00	\$42.72
Total Monthly Bill		\$106.54	\$149.26	\$118.82	\$161.54
\$ Change			\$42.72		\$42.72
% Change			40.1%		36.0%

* The table above reflects one month of billing activity. The City bills for two months of activity each billing cycle.

The following charts compare sample monthly senior single family residential bills based on the current rates and proposed drought surcharges. The charts also show the estimated monthly bills based on the drought surcharge with a 20% reduction in consumption.



**Sample Bill Impact
Monthly Senior Single Family Residential Bill
High Use - 3/4" meter, 40 hcf/month**

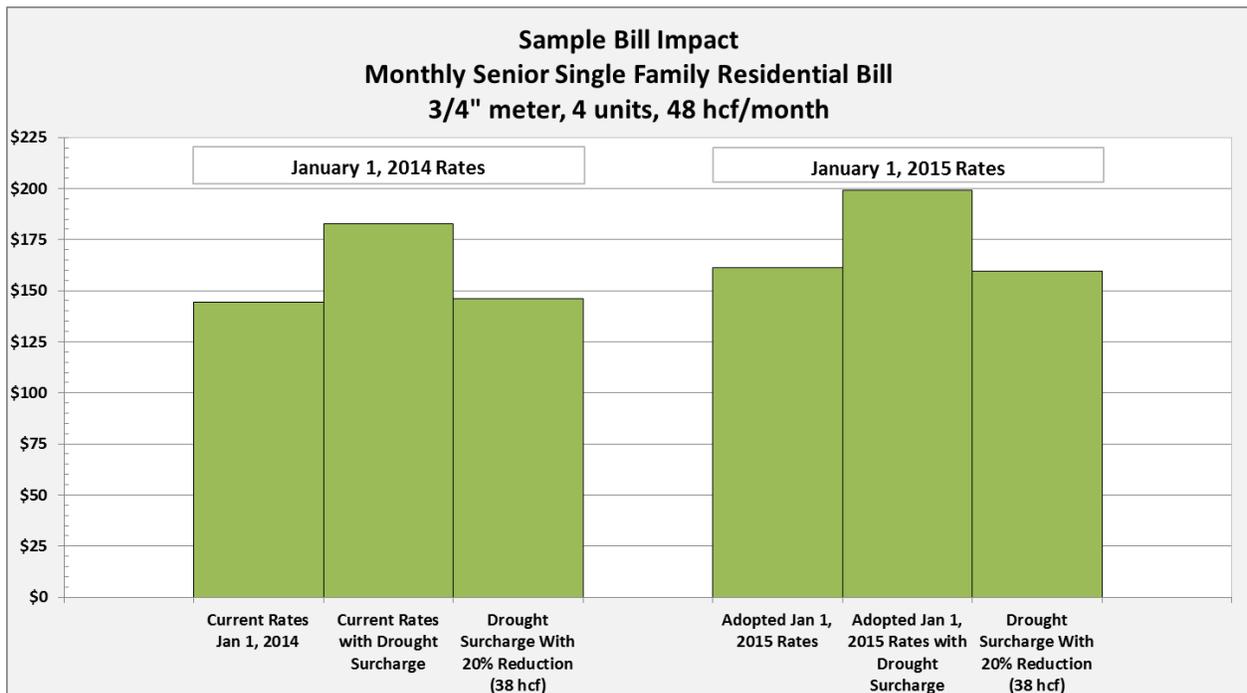
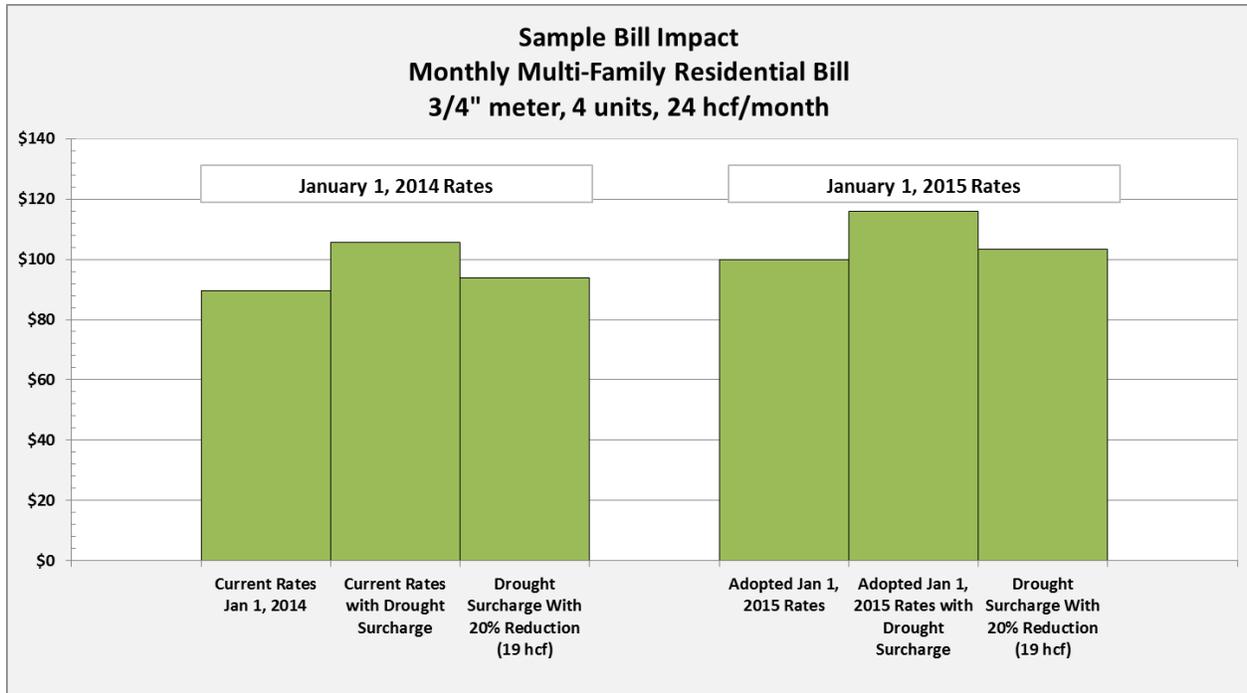


SAMPLE MONTHLY BILL IMPACTS: MULTI-FAMILY RESIDENTIAL					
Usage	JANUARY 1, 2014 RATES		JANUARY 1, 2015 RATES		
	Current Rates Effective Jan 1, 14	Drought Surcharge Effective Sept 1, 14	Adopted Rates Effective Jan 1, 15	Drought Surcharge Effective Jan 1, 15	
3/4" meter, 4 units	24				
Service Charge	\$50.08	\$50.08	\$55.84	\$55.84	
Consumption Charge (1)					
Tier 1: 0 - 32 hcf	24	\$39.60	\$44.16	\$44.16	
Total Consumption	24	\$39.60	\$44.16	\$44.16	
Drought Surcharge (1)					
Tier 1: 0 - 32 hcf	24	\$0.00	\$0.00	\$15.84	
Total Drought Surcharge	24	\$0.00	\$0.00	\$15.84	
Total Monthly Bill		\$89.68	\$105.52	\$115.84	
\$ Change			\$15.84	\$15.84	
% Change			17.7%	15.8%	
3/4" meter, 4 units	48				
Service Charge	\$50.08	\$50.08	\$55.84	\$55.84	
Consumption Charge (1)					
Tier 1: 0 - 32 hcf	32	\$52.80	\$58.88	\$58.88	
Tier 2: 33 - 120 hcf	16	\$41.60	\$46.40	\$46.40	
Total Consumption	48	\$94.40	\$105.28	\$105.28	
Drought Surcharge (1)					
Tier 1: 0 - 32 hcf	32	\$0.00	\$0.00	\$21.12	
Tier 2: 33 - 120 hcf	16	\$0.00	\$0.00	\$17.12	
Total Drought Surcharge	48	\$0.00	\$0.00	\$38.24	
Total Monthly Bill		\$144.48	\$182.72	\$199.36	
\$ Change			\$38.24	\$38.24	
% Change			26.5%	23.7%	
3/4" meter, 4 units	160				
Service Charge	\$50.08	\$50.08	\$55.84	\$55.84	
Consumption Charge (1)					
Tier 1: 0 - 32 hcf	32	\$52.80	\$58.88	\$58.88	
Tier 2: 33 - 120 hcf	88	\$228.80	\$255.20	\$255.20	
Tier 3: Over 120 hcf	40	\$111.20	\$124.00	\$124.00	
Total Consumption	160	\$392.80	\$438.08	\$438.08	
Drought Surcharge (1)					
Tier 1: 0 - 32 hcf	32	\$0.00	\$0.00	\$21.12	
Tier 2: 33 - 120 hcf	88	\$0.00	\$0.00	\$94.16	
Tier 3: Over 120 hcf	40	\$0.00	\$0.00	\$55.60	
Total Drought Surcharge	160	\$0.00	\$170.88	\$170.88	
Total Monthly Bill		\$442.88	\$613.76	\$664.80	
\$ Change			\$170.88	\$170.88	
% Change			38.6%	34.6%	

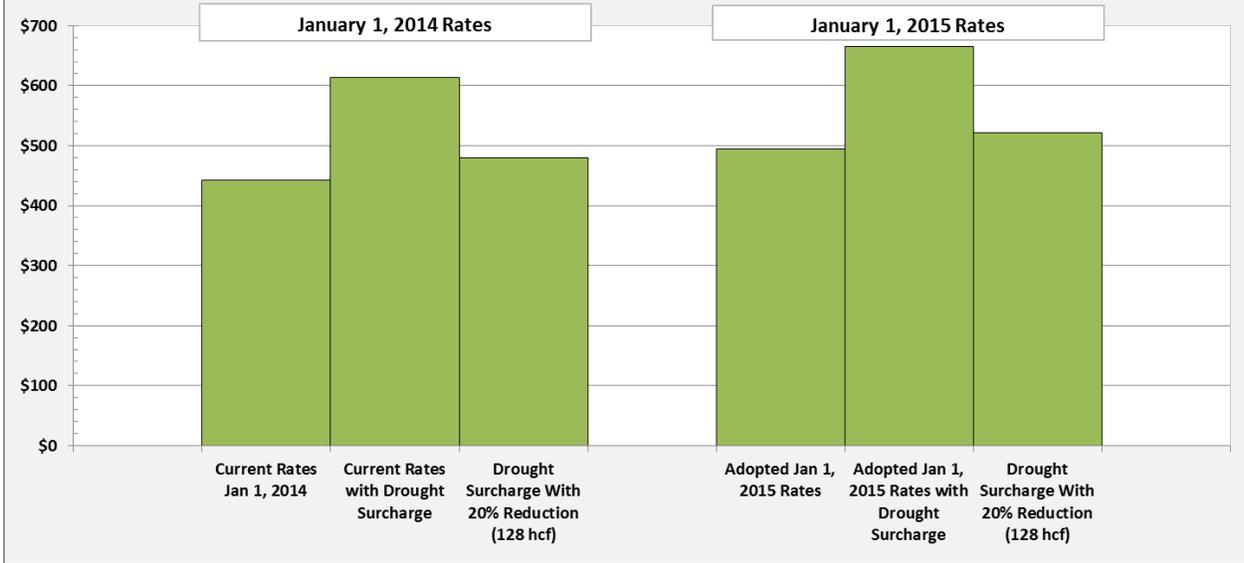
1 - For multi-family, the service charge and consumption tiers are prorated based on the number of units per account. In the example above, the service charge is multiplied by 4 units. The tier breakpoints are as follows: Tier 1: 0 - 32 hcf (8 hcf x 4); Tier 2: 33 - 120 hcf (30 hcf x 4); Tier 3: Over 120 hcf (30 hcf x 4).

* The table above reflects one month of billing activity. The City bills for two months of activity each billing cycle.

The following charts compare sample monthly multi-family residential bills based on the current rates and proposed drought surcharges. The charts also show the estimated monthly bills based on the drought surcharge with a 20% reduction in consumption.



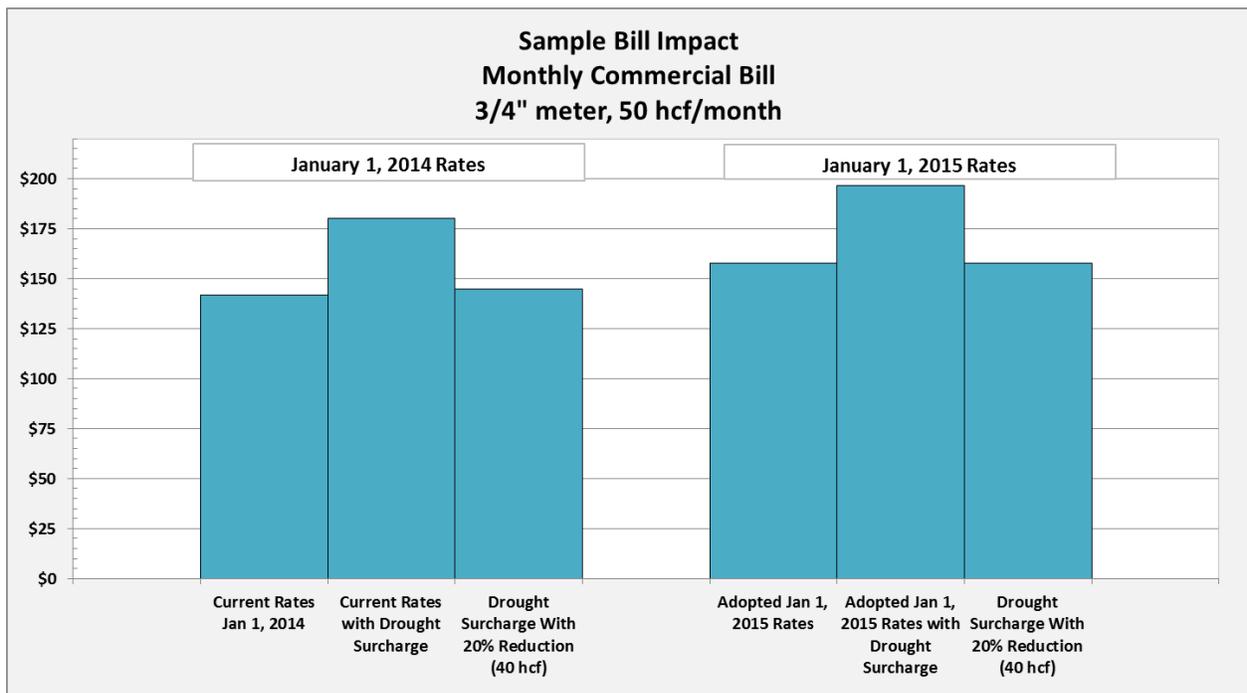
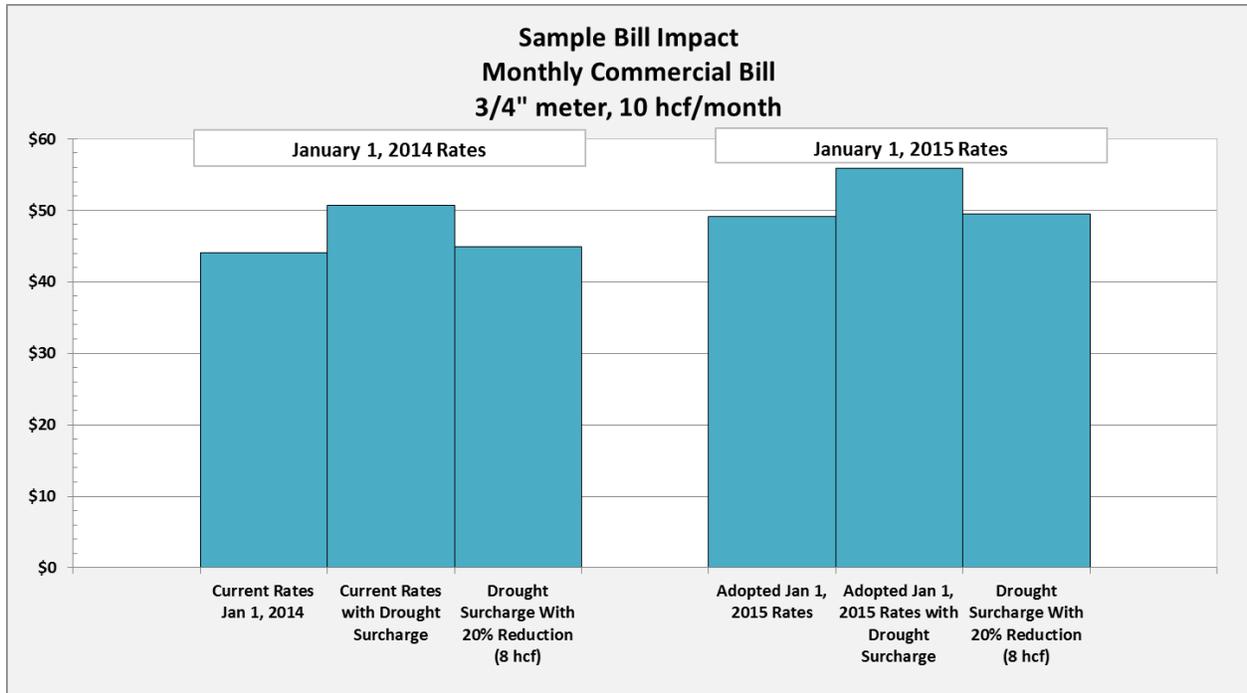
**Sample Bill Impact
Monthly Senior Single Family Residential Bill
3/4" meter, 4 units, 160 hcf/month**

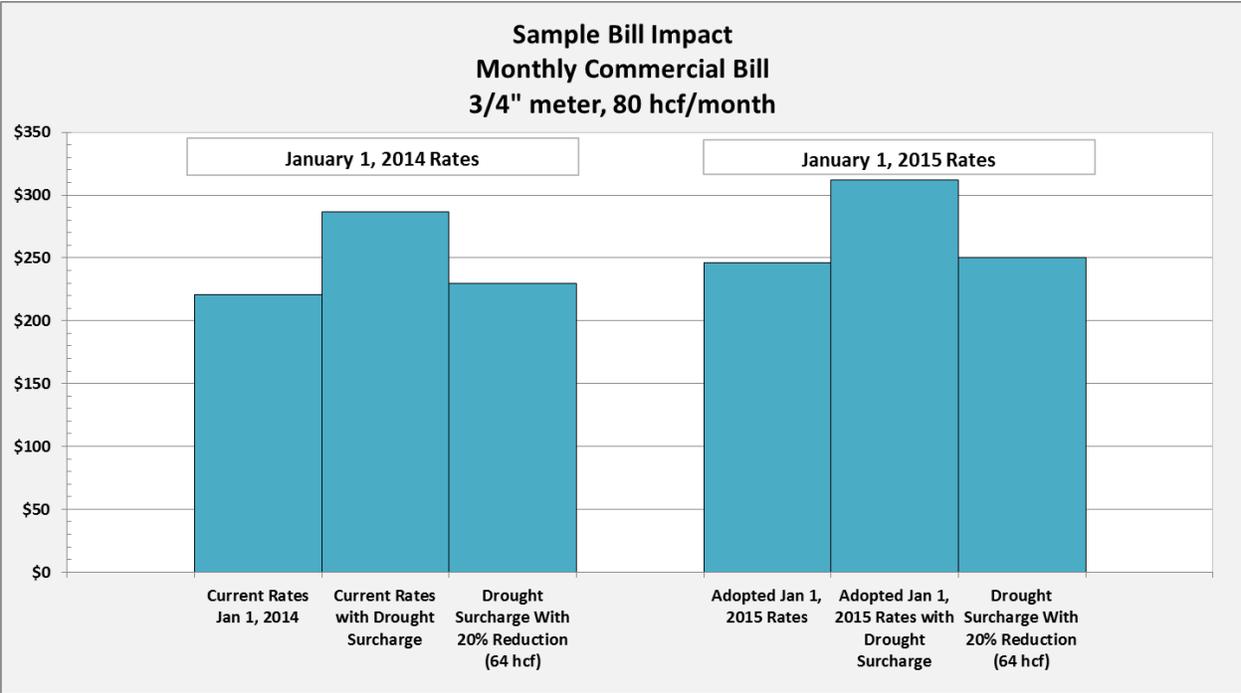


SAMPLE MONTHLY BILL IMPACTS: COMMERCIAL/INDUSTRIAL/IRRIGATION/MUNICIPAL					
Usage	JANUARY 1, 2014 RATES		JANUARY 1, 2015 RATES		
	Current Jan 1, 14	Drought Surcharge Jan 1, 14	Adopted Jan 1, 15	Drought Surcharge Jan 1, 15	
3/4" Meter	10				
Service Charge	\$21.54	\$21.54	\$24.02	\$24.02	
Consumption Charge					
Tier 1: 0 - 30 hcf	<u>10</u>	<u>\$22.50</u>	<u>\$25.10</u>	<u>\$25.10</u>	
Total Consumption	10	\$22.50	\$25.10	\$25.10	
Drought Surcharge					
Tier 1: 0 - 30 hcf	<u>10</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$6.70</u>	
Total Drought Surcharge	10	\$0.00	\$0.00	\$6.70	
Total Monthly Bill		\$44.04	\$49.12	\$55.82	
\$ Change			\$6.70	\$6.70	
% Change			15.2%	13.6%	
3/4" Meter	50				
Service Charge	\$21.54	\$21.54	\$24.02	\$24.02	
Consumption Charge					
Tier 1: 0 - 30 hcf	30	\$67.50	\$75.30	\$75.30	
Tier 2: Over 30 hcf	<u>20</u>	<u>\$52.60</u>	<u>\$58.60</u>	<u>\$58.60</u>	
Total Consumption	50	\$120.10	\$133.90	\$133.90	
Drought Surcharge					
Tier 1: 0 - 30 hcf	30	\$0.00	\$0.00	\$20.10	
Tier 2: Over 30 hcf	<u>20</u>	<u>\$0.00</u>	<u>\$18.40</u>	<u>\$18.40</u>	
Total Drought Surcharge	50	\$0.00	\$38.50	\$38.50	
Total Monthly Bill		\$141.64	\$180.14	\$196.42	
\$ Change			\$38.50	\$38.50	
% Change			27.2%	24.4%	
3/4" Meter	80				
Service Charge	\$21.54	\$21.54	\$24.02	\$24.02	
Consumption Charge					
Tier 1: 0 - 30 hcf	30	\$67.50	\$75.30	\$75.30	
Tier 2: Over 30 hcf	<u>50</u>	<u>\$131.50</u>	<u>\$146.50</u>	<u>\$146.50</u>	
Total Consumption	80	\$199.00	\$221.80	\$221.80	
Drought Surcharge					
Tier 1: 0 - 30 hcf	30	\$0.00	\$0.00	\$20.10	
Tier 2: Over 30 hcf	<u>50</u>	<u>\$0.00</u>	<u>\$46.00</u>	<u>\$46.00</u>	
Total Drought Surcharge	80	\$0.00	\$66.10	\$66.10	
Total Monthly Bill		\$220.54	\$286.64	\$311.92	
\$ Change			\$66.10	\$66.10	
% Change			30.0%	26.9%	

* The table above reflects one month of billing activity. The City bills for two months of activity each billing cycle.

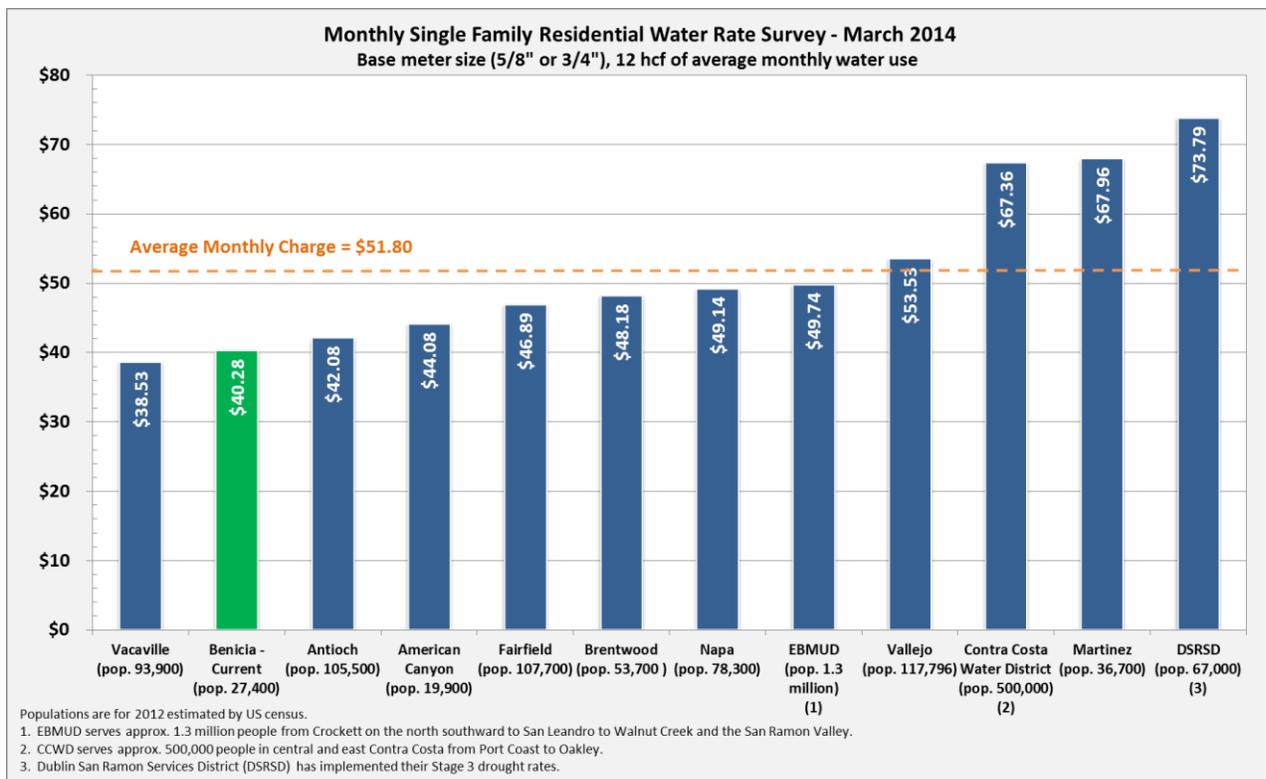
The following charts compare sample monthly commercial bills based on the current rates and proposed drought surcharges. The charts also show the estimated monthly bills based on the drought surcharge with a 20% reduction in consumption.





REGIONAL WATER RATE SURVEY

The following chart compares the City’s current rates to those of other regional agencies for a single family home with either a 5/8” or ¾” meter consuming 12 hundred cubic feet of water per month, the City’s average single family monthly consumption. The City’s water rates for most customers are in the lower-middle range compared to other regional agencies. Many of these agencies will most likely increase their water rates in the next few years. It is important to emphasize that each water system is unique and each agency must set their water rates accordingly to cover their cost of providing service.



What Other Agencies Are Doing in Response to the Drought

Responses by water agencies have been proportional to how much the drought has affected their region. Some local water agencies, such as the Cities of Vacaville and Martinez, have only implemented a water reduction education program. Other agencies, such as the Cities of Napa, American Canyon and Antioch, East Bay Municipal Utilities District (EBMUD), Contra Costa Water District (CCWD), and Solano County have set voluntary reduction goals of approximately 10% to 20%. The most hard-hit agencies, especially in the Tri-Valley Area, Dublin San Ramon Services District (DSRSD) and the Cities of Livermore and Pleasanton, have implemented mandatory restrictions of 25% to 35%.

Some agencies have drought rates that are automatically increased when the water agency deems a water shortage. For example, DSRSD has already adopted rates that take into account various stages of drought. DSRSD's rates include five stages ranging from "Normal Conditions" with no water conservation to "Stage 4" with a targeted reduction goal of 50%. DSRSD recently declared a Stage 3 drought, calling for a 35% decline in consumption. Under the Stage 3 rates, Tiers 1, 2, and 3 of the residential volume rates increase by 76%, 99%, and 179%, respectively, while the tiered rate for commercial customers increase by 76% as compared to the Normal Condition rates.

PROPOSITION 218 AND IMPLEMENTATION OF DROUGHT RATES

Drought rates are subject to the procedural and substantive requirements as set forth in the Proposition 218. Proposition 218 was adopted by California voters in 1996 and added Articles 13C and 13D to the California Constitution. Article 13D, Section 6 governs property-related charges, which the California Supreme Court subsequently ruled includes ongoing utility service charges such as water, sewer, and garbage rates. Article 13D, Section 6 establishes a) procedural requirements for imposing or increasing property-related charges, and b) substantive requirements for those charges. Article 13D also requires voter approval for new or increased property-related charges but exempts from this voting requirement rates for water, sewer, and garbage service.

The substantive requirements of Article 13D, Section 6 require the City's water rates to meet the following conditions:

- 1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
- 2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- 3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- 4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.
- 5) No fee or charge may be imposed for general governmental services, such as police or fire services, where the service is available to the public at large in substantially the same manner as it is to property owners.

A subsequent appellate court decision in 2011 further clarified that agencies must demonstrate, satisfactory to a court's independent judgment, that property-related fees and charges meet the proportionality requirement of Subdivision (6) (3) of Section 6. This drought rate study provides that justification. The drought rates derived in this memo are based on a cost-of-service methodology that fairly apportions costs to all customers.

BWA recommends the City follow the procedural requirements of Proposition 218 for all water rate increases, including drought surcharges. These requirements include:

- 1) **Noticing Requirement:** The City must mail a notice of proposed rate increases to all affected property owners. The notice must specify the basis of the fee, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.

- 2) **Public Hearing:** The City must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
- 3) **Rate Increases Subject to Majority Protest:** At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners submit written protests against the proposed rate increases, the increases cannot be adopted.

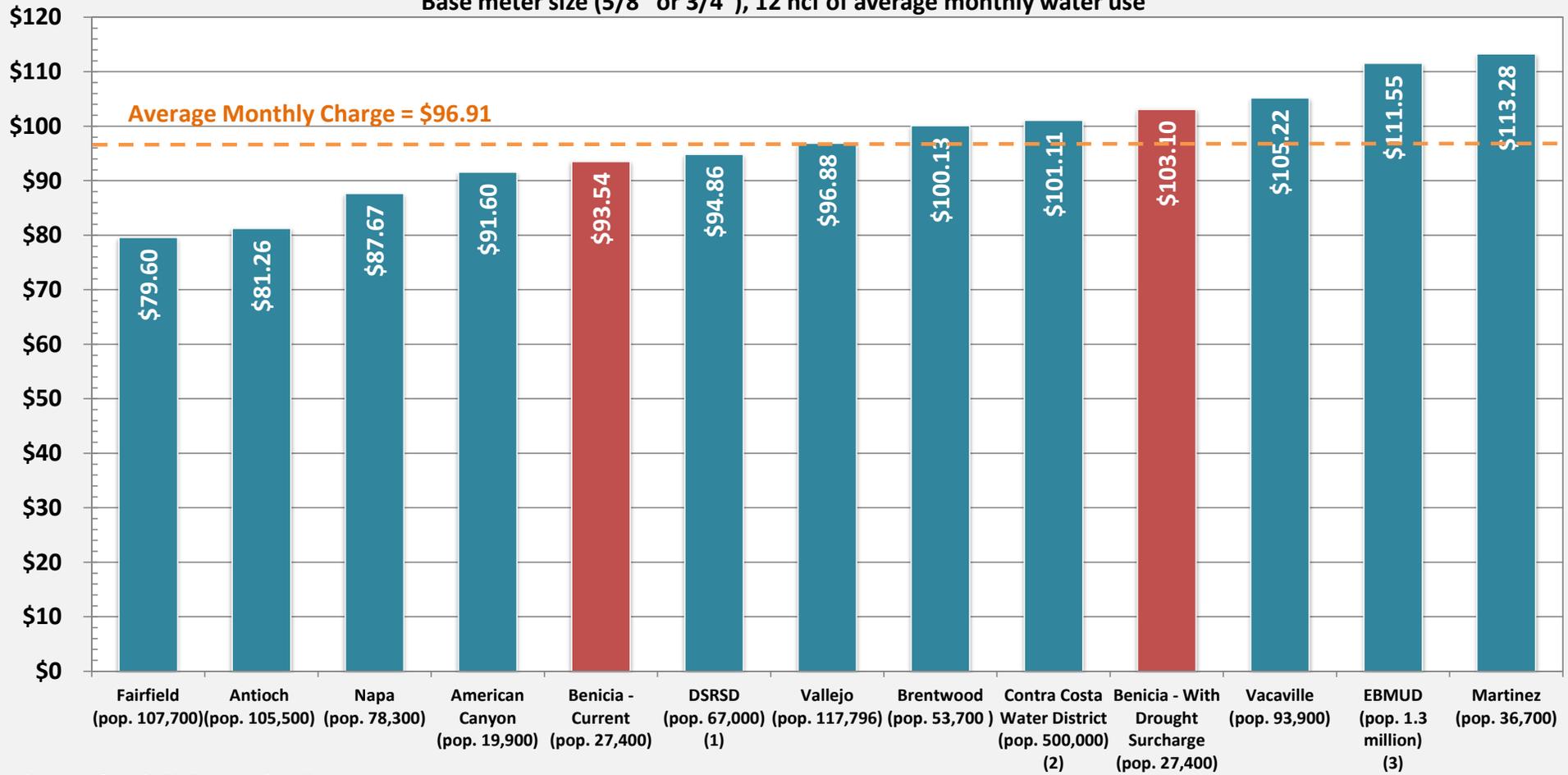
Prior to implementation, BWA recommends that the City develop a clear process for implementing the drought rates. It is also important to emphasize that drought rates alone will not achieve the desired reduction levels amongst customers. The City will also need to implement a considerable outreach and education campaign to encourage water conservation. If the drought conditions persists or becomes more severe, the City may also have to consider enforcement penalties or fines and other options to considerably decrease water use.

APPENDIX

DROUGHT SURCHARGE: PROJECTED ANNUAL WATER SALES							
	Base Year Assumptions				Projected Consumption		
	2011/12 Baseline Annual Consumption	May & June 2014 Consumption	July - December 2014 Consumption	January - June 2015 Consumption	May & June 2014 Consumption	July - December 2014 Consumption	January - June 2015 Consumption
Reduction Target					20%	20%	20%
REDUCTION BY TIER							
Single-Family Residential							
Tier 1 0 - 8 hcf					-20.0%	-20.0%	-20.0%
Tier 2 8 - 30 hcf					-20.0%	-20.0%	-20.0%
Tier 3 Over 30 hcf					-20.0%	-20.0%	-20.0%
Multi-Family Residential							
Tier 1 0 - 8 hcf					-20.0%	-20.0%	-20.0%
Tier 2 8 - 30 hcf					-20.0%	-20.0%	-20.0%
Tier 3 Over 30 hcf					-20.0%	-20.0%	-20.0%
Commercial/Municipal/Irrigation							
Tier 1 0 - 30 hcf					-20.0%	-20.0%	-20.0%
Tier 2 Over 30 hcf					-20.0%	-20.0%	-20.0%
WATER SALES WITH REDUCTION (HCF)							
	2011/12	2011/12	Jul-Dec Use	Jan-Jun Use			
Single-Family Residential	<u>Total Annual Use</u>	<u>May & June</u>	<u>(60% of Total Annual Use)</u>	<u>(40% of Total Annual Use)</u>			
Tier 1 0 - 8 hcf	453,136	76,978	271,882	181,254	61,580	217,510	145,000
Tier 2 8 - 30 hcf	349,807	59,425	209,884	139,923	47,540	167,910	111,940
Tier 3 Over 30 hcf	43,451	7,381	26,071	17,380	5,910	20,860	13,900
Subtotal	846,394	143,784	507,836	338,558	115,030	406,280	270,840
% Reduction from Base Year					-20.0%	-20.0%	-20.0%
Senior Single-Family Residential							
Tier 1 0 - 8 hcf	191,853	31,950	115,112	76,741	25,560	92,090	61,390
Tier 2 8 - 30 hcf	138,065	22,993	82,839	55,226	18,390	66,270	44,180
Tier 3 Over 30 hcf	15,666	2,609	9,400	6,266	2,090	7,520	5,010
Subtotal	345,584	57,552	207,350	138,234	46,040	165,880	110,580
% Reduction from Base Year					-20.0%	-20.0%	-20.0%
Multi-Family Residential (includes Senior & Mobile Home)							
Tier 1 0 - 8 hcf	166,231	25,217	99,738	66,492	20,170	79,790	53,190
Tier 2 8 - 30 hcf	40,231	6,103	24,138	16,092	4,880	19,310	12,870
Tier 3 Over 30 hcf	7,117	1,080	4,270	2,847	860	3,420	2,280
Subtotal	213,578	32,399	128,147	85,431	25,910	102,520	68,340
% Reduction from Base Year					-20.0%	-20.0%	-20.0%
Commercial/Municipal/Irrigation							
Tier 1 0 - 30 hcf	141,956	23,064	85,174	56,782	18,450	68,140	45,430
Tier 2 Over 30 hcf	345,575	56,147	207,345	138,230	44,920	165,880	110,580
Subtotal	487,531	79,211	292,519	195,012	63,370	234,020	156,010
% Reduction from Base Year					-20.0%	-20.0%	-20.0%
Total Water Sales	1,893,087	312,946	1,135,852	757,235	250,350	908,700	605,770
% Reduction from Base Year					-20.0%	-20.0%	-20.0%

DROUGHT SURCHARGE: PROJECTED WATER SALES WITH 20% REDUCTION							
	Base Year Assumptions				Projected Consumption		
	2011/12 Baseline Annual Consumption	May & June 2014 Consumption	July - December 2014 Consumption	January - June 2015 Consumption	May & June 2014 Consumption	July - December 2014 Consumption	January - June 2015 Consumption
Reduction Target					20%	20%	20%
WATER SALES (HCF)							
Single-Family Residential							
Tier 1	453,136	76,978	271,882	181,254	61,580	217,510	145,000
Tier 2	349,807	59,425	209,884	139,923	47,540	167,910	111,940
Tier 3	<u>43,451</u>	<u>7,381</u>	<u>26,071</u>	<u>17,380</u>	<u>5,910</u>	<u>20,860</u>	<u>13,900</u>
Subtotal	846,394	143,784	507,836	338,558	115,030	406,280	270,840
Senior Single-Family Residential							
Tier 1	191,853	31,950	115,112	76,741	25,560	92,090	61,390
Tier 2	138,065	22,993	82,839	55,226	18,390	66,270	44,180
Tier 3	<u>15,666</u>	<u>2,609</u>	<u>9,400</u>	<u>6,266</u>	<u>2,090</u>	<u>7,520</u>	<u>5,010</u>
Subtotal	345,584	57,552	207,350	138,234	46,040	165,880	110,580
Multi-Family Residential							
Tier 1	166,231	25,217	99,738	66,492	20,170	79,790	53,190
Tier 2	40,231	6,103	24,138	16,092	4,880	19,310	12,870
Tier 3	<u>7,117</u>	<u>1,080</u>	<u>4,270</u>	<u>2,847</u>	<u>860</u>	<u>3,420</u>	<u>2,280</u>
Subtotal	213,578	32,399	128,147	85,431	25,910	102,520	68,340
Commercial/Municipal/Irrigation							
Tier 1	141,956	23,064	85,174	56,782	18,450	68,140	45,430
Tier 2	<u>345,575</u>	<u>56,147</u>	<u>207,345</u>	<u>138,230</u>	<u>44,920</u>	<u>165,880</u>	<u>110,580</u>
Subtotal	487,531	79,211	292,519	195,012	63,370	234,020	156,010
Total Water Sales	1,893,087	312,946	1,135,852	757,235	250,350	908,700	605,770
VOLUME CHARGES							
Single-Family Residential							
Tier 1		<u>Jan 1, 2014</u>	<u>Jan 1, 2014</u>	<u>Jan 1, 2015</u>	<u>Jan 1, 2014</u>	<u>Jan 1, 2014</u>	<u>Jan 1, 2015</u>
Tier 1		\$1.65	\$1.65	\$1.84	\$1.65	\$1.65	\$1.84
Tier 2		\$2.60	\$2.60	\$2.90	\$2.60	\$2.60	\$2.90
Tier 3		\$2.78	\$2.78	\$3.10	\$2.78	\$2.78	\$3.10
Senior Single-Family Residential							
Tier 1		\$1.65	\$1.65	\$1.84	\$1.65	\$1.65	\$1.84
Tier 2		\$2.60	\$2.60	\$2.90	\$2.60	\$2.60	\$2.90
Tier 3		\$2.78	\$2.78	\$3.10	\$2.78	\$2.78	\$3.10
Multi-Family Residential							
Tier 1		\$1.65	\$1.65	\$1.84	\$1.65	\$1.65	\$1.84
Tier 2		\$2.60	\$2.60	\$2.90	\$2.60	\$2.60	\$2.90
Tier 3		\$2.78	\$2.78	\$3.10	\$2.78	\$2.78	\$3.10
Commercial/Municipal/Irrigation							
Tier 1		\$2.25	\$2.25	\$2.51	\$2.25	\$2.25	\$2.51
Tier 2		\$2.63	\$2.63	\$2.93	\$2.63	\$2.63	\$2.93
REVENUES WITH REDUCTION							
Single-Family Residential							
Tier 1		\$127,014	\$448,605	\$333,508	\$101,607	\$358,892	\$266,800
Tier 2		\$154,504	\$545,699	\$405,776	\$123,604	\$436,566	\$324,626
Tier 3		<u>\$20,520</u>	<u>\$72,476</u>	<u>\$53,879</u>	<u>\$16,430</u>	<u>\$57,991</u>	<u>\$43,090</u>
Subtotal		\$302,038	\$1,066,780	\$793,163	\$241,641	\$853,448	\$634,516
Senior Single-Family Residential							
Tier 1		\$52,718	\$189,934	\$141,204	\$42,174	\$151,949	\$112,958
Tier 2		\$59,781	\$215,381	\$160,155	\$47,814	\$172,302	\$128,122
Tier 3		<u>\$7,253</u>	<u>\$26,131</u>	<u>\$19,426</u>	<u>\$5,810</u>	<u>\$20,906</u>	<u>\$15,531</u>
Subtotal		\$119,752	\$431,447	\$320,785	\$95,798	\$345,156	\$256,611
Multi-Family Residential							
Tier 1		\$41,607	\$164,568	\$122,346	\$33,281	\$131,654	\$97,870
Tier 2		\$15,867	\$62,760	\$46,667	\$12,688	\$50,206	\$37,323
Tier 3		<u>\$3,001</u>	<u>\$11,871</u>	<u>\$8,825</u>	<u>\$2,391</u>	<u>\$9,508</u>	<u>\$7,068</u>
Subtotal		\$60,476	\$239,199	\$177,838	\$48,359	\$191,367	\$142,261
Commercial/Municipal/Irrigation							
Tier 1		\$51,894	\$191,641	\$142,524	\$41,513	\$153,315	\$114,029
Tier 2		<u>\$147,666</u>	<u>\$545,317</u>	<u>\$405,014</u>	<u>\$118,140</u>	<u>\$436,264</u>	<u>\$323,999</u>
Subtotal		\$199,561	\$736,958	\$547,538	\$159,652	\$589,579	\$438,029
Total		\$681,827	\$2,474,383	\$1,839,324	\$545,450	\$1,979,551	\$1,471,416
Revenue Loss with Reduction					\$136,376	\$494,833	\$367,908
							Total
							\$999,117

Monthly Single Family Residential Combined Water & Sewer Rate Survey - Rates Effective July 1, 2014
 Base meter size (5/8" or 3/4"), 12 hcf of average monthly water use



Populations are from the 2012 estimated by US census.

1. Dublin San Ramon Services District (DSRSD) has implemented their Stage 3 drought rates.
2. CCWD serves approx. 500,000 people in central and east Contra Costa from Port Coast to Oakley.
3. EBMUD serves approx. 1.3 million people from Crockett on the north southward to San Leandro to Walnut Creek and the San Ramon Valley. Sewer rates shown are for Oakland.

JUNE MONTHLY WATER UPDATE

The Table and Graph below show the water used since January 1, 2014.

Table 1
2014 Source Water Update 1/1/2014 through 6/30/2014
in acre-feet (AF)

Month	State Water Project	Solano Project	Lake Herman	Total Used
January	779	0	0	779
February	320	229	79	628
March	0	454	294	748
April	737	310	0	1,047
May	765	239	6	1,010
June	760	172	99	1,031
<i>Sub-Total</i>	<i>3,361</i>	<i>1,404</i>	<i>478</i>	5,243

Graph 1
2014 Treated Water Demand

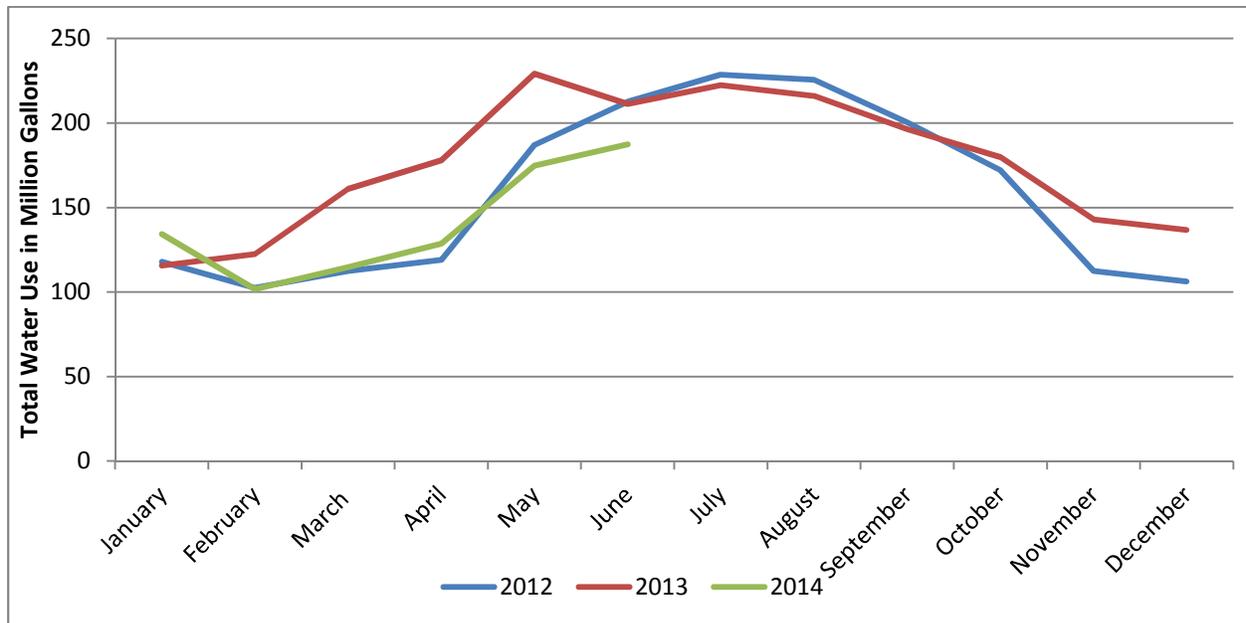
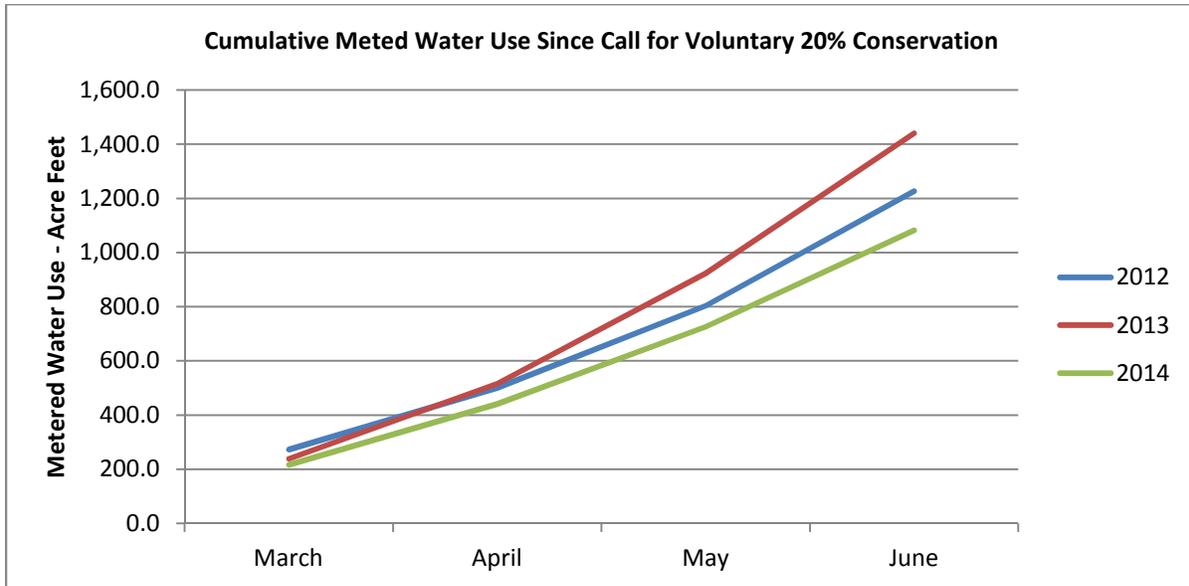


Table 2
Metered Water Use Since Call for Voluntary 20% Conservation
(in acre-feet)

Year	March	April	May	June	Sub-Total for 4 months	Total for year	20% Reduction
2012	273	228	303	423	1,227	4,481	896
2013	239	277	408	517	1,441	4,854	971
2014	217	224	285	357	1,083		

144 acre feet or 12% less was used in 2014 than 2012
 358 acre feet or 25% less was used in 2014 than 2013

Graph 2
Cumulative Metered Water Use Since Call for Voluntary 20% Conservation



**Table 3
Municipal Metered Water Use Since Call for Voluntary 20% Conservation**

Year	March through June Total Municipal Water Use
2012	72
2013	104
2014	56

16 acre-feet or 22% less was used in 2014 than 2012
48 acre-feet or 46% less was used in 2014 than 2013

**Table 3
2014 -2016 Benicia Water Supply versus Demand**

	2014 Available Water Supply (AF) 1	2014 Projected Water Usage (AF)	2015 Available Water Supply (AF)	2015 Projected Water Usage (AF)	3/1/2016 Available Water Supply (AF)
State Water Project	8,685	7,711	974	974	0
Solano Project Water	9,797	2,489	10,408	9,241	4,267
Lake Herman	600	541	600	505	600
Total Water Supply (AF)	19,082	10,741	11,982	10,720	4,867

1 Purchasing 2,000 AF of Solano Project water by July 1, 2014

Table 3 shows 4,867 acre feet available on 3/1/2016. However, it does not include the potential purchase of 2,000 acre feet of Solano Water by the end of 2014. It also does not include the impact of conservation. If 900 acre feet of treated water was saved by the community in each of the 3 years and the additional water was purchased, there could be 9,567 acre feet water available on 3/1/2016.

RESOLUTION NO. 14-

A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF BENICIA TO ADD A DROUGHT SURCHARGE TO WATER RATES, SETTING A PUBLIC HEARING DATE FOR SEPTEMBER 16, 2014 AND DIRECTING STAFF TO PROCEED WITH MAILING NOTICES TO ALL PROPERTY OWNERS AND WATER CUSTOMERS WITHIN THE CITY OF BENICIA

WHEREAS, after three consecutive years of below normal rainfall, the state of California is facing a severe drought emergency; and

WHEREAS, the Water Enterprise requires additional funding to manage the drought, and to pay for additional water purchases, added utility expenses to pump water, expenses related to promoting conservation, and water saving projects throughout the City; and

WHEREAS, in March 2014 the City hired Bartel Wells Associates, an independent public finance consultant, to evaluate the financial impact of the drought and to determine a drought surcharge that would be sufficient to recover additional costs and revenue losses incurred by the drought; and

WHEREAS, Bartel Wells Associates has prepared a study (“Study”) recommending a surcharge to recover costs and revenue losses to keep the Water Enterprise Fund in a sustainable financial position; and

WHEREAS, the drought surcharge recommended by the Study will apply only until water conditions return to normal and drought related costs have been recovered; and

WHEREAS, these rate changes will help ensure the health and safety of the community while protecting the City’s financial health; and

WHEREAS, the City Council intends to adopt the drought surcharges proposed by the Study following the procedures required by Proposition 218, article XIII D, section 6 of the California Constitution.

NOW, THEREFORE, the City Council of the City of Benicia does hereby resolve as follows:

1. The foregoing recitals are true and correct; and,
2. The City Council hereby initiates proceedings to adopt the drought surcharge recommended by the Study; and
3. The City Council hereby fixes the 16th day of September, 2014 at 7:00 pm at the Chambers of the City Council, City Hall, 250 East L Street, Benicia, California, as the

time and place for a public hearing (“Public Hearing”) on the proposed drought surcharge.

4. The City Clerk is hereby instructed to provide notice of the proposed drought surcharge in conformity with Proposition 218.

5. At the Public Hearing, the City Council shall consider all objections or protests, if any, to the proposed drought surcharge, and any person shall be permitted to present written or oral testimony. Although oral comments at the Public Hearing will not qualify as a formal protest, the City Council welcomes community input during the Public Hearing.

6. At the conclusion of the Public Hearing, all protests submitted will be tabulated in conformity with the City’s tabulation guidelines.

7. A majority protest exists if protests are submitted in opposition to the proposed drought surcharge by a majority (50% plus 1) of property owners and water service customers.

8. If there is a majority protest against the imposition of the drought surcharge, the City Council shall not adopt the drought surcharge.

* * * * *

On motion of Council Member _____, seconded by Council Member _____, the above Resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on July 22nd, 2014 and adopted by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

Date

RESOLUTION NO. 14 -

A RESOLUTION OF THE COUNCIL OF THE CITY OF BENICIA ADOPTING GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS IN CONNECTION WITH RATE HEARINGS CONDUCTED PURSUANT TO ARTICLE XIID, SECTION 6 OF THE CALIFORNIA CONSTITUTION

WHEREAS, Article XIID, Section 6 of the California Constitution requires the Council of the City of Benicia to consider written protests to certain proposed increases to utility charges; and

WHEREAS, this constitutional provision does not offer specific guidance as to who is allowed to submit protests, how written protests are to be submitted, or how the City is to tabulate the protests.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Benicia that when notice of a public hearing with respect to the adoption or increase of water or wastewater charges has been given by the City pursuant to Article XIID, Section 6(a) of the California Constitution, the following shall apply:

SECTION 1: Definitions. Unless the context plainly indicates another meaning was intended, the following definitions shall apply in construction of these guidelines.

- A. "Parcel" means a County Assessor's parcel the owner or occupant of which is subject to the proposed charge that is the subject of the hearing.
- B. "Record customer" and "customer of record" mean (i) the person or persons whose name or names appear on the City's records as the person who has contracted for, or is obligated to pay for, utility services to a particular utility account or (ii) another person who demonstrates to the reasonable satisfaction of the City Clerk that he, she or it is a tenant of real property directly liable to pay the proposed fee.
- C. "Record owner" or "parcel owner" means the person or persons whose name or names appear on the County Assessor's latest equalized assessment roll as the owner of a parcel.
- D. A "fee protest proceeding" is not an election, but the City Clerk will maintain the confidentiality of protests as provided below and will maintain the security and integrity of protests at all times.

SECTION 2: Notice Delivery. Notice of proposed rates and public hearing shall be as follows:

- A. The City shall give notice of proposed charges via U.S. mail to all record owners and customers of record served by the City.

The City will post the notice of proposed charges and public hearing at its official posting sites.

SECTION 3: Protest Submittal.

- A. Any record owner or customer of record who is subject to the proposed utility charge that is the subject of the hearing may submit a written protest to the City Clerk, by:
- § Delivery to the City Clerk’s Office at the main building of City Hall, 250 East L Street, Benicia during published business hours
 - § Mail to City Clerk, 250 East L Street, Benicia CA 94510, or
 - § Personally submitting the protest at the public hearing.
- B. Protests must be received by the end of the public hearing, including those mailed to the City. No postmarks will be accepted; therefore, any protest not actually received by the close of the hearing, whether or not mailed prior to the hearing, shall not be counted.
- C. Emailed, faxed and photocopied protests shall not be counted
- D. Although oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest, the City Council welcomes input from the community during the public hearing on the proposed charges.

SECTION 4: Protest Requirements.

- A. A written protest must include:
- (i) A statement that it is a protest against the proposed charge that is the subject of the hearing.
 - (ii) Name of the record owner or customer of record who is submitting the protest;
 - (iii) Identity, by street address or utility account number, of the parcel with respect to which the protest is made;
 - (iv) Original signature and legibly printed name of the record owner or customer of record who is submitting the protest.
- B. Protests shall not be counted if any of the required elements (i thru iv) outlined in the preceding subsection “A.” are omitted.

SECTION 5: Protest Withdrawal. Any person who submits a protest may withdraw it by submitting to the City Clerk a written request that the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the

affected parcel and the name of the record owner or customer of record who submitted both the protest and the request that it be withdrawn.

SECTION 6: Multiple Record Owners or Customers of Record.

- A. Each record owner or customer of record of a parcel served by the City may submit a protest. This includes instances where:
 - (i) A parcel is owned by more than a single record owner or more than one name appears on the City's records as the customer of record for the parcel, or
 - (ii) A customer of record is not the record owner, or
 - (iii) A parcel includes more than one record customer, or
 - (iv) Parcels are served via a single utility account, as master-metered multiple family residential units.

- B. Only one protest will be counted per parcel as provided by Government Code Section 53755(b).

SECTION 7: Transparency, Confidentiality, and Disclosure.

- A. To ensure transparency and accountability in the fee protest tabulation while protecting the privacy rights of record owners and customers of record, protests will be maintained in confidence until tabulation begins following the public hearing.

- B. Once a protest is opened during the tabulation, it becomes a disclosable public record, as required by state law.

SECTION 8: City Clerk. The City Clerk shall not accept as valid any protest if he or she determines that any of the following is true:

- A. The protest does not state its opposition to the proposed charges.
- B. The protest does not name the record owner or record customer of the parcel identified in the protest as of the date of the public hearing.
- C. The protest does not identify a parcel served by the City that is subject to the proposed charge.
- D. The protest does not bear an original signature of the named record owner of, or record customer with respect to, the parcel identified on the protest. Whether a signature is valid shall be entrusted to the reasonable judgment of the City Clerk, who may consult signatures on file with the County Elections Official.

- E. The protest was altered in a way that raises a fair question as to whether the protest actually expresses the intent of a record owner or a customer of record to protest the charges.
- F. The protest was not received by the City Clerk before the close of the public hearing on the proposed charges.
- G. A request to withdraw the protest was received prior to the close of the public hearing on the proposed charges.

SECTION 9: City Clerk's Decisions Final. The City Clerk's decision that a protest is not valid shall constitute a final action of the City and shall not be subject to any internal appeal.

SECTION 10: Majority Protest.

- A. A majority protest exists if written protests are timely submitted and not withdrawn by the record owners of, or customers of record with respect to, a majority (50% plus one) of the parcels subject to the proposed charge.
- B. While the City may inform the public of the number of parcels served by the City when a notice of proposed rates is mailed, the number of parcels with active customer accounts served by the City on the date of the hearing shall control in determining whether a majority protest exists.

SECTION 11: Tabulation of Protests. At the conclusion of the public hearing, the City Clerk shall tabulate all protests received; including those received during the public hearing, and shall report the results of the tabulation to the City Council. If the total number of protests received is insufficient to constitute a majority protest, the City Clerk may determine the absence of a majority protest without validating the protests received, but may instead deem them all valid without further examination. Further, if the number of protests received is obviously substantially fewer than the number required to constitute a majority protest, the City Clerk may determine the absence of a majority protest without opening the envelopes in which protests are returned.

SECTION 12: Report of Tabulation. If at the conclusion of the public hearing, the City Clerk determines that he or she will require additional time to tabulate the protests, he or she shall so advise the City Council, which may adjourn the meeting to allow the tabulation to be completed on another day or days. If so, the City Council shall declare the time and place of tabulation, which shall be conducted in a place where interested members of the public may observe the tabulation, and the City Council shall declare the time at which the meeting shall be resumed to receive and act on the tabulation report of the City Clerk.

SECTION 13: This resolution will become effective immediately upon adoption.

* * * * *

On motion of _____, seconded by _____, the above resolution was introduced and passed by the Council of the City of Benicia at a regular meeting of said Council held on the 22nd day of July, 2014, and adopted by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

ATTEST:

Lisa Wolfe, City Clerk

Date

NOTICE OF PUBLIC HEARING ON PROPOSED INCREASES TO WATER RATES

DATE: September 16, 2014

TIME: 7:00 p.m.

PLACE: Council Chamber, City Hall, 250 East L Street, Benicia

After providing a 45-day public notice, the City Council of the City of Benicia will consider a recommendation from City staff to increase water rates by imposing a drought surcharge. The City Council will hold a public hearing to consider this matter as part of the City Council meeting on September 16, 2014, at the City Council Chamber, City Hall, 250 East L Street, Benicia. The hearing will start at 7:00 p.m. or later. The new rates, if adopted, will go into effect on or after October 15, 2014. Proposition 218 requires that property owners be given the right to protest increases in water rate charges. You are receiving this notice because you own property that is receiving City of Benicia water service or are a customer of the City's water utility.

BACKGROUND:

After three consecutive years of below-average rainfall, California is facing a severe drought emergency. If drought conditions continue, the City's water utility will have to purchase additional water to ensure a supply that is adequate to meet the sanitation, health and safety needs of its residents. After review by an independent public finance consultant that prepared a Drought Surcharge Study to analyze the additional costs that will be incurred by the water utility as a result of the drought, the City of Benicia is recommending a drought surcharge to recover these costs. This cost recovery is required to ensure the health and safety of the community and to protect the City's financial health.

If approved, the drought surcharge will be imposed to fund water service to City residents and property owners and will be discontinued once costs incurred as a result of the drought have been recovered.

EXPLANATION OF SURCHARGE:

If adopted, the proposed drought surcharge will apply only until costs associated with the drought have been recovered by the water utility. The proposed water rates, which include the drought surcharge, are presented in the tables on the following pages. The amount of your water utility bill will depend on your customer class (residential rates are different from commercial rates, for example) and the amount of water you use.

The proposed surcharge will help the City provide reliable and safe water service. The City's water utility relies almost entirely on customer revenues to provide this service. No local, state, or federal taxes offset the cost of water service. The proposed drought surcharge was calculated to recover only the estimated revenue needed to cover actual costs incurred as a result of the drought.

HOW TO PROTEST THE DROUGHT SURCHARGE:

If you wish to protest the proposed drought surcharge you must submit a written protest, even if you plan to attend the public hearing. If written protests are submitted by a majority of the affected customers or property owners (representing 50% plus one of the parcels served), the proposed drought surcharge cannot be imposed. Your written protest must be received (not postmarked) by the City Clerk prior to the close of the public hearing on September 16, 2014. Written protests may be filed by US Mail or hand-delivered to the City Clerk. **EMAIL AND FACSIMILE (FAX) PROTESTS WILL NOT BE ACCEPTED.** Written protests must contain (1) a description of the property, such as the address, utility account number (shown on your bills) or Solano County Assessor's Parcel Number (APN); (2) the name(s) of the property owner(s); and (3) a statement that that it is a protest against the proposed charge. The protest must also be signed by either the property owner of record or the water service customer of record. Only one protest for each property will be counted even if a property owner and a customer both submit protests. Please send or deliver your written protest to the City Clerk at City Hall, 250 East L Street, Benicia.

Hearing Process: Any interested person, including persons owning or living on property served by the City's water system, may present oral or written comments to the City Council on the proposed rate increase. Although the City Council will consider all comments, State law provides that only the written protests of property owners or customers may be counted to determine whether a majority protest to the proposed increase exists. If, at the conclusion of the public hearing, a majority protest does not exist, the City Council will consider adoption of the proposed increase. Please note that the actual rates and charges adopted by the City Council may be less than, but not more than, the proposed rate increase identified in this notice.

The proposed rates, which would apply in addition to existing approved rates until drought related costs have been recovered, are set forth in the following tables. Existing approved rates can be found: <http://www.codepublishing.com/ca/benicia/html/Benicia13/Benicia1312.html#13.12>

SINGLE & MULTI-FAMILY RESIDENTIAL VOLUME CHARGE	Proposed Volume Supplementary Rate
Tier 1: 0 - 8 hcf per month	\$0.66
Tier 2: 8 - 30 hcf per month	\$1.07
Tier 3: Over 30 hcf per month	\$1.38
NON RESIDENTIAL VOLUME CHARGE	
Tier 1: 0-30 hcf per month	\$0.67
Tier 2: Over 30 hcf per month	\$0.92

If you would like more information, or if you wish to review the Drought Surcharge Study, visit www.ci.benicia.ca.us or call 707-746-4380.