STOCKTON CITY COUNCIL/SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY/PUBLIC FINANCING AUTHORITY

CONCURRENT AGENDA

* * * REVISED * * *

February 28, 2012 — Council Chambers – City Hall
Closed Session 4:00 PM/Regular Meeting 5:30 PM — 425 North El Dorado Street, Stockton CA

Ann Johnston, Mayor/Chair

Katherine M. Miller, Vice Mayor/Vice Chair (District 2)

Elbert H. Holman, Jr. (District 1)

Paul Canepa (District 3)

Diana Lowery (District 4)

Susan Talamantes Eggman (District 5)

Dale C. Fritchen (District 6)

APPOINTED OFFICIALS

Bob Deis
City Manager/Successor Agency Executive Director

John M. Luebberke
City Attorney/Successor Agency Counsel

Bonnie Paige
City Clerk/Successor Agency Secretary

F. Michael Taylor, City Auditor

*Citizens may comment on any subject within the jurisdiction of the City Council/Successor Agency to the Redevelopment Agency, including items on the Agenda. Each speaker is limited to five minutes. Speakers must submit "Request to Speak" cards to the City Clerk, and be prepared to speak when called. No speaker cards will be received after the close of the Citizen's Comments portion of the meeting.

**Speakers should hold comments on items listed as a Hearing until the Hearing is opened. If a large number of people desire to speak at a Hearing, the Mayor/Chair may reduce the amount of time allocated to each speaker to three (3) minutes.

***Additions to the Agenda - Government Code Section 54954.2(b)(2), allows members of the City Council present at the meeting to take immediate action, with either a two-thirds or unanimous vote, to place an item on the agenda that action must be taken and that the item came to the attention of the City subsequent to the agenda being posted.

All proceedings before the City Council/Successor Agency to the Redevelopment Agency/Public Financing Authority are conducted in English. The City of Stockton does not furnish interpreters and, if one is needed, it shall be the responsibility of the person needing one. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meetings of the City Council/Successor Agency to the Redevelopment Agency/Public Financing Authority, please contact the Office of the City Clerk at (209) 937-8459 at least 48 hours prior to the meeting to enable the City/Agency to make reasonable arrangements to ensure accessibility.

Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at the Office of the City Clerk located at 425 North El Dorado Street, Stockton, California 95202 during normal business hours or by calling (209) 937-8459. The Agenda is available on the City of Stockton Website: www.stocktongov.com

CHALLENGING CITY DECISIONS:

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred.

If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Stockton, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

February 28, 2012 ***Closed Session – 4:00 PM***

1. CLOSED SESSION CALL TO ORDER / ROLL CALL

2. ADDITIONS TO CLOSED SESSION AGENDA***

3. ANNOUNCEMENT OF CLOSED SESSION

3.01 CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION

Number of Cases: One

Name of Case: Stockton Police Officers' Association v. City of Stockton, et al. (San Joaquin County Superior Court Case No. 39-2010-00245197)

This Closed Session is authorized pursuant to Section 54956.9(a) of the Government Code.

3.02 CONFERENCE WITH LABOR NEGOTIATOR

Agency Designated Representative: Bob Deis

Employee Organizations; Unrepresented Units: Stockton City Employees' Association; Operating Engineer's Local 3; Mid-Management/ Supervisory Level Unit; Unrepresented Management/ Confidential; Law Department; Stockton Police Management Association; Stockton Firefighters Local 456 International Association of Firefighters; Stockton Fire Management, Stockton Police Officers' Association (SPOA)

This Closed Session is authorized pursuant to Section 54957.6(a) of the Government Code.

3.03 CONFERENCE WITH REAL PROPERTY NEGOTIATOR

No. of Parcels: One

Address: 800 W. Eight Mile Road

APN: 084-030-01

Owner: Martin Gates

Agency Negotiators: Bob Deis, City Manager; Joe Mulligan, Senior Real Property Agent

Under Negotiation: Price and Terms

This Closed Session is authorized pursuant to Government Code section 54956.8.

4. PUBLIC COMMENT*

5. RECESS TO CLOSED SESSION

6. REGULAR SESSION CALL TO ORDER / ROLL CALL

7. INVOCATION/PLEDGE TO FLAG

8. REPORT OF ACTION TAKEN IN CLOSED SESSION

9. ADDITIONS TO REGULAR SESSION AGENDA***

10. PROCLAMATIONS, COMMENDATIONS OR INVITATIONS

10.01 COMMENDATION: Chief of Police Retirement

RECIPIENT: Blair Ulring

10.02 CERTIFICATES: Public Art Advisory Committee - Outgoing Member Recognition

RECIPIENTS: Lisa Cooperman and Mary Lois Thompson

11. CITIZENS' COMMENTS, ANNOUNCEMENTS OR INVITATIONS*

12. CONSENT AGENDA

12.01 CC - IMPACT MITIGATION AGREEMENT WITH THE STATE OF CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION

Motion 2012-02-28-1201 approving an Impact Mitigation Agreement with the State of California Department of Corrections and Rehabilitation in order for the City to receive $346,800 to mitigate impacts resulting from the construction of a medical care facility for State prisoners. (CM)

12.02 CC - PUBLIC ART ADVISORY COMMITTEE APPOINTMENTS

Resolution 2012-02-28-1202 appointing Opal Chavis and Gary Putnam, and reappointing David Harrington to the Public Art Advisory Committee as recommended by the Stockton Arts Commission for terms commencing on March 1, 2012, and expiring on December 31, 2014. (CS)

12.03 CC - COMMUNITY DEVELOPMENT COMMITTEE APPOINTMENTS

Motion 2012-02-28-1203 appointing Hugo Haro, LaJuana Bivens, Kevin Redman, and re-appointing Sally Wooden to the Community Development Committee. (EDD)

12.04 CC - FAÇADE LOAN - 36 NORTH CALIFORNIA STREET

Resolution 2012-02-28-1204 approving a Facade Improvement Forgivable Loan, in the amount of $100,000, to North California Properties, L.L.C. for the commercial property located at 36 North California Street. (EDD)

12.05 CC - LABOR COMPLIANCE AND MONITORING SERVICES CONTRACT

Resolution 2012-02-28-1205 approving a professional services contract with Kurey & Associates to provide labor compliance services for the City of Stockton. (EDD)

12.06 CC - CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES – DELTA WATER SUPPLY PROJECT

Motion 2012-02-28-1206 authorizing contract change order no. 2 in the amount of $326,621 to the professional services contract with Carollo Engineers for construction management and inspection services for the Delta Water Supply Project Intake and Pump Station Facility. (MUD)

12.07 CC – ENGINEERING SERVICES FOR STOCKTON CONSOLIDATED LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT NO. 96-2

Motion 2012-02-28-1207 authorizing the execution of an amendment to the professional services master contract with Siegfried Engineering, Inc., of Stockton, in the amount of $325,920, for engineering services for the Stockton Consolidated Landscape Maintenance Assessment District No. 96-2 for the 2012-13, 2013-14, and 2014-15 tax years, and to approve up to two one-year extensions to the amendment. (PW)

12.08 CC - MANTHEY ROAD RELOCATION PROJECT 11-20 PHASES 1 & 2

Motion 2012-02-28-1208 authorizing the execution of an amendment to the professional services master contract with HDR Engineering, Inc. in the amount of $40,857 for construction support services for the Manthey Road Relocation Project. (PW)

12.09 CC – PROJECT PROGRAM SUPPLEMENT AGREEMENTS

Motion 2012-02-28-1209 authorizing the execution of the following:

1. Program Supplement Agreement No. N062 for Pacific Avenue Median Improvements;
2. Program Supplement Agreement No. N063 for University Miracle Mile Median Improvements; and,
3. Program Supplement Agreement No. N057 for the 2011-12 Street Overlay Project. (PW)

12.10 CC – CENTER STREET AND EL DORADO STREET BRIDGES OVER MORMON SLOUGH REHABILITATION PROJECT 08-20

Motion 2012-02-28-1210 authorizing the execution of an amendment to the professional services master contract with Kleinfelder, Inc. in the amount of $63,630 for professional services to prepare environmental studies for the Center Street and El Dorado Street Bridges over Mormon Slough Rehabilitation Project; and, authorizing the City Manager to correct specified administrative appropriation errors and take other appropriate actions as needed to carry out the purpose and intent of this motion, including executing a program supplement agreement that will be forthcoming and is necessary to receive federal grant funding for this project. (PW)

12.11 CC - FRENCH CAMP ROAD/INTERSTATE 5 INTERCHANGE RECONSTRUCTION PROJECT 99-01

It is recommended that the Council adopt the following:

Resolution 2012-02-28-1211-01 authorizing the execution of a freeway maintenance agreement between the City of Stockton and the California Department of Transportation for the French Camp Road/Interstate 5 Interchange Reconstruction Project; and,

Resolution 2012-02-28-1211-02 authorizing the execution of a freeway maintenance agreement between the City and Caltrans for the French Camp Road/I-5 Interchange Reconstruction Project. (PW)

12.12 CC - HIGHWAY 4 CROSSTOWN FREEWAY EXTENSION PROJECT

Resolution 2012-02-28-1212 authorizing the execution of a Memorandum of Understanding between the City of Stockton, San Joaquin Council of Governments, and California Department of Transportation for the Highway 4 Crosstown Freeway Extension Project. (PW)

12.13 CC - JANITORIAL SERVICES PUR 11-079

Motion 2012-02-28-1213 approving specifications and awarding a one-year contract with the option to up to four one-year renewals to ABM Janitorial Services, Inc. for janitorial services for the City of Stockton at a first year cost of $238,872.96. (PW)

12.14 CC - ISSUANCE OF A REQUEST FOR PROPOSALS FOR AGENDA MANAGEMENT APPLICATION AGENDA MANAGEMENT SOLUTION

Resolution 2012-02-28-1214 approving findings and authorizing the City Clerk to issue a Request for Proposals (RFP) for the procurement and

implementation of a citywide automated agenda management solution; and, appoint Councilmember Holman to serve on the Selection Committee. (CLERK)

12.15 CC - Approve minutes of the special City Council Closed Session meeting of February 13, 2012. (CLERK)

12.16 CC – Approve meeting minutes of the Council Community Improvement and Crime Prevention Committee meeting of January 19, 2012. (CLERK)

12.17 CC - MOTION TO AMEND THE CONTRACT WITH MAZE & ASSOCIATES FOR THE ANNUAL AUDIT OF THE 2010-2011 CITY OF STOCKTON FINANCIAL RECORDS

Motion 2012-02-28-1217 authorizing an amendment to the City's contract with Maze & Associates (Maze) in the amount of $81,715, for additional financial auditing services. This amendment increases the scope of work for the first year of the five year agreement with Maze. (AUD)

13. ADMINISTRATIVE MATTERS

14. UNFINISHED BUSINESS

15. NEW BUSINESS

15.01 SRD - SUCCESSOR AGENCY - ADOPTION OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Resolution SRD-2012-02-28-1501 of the Successor Agency of the Stockton Redevelopment Agency adopting the Recognized Obligation Payment Schedule and approving certain related actions. (EDD)

15.02 15.02 CC - FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

It is recommended that the City Council adopt resolution 2012-02-28-1502 that:

1. Authorizes prior period adjustments, amends the Fiscal Year 2011-12 budget, and approves various inter-fund transfers to help ensure a balanced budget for the rest of the fiscal year;

2. Accepts the Management Partners Financial Assessment Report;

3. Authorizes a confidential neutral evaluation process pursuant to Government Code Sections 53760-53760.7 (AB506) and directs

staff to develop plans for long term fiscal sustainability to be discussed with interested parties before a neutral evaluator;

4. Adopts findings and authorizes a contractual agreement with Management Partners, Inc. for project management and technical assistance for the AB506 mediation process for the City of Stockton in the amount of $175,000.

5. Suspends certain debt payments from unrestricted resources for the remainder of fiscal year 2011-12;

6. Adopts findings and ratifies the suspension of leave payoffs at employee separation;

7. Authorizes the City Manager and the City Attorney to conduct an investigation into persons or entities that may have contributed to the causes of the City's current financial situation; and

8. Authorizes continuation of the fiscal emergency as adopted by Council Resolution #11-0114 on May 17, 2011. (CM)

16. HEARINGS**

16.01 CC – FIREWORKS ORDINANCE

(Hearing continued from February 7, 2012)

At the conclusion of the hearing, it is recommended that the Council approve the following:

Ordinance 2012-02-28-1601 on an urgency basis to take effect immediately upon adoption amending Chapter 8.92 of the Stockton Municipal Code concerning the sale and discharge of fireworks within the City limits increasing the administrative penalties for violating the ordinance; and,

Resolution 2012-02-28-1601 increasing the enforcement fee from $550 to $600. (FD)

17. COUNCIL COMMENTS

18. ADJOURNMENT

INFORMATIONAL ITEMS:

CONSENT AGENDA

AGENDA ITEM 12.01

February 28, 2012

TO: Mayor and City Council

FROM: Michael E. Locke, Deputy City Manager

SUBJECT: **IMPACT MITIGATION AGREEMENT WITH THE STATE OF CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION**

RECOMMENDATION

It is recommended that the City Council adopt a motion approving an Impact Mitigation Agreement with the State of California Department of Corrections and Rehabilitation in order for the City to receive $346,800 to mitigate impacts resulting from the construction of a medical care facility for State prisoners.

Summary

State funding makes available funding to mitigate community impacts resulting from constructing state prisons and related facilities. As part of a settlement agreement reached in 2010, the State of California Department of Corrections and Rehabilitation is building within the City of Stockton's Sphere of Influence a 1743 bed medical care facility for prisoners and has agreed to make available funding to mitigate impacts from its construction. Last year, the City approved an agreement between the City and San Joaquin County concerning distribution of this funding, with each agency to receive $346,800. Following this action, State representatives advised staff in order for the City to receive these funds, the City must enter into an agreement with the State of California Department of Corrections and Rehabilitation in which the City would identify one or more capital improvement projects for which the funding might be used (Attachment A). This is a State requirement because the funds are lease revenue bond funded and can only be used for capital improvement projects. The agreement identifies a repaving project, a fiber optic traffic signal interconnect and remodeling of the police department's holding cell.

DISCUSSION

Background

In 2007, the State enacted legislation to provide funding, to be distributed to local public agencies, to mitigate impacts due to constructing new permanent prison and related facilities. In 2009, the State of California Department of Corrections and Rehabilitation approved a project just outside the City limits that called for constructing a state hospital of approximately 1.2 million square feet, including diagnostic and treatment centers, outdoor recreational facilities and 1743 new beds. Because the City, San Joaquin County and the Greater Stockton Chamber of Commerce felt the State had not

adequately mitigated the impacts of this project on the community, a lawsuit was filed challenging the adequacy of the environmental document for the project. That lawsuit settled in 2010.

As part of the settlement, the State agreed it would make a one time distribution of community impact funds of about $1.4 million; of that amount, Stockton's share would be $346,800. To that end and as required by the legislation, last year the City Council approved an agreement with San Joaquin County and submitted the agreement to the State. After this documentation was submitted to the State, staff was advised for the first time the State required a separate agreement before the funding could be released to the City.

Present Situation

Although neither the settlement agreement nor the legislation mentions the need for this separate agreement with the State, the State is nevertheless requiring the agreement because it provides restrictions as to the type of projects for which the funds may be used, i.e., capital improvement projects. The reason for the restrictions is that the funds are coming from State lease revenue bonds and bond counsel has advised the state that in order for the bonds to retain their tax free status the funds can only be used for capital improvement projects made necessary in connection with the construction of the State project.

Accordingly, referenced in the proposed Agreement are several capital improvement projects identified by the Public Works Department that have a nexus with the prison facilities' construction. For example, along Arch Road between Kingsley Frontage Road and Fite Court there is a gap in the City's fiber optic network that monitors traffic along Arch Road. By completing this link, estimated to cost $190,000, the City will be better able to monitor traffic conditions along Arch Road and make adjustments to traffic signal timing for better traffic flow. Similarly, the use of the police department's holding cells are likely to increase due to the prison facility and those cells are in dire need of rehabilitation. Part of this funding (about $30,000) will be used to replace sinks, faucets, toilets and the lighting fixtures. Finally, Arch Road east and west of State Route 99 is in need of repaving and any funds not used for the other two projects can be applied to that repaving project.

FINANCIAL SUMMARY

Previously when staff was unaware of any restrictions on these funds' use, Council authorized the funds be used to offset budgeted expenditures in the General Fund. In light of the State imposed restrictions, the funds will be placed into Revenue Account 304-7239-334.35-00 and used for one or more of the identified capital improvement projects.

Respectfully submitted,

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

Approved

for BOB DEIS
CITY MANAGER

Attachment A: Agreement between the City of Stockton and the State of California Department of Corrections and Rehabilitation

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STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 06/03)

(FAC.11039)

AGREEMENT NUMBER
5600002888
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME
California Department of Corrections and Rehabilitation

CONTRACTOR'S NAME
City of Stockton

2. The term of this Agreement is: **Upon Approval through 45 Days**

3. The maximum amount of this Agreement is: **$346,800** Three Hundred Forty-Six Thousand Eight Hundred Dollars and No Cents

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

Mitigation Agreement between the California Department of Corrections and Rehabilitation and the City of Stockton	5 pages
Exhibit A – Resolution No. 11-0272	Cover sheet & 4 pages
Exhibit B – Potential Capital Outlay Project(s)	1 page

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME *(if other than an individual, state whether a corporation, partnership, etc.)*
City of Stockton

BY *(Authorized Signature)* | DATE SIGNED *(Do not type)*

PRINTED NAME AND TITLE OF PERSON SIGNING
BOB DEIS, City Manager

ADDRESS
425 North El Dorado Street
Stockton, CA 95202
Phone: (209) 937-8212

STATE OF CALIFORNIA

AGENCY NAME
California Department of Corrections and Rehabilitation

BY *(Authorized Signature)* | DATE SIGNED *(Do not type)*

PRINTED NAME AND TITLE OF PERSON SIGNING
LINDA K. PATTERSON, Chief, Institution Contracts Section

ADDRESS
10000 Goethe Road, Suite C-1
Sacramento, CA 95827

California Department of General Services Use Only

APPROVED AS TO FORM AND CONTENT

By _____
City Attorney

IMPACT MITIGATION AGREEMENT BETWEEN
THE CITY OF STOCKTON AND THE STATE OF CALIFORNIA
DEPARTMENT OF CORRECTIONS AND REHABILITATION
Agreement No. 5600002888

This agreement is made and entered into at Sacramento this _____ day of _____ 2011 by and between the City of Stockton (City) and the State of California, acting by and through its Department of Corrections and Rehabilitation (CDCR).

WITNESSETH

WHEREAS, the City is responsible under California law to provide services to the residents of the City and, to carry out these responsibilities, the City is authorized to provide for the construction of facilities within the City; and

WHEREAS, the CDCR is authorized by Government Code Section 15819.40 to construct an infill prison facility in the vicinity of the City in San Joaquin County to be known as the California Health Care Facility (Project) ; and

WHEREAS, the Project is financed through the sale of lease revenue bonds; and

WHEREAS, in Government Code Section 15819.403(c), the Legislature has authorized the expenditure of a portion of these lease revenue bond funds to be used for the mitigation of impacts to local government resulting from the construction of the Project; and

WHEREAS, the Project provides a new prison facility that includes new permanent housing facilities; and

WHEREAS, Penal Code Section 7005.5 provides for these impact mitigation funds to be allocated to certain local entities whose approved spheres of influence include the site of the Project; and

WHEREAS, the City's sphere of influence includes the Project, and the Project impacts the City; and

WHEREAS, the Project will cause increased traffic on roads leading to the Project; and

WHEREAS, the Project will lead to increased numbers of persons living in or transiting the City through employees, visitors and vendors, and this increased population will lead to increased use of local law enforcement facilities; and

WHEREAS, in order to mitigate these impacts, the City will repave local roads and install fiber optic network equipment to monitor traffic, and improve the holding cells at the Stockton Police Department; and

WHEREAS, it is the intent of the parties hereto that this agreement create a mechanism to provide funding to assist in the mitigation of the impacts of the Project, in accordance with the provisions of Government Code Section 15819.403(c); and

WHEREAS, the City Council has adopted a resolution approving an agreement with the County of San Joaquin to the allocation of the impact mitigation funding associated with the Project and authorizing the City Manager to undertake any necessary acts to accept a distribution of $346,800 in impact mitigation funds; and

WHEREAS, it is desirable that $346,800 of impact mitigation funds be distributed to the City;

THEREFORE, it is mutually agreed:

A. Rights, Obligations, and Performance of the Parties

1. Within 15 days of written execution of this agreement by all parties, the CDCR shall pay $346,800 to the City, according to Resolution No. 11-0272 approved by the City Council (Exhibit A). The parties agree and acknowledge that this payment is to assist in the mitigation of the impacts of the Project in the City.

   a. The amount of $346,800 is calculated pursuant to the formula included in Section VII of the Settlement Agreement and Mutual Release entered into on August 2, 2010 regarding *Greater Stockton Chamber of Commerce, et al. v. J. Clark Kelso, et al.*, Case No. 39-2009-230310-CU-WM-STL (Superior Court of San Joaquin County).

   b. Of the amount identified in paragraph (a), $317,000 will be paid from the lease-revenue bond funds authorized by Government Code Section 15819.403 based upon the permanent housing capacity identified in paragraph 2.

   c. Of the amount identified in paragraph (a), $29,800 will be paid from other departmental sources not including the lease-revenue bond funds authorized by Government Code Section 15819.403, to fulfill the obligation of the Settlement Agreement and Mutual Release referenced in paragraph (a).

2. The Parties agree that the construction of the Project will result in establishing permanent facilities to house approximately 1,585 inmates, and the impacts to the City associated with this Project is at least equivalent to the funds being provided pursuant to this agreement to assist in the mitigation of the impacts of the Project.

3. Except as provided in paragraph 4, the City agrees that the monies provided under this agreement shall be used only to mitigate the impact of additional capital outlay costs which the City incurs or will incur resulting from the construction of the Project. Exhibit B lists potential capital outlay projects that may be funded.

4. The City shall be entitled to recoup its reasonable administrative expenses and administrative costs resulting from this agreement so long as those administrative expenses and costs do not exceed 5 percent of the funds provided pursuant to this agreement.

5. Until all funds have been expended, the City shall provide, at least annually, the CDCR with reports of costs and disbursements of the funds provided pursuant to this agreement.

B. Nature of the Agreement Andand Other Obligations of the Parties

1. This agreement shall become effective on the date of execution by all parties.

2. Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with the agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

3. The City and its agents and employees in the performance of this agreement, shall act in an independent capacity and not as officers, employees, or agents of the CDCR.

4. The parties agree and acknowledge that this is an agreement between public entities which is designed to implement the disbursement of public funds from one public entity to another and that, pursuant to Government Code Sections 895 and 895.6, no joint

or several liability or right to contribution is created by this agreement.

5. The City shall defend, indemnify, and hold harmless the CDCR, its officers, agents, or employees in any cost, judgment, claim or action for damages, arising out of the City's use or application of funds received pursuant to this agreement, or any damage, cost, loss, or impact, alleged to result from or occur by reason of anything done or omitted to be done by the City, its officers, agents or employees acting under or incidental to or in connection with any work, act, authority, or jurisdiction undertaken in connection with this agreement.

6. Copies of all contracts entered into by the City involving an expenditure of these funds shall be included in the reports of costs and disbursements and all expenditures, agreements, and contracts shall be subject to audit by the CDCR, the State Auditor, the State Public Works Board, and federal tax authorities or any of these entities' designated representatives. . Copies of all records of expenditures, agreements, and contracts related to these funds shall be maintained by City for a minimum of 3 years after the bonds for the Project have been fully repaid.

7. In executing their respective responsibilities under this agreement, each party shall follow all applicable laws and procedures governing its activities.

8. By the way of this agreement, the CDCR assumes no authority or duty for the oversight, review or control of the manner in which facilities are to be financed by the City or the manner in which the design or construction of facilities are to be provided by the City within the City.

9. Sacramento County shall be the place of trial for any litigation brought by any party or beneficiary of this agreement against the CDCR, any State officer or employee concerning this agreement and any rights or obligations resulting from this agreement.

IN WITNESS OF THE FOREGOING, the parties, by and through their duly authorized representatives, have made and entered into this Agreement as of the date first set forth above.

State of California
Department of Corrections and Rehabilitation

LINDA K. PATTERSON
Chief, Institution Contracts Section

City of Stockton
State of California

BOB DEIS
City Manager
City of Stockton

APPROVED AS TO FORM AND CONTENT

By _____
City Attorney

IMPACT MITIGATION AGREEMENT BETWEEN
THE CITY OF STOCKTON AND THE STATE OF CALIFORNIA
DEPARTMENT OF CORRECTIONS AND REHABILITATION
Agreement No. 5600002888

EXHIBIT A

Resolution No. 11-0272
Stockton City Council

11-0272

Resolution No.

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING A REQUEST FOR ALLOCATION OF STATE FUNDING TO MITIGATE IMPACTS FROM A STATE MEDICAL CARE FACILITY AND APPROVING AN AGREEMENT BETWEEN THE CITY OF STOCKTON AND SAN JOAQUIN COUNTY

The State of California (State) has made available to local schools, counties, and cities community impact funds in order to mitigate impacts arising out of the construction of new prison facilities; and

The State is constructing a new prison hospital in San Joaquin County (County) but within the City of Stockton's (City) Sphere of Influence; and

The State has agreed to make available to the City, County, and the San Joaquin County Superintendent of Schools a one-time distribution of $1,387,200 as mitigation for the impacts on a new prison hospital with 1,743 new beds; and

Under the statute that authorizes this distribution, one-half of the $1,387,200 must be distributed to the county superintendent of schools for allocation among impacted local educational agencies; and

The City and County have discussed how to distribute the remainder of the funds and have agreed to distribute the funds equally between them; now, therefore,

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

1. The City requests that the State distribute to it and the County the total sum of $693,600 pursuant to Penal Code section 7005.5 and further requests that the State distribute those funds as set forth in the attached Agreement between the City and County, a copy of which is attached as Exhibit 1 and incorporated herein.

2. The City approves the attached Agreement and authorizes the City Manager to sign the Agreement on behalf of the City and to undertake any other necessary acts to effectuate the intent of this resolution and the attached Agreement.

City Atty
Review GJP
Date September 19, 2011

3. The City Manager is hereby authorized to take steps that are appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED September 27, 2011.

Ann Johnston

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

Bonnie Paige

BONNIE PAIGE, City Clerk
of the City of Stockton

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IMPACT MITIGATION AGREEMENT BETWEEN
THE CITY OF STOCKTON AND THE STATE OF CALIFORNIA
DEPARTMENT OF CORRECTIONS AND REHABILITATION
Agreement No. 5600002888

EXHIBIT B

Potential Capital Outlay Project(s) that may be funded from this Agreement are listed below.

Project Name	Brief Scope Description	Estimated Cost (Design & Const.)	Estimated Completion Date (Month/Year)
Arch Road Repaving Project	Repave Arch Road east and west of State Route 99	$155,000 (minimum est.)	September 2013
Arch Road Traffic Signal Interconnect/Gap Closure	Complete the fiber optic network line along Arch Road (about 3500 feet) to monitor traffic along Arch Road	$190,000	October 2013
Main Police Department Holding Cell Rehabilitation Project	Replace sinks, faucets, toilets and exposed regular and emergency lighting fixtures	$30,000	April 2013

CONSENT AGENDA

AGENDA ITEM 12.02

February 28, 2012

TO: Mayor and City Council

FROM: Laurie Montes, Deputy City Manager
Interim Community Services Director

SUBJECT: **PUBLIC ART ADVISORY COMMITTEE APPOINTMENTS**

RECOMMENDATION

Adopt a resolution appointing Opal Chavis and Gary Putnam, and reappointing David Harrington to the Public Art Advisory Committee as recommended by the Stockton Arts Commission. The terms will commence on March 1, 2012, and expire on December 31, 2014.

SUMMARY

On January 9, 2012, the Stockton Arts Commission voted to recommend the appointment of Opal Chavis and Gary Putnam, as well as the reappointment of David Harrington, to the Public Art Advisory Committee, effective March 1, 2012, with all terms expiring on December 31, 2014.

DISCUSSION

Background

As noted on the City of Stockton Public Master Plan's Policies and Procedures (Page 47) adopted by the City Council on August 8, 2000 (Resolution No. 00-0410), appointments to the Public Art Advisory Committee are to be made by the Stockton Arts Commission with confirmation by the Mayor and Stockton City Council.

Present Situation

Public notices were posted on the public-access posting boards at City Hall and the Community Development Department soliciting applications for the three Public Art Advisory Committee vacancies due to the term expirations of Lisa Cooperman, David Harrington, and Mary Lois Thompson. The application deadline for the first recruitment was October 6, 2011 but was extended to November 3, 2011 to meet the minimum number of applications requirement. (Council Policy stipulates that one application more than the number of vacancies must be received prior to interviews.) By the extended deadline of

PUBLIC ART ADVISORY COMMITTEE APPOINTMENTS
(Page 2)

November 3, 2011 five applications were received. The Public Art Advisory Nominating Committee conducted interviews on December 14, 2011, recommending the reappointment of David Harrington and the appointment of Opal Chavis and Gary Putnam to the Public Art Advisory Committee, with their terms commencing March 1, 2012, and ending on December 31, 2014. The Stockton Arts Commission approved the recommendation on January 9, 2012 and now seeks City Council confirmation.

FINANCIAL SUMMARY

These appointments to the Public Art Advisory Committee have no direct financial impact to the City.

Respectfully submitted,

LAURIE MONTES, DEPUTY CITY MANAGER
INTERIM COMMUNITY SERVICES DIRECTOR

LM:JW:jw/dc

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Resolution No. _____

STOCKTON CITY COUNCIL

RESOLUTION APPOINTING OPAL CHAVIS, DAVID HARRINGTON, AND GARY PUTNAM TO THE PUBLIC ART ADVISORY COMMITTEE

Three vacancies exist on the Public Art Advisory Committee due to the term expirations of Lisa Cooperman, David Harrington, and Mary Lois Thompson on December 31, 2011; and

The Stockton Arts Commission, with the advice of its Public Art Advisory Nominating Committee, recommends the reappointment of David Harrington and the appointments of Opal Chavis and Gary Putman to fill the above vacancies; now, therefore,

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

1. David Harrington is hereby reappointed to the Public Art Advisory Committee effective March 1, 2012, which term will end on December 31, 2014.

2. Opal Chavis and Gary Putnam are hereby appointed to the Public Art Advisory Committee effective March 1, 2012, which terms will end on December 31, 2014.

PASSED, APPROVED, and ADOPTED February 28, 2012.

ANN JOHNSTON
Mayor of the City of Stockton

ATTEST:

BONNIE PAIGE
City Clerk of the City of Stockton

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City Atty Review _____
Date February 21, 2012

CONSENT AGENDA

AGENDA ITEM 12.03

February 28, 2012

TO: Mayor and City Council

FROM: Wendy S. Saunders, Director
Economic Development Department

SUBJECT: **APPOINTMENTS TO THE COMMUNITY DEVELOPMENT COMMITTEE**

RECOMMENDATION

It is recommended that the City Council approve a motion appointing Hugo Haro, LaJuana Bivens, Kevin Redman, and re-appointing Sally Wooden to the Community Development Committee.

Summary

The Community Development Committee is an advisory committee that provides recommendations to the City Council on the planning and use of Community Development Block Grant, HOME Investment Partnerships Program, and Emergency Solution Grant funds. Four vacancies currently exist on the Committee. A recruitment process was conducted. Applications were submitted for vacancies in Districts 1, 2, 3, and for the city-wide position which is appointed by the Mayor. The applications were forwarded to the Mayor, Vice-Mayor, Councilmember Holman and Councilmember Canepa. Their nominees: Sally Wooden, Hugo Haro, LaJuana Bivens, and Kevin Redman are now being forwarded to the full Council for consideration.

DISCUSSION

Background

The Community Development Committee is a seven-member advisory committee that provides the Council with recommendations on the planning and use of funds that the City receives from the U.S. Department of Housing and Urban Development, including Community Development Block Grant, HOME Investment Partnerships Program, and Emergency Solutions Grant funds.

As provided for in the Council-adopted Citizen's Participation Plan, appointments to the Community Development Committee are made by nomination of the Mayor or a Councilmember with approval by the City Council. Appointments are for four years, except when an appointee is filling the remaining term of a vacant position. The only requirement to serve on the Committee is that the applicant must be a resident of the City of Stockton.

APPOINTMENTS TO THE COMMUNITY DEVELOPMENT COMMITTEE

Present Situation

There are currently four vacancies on the Community Development Committee. The vacancies are for Districts 1, 2, 3, and the city-wide position. A recruitment process was undertaken in conformance with the current Council-adopted Citizen Participation Plan. The City placed two notices in The Record soliciting applications for the vacancies. The notice was also posted on the City's website. The incumbent member was also notified of the expiration of her term and given an opportunity to re-apply.

The recruitment process resulted in the submittal of four applications. The four applications were forwarded to the Mayor, Vice-Mayor, Councilmember Holman, and Councilmember Canepa. They have made their selections which must now be considered by the full Council.

The nominees are identified in the table below. Their applications are included as Attachment A.

Appointing Councilmember	Council District	Nominee	Term Expiration
Councilmember Holman	1	LaJuana Bivens	September 30, 2015
Vice Mayor Miller	2	Hugo Haro	September 30, 2014
Councilmember Canepa	3	Kevin Redman	September 30, 2012
Mayor Johnston	Citywide	Sally Wooden	September 30, 2015

All of the terms become effective immediately upon Council approval. The expiration dates of the four-year terms are staggered so that there are always experienced members on the committee. In addition, as noted above, some of the appointees are serving the remain term of previously vacation positions. They will be eligible to reapply for the position when their current term expires.

Sally Wooden currently serves on the Community Development Committee. She was originally appointed in November, 2000.

FINANCIAL SUMMARY

Members of the Community Development Committee receive no remuneration, so there is no financial impact to the City for this action.

APPOINTMENTS TO THE COMMUNITY DEVELOPMENT COMMITTEE
(Page 3)

Respectfully submitted,

WENDY S. SAUNDERS, DIRECTOR
ECONOMIC DEVELOPMENT DEPARTMENT

WSS:LI:slw

APPROVED

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

Attachment A - Community Development Committee Applications

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City of Stockton
APPLICATION CONTINUED
Page 2 of 5

Hugo Haro,
APPLICANT NAME

Please state the reason you would like to be a member of this board/commission:
I am interested in becoming more involved with the city of Stockton including becoming more aware about how the available funds are used and allocated in the city of Stockton.

Have you served on an advisory group before? No If yes, please explain: _____

How did you hear about the position? Website

City Council Policy 100-2 states that board/commission members are required to attend meetings on a regular basis. If appointed, will you be able to attend meetings regularly and devote the time necessary to fulfill your duties as a member?
Yes x No _____

Do you or immediate family members have any relationship (professional, financial, other) that may present a potential conflict of interest for this advisory group? Yes _____ No x
If yes, please explain _____

SUPPLEMENTAL QUESTIONNAIRE: Please complete the following if applying for a vacancy on any of these listed boards/commissions/committees:

☐ **49-99 Cooperative Library System Advisory Board**
You must be a resident of San Joaquin County, but not the City of Lodi. Do you meet this requirement? ☐ Yes ☐ No

☐ **Stockton Arts Commission**
Outside of your profession indicate what type of Arts you are active in (circle any that apply): Music, Dance, Theater, Cinema, Photography, Architecture, Art Criticism, Textile Arts, Literary Arts, the Visual Arts, including (but not limited to) the Public or Environmental Arts, Graphic Arts, Design, Drawing, Painting, Printmaking, Sculpture, Ceramics, and Art History
Are you interested in or accomplished in fund-raising? ☐ Yes ☐ No

☐ **Building and Housing Board of Appeals/ Handicapped Access Board of Appeals**
Do you have experience in any of the following areas (circle any that apply): General Building Contractor, Plumbing Contractor, Electrical Contractor, or Mechanical Contractor; Engineer or Architect.
Are you a disabled citizen? ☐ Yes ☐ No

☐ **Central Parking District Advisory Board**
Do you own real property or are you an executive officer of a corporation that owns real property within the Central Parking District? ☐ Yes ☐ No Specify property address(es): _____

☐ **Climate Action Plan Advisory Committee**
Do you actively represent any of the following interest groups within the City of Stockton (circle any that apply):
Environmental, Non-Profit Community Organization, Labor, Business, Developer

☐ **Cultural Heritage Board**
Are you knowledgeable have experience in, or extensive background in any of the following areas (circle any that apply):
Historic or cultural traditions of the community, preservation, architecture, construction technology, real-estate, construction industry, California licensed Architect, Historian, Stockton resident for 40 years or longer.

☐ **Development Oversight Commission**
Do you work in Stockton or with a firm/organization that does business in Stockton? ☐ Yes ☐ No
State name/address of firm/organization: _____
Are you any of the following (check any that apply)
☐ Local architect/designer ☐ Local Civil Engineer ☐ Mixed Use Builder/Developer
☐ Local Representative from public at-large ☐ Local Non Profit Builder/Developer
☐ Port of Stockton Executive (CEO or Designee) ☐ San Joaquin Partnership Executive (CEO or Designee)
Building Industry Association ☐ Executive (CEO or Designee) or ☐ Mixed Use Builder/Developer
Builder's Exchange ☐ Executive (CEO or Designee) or ☐ General Contractor

HUGO HARO
APPLICANT NAME

☐ **Port Commission**
Do you reside within the Port District boundary or consistent with the City General Plan boundaries, plus a one-half mile strip on either side of the Stockton Ship Channel from the Port to Disappointment Slough, if so for how long? _____

☐ **Public Art Advisory Committee** (circle any that apply)
Employed as a professional visual artist, critic of contemporary visual art forums, or have knowledge of, or skill/experience in any of the following: activist for the visual environment, public art, regional/national individual artists work, understanding of ethnic/gender diversity, the Stockton Public Art Plan processes and implications for the City, decision-making ability, willingness to tolerate/promote change, new artistic & design expressions, community activities significant enough to confirm knowledge of issues and individuals within the community. Must be a resident of Stockton for at least 3 years.

☐ **San Joaquin Regional Transit District Board**
Have you resided within the Transit District boundaries for at least one year? ☐ Yes ☐ No
Are you a resident in the City of Stockton? ☐ Yes ☐ No

☐ **Sports Commission** (circle any that apply)
If you are not a resident of Stockton, do you own and/or operate a business within the City or are a sponsor or associated with a sports related event, name of business or event(s): _____

☐ **Stockton Measure W Oversight Committee**
Do you reside within Stockton's geographic boundary? ☐ Yes ☐ No Are you at least 28 years of age? ☐ Yes ☐ No
Are you an employee of any vendor, contractor or consultant doing business with the City of Stockton? ☐ Yes ☐ No

☐ **Council Water Advisory Group**
Do you reside within one of the Stockton Municipal Utilities' three utility service areas? ☐ Yes ☐ No If so, state which one: _____

☐ **Youth Advisory Committee** (fill in, circle, or check)
High school enrolled in: _____ Will you be a senior next committee term? ☐Yes ☐No
Are you a member of one of the following Community Centers? McKinley, Seifert and Seirra Vista, Stribley and Van Buskirk, other: _____
Which Council District do you reside in? District 1, 2, 3, 4, 5, or 6 (leave blank if you do not know).

BACKGROUND INFORMATION

WORK EXPERIENCE: List names, addresses, and dates of employers for the last five (5) years. Attach additional sheets of paper if needed.

FROM: MO. APRIL DAY 1 YEAR 2000 EMPLOYER NAME VIROLOGIC, INC AKA MONOGRAM BIOSCIENCES
TO: MO. JUNE DAY 1 YEAR 2006 ADDRESS OYSTER POINT BLVD SOUTH SAN FRANCISCO, CA 94080
DUTIES: Finance / Billing Department Representative which included oversight for and assistance in providing support 10q and 10k financial reporting.

FROM: MO. Februa/ry DAY 1 YEAR 1993 EMPLOYER NAME Smithkline Beecham/ Quest Diagnostics
TO: MO. March DAY 30 YEAR 2000 ADDRESS Dublin,CA
DUTIES: Worked with several departments to improve payment collections, client support, and internal audit of laboratory finances. In addition, worked with pharmaceutical sales and assisted in managing current accounts.

BUSINESS ENTERPRISES: List business name, including fictitious name and address of any business enterprises currently or previously owned or operated.

FROM: MO. January DAY 1 YEAR 2004 BUSINESS NAME Afinastar Group
TO: MO. 12 DAY 1 YEAR 2011 ADDRESS 6012 Dresden Way Stockton, CA 95212

HUGO HARO
APPLICANT NAME

TYPE OF BUSINESS OR SERVICE RENDERED: BUSINESS DEVELOPMENT CONSULTING SERVICES

A resume reflecting experience, community activities, or other qualifications not listed below may be attached in order to assist the Council in evaluating your application. (Optional)

EDUCATION: Degree in Bachelors of Science in Global Business Management. Received in 2010 from University of Phoenix.
Currently attending University of Phoenix pursuing a Masters Degree in Business Administration.

CONFLICT OF INTEREST: State and local law requires that you abstain from participation in decisions that may affect your financial interests, including sources of income and interest in real property or investments. In addition, if appointed you may be required to fill out a disclosure statement that identifies certain of your financial interests beginning with the immediate twelve-month period prior to your appointment. Based on your best judgment, does this board or commission make decisions that may affect any sources of income, interests in real property, or investments of you or your spouse?

Yes _____ No X If yes, please explain. Identify any organizations, associations, corporations, or entities by which you are employed or associated that might be affected by decisions of this board or commission and the positions you hold._____

INFORMATION REGARDING CONFLICT OF INTEREST AND FILING OF STATEMENTS OF ECONOMIC INTERESTS

In accordance with Government Code Sections 87300 – 87313 and the City of Stockton's Conflict of Interest Code, this Board/Commission/Committee may be designated to file Statements of Economic Interests.

If you are appointed to this Board/Commission/Committee, you may be required to file statements disclosing certain types of information so that the public can be made aware of potential conflicts of interest. The types of disclosure are:

- **Investments**
- **Interests in Real Property (other than your residence)**
- **Interests in Real Property Held by a Business Entity or Trust**
- **Investments Held by a Business Entity or Trust**
- **Income (other than loans and gifts)**
- **Income – Travel Payments, Advances, Reimbursements**
- **Income Gifts**
- **Business Positions**
- **Commission Income Received by Brokers, Agents, and Salespersons**
- **Income and Loans to a Business Entity or Trust**
- **Income from Rental Property**

If you have any questions regarding disclosure requirements, please contact the City Clerk's Office at 937-8458.

CONVICTIONS: Conviction of a crime is not necessarily a bar to appointment. Each case is considered separately based on requirements of the position; however, failure to list convictions may result in disqualification.

1. Have you ever been convicted of a felony? If yes, please explain:

   No

2. List each civil action, if any, in which punitive or exemplary damages have been assessed against you, indicating in each instance the date of the trial, court judgment and the location of the court which rendered the judgment:

Hugo Haro
APPLICANT NAME

I DECLARE, UNDER PENALTY OF DISQUALIFICATION AND TERMINATION, THAT ALL STATEMENTS IN THIS APPLICATION ARE TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

Signature _____ Date 12.01.2011

Please identify any specialized accommodations needed for equal participation: _____

The following information is voluntary and is gathered in accordance with State and Federal laws for the purpose of evaluating the effectiveness of our Affirmative Action and recruitment efforts. Please check: _x_ Male _____ Female

___White (Not Hispanic Origin) All persons having origins in any of the original peoples of Europe, North Africa or the Middle East

___Black (Not Hispanic Origin) All persons having origins in any of the Black racial groups of Africa.

_✓_ Hispanic All persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.

___American Indian or Alaska Native All persons having origins in any of the original peoples of North America and who maintain cultural identifications through tribal affiliation or community recognition. Please identify your tribal affiliation.

___Filipino All persons having origins in the Philippine Islands.

___Asian

The Stockton City Council appoints members to the various City of Stockton Boards and Commissions. The Council also appoints representatives to serve on various other San Joaquin County agencies as well. Please check the boxes below if you are interested in serving on any other boards/commissions. To find out about what these boards/commissions do and if you qualify, please visit the City of Stockton website at www.stocktongov.com/commissions

- ☐ 49-99 Cooperative Library System Advisory Board
- ☐ Arts Commission
- ☐ Building and Housing Board of Appeals
- ☐ Central Parking District Advisory Board
- ☐ City Council Salary Setting Commission
- ☐ Civil Service and Equal Employment Commissions
- ☐ Climate Action Plan Advisory Committee
- ☐ Community Development Committee
- ☐ Cultural Heritage Board
- ☐ Development Oversight Commission
- ☐ Handicapped Access Board of Appeals
- ■ Measure W Oversight Committee
- ☐ Parks and Recreation Commission
- ■ Planning Commission
- ☐ Port Commission
- ■ Public Art Advisory Committee
- ☐ Redevelopment Commission/Relocation Appeals Board
- ☐ San Joaquin County Commission on Aging
- ☐ San Joaquin County Mosquito And Vector Control District
- ☐ San Joaquin Regional Transit District Board
- ■ Sports Commission
- ☐ Water Advisory Group
- ☐ Youth Advisory Commission (must be in high school to serve on this Commission)

City of Stockton
APPLICATION CONTINUED
Page 2 of 5

Liliana Bueno
APPLICANT NAME

Please state the reason you would like to be a member of this board/commission:
Because I have worked for the City previously (City Manager's Office) and I am knowegeable of housing issues in our City.

Have you served on an advisory group before? No If yes, please explain: _____

How did you hear about the position? City Councilmember Holman

City Council Policy 100-2 states that board/commission members are required to attend meetings on a regular basis. If appointed, will you be able to attend meetings regularly and devote the time necessary to fulfill your duties as a member?
Yes X No _____

Do you or immediate family members have any relationship (professional, financial, other) that may present a potential conflict of interest for this advisory group? Yes _____ No X
If yes, please explain _____

SUPPLEMENTAL QUESTIONNAIRE: Please complete the following if applying for a vacancy on any of these listed boards/commissions/committees:

☐ **49-99 Cooperative Library System Advisory Board**
You must be a resident of San Joaquin County, but not the City of Lodi. Do you meet this requirement? ☐ Yes ☐ No

☐ **Stockton Arts Commission**
Outside of your profession indicate what type of Arts you are active in (circle any that apply): Music, Dance, Theater, Cinema, Photography, Architecture, Art Criticism, Textile Arts, Literary Arts, the Visual Arts, including (but not limited to) the Public or Environmental Arts, Graphic Arts, Design, Drawing, Painting, Printmaking, Sculpture, Ceramics, and Art History
Are you interested in or accomplished in fund-raising? ☐ Yes ☐ No

☐ **Building and Housing Board of Appeals/ Handicapped Access Board of Appeals**
Do you have experience in any of the following areas (circle any that apply): General Building Contractor, Plumbing Contractor, Electrical Contractor, or Mechanical Contractor; Engineer or Architect.
Are you a disabled citizen? ☐ Yes ☐ No

☐ **Central Parking District Advisory Board**
Do you own real property or are you an executive officer of a corporation that owns real property within the Central Parking District? ☐ Yes ☐ No Specify property address(es): _____

☐ **Climate Action Plan Advisory Committee**
Do you actively represent any of the following interest groups within the City of Stockton (circle any that apply):
Environmental, Non-Profit Community Organization, Labor, Business, Developer

☐ **Cultural Heritage Board**
Are you knowledgeable have experience in, or extensive background in any of the following areas (circle any that apply):
Historic or cultural traditions of the community, preservation, architecture, construction technology, real-estate, construction industry, California licensed Architect, Historian, Stockton resident for 40 years or longer.

☐ **Development Oversight Commission**
Do you work in Stockton or with a firm/organization that does business in Stockton? ☐ Yes ☐ No
State name/address of firm/organization: _____
Are you any of the following (check any that apply)
☐ Local architect/designer ☐ Local Civil Engineer ☐ Mixed Use Builder/Developer
☐ Local Representative from public at-large ☐ Local Non Profit Builder/Developer
☐ Port of Stockton Executive (CEO or Designee) ☐ San Joaquin Partnership Executive (CEO or Designee)
Building Industry Association ☐ Executive (CEO or Designee) or ☐ Mixed Use Builder/Developer
Builder's Exchange ☐ Executive (CEO or Designee) or ☐ General Contractor

Liliana Ravens
APPLICANT NAME

☐ **Port Commission**
Do you reside within the Port District boundary or consistent with the City General Plan boundaries, plus a one-half mile strip on either side of the Stockton Ship Channel from the Port to Disappointment Slough, if so for how long? _____

☐ **Public Art Advisory Committee** (circle any that apply)
Employed as a professional visual artist, critic of contemporary visual art forums, or have knowledge of, or skill/experience in any of the following: activist for the visual environment, public art, regional/national individual artists work, understanding of ethnic/gender diversity, the Stockton Public Art Plan processes and implications for the City, decision-making ability, willingness to tolerate/promote change, new artistic & design expressions, community activities significant enough to confirm knowledge of issues and individuals within the community

☐ **San Joaquin Regional Transit District Board**
Have you resided within the Transit District boundaries for at least one year? ☐ Yes ☐ No
Are you a resident in the City of Stockton? ☐ Yes ☐ No

☐ **Sports Commission** (circle any that apply)
If you are not a resident of Stockton, do you own and/or operate a business within the City or are a sponsor or associated with a sports related event, name of business or event(s): _____

☐ **Stockton Measure W Oversight Committee**
Do you reside within Stockton's geographic boundary? ☐ Yes ☐ No Are you at least 28 years of age? ☐ Yes ☐ No
Are you an employee of any vendor, contractor or consultant doing business with the City of Stockton? ☐ Yes ☐ No

☐ **Council Water Advisory Group**
Do you reside within one of the Stockton Municipal Utilities' three utility service areas? ☐ Yes ☐ No If so, state which one: _____

☐ **Youth Advisory Committee** (fill in, circle, or check)
High school enrolled in: _____ Will you be a senior next committee term? ☐Yes ☐No
Are you a member of one of the following Community Centers? McKinley, Seifert and Sierra Vista, Stribley and Van Buskirk, other: _____
Which Council District do you reside in? District 1, 2, 3, 4, 5, or 6 (leave blank if you do not know).

BACKGROUND INFORMATION

WORK EXPERIENCE: List names, addresses, and dates of employers for the last five (5) years. Attach additional sheets of paper if needed.

FROM: MO. Nov. DAY _____ YEAR 1999 EMPLOYER NAME Head Start CDC., Inc.
TO: MO. _____ DAY _____ YEAR Current ADDRESS 5361 Pershing Ave.
DUTIES: Director of Human Resources/Labor Relations

FROM: MO. Dec DAY _____ YEAR 1976 EMPLOYER NAME City of Stockton
TO: MO. _____ DAY _____ YEAR 1992 ADDRESS 425 N. El Dorado Street
DUTIES: Sr. Administrator - City Manager's Office

BUSINESS ENTERPRISES: List business name, including fictitious name and address of any business enterprises currently or previously owned or operated.

FROM: MO. _____ DAY _____ YEAR _____ BUSINESS NAME _____
TO: MO. _____ DAY _____ YEAR _____ ADDRESS _____

Juana Bueno
APPLICANT NAME

TYPE OF BUSINESS OR SERVICE RENDERED: _____

A resume reflecting experience, community activities, or other qualifications not listed below may be attached in order to assist the Council in evaluating your application. (Optional)

EDUCATION: _____

CONFLICT OF INTEREST: State and local law requires that you abstain from participation in decisions that may affect your financial interests, including sources of income and interest in real property or investments. In addition, if appointed you may be required to fill out a disclosure statement that identifies certain of your financial interests beginning with the immediate twelve-month period prior to your appointment. Based on your best judgment, does this board or commission make decisions that may affect any sources of income, interests in real property, or investments of you or your spouse?

Yes _____ No X If yes, please explain. Identify any organizations, associations, corporations, or entities by which you are employed or associated that might be affected by decisions of this board or commission and the positions you hold. _____

INFORMATION REGARDING CONFLICT OF INTEREST AND FILING OF STATEMENTS OF ECONOMIC INTERESTS

In accordance with Government Code Sections 87300 – 87313 and the City of Stockton's Conflict of Interest Code, this Board/Commission/Committee may be designated to file Statements of Economic Interests.

If you are appointed to this Board/Commission/Committee, you may be required to file statements disclosing certain types of information so that the public can be made aware of potential conflicts of interest. The types of disclosure are:

- **Investments**
- **Interests in Real Property (other than your residence)**
- **Interests in Real Property Held by a Business Entity or Trust**
- **Investments Held by a Business Entity or Trust**
- **Income (other than loans and gifts)**
- **Income – Travel Payments, Advances, Reimbursements**
- **Income Gifts**
- **Business Positions**
- **Commission Income Received by Brokers, Agents, and Salespersons**
- **Income and Loans to a Business Entity or Trust**
- **Income from Rental Property**

If you have any questions regarding disclosure requirements, please contact the City Clerk's Office at 937-8458.

CONVICTIONS: Conviction of a crime is not necessarily a bar to appointment. Each case is considered separately based on requirements of the position; however, failure to list convictions may result in disqualification.

1. Have you ever been convicted of a felony? If yes, please explain:

   No

2. List each civil action, if any, in which punitive or exemplary damages have been assessed against you, indicating in each instance the date of the trial, court judgment and the location of the court which rendered the judgment:

City of Stockton
APPLICATION CONTINUED
Page 5 of 5

LAJUANA J. BIVENS
APPLICANT NAME

I DECLARE, UNDER PENALTY OF DISQUALIFICATION AND TERMINATION, THAT ALL STATEMENTS IN THIS APPLICATION ARE TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

Signature LaJuana Bivens Date 10/15/11

Please identify any specialized accommodations needed for equal participation: _____

The following information is voluntary and is gathered in accordance with State and Federal laws for the purpose of evaluating the effectiveness of our Affirmative Action and recruitment efforts. Please check: ____Male ✓Female

___White (Not Hispanic Origin) All persons having origins in any of the original peoples of Europe, North Africa or the Middle East

✓Black (Not Hispanic Origin) All persons having origins in any of the Black racial groups of Africa.

___Hispanic All persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.

___American Indian or Alaska Native All persons having origins in any of the original peoples of North America and who maintain cultural identifications through tribal affiliation or community recognition. Please identify your tribal affiliation.

___Filipino All persons having origins in the Philippine Islands.

___Asian

The Stockton City Council appoints members to the various City of Stockton Boards and Commissions. The Council also appoints representatives to serve on various other San Joaquin County agencies as well. Please check the boxes below if you are interested in serving on any other boards/commissions. To find out about what these boards/commissions do and if you qualify, please visit the City of Stockton website at www.stocktongov.com/commissions

- ☐ 49-99 Cooperative Library System Advisory Board
- ☐ Arts Commission
- ☐ Building and Housing Board of Appeals
- ☐ Central Parking District Advisory Board
- ☐ City Council Salary Setting Commission
- ☐ Civil Service and Equal Employment Commissions
- ☐ Climate Action Plan Advisory Committee
- ☒ Community Development Committee
- ☐ Cultural Heritage Board
- ☐ Development Oversight Commission
- ☐ Handicapped Access Board of Appeals
- ☐ Measure W Oversight Committee
- ☐ Parks and Recreation Commission
- ☐ Planning Commission
- ☐ Port Commission
- ☐ Public Art Advisory Committee
- ☐ Redevelopment Commission/Relocation Appeals Board
- ☐ San Joaquin County Commission on Aging
- ☐ San Joaquin County Mosquito And Vector Control District
- ☐ San Joaquin Regional Transit District Board
- ☐ Sports Commission
- ☐ Water Advisory Group
- ☐ Youth Advisory Commission (must be in high school to serve on this Commission)

Justin Redman
APPLICANT NAME

Please state the reason you would like to be a member of this board/commission:
To oversee the proper handling of communlty development funds.

Have you served on an advisory group before? No If yes, please explain: _____

How did you hear about the position? Recommended through business associate

City Council Policy 100-2 states that board/commission members are required to attend meetings on a regular basis. If appointed, will you be able to attend meetings regularly and devote the time necessary to fulfill your duties as a member?
Yes x No _____

Do you or immediate family members have any relationship (professional, financial, other) that may present a potential conflict of interest for this advisory group? Yes _____ No x
If yes, please explain _____

SUPPLEMENTAL QUESTIONNAIRE: Please complete the following if applying for a vacancy on any of these listed boards/commissions/committees:

☐ **49-99 Cooperative Library System Advisory Board**
You must be a resident of San Joaquin County, but not the City of Lodi. Do you meet this requirement? ☐ Yes ☐ No

☐ **Stockton Arts Commission**
Outside of your profession indicate what type of Arts you are active in (circle any that apply): Music, Dance. Theater, Cinema, Photography, Architecture, Art Criticism, Textile Arts, Literary Arts, the Visual Arts, including (but not limited to) the Public or Environmental Arts, Graphic Arts, Design, Drawing, Painting, Printmaking, Sculpture, Ceramics, and Art History
Are you interested in or accomplished in fund-raising? ☐ Yes ☐ No

☐ **Building and Housing Board of Appeals/ Handicapped Access Board of Appeals**
Do you have experience in any of the following areas (circle any that apply): General Building Contractor, Plumbing Contractor, Electrical Contractor, or Mechanical Contractor; Engineer or Architect.
Are you a disabled citizen? ☐ Yes ☐ No

☐ **Central Parking District Advisory Board**
Do you own real property or are you an executive officer of a corporation that owns real property within the Central Parking District? ☐ Yes ☐ No Specify property address(es): _____

☐ **Climate Action Plan Advisory Committee**
Do you actively represent any of the following interest groups within the City of Stockton (circle any that apply):
Environmental, Non-Profit Community Organization, Labor, Business, Developer

☐ **Cultural Heritage Board**
Are you knowledgeable have experience in, or extensive background in any of the following areas (circle any that apply):
Historic or cultural traditions of the community, preservation, architecture, construction technology, real-estate, construction industry, California licensed Architect, Historian, Stockton resident for 40 years or longer.

☐ **Development Oversight Commission**
Do you work in Stockton or with a firm/organization that does business in Stockton? ☐ Yes ☐ No
State name/address of firm/organization: _____
Are you any of the following (check any that apply)
☐ Local architect/designer ☐ Local Civil Engineer ☐ Mixed Use Builder/Developer
☐ Local Representative from public at-large ☐ Local Non Profit Builder/Developer
☐ Port of Stockton Executive (CEO or Designee) ☐ San Joaquin Partnership Executive (CEO or Designee)
Building Industry Association ☐ Executive (CEO or Designee) or ☐ Mixed Use Builder/Developer
Builder's Exchange ☐ Executive (CEO or Designee) or ☐ General Contractor

APPLICANT NAME

☐ **Port Commission**
Do you reside within the Port District boundary or consistent with the City General Plan boundaries, plus a one-half mile strip on either side of the Stockton Ship Channel from the Port to Disappointment Slough, if so for how long? _____

☐ **Public Art Advisory Committee** (circle any that apply)
Employed as a professional visual artist, critic of contemporary visual art forums, or have knowledge of, or skill/experience in any of the following: activist for the visual environment, public art, regional/national individual artists work, understanding of ethnic/gender diversity, the Stockton Public Art Plan processes and implications for the City, decision-making ability, willingness to tolerate/promote change, new artistic & design expressions, community activities significant enough to confirm knowledge of issues and individuals within the community. Must be a resident of Stockton for at least 3 years.

☐ **San Joaquin Regional Transit District Board**
Have you resided within the Transit District boundaries for at least one year? ☐ Yes ☐ No
Are you a resident in the City of Stockton? ☐ Yes ☐ No

☐ **Sports Commission** (circle any that apply)
If you are not a resident of Stockton, do you own and/or operate a business within the City or are a sponsor or associated with a sports related event, name of business or event(s): _____

☐ **Stockton Measure W Oversight Committee**
Do you reside within Stockton's geographic boundary? ☐ Yes ☐ No Are you at least 28 years of age? ☐ Yes ☐ No
Are you an employee of any vendor, contractor or consultant doing business with the City of Stockton? ☐ Yes ☐ No

☐ **Council Water Advisory Group**
Do you reside within one of the Stockton Municipal Utilities' three utility service areas? ☐ Yes ☐ No If so, state which one: _____

☐ **Youth Advisory Committee** (fill in, circle, or check)
High school enrolled in: _____ Will you be a senior next committee term? ☐Yes ☐No
Are you a member of one of the following Community Centers? McKinley, Seifert and Seirra Vista, Stribley and Van Buskirk, other: _____
Which Council District do you reside in? District 1, 2, 3, 4, 5, or 6 (leave blank if you do not know).

BACKGROUND INFORMATION

WORK EXPERIENCE: List names, addresses, and dates of employers for the last five (5) years. Attach additional sheets of paper if needed.

FROM: MO. 1 DAY 3 YEAR 2005 EMPLOYER NAME Service First Bank
TO: MO. 11 DAY 30 YEAR 2008 ADDRESS 2800 W March Lane Stockton, CA 95219
DUTIES: Commercial Loan Officer with focus on real estate

FROM: MO. 11 DAY 30 YEAR 2008 EMPLOYER NAME Central Valley Community Bank
TO: MO. _____ DAY _____ YEAR _____ ADDRESS 2800 W March Lane Stockton, CA 95219
DUTIES: Commercial Loan Officer with focus on real estate

BUSINESS ENTERPRISES: List business name, including fictitious name and address of any business enterprises currently or previously owned or operated.

FROM: MO. _____ DAY _____ YEAR _____ BUSINESS NAME _____
TO: MO. _____ DAY _____ YEAR _____ ADDRESS _____

Justin Redman
APPLICANT NAME

TYPE OF BUSINESS OR SERVICE RENDERED: _____

A resume reflecting experience, community activities, or other qualifications not listed below may be attached in order to assist the Council in evaluating your application. (Optional)

EDUCATION: B.S. Business Administration -CSU Bakersfield

CONFLICT OF INTEREST: State and local law requires that you abstain from participation in decisions that may affect your financial interests, including sources of income and interest in real property or investments. In addition, if appointed you may be required to fill out a disclosure statement that identifies certain of your financial interests beginning with the immediate twelve-month period prior to your appointment. Based on your best judgment, does this board or commission make decisions that may affect any sources of income, interests in real property, or investments of you or your spouse?

Yes _____ No X If yes, please explain. Identify any organizations, associations, corporations, or entities by which you are employed or associated that might be affected by decisions of this board or commission and the positions you hold._____

INFORMATION REGARDING CONFLICT OF INTEREST AND FILING OF STATEMENTS OF ECONOMIC INTERESTS

In accordance with Government Code Sections 87300 – 87313 and the City of Stockton's Conflict of Interest Code, this Board/Commission/Committee may be designated to file Statements of Economic Interests.

If you are appointed to this Board/Commission/Committee, you may be required to file statements disclosing certain types of information so that the public can be made aware of potential conflicts of interest. The types of disclosure are:

Investments
Interests in Real Property (other than your residence)
Interests in Real Property Held by a Business Entity or Trust
Investments Held by a Business Entity or Trust
Income (other than loans and gifts)
Income – Travel Payments, Advances, Reimbursements
Income Gifts
Business Positions
Commission Income Received by Brokers, Agents, and Salespersons
Income and Loans to a Business Entity or Trust
Income from Rental Property

If you have any questions regarding disclosure requirements, please contact the City Clerk's Office at 937-8458.

CONVICTIONS: Conviction of a crime is not necessarily a bar to appointment. Each case is considered separately based on requirements of the position; however, failure to list convictions may result in disqualification.

1. Have you ever been convicted of a felony? If yes, please explain:

   No

2. List each civil action, if any, in which punitive or exemplary damages have been assessed against you, indicating in each instance the date of the trial, court judgment and the location of the court which rendered the judgment:

NA

Justin Redman
APPLICANT NAME

I DECLARE, UNDER PENALTY OF DISQUALIFICATION AND TERMINATION, THAT ALL STATEMENTS IN THIS APPLICATION ARE TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

Signature _____ Date 1/18/12

Please identify any specialized accommodations needed for equal participation: _____

The following information is voluntary and is gathered in accordance with State and Federal laws for the purpose of evaluating the effectiveness of our Affirmative Action and recruitment efforts. Please check: x Male _____ Female

X White (Not Hispanic Origin) All persons having origins in any of the original peoples of Europe, North Africa or the Middle East

___Black (Not Hispanic Origin) All persons having origins in any of the Black racial groups of Africa.

___Hispanic All persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.

___American Indian or Alaska Native All persons having origins in any of the original peoples of North America and who maintain cultural identifications through tribal affiliation or community recognition. Please identify your tribal affiliation.

___Filipino All persons having origins in the Philippine Islands.

___Asian

The Stockton City Council appoints members to the various City of Stockton Boards and Commissions. The Council also appoints representatives to serve on various other San Joaquin County agencies as well. Please check the boxes below if you are interested in serving on any other boards/commissions. To find out about what these boards/commissions do and if you qualify, please visit the City of Stockton website at www.stocktongov.com/commissions

- ☐ 49-99 Cooperative Library System Advisory Board
- ☐ Arts Commission
- ☐ Building and Housing Board of Appeals
- ☐ Central Parking District Advisory Board
- ☐ City Council Salary Setting Commission
- ☐ Civil Service and Equal Employment Commissions
- ☐ Climate Action Plan Advisory Committee
- ☐ Community Development Committee
- ☐ Cultural Heritage Board
- ☐ Development Oversight Commission
- ☐ Handicapped Access Board of Appeals
- ☐ Measure W Oversight Committee
- ☐ Parks and Recreation Commission
- ☐ Planning Commission
- ☐ Port Commission
- ☐ Public Art Advisory Committee
- ☐ Redevelopment Commission/Relocation Appeals Board
- ☐ San Joaquin County Commission on Aging
- ☐ San Joaquin County Mosquito And Vector Control District
- ☐ San Joaquin Regional Transit District Board
- ☐ Sports Commission
- ☐ Water Advisory Group
- ☐ Youth Advisory Commission (must be in high school to serve on this Commission)

City of Stockton
APPLICATION CONTINUED
Page 2 of 5

Sally Wooden
APPLICANT NAME

Please state the reason you would like to be a member of this board/commission:
It gives me an opportunity to be engaged in city government.

Have you served on an advisory group before? X If yes, please explain: This one and also on the Drug Court Advisory Committee

How did you hear about the position? City Staff

City Council Policy 100-2 states that board/commission members are required to attend meetings on a regular basis. If appointed, will you be able to attend meetings regularly and devote the time necessary to fulfill your duties as a member?
Yes X No ____

Do you or immediate family members have any relationship (professional, financial, other) that may present a potential conflict of interest for this advisory group? Yes ____ No X
If yes, please explain ____

SUPPLEMENTAL QUESTIONNAIRE: Please complete the following if applying for a vacancy on any of these listed boards/commissions/committees:

☐ **49-99 Cooperative Library System Advisory Board**
You must be a resident of San Joaquin County, but not the City of Lodi. Do you meet this requirement? ☐ Yes ☐ No

☐ **Stockton Arts Commission**
Outside of your profession indicate what type of Arts you are active in (circle any that apply): Music, Dance, Theater, Cinema, Photography, Architecture, Art Criticism, Textile Arts, Literary Arts, the Visual Arts, including (but not limited to) the Public or Environmental Arts, Graphic Arts, Design, Drawing, Painting, Printmaking, Sculpture, Ceramics, and Art History
Are you interested in or accomplished in fund-raising? ☐ Yes ☐ No

☐ **Building and Housing Board of Appeals/ Handicapped Access Board of Appeals**
Do you have experience in any of the following areas (circle any that apply): General Building Contractor, Plumbing Contractor, Electrical Contractor, or Mechanical Contractor; Engineer or Architect.
Are you a disabled citizen? ☐ Yes ☐ No

☐ **Central Parking District Advisory Board**
Do you own real property or are you an executive officer of a corporation that owns real property within the Central Parking District? ☐ Yes ☐ No Specify property address(es): ____

☐ **Climate Action Plan Advisory Committee**
Do you actively represent any of the following interest groups within the City of Stockton (circle any that apply):
Environmental, Non-Profit Community Organization, Labor, Business, Developer

☐ **Cultural Heritage Board**
Are you knowledgeable have experience in, or extensive background in any of the following areas (circle any that apply):
Historic or cultural traditions of the community, preservation, architecture, construction technology, real-estate, construction industry, California licensed Architect, Historian, Stockton resident for 40 years or longer.

☐ **Development Oversight Commission**
Do you work in Stockton or with a firm/organization that does business in Stockton? ☐ Yes ☐ No
State name/address of firm/organization: ____
Are you any of the following (check any that apply)
☐ Local architect/designer ☐ Local Civil Engineer ☐ Mixed Use Builder/Developer
☐ Local Representative from public at-large ☐ Local Non Profit Builder/Developer
☐ Port of Stockton Executive (CEO or Designee) ☐ San Joaquin Partnership Executive (CEO or Designee)
Building Industry Association ☐ Executive (CEO or Designee) or ☐ Mixed Use Builder/Developer
Builder's Exchange ☐ Executive (CEO or Designee) or ☐ General Contractor

Sally Wooden
APPLICANT NAME

☐ **Port Commission**
Do you reside within the Port District boundary or consistent with the City General Plan boundaries, plus a one-half mile strip on either side of the Stockton Ship Channel from the Port to Disappointment Slough, If so for how long? _____

☐ **Public Art Advisory Committee** (circle any that apply)
Employed as a professional visual artist, critic of contemporary visual art forums, or have knowledge of, or skill/experience in any of the following: activist for the visual environment, public art, regional/national individual artists work, understanding of ethnic/gender diversity, the Stockton Public Art Plan processes and implications for the City, decision-making ability, willingness to tolerate/promote change, new artistic & design expressions, community activities significant enough to confirm knowledge of issues and individuals within the community

☐ **San Joaquin Regional Transit District Board**
Have you resided within the Transit District boundaries for at least one year? ☐ Yes ☐ No
Are you a resident in the City of Stockton? ☐ Yes ☐ No

☐ **Sports Commission** (circle any that apply)
If you are not a resident of Stockton, do you own and/or operate a business within the City or are a sponsor or associated with a sports related event, name of business or event(s): _____

☐ **Stockton Measure W Oversight Committee**
Do you reside within Stockton's geographic boundary? ☐ Yes ☐ No Are you at least 28 years of age? ☐ Yes ☐ No
Are you an employee of any vendor, contractor or consultant doing business with the City of Stockton? ☐ Yes ☐ No

☐ **Council Water Advisory Group**
Do you reside within one of the Stockton Municipal Utilities' three utility service areas? ☐ Yes ☐ No If so, state which one: _____

☐ **Youth Advisory Committee** (fill in, circle, or check)
High school enrolled in: _____ Will you be a senior next committee term? ☐Yes ☐No
Are you a member of one of the following Community Centers? McKinley, Seifert and Sierra Vista, Stribley and Van Buskirk, other: _____
Which Council District do you reside in? District 1, 2, 3, 4, 5, or 6 (leave blank if you do not know).

BACKGROUND INFORMATION

WORK EXPERIENCE: List names, addresses, and dates of employers for the last five (5) years. Attach additional sheets of paper if needed.

FROM: MO. May DAY 25 YEAR 1998 EMPLOYER NAME Goodwill Industries
TO: MO. Present YEAR _____ ADDRESS 129 S. Grant Street Stockton CA 95202
DUTIES: Director Public Relations

FROM: MO. _____ DAY _____ YEAR _____ EMPLOYER NAME _____
TO: MO. _____ DAY _____ YEAR _____ ADDRESS _____
DUTIES: _____

BUSINESS ENTERPRISES: List business name, including fictitious name and address of any business enterprises currently or previously owned or operated.

FROM: MO. _____ DAY _____ YEAR _____ BUSINESS NAME _____
TO: MO. _____ DAY _____ YEAR _____ ADDRESS _____

Sally Wooden
APPLICANT NAME

TYPE OF BUSINESS OR SERVICE RENDERED: _____

A resume reflecting experience, community activities, or other qualifications not listed below may be attached in order to assist the Council in evaluating your application. (Optional)

EDUCATION: _____

CONFLICT OF INTEREST: State and local law requires that you abstain from participation in decisions that may affect your financial interests, including sources of income and interest in real property or investments. In addition, if appointed you may be required to fill out a disclosure statement that identifies certain of your financial interests beginning with the immediate twelve-month period prior to your appointment. Based on your best judgment, does this board or commission make decisions that may affect any sources of income, interests in real property, or investments of you or your spouse?

Yes _____ No X If yes, please explain. Identify any organizations, associations, corporations, or entities by which you are employed or associated that might be affected by decisions of this board or commission and the positions you hold. _____

INFORMATION REGARDING CONFLICT OF INTEREST AND FILING OF STATEMENTS OF ECONOMIC INTERESTS

In accordance with Government Code Sections 87300 – 87313 and the City of Stockton's Conflict of Interest Code, this Board/Commission/Committee may be designated to file Statements of Economic Interests.

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Interests in Real Property (other than your residence)
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Business Positions
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Income from Rental Property

If you have any questions regarding disclosure requirements, please contact the City Clerk's Office at 937-8458.

CONVICTIONS: Conviction of a crime is not necessarily a bar to appointment. Each case is considered separately based on requirements of the position; however, failure to list convictions may result in disqualification.

1. Have you ever been convicted of a felony? If yes, please explain:

   NO

2. List each civil action, if any, in which punitive or exemplary damages have been assessed against you, indicating in each instance the date of the trial, court judgment and the location of the court which rendered the judgment:

None

Sally Wooden
APPLICANT NAME

I DECLARE, UNDER PENALTY OF DISQUALIFICATION AND TERMINATION, THAT ALL STATEMENTS IN THIS APPLICATION ARE TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

Signature Sally J Wooden Date September 30, 2011

Please identify any specialized accommodations needed for equal participation: None

The following information is voluntary and is gathered in accordance with State and Federal laws for the purpose of evaluating the effectiveness of our Affirmative Action and recruitment efforts. Please check: ____Male X____Female

✓ White (Not Hispanic Origin) All persons having origins in any of the original peoples of Europe, North Africa or the Middle East

___Black (Not Hispanic Origin) All persons having origins in any of the Black racial groups of Africa.

___Hispanic All persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.

___American Indian or Alaska Native All persons having origins in any of the original peoples of North America and who maintain cultural identifications through tribal affiliation or community recognition. Please identify your tribal affiliation.

___Filipino All persons having origins in the Philippine Islands.

___Asian

The Stockton City Council appoints members to the various City of Stockton Boards and Commissions. The Council also appoints representatives to serve on various other San Joaquin County agencies as well. Please check the boxes below if you are interested in serving on any other boards/commissions. To find out about what these boards/commissions do and if you qualify, please visit the City of Stockton website at www.stocktongov.com/commissions

- ☐ 49-99 Cooperative Library System Advisory Board
- ☐ Arts Commission
- ☐ Building and Housing Board of Appeals
- ☐ Central Parking District Advisory Board
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- ☐ Climate Action Plan Advisory Committee
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- ☐ Redevelopment Commission/Relocation Appeals Board
- ☐ San Joaquin County Commission on Aging
- ☐ San Joaquin County Mosquito And Vector Control District
- ☐ San Joaquin Regional Transit District Board
- ☐ Sports Commission
- ☐ Water Advisory Group
- ☐ Youth Advisory Commission (must be in high school to serve on this Commission)

AGENDA ITEM 12.04

February 28, 2012

TO: Mayor and City Council

FROM: Wendy S. Saunders, Director
Economic Development Department

SUBJECT: **AUTHORIZE FACADE IMPROVEMENT FORGIVABLE LOAN OF $100,000 TO NORTH CALIFORNIA PROPERTIES, L.L.C., 36 NORTH CALIFORNIA STREET**

RECOMMENDATION

It is recommended that the City Council adopt a resolution authorizing a Facade Improvement Forgivable Loan to North California Properties, L.L.C., (Lilianne Bader, Tony Bader, Ramzi Bader, Margarit N. Bader, and Nadim Bader) for the commercial property located at 36 North California Street in the amount of $100,000.

Summary

North California Properties has applied for a Facade Improvement Forgivable Loan for its property at 36 North California Street (Vicinity Map – Attachment A). The total cost of the project is $150,846.66 (Project Photo – Attachment B and Architectural Photo – Attachment C). Financial assistance requested from the City of Stockton through its CDBG-R Facade Improvement Program is $100,000. The property owner will contribute the balance $50,846.66. The project will enhance the appearance of the building and positively impact the surrounding area.

DISCUSSION

Background

On October 24, 1988, City Council adopted Resolution No. 88-0680, which approved the Community Development Block Grant Commercial Facade Improvement Forgivable Loan Program. Rules governing the Program, as revised in 1999 by Resolution No 99-0530, allow a base grant of $10,000 for every 50 lineal feet of frontage, and an additional grant of $10,000 for the same 50 lineal feet provided the additional grant is matched by a property owner contribution. The subject property is relatively large, is located on a corner, and has over 350 lineal feet of frontage. It is, thus, eligible for the requested $100,000 in program funds.

Present Situation

The owner, North California Properties, L.L.C., has requested financial assistance in the amount of $100,000 for facade improvements to the property located at 36 North California Street between Weber Avenue and Main Street. The subject property is within the

downtown core and is eligible for the Facade Loan Program. The applicant has owned the building for approximately five years. This project involves the exterior renovation consistent with the City's Design Review Guidelines. Planned facade improvements include the following:

- New upper floor windows
- Clean and repair existing storefront doors and windows
- New stone veneer
- New trim
- Power wash and paint

The total cost for the project is $150,846.66. The requested assistance will be provided in the form of a forgivable loan in the amount of $100,000 to be financed over 5 years at 10% simple interest. Of the $100,000, a total of $50,000 is in the form of base grants, and a total of $50,000 is in the form of grants requiring a property owner match. The property owner is responsible for $50,846.66 of the total cost. The following table demonstrates the breakdown of funding of the loan application for North California Properties, L.L.C.:

	CITY	PROPERTY OWNER	TOTAL
Base Grant #1	$10,000	--	$10,000
Matching Funds #1	$10,000	$10,000	$20,000
Base Grant #2	$10,000	--	$10,000
Matching Funds #2	$10,000	$10,000	$20,000
Base Grant #3	$10,000	--	$10,000
Matching Funds #3	$10,000	$10,000	$20,000
Base Grant #4	$10,000	--	$10,000
Matching Funds #4	$10,000	$10,000	$20,000
Base Grant #5	$10,000	--	$10,000
Matching Funds #5	$10,000	$10,000	$20,000
Remaining Balance		$ 846.66	$ 846.66
TOTAL	**$100,000**	**$50,846.66**	**$150,846.66**

Pursuant to the program guidelines, the principal and interest payments are forgiven on an annual basis as long as the property owner maintains the exterior of the building, keeping it free of graffiti and other blighting influences.

City staff determined that the proposed improvements will not have an adverse effect on historic properties. The California State Historic Preservation Office has concurred with this determination pursuant to 36 Code of Federal Regulations, Part 800 (§106).

The project will improve the appearance of the building and have a positive impact on the surrounding area. This project encourages and complements the investment of private sector funds.

FINANCIAL SUMMARY

Sufficient funds are available in account number 053-8229-640 - Community Development Block Grant Special Purpose Loans, CDBG-R 2009-2010, for the $100,000 forgivable loan.

Respectfully submitted,

WENDY S. SAUNDERS, DIRECTOR
ECONOMIC DEVELOPMENT DEPARTMENT

Attachment A – Vicinity Map
Attachment B – Project Photo
Attachment C – Architectural Photo

WS:AH:slw

APPROVED:

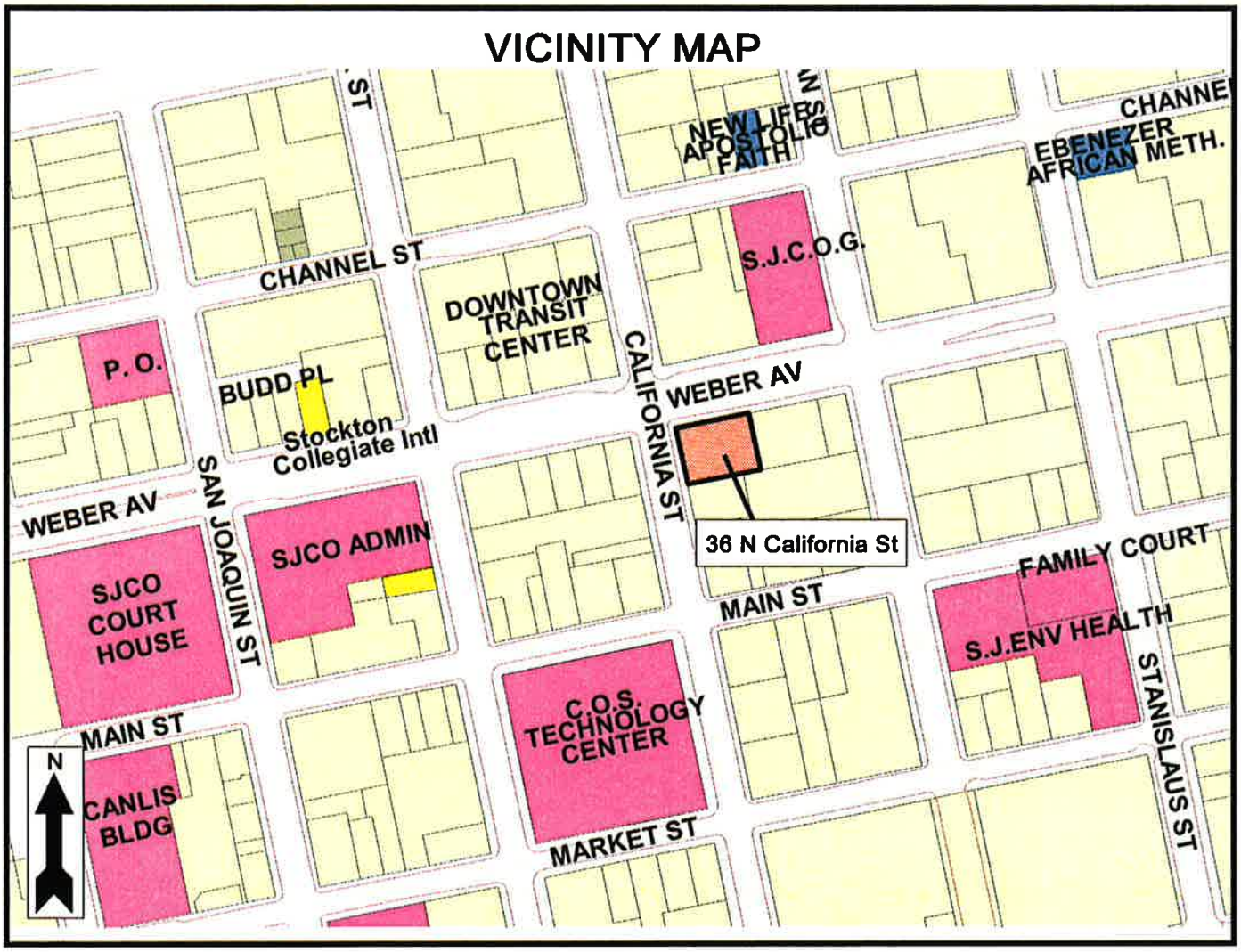
MICHAEL E. LOCKE
DEPUTY CITY MANAGER

::ODMA\GRPWISE\COS.HRD.HRD_Library:108033.1

Attachment A

COMMERCIAL FACADE IMPROVEMENT FORGIVABLE LOAN

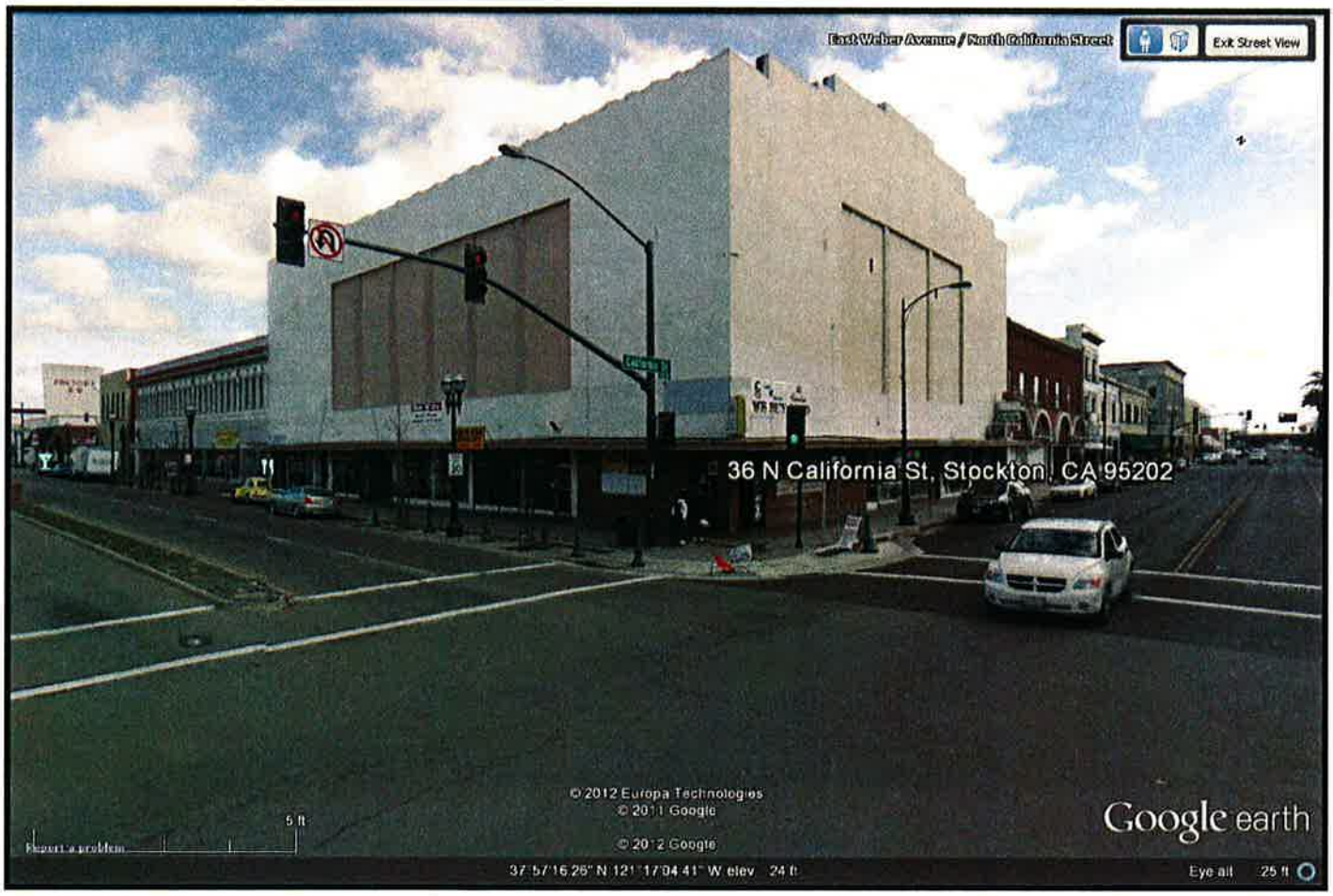
PROJECT SITE:
North California Properties, L.L.C.
36 N California Street, Stockton



Attachment B

COMMERCIAL FACADE IMPROVEMENT FORGIVABLE LOAN

North California Properties, L.L.C.
36 N California Street, Stockton



VIEW OF S/E CORNER OF CALIFORNIA ST. AND WEBER AVE.

PROJECT SCOPE OF WORK

1. NEW 12" HIGH STUCCO COVERED FOAM TRIM. PAINT TRIM "PANTONE 483 C".
2. NEW 6" HIGH STUCCO COVERED FOAM TRIM. PAINT TRIM "PANTONE 4645 C".
3. PAINT EXISTING STUCCO FINISH. PAINT TO BE "PANTONE 4645 C"
4. NEW HISTORICAL APPLIQUE - AS SELECTED BY OWNER
5. NEW 2"X4" STUCCO COVERED FOAM TRIM BORDER FOR FUTURE TENANT SIGNAGE. SIGNAGE AREA TO BE APPROX. 3' HIGH AND 8' LONG. PAINT TRIM "BROWN" AND INTERIOR "SAND".
6. INSTALL NEW WINDOWS AS SHOWN WITHIN EXISTING MASONRY OPENINGS BEHIND STUCCO
7. NEW 6" HIGH STUCCO COVERED FOAM TRIM AT SILL AND HEAD OF WINDOWS AND TO WRAP AROUND WEST AND NORTH WALLS. PAINT TRIM "PANTON 483 C".
9. POWERWASH, PREP, & PAINT EXISTING AWNING. PAINT TO BE "BLACK".
10. NOT USED
11. ADD METEAL BRACING ROD ALIGNED OVER EACH COLUMN. PAINT RODS "BLACK" RODS ARE FOR AESTHETIC (NONSTRUCTURAL) PURPOSES ONLY.
12. REPAIR & CLEAN EXISTING STOREFRONT WINDOWS, REPLACE DAMAGE AREAS AS REQUIRED, OR AS NOTED OTHERWISE.
13. NEW MAIN ENTRANCE PARAPET FEATURE ALIGNED WITH MAIN ENTRANCE. REPLACE STOREFRONT FRAMING & GLAZING AT MAIN ENTRANCE.
14. NEW 1-1/2" WIDE RAISED STUCCO COVERED FOAM TRIM. COLOR TO MATCH WALL COLOR BEHIND TRIM.
15. PAINT EXISTING STUCCO FINISH. PAINT TO BE "PANTON 475 C".
16. NEW 6" HIGH STUCCO COVERED FOAM TRIM. PAINT TRIM "PANTON 483 C".
17. NEW STUCCO COVERED FOAM TRIM W/ KEYSTONE SHAPE CENTER ON TOP WINDOWS. PAINT "PANTON 607 C".
17. NEW RAISED STUCCO COVERED RECTANGULAR FOAM TRIM. PAINT TRIM "PANTON 607 C".
18. LABOR EXIST. COLUMNS, WHERE APPLICABLE, TO EXTERIOR & FINISH W/ TRAVERTINE VANILLA VENEER
19. REMOVE EXISTING WINDOWS, AT CALIFORNIA ST & WEBER AVE. CORNER FIRST FLOOR, AND REPLACE WITH NEW STOREFRONT WINDOWS TO MATCH WE EXIST.
20. NEW STONE VENEER "TRAVERTINE VANILLA"

George A. Rodriguez, Architect

933 N. El Dorado St., Suite 1
Stockton, CA 95202
Phone: 209-462-8410
Fax: 209-462-4101
E-M:gar-architect@sbcglobal.net
Architecture Consulting

Project

Exterior Facade
Improvement
SE Corner Of California
& Weber
Stockton, CA. 95202

These drawings are property of George A. Rodriguez, Architect and are not to be reproduced changed, copied or loaned without the written consent of George A. Rodriguez Architect.

ATTACHMENT C

Resolution No. _____

STOCKTON CITY COUNCIL

RESOLUTION APPROVING A FACADE IMPROVEMENT FORGIVABLE LOAN, IN THE AMOUNT OF $100,000, TO NORTH CALIFORNIA PROPERTIES, L.L.C. (LILIANNE BADER, TONY BADER, RAMZI BADER, MARGARIT N. BADER, AND NADIM BADER) FOR THE COMMERCIAL PROPERTY LOCATED AT 36 NORTH CALIFORNIA STREET, STOCKTON, CALIFORNIA

North California Properties, L.L.C., has applied for a Facade Improvement Forgivable Loan in the amount of $100,000; and

It is anticipated that this project will improve the appearance of the building and have a positive impact on surrounding properties; and

The project encourages and complements the investment of private sector funds in the Downtown Area; now, therefore,

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

1. The City Manager is hereby authorized and directed to execute a Facade Improvement Forgivable Loan between the City of Stockton and North California Properties, L.L.C., in the amount of $100,000, for the commercial property located at 36 N. California Street, Stockton, California, to be evidenced by a promissory note and secured by a Deed of Trust on said property.

2. The City Manager is hereby authorized and directed to take whatever actions are appropriate to carry out the purpose and intent of this resolution.

PASSED, APPROVED, and ADOPTED February 28, 2012.

_____
ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

_____
BONNIE PAIGE
City Clerk of the City of Stockton

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City Atty Review _____
Date February 21, 2012

AGENDA ITEM 12.05

February 28, 2012

TO: Mayor and City Council

FROM: Wendy S. Saunders, Director
Economic Development Department

SUBJECT: **RESOLUTION: AUTHORIZE A CONTRACT WITH KUREY & ASSOCIATES FOR LABOR COMPLIANCE AND MONITORING SERVICES FOR THE CITY OF STOCKTON TO ENSURE FEDERAL AND STATE LABOR REGULATIONS AND PREVAILING WAGE REQUIREMENTS ARE MET (PUR 11-064)**

RECOMMENDATION

It is recommended that City Council adopt a resolution authorizing the execution of a five-year, fixed-fee (percentage) professional services contract, with options to extend up to a maximum of three additional years with Kurey & Associates to provide labor compliance services related to state and federal prevailing wage requirements for the City of Stockton.

SUMMARY

The City of Stockton (City) offers several low and moderate income housing construction and rehabilitation loans, as well as commercial rehabilitation loans, which are funded under federal programs. These programs require that Federal Labor Standards Provisions be met and Davis-Bacon and/or State Prevailing Wage be paid for all onsite labor. The City is in need of assistance with labor compliance monitoring for its residential and commercial rehabilitation projects and recommends that a five-year contract be awarded to Kurey & Associates (located in Stockton), per a fixed fee (percentage) schedule, to provide such services. The contract also contains options to extend up to a maximum of three additional years. The cost of this contract will depend on the number and type of projects approved. The contract is not expected to exceed $200,000 during the initial five years of the contract.

DISCUSSION

Background

The City manages several housing and commercial rehabilitation loan programs which are funded under federal programs such as Community Development Block Grant (CDBG), HOME Investment Partnership (HOME) and Neighborhood Stabilization Program (NSP). Since these programs are federally-funded, Federal Labor Standards Provisions must be met and Davis-Bacon prevailing wage must be paid for all onsite labor.

During the past five years, the City has been utilizing Kurey and Associates to assist with the monitoring of these construction and rehabilitation projects. Due to the funding sources for these projects, additional requirements must be met (e.g., Federal Labor Standards Provisions, Davis-Bacon Prevailing Wage, and/or State Prevailing Wage). Also due to an increase in program participation and budget constraints for additional personnel the City is looking to continue outsourcing to provide this service.

Present Situation

On September 27, 2011, City Council approved the issuance of a Request for Proposals (RFP) for labor compliance services (Resolution 11-0275). Proposals were received from AmeriNational, Gafcon, Parsons Brinkerhoff, DCM, and Kurey & Associates. On November 10, 2011, the Selection Committee, comprised of Economic Development Department staff, reviewed the proposals and recommended two of the respondents, Parsons Brinkerhoff and Kurey & Associates, to be interviewed. The criteria used to evaluate the proposals included the firm's expertise and experience in labor compliance monitoring; capacity to handle the contract; availability for required meetings and to conduct required on-site monitoring. On December 6, 2011, the Selection Committee interviewed the two most highly qualified respondents and recommended Kurey & Associates be awarded a five-year, fixed-fee (percentage) professional services contract, with options to extend up to a maximum of three additional years. The total cost for the services may vary due to the amount and type of projects approved. The contract is not expected to exceed $200,000 during the initial five years of the contract.

The primary services to be provided under this contract include:

- Provide labor compliance services for the City of Stockton to assure that all Federal Labor Standard Provisions, Davis-Bacon Prevailing Wage and/or State Prevailing Wage requirements are met for its housing construction and rehabilitation projects and commercial rehabilitation projects. This includes, for example, conducting prebid/preconstruction meetings with property owners and contractors, providing the necessary documentation and forms, conducting job site interviews, reviewing certified payroll records, and providing monthly project status reports.

FINANCIAL SUMMARY

There are sufficient funds in project delivery account numbers 052-8124-640 Community Development Block Grant Administration Rehab Loan Costs, 059-8124-640 HOME Program Administration Rehab Loan Costs, and 063-8124-640 Neighborhood

Stabilization Administration Rehab Loan Costs for the requested labor compliance services. Funds will be budgeted during the annual budget process for subsequent terms of the contract, should such term extensions be exercised.

Respectfully submitted,

WENDY S, SAUNDERS, DIRECTOR
ECONOMIC DEVELOPMENT DEPARTMENT

WSS:AH:slw

APPROVED

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

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Resolution No. _____

STOCKTON CITY COUNCIL

RESOLUTION APPROVING A PROFESSIONAL SERVICES CONTRACT WITH KUREY & ASSOCIATES TO PROVIDE LABOR COMPLIANCE SERVICES FOR THE CITY OF STOCKTON

The City of Stockton (City) seeks to obtain Labor Compliance Services for its residential and commercial rehabilitation and/or construction projects; and

The City Council adopted Resolution No. 11-0275 on September 27, 2011, to acquire proposals for labor compliance services through the Request for Proposal (PUR 11-064) (RFP) process; and

Five proposals were received and reviewed by the selection committee, which in turn recommended that Kurey & Associates be awarded the contract (Exhibit 1); now, therefore,

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

1. The Professional Services Contract for Labor Compliance Services between the City and Kurey & Associates is hereby approved.

2. The City Manager is hereby authorized and directed to execute a five-year fixed-fee (percentage) Professional Services Contract, with options to extend up to a maximum of three additional years, between the City and Kurey & Associates to provide labor compliance services.

3. The City Manager is hereby authorized and directed to take whatever actions are appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED February 28, 2012.

ATTEST:

ANN JOHNSTON, Mayor
of the City of Stockton

BONNIE PAIGE, City Clerk
of the City of Stockton
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City Atty:
Review _____
Date February 21, 2012

PROFESSIONAL SERVICES CONTRACT FOR Labor Compliance Services

THIS CONTRACT is entered into on _____, by and between the CITY OF STOCKTON, a municipal corporation, hereinafter referred to as "CITY," and KUREY & ASSOCIATES, hereinafter referred to as "FIRM."

W I T N E S S E T H:

WHEREAS, FIRM submitted a proposal, is licensed in the State of California to perform such services, and is capable of providing such services;

NOW, THEREFORE, CITY and FIRM, for the consideration and upon the terms and conditions hereinafter specified, agree as follows:

Section 1
SCOPE OF SERVICES

FIRM, for the benefit of and at the direction of CITY, shall provide labor compliance services for both residential and commercial construction projects within the City of Stockton (hereinafter the "Project") as more particularly set forth in Exhibit "A", which is attached to this Contract and incorporated by this reference. FIRM acknowledges that the services performed pursuant to this Contract either by FIRM or at its direction shall be rendered in accordance with the accepted practices and standards of FIRM's profession.

Section 2
COMPENSATION

FIRM shall be compensated for said services in the amounts set forth in Exhibit "B," based upon the total construction cost for each project.

Section 3
TERM

The term of this Contract shall be a five (5) year fixed fee (percentage) from the date of execution. The agreement may be extended for up to three (3) additional years through annual extensions, subject to the consent of both parties.

Section 4
RIGHTS AND DUTIES OF CITY

CITY shall make available to FIRM all data and information in the possession of CITY which both parties deem necessary to complete the Project, and CITY shall actively aid and assist FIRM in obtaining such information as may be deemed necessary from other agencies and individuals.

The Economic Development Director (hereinafter referred to as "Director") may authorize a staff person, as a representative, to confer with FIRM relative to FIRM's services hereunder. The Project hereunder shall be reviewed from time to time by CITY at

the discretion of CITY or upon the request of FIRM. If the services are satisfactory, they will be approved. If the services are not satisfactory, CITY will inform FIRM in writing of the changes or revisions necessary to secure approval.

Director, on behalf of CITY, reserves the right to approve any change in the project manager assigned by FIRM (including all subcontractors) to said Project, and any discretion or right to approve exercised by or on behalf of CITY shall be exercised in a reasonable manner.

Upon payment for the services performed, or portion thereof, all original certified payroll records, employee interview forms, invoices, reports, or other instruments of service are and shall remain the property of CITY whether the entire project for which they are made is finished or not. FIRM shall be permitted to retain copies for purposes of marketing professional services, publications in professional journals, and presentations.

Section 5
RIGHTS AND DUTIES OF FIRM

FIRM represents and acknowledges that it has or will have at the time this Contract is executed, all licenses (including a City of Stockton Business License), permits, qualifications, insurance, and approvals of whatsoever nature are legally required for the FIRM to practice its profession, and that FIRM shall, at its own cost and expense, keep in effect during the life of this Contract all such licenses, permits, qualifications, insurance, and approvals.

FIRM shall meet with the Director or other personnel of CITY or third parties as necessary on all matters connected with the carrying out of FIRM's services. Such meetings shall be held at the request of either party hereto.

Section 6
TERMINATION OF CONTRACT

Either party shall have the right to terminate this Contract at any time upon giving the other party written notice of its intention to terminate thirty (30) days prior to the effective date of said termination. Upon termination, FIRM shall turn over to CITY all documents, records, plans, and instruments of service produced by FIRM in connection with its performance of services pursuant to this Contract. CITY shall pay FIRM for all services satisfactorily performed pursuant to this Contract up to the date of termination.

Section 7
NOTICES

Any notice, tender, delivery, or requests for payment to be given to any party herein in connection with this Contract may be effected by personal delivery, in writing or by mail, and shall be deemed communicated as of the date of actual receipt. Mailed notices shall be addressed as set forth below:

To CITY: Economic Development Department
City of Stockton
425 N. El Dorado Street.
Stockton, CA 95202

To FIRM: Kurey & Associates
10940 Trinity Parkway, Suite C #297
Stockton, CA 95219
Attn: Kate Kurey

Section 8
INDEPENDENT CONTRACTOR

Nothing in this Contract shall be interpreted so as to cause FIRM to be considered an employee of CITY. FIRM is employed solely as an independent contractor to render a professional service and is responsible for all obligations consistent with that status.

Subcontractors shall not be recognized as having any direct or contractual relationship with the CITY. FIRM shall be responsible for the services of Subcontractors, which shall be subject to the provisions of this Contract. FIRM is responsible to the CITY for the acts and omissions of its Subcontractors and persons directly or indirectly employed by them.

Section 9
WORKERS' COMPENSATION

In accordance with the provisions of Section 3700 of the California Labor Code, FIRM shall secure at its own expense and maintain during the life of this Contract, workers' compensation coverage for its employees as necessary to protect FIRM and its employees under the Workers' Compensation Insurance and Safety Act, including coverage under United States Longshore and Harbor Workers' Act, when applicable. Such insurance shall be in a standard form and shall relieve CITY of all responsibility for such claims and/or liability. FIRM shall, prior to undertaking the work contemplated herein, supply CITY with a certificate of insurance evidencing that said coverages are in full effect.

Section 10
INSURANCE

FIRM shall at all times maintain at FIRM's expense professional liability insurance coverage in the amount of $1 million. FIRM shall provide thirty (30) days written notice to CITY prior to canceling or changing the terms of such coverage.

In addition to Workers' Compensation Insurance and Professional Liability Insurance, FIRM shall comply with the insurance requirements set forth in Exhibit C, which is attached to this Contract and incorporated by this reference.

Section 11
INDEMNIFICATION

FIRM shall indemnify, defend, and hold harmless CITY, its officers, agents, and employees, from any claim, expense, liability, or payment for any injury or damage to any person or property to the extent caused by FIRM's willful misconduct or negligence associated with the performance of its duties under this Contract.

CITY shall indemnify, defend, and hold harmless FIRM, its officers, agents, and employees, from any claim, expense liability, or payment for any injury or damage to any person or property to the extent caused by CITY's willful misconduct or negligence associated with the performance of its duties under this Contract.

Section 12
ATTORNEY'S FEES

Any claims, disputes or controversies arising out of, or in relation to, the interpretation, application or enforcement of this Contract may be submitted to non-binding mediation prior to the initiation of any suit or other litigation. The cost of said mediation shall be split equally between the parties.

In the event that legal action is brought by either party against the other, the prevailing party shall be reimbursed by the other for the prevailing party's legal costs, in addition to whatever other judgments or settlement sums, if any, may be due. Such legal costs shall include, but not be limited to, reasonable attorney's fees, court costs, expert witness fees and other documented expenses.

Section 13
NON-DISCRIMINATION

In performing services under this Contract, FIRM shall not discriminate in the employment of its employees or in the engagement of any Subcontractors on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 14
ASSIGNMENT

FIRM shall neither assign nor delegate its rights and/or duties under this Contract without first obtaining CITY's written consent to the assignment and/or delegation. Any such assignment or delegation made by FIRM without prior written consent of CITY will render this Contract voidable at sole discretion of CITY.

Section 15
AUDITS

CITY reserves the right to periodically audit all charges made by FIRM to CITY for services under the Contract. Upon request, FIRM agrees to furnish CITY, or a designated representative, with necessary information and assistance.

FIRM agrees that CITY or its delegate shall have the right to review, obtain, and copy all records pertaining to performance of the Contract. FIRM agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purposes of determining compliance with this Contract. FIRM further agrees to maintain such records for a period of three (3) years after final payment under this Contract.

Section 16
APPLICABLE LAW

The provisions of this Contract and any and all disputes arising therefrom shall be governed by the laws of the State of California.

Section 17
CAPTIONS

The captions of the sections of this Contract are for convenience only and shall not be deemed to be relevant in resolving any questions of interpretation or intent.

Section 18
INTEGRATION AND MODIFICATION

The response by FIRM to the Request for Proposals and the Request for Proposals on file with the City Clerk are hereby incorporated herein by reference to the extent that such documents do not differ from the provisions and terms of this Contract, and if a difference does exist the provisions and terms of this Contract shall supersede such response or Request for Proposals.

This Contract represents the entire integrated agreement between FIRM and CITY, supersedes all prior negotiations, representations, or agreements, either written or oral, between the parties, and may be amended only by written instrument signed by FIRM and CITY.

All exhibits and this Contract are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Contract and the attached exhibits, the terms of this Contract shall prevail.

Section 19
SEVERABILITY

The provisions of this Contract are severable to the extent that should any of its provisions or terms be declared void in whole or in part by operation of law or agreement of the parties, the remainder of the provisions or terms not expressly declared void shall remain enforceable and in full effect.

Section 20
THIRD PARTY RIGHTS

Nothing in this Contract shall be construed to give any rights or benefits to anyone other than CITY and FIRM.

Section 21
AUTHORITY

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Contract.

IN WITNESS WHEREOF, the parties have executed this Contract the day and year first hereinabove written.

ATTEST:

BONNIE PAIGE
City Clerk of the City of Stockton

CITY OF STOCKTON,
a municipal corporation

BY: _____
BOB DEIS
City Manager

APPROVED AS TO FORM:
JOHN LUEBBERKE
CITY ATTORNEY

BY: _____ for
JOHN LUEBBERKE
City Attorney

"FIRM"
KUREY & ASSOCIATES,
a sole proprietorship

BY: _____
KATE KUREY, Owner

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EXHIBIT "A"
SCOPE OF SERVICES

Specific Labor Compliance and Monitoring services, although not all-inclusive, to be performed include:

1. Schedule and conduct "Preconstruction" meetings with property owner, contractor, and subcontractors to go over labor compliance regulations. Prepare necessary documentation to be distributed at "Preconstruction" meeting (i.e., current wage determination, labor posters, agenda, forms, etc.).

2. Determine appropriate State or Davis-Bacon wage determinations and trade classifications for each project.

3. Issue "Notice to Proceed" to contractor and property owner.

4. Receive, review and maintain Certified Payroll records and related documents to assure compliance with prevailing wage laws.

5. Once all certified payroll reports and/or required documentation have been received, Consultant will sign off on the contractor's invoice authorizing payment.

6. Attempt to identify potential labor compliance claim issues before they arise and investigate probable violations and complaints of underpayment.

7. Verify the registration of apprentices in the craft or trade being performed.

8. Require proof of payment from employer of training fund contributions.

9. Conduct job site inspections and interview workers for labor compliance.

10. Provide bi-monthly reports on the status of each project and recommend retention for delinquent and/or inadequate certified payroll records.

11. Assist property owner, contractor, and subcontractors with the completion of required labor compliance documentation and wage determinations.

EXHIBIT B

PROPONET'S FEE SCHEDULE

Provide a per project cost based upon a percentage of the total construction value of the individual rehabilitation/development project for all services to be performed under this proposal as outlined in Section 2.3.

Schedule "A"

$1.000-$50,000	2.00 % FEE
$50,001-$100,000	1.75 % FEE
$100,001-$500,000	1.50 % FEE
$500,000- $1,000,000	1.00 % FEE
$1,000,001- ABOVE	SEE ATTACHED % FEE

Alternate: Below fee percentage applies to all project categories.

Schedule "B"

_____% FIXED FEE ALL PROJECTS, ONE FEE

Any questions regarding this project should be directed to Alex Halcon, email: Alex.Halcon@stocktongovcom

REQUIRED AT THE TIME OF AWARD
CITY OF STOCKTON BUSINESS LICENSE NUMBER: 11-00098187

Kurey & Associates
FIIRM

10940 Trinity Parkway, Suite, # 297
Stockton, CA 95219
ADDRESS

SIGNED BY

Owner
TITLE OR AGENCY

10/26/11
DATE

(209) 946-9601/ (209) 946-9621 (F)
TELEPHONE NO. //FAX NO.

Katek@kureyandassociates.com
EMAIL ADDRESS

NOTE: PROPONENTS ARE TO SUBMIT THIS FEE SCHEDULE IN A SEPARATE SEALED ENVELOPE TO CLEARLY INDICATE THE CONTACT AS:

A) FEE SCHEDULE- "LABOR COMPLIANCE SERVICES FOR CONSTRUCTION PROJECTS"
B) (PUR 11-064)
C) OCTOBER 27, 2011

Pricing will not be disclosed at proposal opening. Finalist's pricing may be subject to negotiation. The City, at the conclusion of negotiations, may request "best and final" offer from the finalists.

EXHIBIT B

KUREY ASSOCIATES

Labor Compliance Management

Preliminary Fee Proposal/ Cost & Price Summary

Summary

The fees for administering and enforcing Labor Compliance Services will be calculated on the construction value ($1,000,000 or more), per project as follows:

For $1 million	$10,000
For the next $1 million* or any part thereof, plus	0.5 percent
For the next $1 million* or any part thereof, plus	0.25 percent
For the next $1 million* or any part thereof, plus	0.15 percent
For the next $1 million* or any part thereof, plus	0.32 percent
For the next $12 million* or any part thereof, plus	0.28 percent
For the next $2 million* or any part thereof, plus	0.46 percent
For the next $5 million* or any part thereof, plus	0.44 percent
For the next $30 million* or any part thereof, plus	0.42 percent
For any remaining portion	0.3 percent

*of construction value

**** There will be a 10% discount given to all projects, excluding the first $1,000,000.00. This discount only applies to projects with construction value of $1,000,000.00 or more.**

EXHIBIT 'C' – INSURANCE REQUIREMENTS

CONSULTANTS

CONSULTANT shall procure and maintain for the duration of the Agreement, insurance against all claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the CONSULTANT, its agents, representatives, volunteers, or employees.

1. **INSURANCE** Throughout the life of this Contract, the Consultant shall pay for and maintain in full force and effect with an insurance company admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A: VII" in Best Insurance Key Rating Guide, the following policies of insurance:

   A. **COMMERCIAL (BUSINESS) AUT OMOBILE LIA BILITY** Insurance, endorsed for "any auto" with combined single limits of liability of not less than $1,000,000 each occurrence.

   B. **WORKERS' COMPE NSATION** Insurance as required under the California Labor Code and Employers Liability Insurance with limits not less than $1,000,000 per accident/injury/disease.

   C. **COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY AND MISCELLANEOUS SUPPLEMENTARY INSURANCE;**

   FOR **ADDITIONAL** REQUIREMENT(S):

   (i) **COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY** Insurance which shall include Contractual Liability, Products and Completed Operations coverages, Bodily Injury and Property Damage Liability insurance with combined single limits of not less than $1,000,000 per occurrence, and if written on an Aggregate basis, $2,000,000 Aggregate limit.

   (ii) **PROFESSIONAL E RRORS AND OMISSIONS**, Not less than $50,000 per Claim./$1,000,000 Aggregate. Certificate of Insurance only required.

Deductibles and Self-Insured Retentions must be declared and are subject to approval by the CITY.

The Policy(s) shall also provide the following:

1 The Commercial General Liability insurance shall be written on ISO approved occurrence form with additional insured endorsement naming: *City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are additional insureds.*

2. All insurance required by this Agreement shall be with a company acceptable to the CITY and issued and executed by an admitted insurer authorized to transact insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONSULTANT completes its performance of services under this Agreement.

3. For any claims related to products provided under this contract, the Consultant's insurance coverage shall be primary insurance as respects the City of Stockton its officers, agents, and employees. Any coverage maintained by the CITY shall be excess of the Consultant's insurance and shall not contribute with it. Policy shall waive right of recovery (waiver of subrogation) against the CITY.

4. Each insurance policy required by this clause shall have a provision that coverage shall not be cancelled by either party, except after thirty (30) days' prior to written notice by certified mail, return receipt requested, has been given to the CITY. Further, the thirty (30) day notice shall be unrestricted, except for workers' compensation, or non-payment of premium, which shall permit ten (10) days advance notice. The insurer and/or the contractor and/or the contractor's insurance agent shall provide the CITY with notification of any cancellation, major change, modification or reduction in coverage.

5. Regardless of these contract minimum insurance requirements, the Consultant and its insurer shall agree to commit the Consultant's full policy limits and these minimum requirements shall not restrict the Consultant's liability or coverage limit obligations.

6. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnity the additional insured would be invalid under Subdivision (b) of Section 2782 of the California Civil Code.

7. The Company shall furnish the City of Stockton with the Certificates and Endorsement for all required insurance, prior to the CITY's execution of the Agreement and start of work.

8. Proper address for mailing certificates, endorsements and notices shall be:

   City of Stockton
   Attention: Risk Services
   425 N. El Dorado Street
   Stockton, CA 95202

9. Upon notification of receipt by the CITY of a Notice of Cancellation, major change, modification, or reduction in coverage, the Consultant shall immediately file with the CITY a certified copy of the required new or renewal policy and certificates for such policy.

Any variation from the above contract requirements shall only be considered by and be subject to approval by the CITY's Risk Manager (209) 937-8682. Our fax is (209) 937-5702.

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

If the Consultant should subcontract all or any portion of the work to be performed in this contract, the Consultant shall cover the sub-contractor, and/or require each sub-contractor to adhere to all subparagraphs of these Insurance Requirements section. Similarly, any cancellation, lapse, reduction or change of sub-contractor's insurance shall have the same impact as described above.

EDD Doc #108016

AGENDA ITEM 12.06

February 28, 2012

TO: Mayor and City Council

FROM: Jeff Willett, Interim Director of Municipal Utilities

SUBJECT: **CONTRACT CHANGE ORDER TO THE PROFESSIONAL SERVICES CONTRACT WITH CAROLLO ENGINEERS FOR CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES OF THE DELTA WATER SUPPLY PROJECT INTAKE AND PUMP STATION FACILITY**

RECOMMENDATION

It is recommended that the City Council approve a motion authorizing Contract Change Order No. 2 in the amount of $326,621 to the Professional Services Contract with Carollo Engineers for Construction Management and Inspection Services for the Delta Water Supply Project Intake and Pump Station Facility.

Summary

This action will provide for Contract Change Order No. 2 (Attachment A) to Carollo Engineers for construction management and inspection services associated with the Delta Water Supply Project Intake and Pump Station Facility (Attachment B) in the amount of $326,621, bringing the total revised contact price to a not-to-exceed amount of $2,094,319.30. The change order is necessary to cover the additional costs for construction management and inspection services as a result of delays in project completion.

DISCUSSION

Background

On August 25, 2009, the City Council adopted Resolution No. 09-0294 approving the Professional Services Contract with Carollo Engineers for Construction Management and Inspection Services for the Delta Water Supply Project Intake and Pump Station Facility for a not-to-exceed amount of $1,599,260. Consultant services were necessary due to the complex nature of the construction project. Carollo Engineers was selected through a request for proposal process based upon their qualifications and experience with river intake facility construction. The duration of the contract provided for a 22-month construction time period to match the construction contract. The Notice to Proceed was issued to the construction contractor on September 22, 2009. Contract Change Order No. 1, in the amount of $168,438.20, was executed to extend consultant services through February 29, 2012.

Present Situation

Contract Change Order No. 2 is necessary to compensate Carollo Engineers for the additional costs for construction contract management, engineering and inspection, schedule review, and labor compliance as a result of delays in completing the construction project. City staff is in discussion with the construction contractor in regards to possible liquidated damages that may offset part of these additional costs. The contractor has submitted change order requests and notices of potential claims totaling $715,525, which are in dispute. City staff is in ongoing discussions with the contractor to resolve these disputes. Carollo Engineers has provided a cost to deliver the additional services in the amount of $326,621, which exceeds the City Manager's Charter Authority for contract services.

FINANCIAL SUMMARY

The table below shows the current contract status and proposed change order:

Original Contract	Expenditures through 11/30/11	Change Orders to date	Remaining Balance	**Proposed Change Order**
$1,599,260	$1,463,770.39	$168,438.20	$303,927.81	**$326,621**

There are sufficient funds available in the Delta Water Supply Project Account 399-9922-670 for the proposed change order.

There is no impact to the General Fund.

Respectfully submitted,

JEFF WILLETT
INTERIM DIRECTOR OF MUNICIPAL UTILITIES

APPROVED

JW:RG:cla

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

Attachment A – Contract Amendment
Attachment B – Location Map

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Contractor (Original)
City Attorney
City Clerk (Original)
City Manager
Purchasing
MUD Files

CITY OF STOCKTON

Change Order No. 2

Date: January 31, 2012

Sheet 1 of 1
Contract: DWSP Intake and Pump Station Construction Management Services
Purchase Order Nos.: 163154
Appropriation No(s): 399-9922-670.20-61

TO: Carollo Engineers (Firm). You are hereby directed to make the herein described changes from the plans and specifications or do the following described work not included in the plans and specifications of this contract.

Original Contract Price	$ 1,599,260.00 (Resolution 09-0294)
Contract Change Order No. 1	$ 168,438.32
Contract Change Order No. 2	$ 326,621.00 (Approved by Council Motion 2/28/2012)
Revised Contract Price	$ 2,094,319.30

EXTRA WORK AT AGREED PRICE

1. The Amendment to Professional Services Contract for Construction Management and Inspection Services for the Delta Water Supply Project (DWSP) Intake and Pump Station Facility dated August 25, 2009 is amended to add $326,621 as indicated below.

REFERENCES AND JUSTIFICATION

1. Contract is amended to add $326,621 for work associated with additional construction and contract management, engineering and inspection, schedule review, and labor compliance services associated with the DWSP Intake and Pump Station Facility as a result of additional time needed to complete construction by contractor. See attached letter from Carollo Engineers dated January 31, 2012.

We, the undersigned Firm, have given careful consideration to the change proposed and hereby agree, if this proposal is approved that we will provide all labor and equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above referenced , and will accept as full payment therefore the prices shown above.

By reason of this proposed change, ** days extension of time will be allowed.

**See revised completion date below.

Revised Completion Date June 30, 2012

Accepted Date _____, 2012

Carollo Engineers
(Firm)

By _____

Title _____

Note: This change order is not effective until approved by the City Manager..

Increase in total cost for this change: $326,621.00

Reviewed for Design/Construction _____
Sr. Civil Engineer

Date Submitted January 31, 2012

Submitted by _____
Deputy Director of Municipal Utilities

Approval
Recommended _____
Interim Director Municipal Utilities Department

Approved _____, 2012

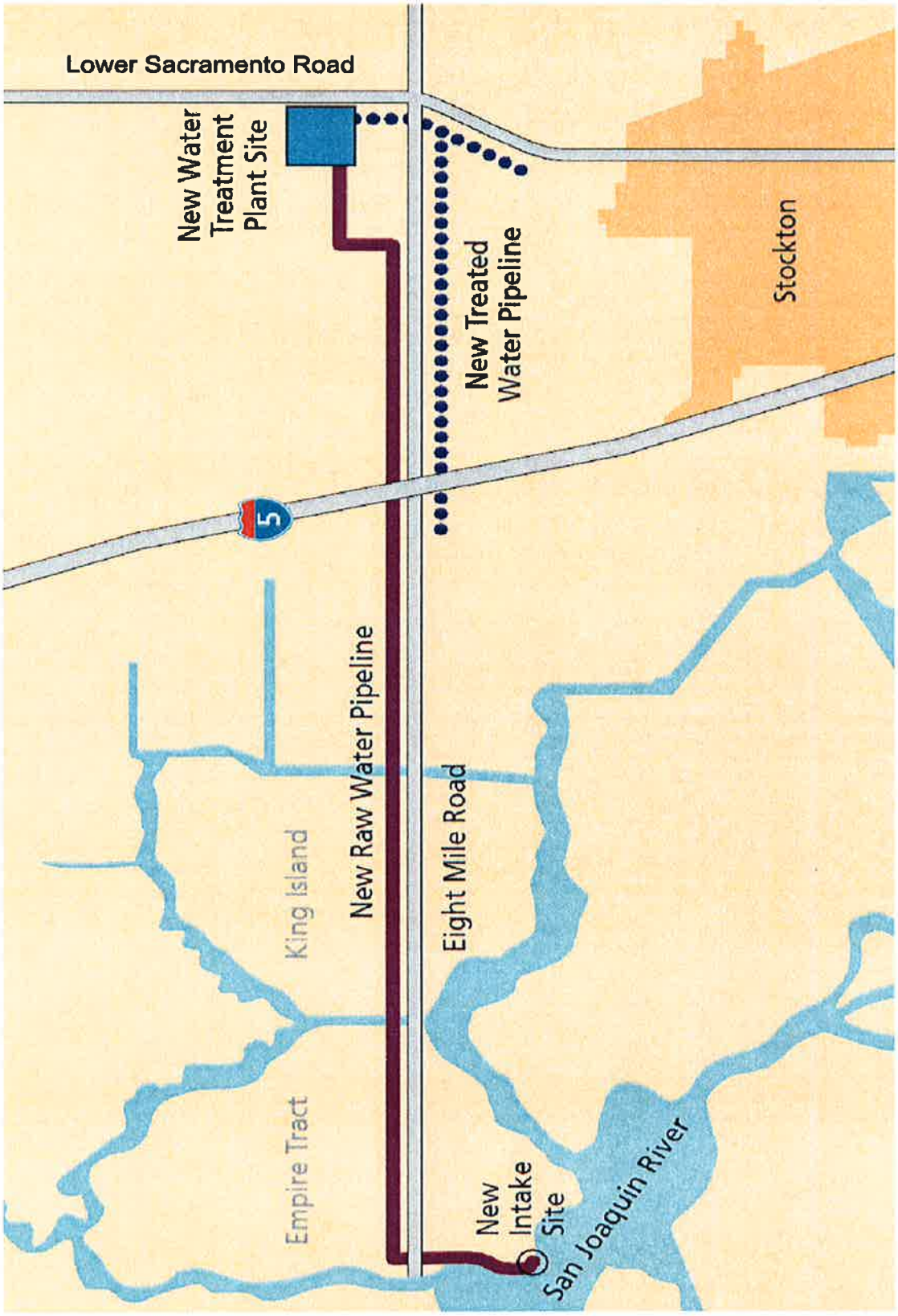
BY _____
City Manager

Approved - City Council Resolution No. _____

Available Funding Verified _____

Approved as to Form _____
City Attorney

ATTACHMENT B – LOCATION MAP



CONSENT AGENDA

AGENDA ITEM 12.07

February 28, 2012

TO: Mayor and City Council

FROM: Robert Murdoch, Director
Public Works Department

SUBJECT: **AMENDMENT TO PROFESSIONAL SERVICES MASTER CONTRACT WITH SIEGFRIED ENGINEERING, INC.**

RECOMMENDATION

It is recommended that the City Council approve a motion authorizing the City Manager to execute an amendment to the professional services master contract with Siegfried Engineering, Inc., of Stockton, in the amount of $325,920, for engineering services for the Stockton Consolidated Landscape Maintenance Assessment District No. 96-2 for the 2012-13, 2013-14, and 2014-15 tax years, and to approve up to two one-year extensions to the amendment.

The motion will also authorize the City Manager to approve a budget amendment, and take other appropriate financial actions to carry out the purpose and intent of this motion.

Summary

The Stockton Consolidated Landscape Maintenance Assessment District 96-2 contains 28 zones where annual assessments are levied on benefiting properties to fund landscape and park maintenance. The recommended action will approve a contract amendment with Siegfried Engineering, Inc. (Attachment A), to provide engineering services for the Landscape District. The services include two tasks: 1) annual engineering services which include preparing the required engineer's report, preparing the assessment roll, and filing the assessment roll with the San Joaquin County Assessor's Office for the 2012-2013, 2013-2014, and 2014-2015 tax years; and 2) develop a capital improvement/replacement plan for each zone. The amendment will also provide for an extension for annual engineering services for the 2015-2016 and 2016-2017 tax years with the City Manager's approval.

Funds for this contract amendment are from maintenance assessments paid by each property owner within the Landscape District. Approving this amendment will have no impact to the General Fund. Funds for the annual engineering services were approved on June 7, 2011, by Resolution No. 11-0150 which approved the 2011-2012 Landscape District budget.

DISCUSSION

Background

The Landscaping and Lighting Act of 1972 provides for the establishment of assessment districts to maintain landscape, public park and street light improvements for the special benefit of the property owners in the districts. On February 26, 1996, the City Council adopted Resolution No. 96-0084 consolidating the eight Landscape Maintenance Districts that existed at that time into the Stockton Consolidated Landscape Maintenance District No. 96-2 (the District). Since that time, 27 additional zones have been added to the District. Assessments are currently levied in 28 zones. In the seven zones where an assessment is not levied, maintenance is not required, as no improvements have been constructed (either because insufficient development has occurred to generate the fees necessary to construct the improvements, or because the affected property owners did not approve a maintenance assessment).

The Landscaping and Lighting Act requires that a report be prepared each fiscal year for which assessments are to be levied and collected. The Act requires that the report be prepared by a professional engineer. Siegfried Engineering, Inc. of Stockton has been providing this engineering service to the District since 1991.

When landscaping was originally installed for the zones in the District, no plan was prepared for long term replacement of the improvements or for funding of those replacements.

On July 13, 2010, by Resolution No. 10-0242, the City Council authorized the execution of professional services master contracts with a pool of qualified firms for design, geotechnical, environmental, survey, preparation of generalized and specialized California Environmental Quality Act and National Environmental Policy Act studies, assessment district work, and landscape architecture. The scope of services and fees are negotiated on a project-specific basis, and a contract amendment is executed with the selected consultant. When the negotiated fee for a particular project exceeds Charter limits, a contract amendment is submitted to the Council for consideration.

Present Situation

Public Works staff has identified two engineering services required for the District: 1) prepare the annual engineer's report and assessment roll; and 2) develop a capital improvement/replacement plan for each zone.

Task one is an annual task that is required by the Landscaping and Lighting Act of 1972. Task two is to develop a capital replacement plan that will provide a guideline for scheduled replacement of plant material, trees, irrigation system components, masonry

back-up walls and all other eligible improvements, and for other non-routine maintenance tasks such as tree trimming. Task two will also develop a recommendation for funding the replacements and an amortization plan. This work will include evaluating the current condition of the landscaping and related improvements.

Consultant selection from the master vendor pool list is based on the consultant's understanding of the project and approach to meeting the City's needs. Other considerations in the consultant selection process include reviewing the firm's qualifications, experience, designated staff, fee, ability to provide services on time, within budget, and accomplishing the project's goals in accordance with City objectives.

The Public Works Department reviewed the master vendor pool list to identify engineering firms that could provide the desired engineering and landscape evaluation services. Four firms were contacted and asked to provide proposals for the work. The firms were AR Sanguinetti and Associates, Kjeldsen Sinnock and Neudeck, Siegfried Engineering, Inc., and Stantec. Three proposals were received. AR Sanguinetti and Associates and Stantec collaborated on their response.

Staff first reviewed the three proposals based on the services requested, and concluded that the firms were all qualified to perform the work. The cost proposals were then opened. The cost proposals are summarized on the following table and reflect the total for the three-year contract:

	NAME OF FIRM	FEE PROPOSAL
1.	Siegfried Engineering, Inc.	$325,920
2.	Kjeldsen, Sinnock & Neudeck	$346,327
3.	AR Sanguinetti/Stantec	$365,720

Staff recommends selection of Siegfried Engineering, Inc. based on their understanding of the tasks to be completed and their extensive knowledge of the District. Siegfried Engineering, Inc. is a local firm and has experience in working with the City's and San Joaquin County Assessor's Office requirements. All previous work that they have performed for the District has been satisfactory and met all City objectives. The selection of Siegfried Engineering, Inc. will ensure a continuity and consistency in the existing level of work for the Landscape District. Their fee for Task 1, the annual engineering services, has been reduced by over 19 percent from last year. Staff considers this cost reasonable and recommends award to Siegfried Engineering, Inc.

FINANCIAL SUMMARY

Funds for this $325,920 contract amendment are generated by the annual assessments levied in 28 zones of the District and are available in specifically identified Stockton Consolidated Landscape Maintenance Assessment District (Fund 072) accounts (refer to Attachment B for table of affected accounts). The contract breaks down as follows:

Task #	Task	Cost	Fund from Current Budget?
1(a)	Engineering Services for 2012-13	$93,788	Yes
2	Capital Improvement Plan	$37,900	Yes
	Subtotal	$131,688	
1(b)	Engineering Services for 2013-14	$95,985	No
1(c)	Engineering Services for 2014-15	$98,248	No
	Grand Total	$325,920	

Funds for Task 1(a) the annual 2012-2013 engineer's report and assessment roll were approved June 7, 2011, by Resolution 11-0150 as part of the 2011-2012 Landscape District annual budget. Adequate funds are available in each of the 28 zones for the 2012-2013 annual engineering services; however, an internal transfer is needed within Zone C-6, Westlake Villages, to pay the costs of Task 2. To accommodate, a budget amendment is required as follows:

Transfer appropriation from:
Zone C-6 Contingencies
Account 072-6931-590.40-98 $1,000

Transfer appropriation to:
Zone C-6, Engineering and Design Services
Account 072-6931-590.20-61 $1,000

Funds for Tasks 1(b) and 1(c), and any extensions, will be included in the respective future year's proposed Landscape District budget.

The City Manager is authorized to award the contract, approve the budget amendment, and undertake other financial actions that may be necessary to carry out the purpose and intent of the motion.

Taking these actions will have no impact on the General Fund.

Respectfully submitted,

ROBERT MURDOCH, DIRECTOR
PUBLIC WORKS DEPARTMENT

APPROVED

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

RM:DK:nla

Attachment A: Amendment to Master Contract with Siegfried Engineering, Inc.
Attachment B: Table of Affected Accounts

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AMENDMENT TO PROFESSIONAL SERVICES MASTER CONTRACT WITH SIEGFRIED ENGINEERING, INC.

This Amendment to Professional Services Master Contract for assessment district engineering services is made and entered into on_____, by and between the City of Stockton, a municipal corporation, hereinafter referred to as "CITY," and SIEGFRIED ENGINEERING, INC., hereinafter referred to as "FIRM," to provide CITY with assessment district engineering services for the for the Stockton Consolidated Landscape Maintenance Assessment District 96-2, hereinafter referred to as "PROJECT."

W I T N E S S E T H:

WHEREAS, CITY and FIRM entered into a Professional Services Master Contract for Design, Geotechnical, Testing, Plan Review, and Survey Services; Construction Management and Inspection Services; Roofing, Electrical, and Mechanical Design Services; and Preparation of Generalized and Specialized CEQA and NEPA Studies on July 13, 2010, pursuant to Resolution No. 10-0242, as part of a vendor pool and desire to amend said Contract by specifying FIRM to provide assessment district engineering services for PROJECT.

NOW, THEREFORE, in consideration of these premises and the following terms and conditions, the parties hereto agree as follows:

1. Section 1—SCOPE OF SERVICES. The Scope of Services is hereby amended to include assessment district engineering services for PROJECT as per Exhibit "A," attached hereto and by reference made a part hereof.

2. Section 2—COMPENSATION. Compensation is hereby amended ($325,920.00) to include Exhibit "B," attached hereto and by reference made a part hereof. Compensation shall be paid no more frequently than once per month on a time and materials basis for work completed.

3. Section 3—SCHEDULE FOR COMPLETION. Schedule for Completion is hereby amended to include Exhibit "C" attached hereto and by reference made a part hereof.

4. Section 13—INSURANCE. Insurance requirements under this amendment

City Atty
Review_____
Date_____

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shall comply with the current insurance requirements set forth in Exhibit "D," which is attached to this contract and incorporated by this reference. FIRM shall provide thirty (30) days written notice to CITY prior to canceling or changing the terms of such coverage.

5. All other terms and conditions of said original Professional Services Master Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to Professional Master Contract to be executed on the date and year first written above.

ATTEST:

BONNIE PAIGE
City Clerk of the City of Stockton

APPROVED AS TO FORM & CONTENT:
JOHN M. LUEBBERKE
OFFICE OF THE CITY ATTORNEY

By:_____
Deputy City Attorney

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CITY OF STOCKTON, a municipal corporation

By:_____
BOB DEIS
CITY MANAGER

Siegfried Engineering, Inc
3244 Brookside Road, Suite 100
Stockton, CA 95219

By:_____

Title: V.P.

SIEGFRIED

CHAPTER 4
SCOPE OF SERVICES

12

SCOPE OF SERVICES

I. ANNUAL ENGINEER'S REPORT AND TAX ROLL

A - Siegfried will prepare the Annual Engineer's Report and Tax Roll for submittal to the San Joaquin County Tax Collector, and Attend City Council Meetings related to the District as necessary for tax years 2012-2013, 2013-2014, and 2014-2015.

B - Based on an annual budget prepared for each zone by City Staff, Siegfried will calculate the proposed annual maximum allowable and the actual assessment to be levied against each parcel for the parcel's share of the budget costs for each tax year, and prepare the Assessment Roll for each zone for each tax year. Prior to the calculation, the following conditions and/or services will be provided in the order indicated:

1. The City shall provide Siegfried the electronic media of the latest available San Joaquin County Assessor's Roll, including the complete parcel data (e.g. area, use, code, etc.).
2. Siegfried will identify all parcels having data that has changed from the previous tax year's Assessor's Roll for the purposes of updating data files and identifying changes to the Assessor's Parcel Numbers.
3. Siegfried will identify all revised or added Assessor's Maps. Siegfried will determine the appropriate cost of living adjustment factor to be applied to each zone per the original Engineer's Report for each zone. Siegfried will apply the cost of living adjustment factor to determine the maximum allowable assessment and assist the City to determine the actual annual assessment needed for budget needs.

Prior to completing the calculations, Siegfried will identify any assessment increases against each parcel from the prior year's assessment and will meet with the City staff to review any proposed increase in annual assessments that would trigger the Proposition 218 ballot process or otherwise require mailed notices. If appropriate, Siegfried and City staff will attempt to reach a reasonable resolution to the proposed increase in annual assessments.

C - The Annual Engineer's Report for each tax year will include the following items for each zone:

1. A description of the improvements to be maintained for the next tax year as furnished by the District Manager.
2. An estimate of the maintenance cost of all improvements prepared in partnership with the District Manager.
3. An estimate of administrative costs as furnished by the City.
4. An estimate of the total assessments.

5. An updated Assessment Diagram which is based upon the unchanged Assessment Diagram from the preceding tax year's Annual Engineer's Report and any added or revised Assessor's Maps (subject to the conditions below) and including an Index Sheet of the District's zones.
6. The assessment Roll by Assessor's Parcel Number.
7. The assessment spread of the proposed assessments for the tax year.

D - The Annual Engineer's Report for the Stockton Consolidated Landscape Maintenance District No. 96-2 will be provided for approval by the City Council. Siegfried will provide twelve (12) hard copies and one (1) electronic copy of the Annual Engineer's Report to the City.

E - Siegfried will attend, at a minimum, two (2) City Council Meetings and public hearings pertaining to the District as necessary, when requested by the District Manager.

F - Following approval by the City Council of the proposed assessments, Siegfried will provide to the San Joaquin County Tax Assessor, the approved assessment spread in electronic media from and in a format compatible with the San Joaquin County Tax Roll for collecting the assessments with the San Joaquin County tax bills prior to August 1.

G - Siegfried will prepare assessment diagrams on a reproducible size required by San Joaquin County. Once the budget/Engineer's Report is approved by the City Council, Siegfried will obtain City Clerk's and Public Works Director's/Superintendent of Streets' signatures. Siegfried will then take diagrams to San Joaquin County Recorder and have them recorded in book of Maps & Assessment Districts and pay all recording fees.

H - It is understood by Siegfried and the City that:
1. The Prop 218 ballot process or other mailed notice procedures are not required when the proposed annual assessment does not exceed the annual assessment of the preceding year.
2. The Proposition 218 ballot process or other mailed notice procedures are not required for new parcels created from the subdivision of an existing parcel in the District provided that 1) the original parcel was assigned a maximum annual assessment based upon the anticipated future number of subdivided parcels it may yield, and 2) the assessments against each new parcel does not exceed the maximum annual assessment in accordance with the criteria set forth in the formation of the District.

I - Siegfried will calculate an certify the specific and general benefit components of the assessments in accordance with Pro 218.

J - Zones A-8, A-9, C-5, C-8, D-2, D-5, and E-2 have been approved for inclusion in the Consolidated Landscape Maintenance District No. 96-2, but do not currently have improvements, maintenance, and administrative expenses to be assessed. These zones will not be included in the Annual Engineer's Report at this time. The work to include these zones in the assessment spread for a future Engineer's Report is considered extra work. Compensation for all extra work will be subject to negotiations and will be paid in accordance with Siegfried's current charge rate schedule.

COMPLETION: It is understood that Public Works typically goes to City Council for preliminary approval of the Engineer's Report and assessment roll in mid May. The public hearing for approval of the report, assessment roll, and levy of assessments is typically scheduled for the first half of June. Siegfried will

13

have the report and assessment roll completed for City Council preliminary approval by May 1 of each year.

II. CAPITAL REPLACEMENT PLAN (ONE TIME)
Siegfried will develop a replacement plan for each zone to provide a guideline for scheduled replacement of plant material, trees, irrigation system components, back-up walls, and all other eligible improvements, and a cost estimate for the replacements.

COMPLETION: Siegfried will have this task completed by April 15, 2012.

14

SIEGFRIED

FEE SCHEDULES

Since taking over the Project Manager role, Paul Schneider has found multiple ways to increase our efficiency, thereby allowing us to decrease our fee schedule by 15% or more from our previous contract. The table below contains Siegfried's Fee Schedule for the preparation of the Annual Engineer's Reports and Assessments for District No. 2005-1 which includes all items outlined in Task I of our scope of services.

ZONE	DESCRIPTION	COLA	2012 - 2013	2013 - 2014	2014 - 2015
A-1	Weber/Sperry Ranches		$2,423	$2,423	$2,423
A-2	Morada West		$1,211	$1,211	$1,211
A-3	La Morada	X	$4,708	$4,849	$4,995
A-4	Blossom Ranch	X	$3,435	$3,538	$3,644
A-5	Weber Woods	X	$2,969	$3,058	$3,150
A-6	Blossom North, Camera, Sperry	X	$3,859	$3,975	$4,094
A-7	Hunter Ridge	X	$3,859	$3,975	$4,094
A-10	Cannery Park	X	$3,227	$3,324	$3,424
B-1	Weston Ranch Long Park		$4,283	$4,283	$4,283
B-2	Weston Ranch Street Landscaping		$4,708	$4,708	$4,708
B-3	Weston Ranch Weston Park		$4,708	$4,708	$4,708
B-4	Weston Ranch, 5 Acre Neighborhood Park	X	$4,283	$4,411	$4,543
B-5	Weston Ranch	X	$3,859	$3,975	$4,094
C-1	Spanos Park East		$1,615	$1,615	$1,615
C-2	North Stockton Projects	X	$4,708	$4,849	$4,995
C-3	Spanos Park West	X	$4,708	$4,849	$4,995
C-4	Fairway Greens	X	$3,227	$3,324	$3,424
C-6	Westlake Villages	X	$3,435	$3,538	$3,644
C-7	North Stockton Projects III	X	$2,701	$2,782	$2,865
C-7	Sub-Zone A	X	$1,158	$1,193	$1,229
D-1	Bridgeport Trails		$1,615	$1,615	$1,615
D-3	Bridgeport Trails Unit 4 and 5	X	$1,414	$1,456	$1,500
D-4	Calaveras Estates	X	$3,227	$3,324	$3,424
D-6	Moss Gardens	X	$3,435	$3,538	$3,644
E-1	Little John Creek/SDBMD No. 94-1	X	$4,284	$4,412	$4,544
E-3	Seabreeze I (for park and SD)	X	$3,435	$3,538	$3,644
E-4	Oakmore Meadows	X	$3,859	$3,975	$4,094
E-5	Rancho Del Sol	X	$3,435	$3,539	$3,644
Total Annual Fixed Fee			$93,788	$95,985	$98,247

Note: Our fees for zones without a Cost of Living Adjustment (COLA) do not change over the three year contract period. Rate increases for the possible two year extension (2015-2016 and 2016-2017) will be at 3% per year for all zones within the District.

SIEGFRIED

FEE SCHEDULES
The table below contains Siegfried's Fee Schedule for the three one-time tasks which includes all items outlined in Tasks II, III, and IV of our scope of services.

TASK	DESCRIPTION	FEE
II	Capital Replacement Plan	$37,900

** Fees do not include postage or meeting location*

SUMMARY OF CONTRACT AMMENDMENT FEES

TASK	DESCRIPTION	2012-13	2013-14	2014-15	Subtotal
I	Annual Report	$93,788.00	$95,985.00	$98,247.00	$288,020.00
II	Capital Replacement Plan (one time)	$37,900.00			$37,900.00
				Contract Total	$325,920.00

SIEGFRIED

CHARGE RATE SCHEDULE
EFFECTIVE AUGUST 22, 2011

CLASSIFICATION	HOURLY RATE
PRINCIPAL	$195.00
SENIOR ASSOCIATE	$177.00
ASSOCIATE	$160.00
SENIOR ENGINEER/SURVEYOR	$140.00
LANDSCAPE ARCHITECT	$140.00
ENGINEER/SURVEYOR II	$128.00
LANDSCAPE DESIGNER II	$112.00
ENGINEER/SURVEYOR I	$112.00
SENIOR TECHNICIAN	$112.00
LANDSCAPE DESIGNER I	$80.00
ENGINEERING/SURVEY TECH III	$97.00
ENGINEERING/SURVEY TECH II	$86.00
ENGINEERING/SURVEY TECH I	$72.00
EXPERT WITNESS	$300.00
CLERICAL	$63.00
3 PERSON SURVEY CREW	$295.00
2 PERSON SURVEY CREW	$224.00
1 PERSON SURVEY CREW	$152.00
REIMBURSABLE EXPENSES	Cost + 10%
TRAVEL, per mile	$0.65

NOTES:
1. These hourly rates are subject to periodic adjustments.
2. Travel charges do not apply to survey crews.
3. Survey crew charges are applicable during transit from the Siegfried office to and from the job site.

EXHIBIT C

SCHEDULE OF COMPLETION

Task I, Annual Engineering Services, Three Years
The annual engineer's report which will include the assessment roll shall be submitted to the City by May 1, 2012, May 1, 2013, and May 1, 2014. Consultant shall submit the assessment roll to the San Joaquin County Tax Assessor by August 1, 2012, August 1, 2013, and August 1, 2014.

Task II, Capital Improvement Plan, One time
Task II shall be completed by April 15, 2012.

EXHIBIT D

INSURANCE REQUIREMENTS
CONSULTANTS

CONSULTANT shall procure and maintain for the duration of the Agreement, insurance against all claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the CONSULTANT, its agents, representatives, volunteers, or employees.

INSURANCE Throughout the life of this Contract, the Consultant shall pay for and maintain in full force and effect with an insurance company admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A: VII" in Best Insurance Key Rating Guide, the following policies of insurance:

COMMERCIAL (BUSINESS) AUTOMOBILE LIABILITY insurance, endorsed for "any auto" with combined single limits of liability of not less than $1,000,000 each occurrence.

WORKERS' COMPENSATION insurance as required under the California Labor Code and Employers Liability Insurance with limits not less than $1,000,000 per accident/injury/disease.

COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY AND MISCELLANEOUS SUPPLEMENTARY INSURANCE;

FOR **ADDITIONAL** REQUIREMENT(S):

COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY insurance which shall include Contractual Liability, Products and Completed Operations coverages, Bodily Injury and Property Damage Liability insurance with combined single limits of not less than $1,000,000 per occurrence, and if written on an Aggregate basis, $2,000,000 Aggregate limit.

PROFESSIONAL ERRORS AND OMISSIONS, Not less than $50,000 per Claim./$1,000,000 Aggregate. Certificate of Insurance only required.

Deductibles and Self-Insured Retentions must be declared and are subject to approval by the CITY.

The Policy(s) shall also provide the following:

The Commercial General Liability insurance shall be written on ISO approved occurrence form with additional insured endorsement naming: *City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are additional insureds.*

2. All insurance required by this Agreement shall be with a company acceptable to the CITY and issued and executed by an admitted insurer authorized to transact insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONSULTANT completes its performance of services under this Agreement.

For any claims related to products provided under this contract, the Consultant's insurance coverage shall be primary insurance as respects the City of Stockton its officers, agents, and employees. Any coverage maintained by the CITY shall be excess of the Consultant's insurance and shall not contribute with it. Policy shall waive right of recovery (waiver of subrogation) against the CITY.

Each insurance policy required by this clause shall have a provision that coverage shall not be cancelled by either party, except after thirty (30) days' prior to written notice by certified mail, return receipt requested, has

been given to the CITY. Further, the thirty (30) day notice shall be unrestricted, except for workers' compensation, or non-payment of premium, which shall permit ten (10) days advance notice. The Insurer and/or the contractor and/or the contractor's insurance agent shall provide the CITY with notification of any cancellation, major change, modification or reduction in coverage.

Regardless of these contract minimum insurance requirements, the Consultant and its insurer shall agree to commit the Consultant's full policy limits and these minimum requirements shall not restrict the Consultant's liability or coverage limit obligations.

Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnity the additional insured would be invalid under Subdivision (b) of Section 2782 of the California Civil Code.

The Company shall furnish the City of Stockton with the Certificates and Endorsement for all required insurance, prior to the CITY's execution of the Agreement and start of work.

Proper address for mailing certificates, endorsements and notices shall be:

City of Stockton
Attention: Risk Services
425 N. El Dorado Street
Stockton, CA 95202

Upon notification of receipt by the CITY of a Notice of Cancellation, major change, modification, or reduction in coverage, the Consultant shall immediately file with the CITY a certified copy of the required new or renewal policy and certificates for such policy.

Any variation from the above contract requirements shall only be considered by and be subject to approval by the CITY's Risk Manager (209) 937-8682. Our fax is (209) 937-5702.

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

If the Consultant should subcontract all or any portion of the work to be performed in this contract, the Consultant shall cover the sub-contractor, and/or require each sub-contractor to adhere to all subparagraphs of these Insurance Requirements section. Similarly, any cancellation, lapse, reduction or change of sub-contractor's insurance shall have the same impact as described above.

ATTACHMENT B

Zone	Name	Annual Services 2012-13	Task 2	TOTAL 2012 Costs	REQUESTED BUDGET AMENDMENT AMOUNT	Account Number
A-1	Weber/Sperry	$2,423.00	$1,637.86	$4,060.86	-	072-6907-590
A-2	Morada West	$1,211.00	$66.91	$1,277.91	-	072-6913-590
A-3	La Morada	$4,708.00	$8,289.36	$12,997.36	-	072-6915-590
A-4	Blossom Ranch	$3,435.00	$1,206.46	$4,641.46	-	072-6914-590
A-5	Weber Woods	$2,969.00	$24.76	$2,993.76	-	072-6922-590
A-6	Blssm N./Camera/Sperry	$3,859.00	$1,381.28	$5,240.28	-	072-6923-590
A-7	Hunter Ridge/Riverbend	$3,859.00	$648.39	$4,507.39	-	072-6929-590
A-10	Cannery Park	$3,227.00	$128.82	$3,355.82	-	072-6930-590
B-1	Long Park	$4,283.00	$980.40	$5,263.40	-	072-6910-590
B-2	Weston Ranch	$4,708.00	$8,639.20	$13,347.20	-	072-6906-590
B-3	Weston Park	$4,708.00	$3,417.40	$8,125.40	-	072-6909-590
B-4	Smith Park	$4,283.00	$700.29	$4,983.29	-	072-6918-590
B-5	French Camp Rd Fence	$3,859.00	$138.90	$3,997.90	-	072-6919-590
C-1	Spanos East	$1,615.00	$1,843.95	$3,458.95	-	072-6908-590
C-2	N Stkn Projects	$4,708.00	$1,246.10	$5,954.10	-	072-6916-590
C-3	Faklis and Iloilo Parks	$4,708.00	$3,118.92	$7,826.92	-	072-6917-590
C-4	Fairway Greens	$3,227.00	$62.54	$3,289.54	-	072-6924-590
C-6	Westlake Village	$3,435.00	$64.31	$3,499.31	$1,000.00	072-6931-590.40-98
C-7	N Stkn Prj III/Pitts Park	$2,701.00	$1,400.57	$4,101.57	-	072-6932-590
C-7A	NSP III Street Landscape	$1,158.00	$150.31	$1,308.31	-	072-6932-590
D-1	Bridgeport Trails	$1,615.00	$159.32	$1,774.32	-	072-6911-590
D-3	Bridgeport Trails 4 & 5	$1,414.00	$92.47	$1,506.47	-	072-6920-590
D-4	Calaveras Estates	$3,227.00	$64.31	$3,291.31	-	072-6925-590
D-6	Moss Gardens	$3,435.00	$224.47	$3,659.47	-	072-6933-590
E-1	Little John Creek	$4,284.00	$1,175.32	$5,459.32	-	072-6912-590
E-3	Seabreeze	$3,435.00	$690.72	$4,125.72	-	072-6926-590
E-4	Oakmore	$3,859.00	$82.79	$3,941.79	-	072-6927-590
E-5	Rancho Del Sol	$3,435.00	$263.86	$3,698.86	-	072-6928-590
	TOTAL	$93,788.00	$37,900.00	$131,688.00	$1,000.00	

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CONSENT AGENDA

AGENDA ITEM 12.08

February 28, 2012

TO: Mayor and City Council

FROM: Robert Murdoch, Director
Public Works Department

SUBJECT: **APPROVE AMENDMENT TO PROFESSIONAL SERVICES MASTER CONTRACT WITH HDR ENGINEERING, INC. - MANTHEY ROAD RELOCATION, PHASES 1 AND 2, PROJECT NO. 11-20**

RECOMMENDATION

It is recommended that a motion be adopted authorizing the City Manager to execute an amendment to the professional services master contract with HDR Engineering, Inc. in the amount of $40,857.00 for construction support services for the Manthey Road Relocation project. It is further recommended that the motion authorize the City Manager to take whatever actions are appropriate to carry out the purpose and intent of this motion.

Summary

On December 13, 2011, the City Council awarded a contract to Bay Cities Paving and Grading, Inc. of Concord, CA for the construction of the Manthey Road Relocation, Phase 1 project. The construction of this project has already started and is scheduled for completion in the fall of this year. To facilitate construction, HDR Engineering, Inc. will provide construction support services (Attachment A), as they are the firm who prepared the final design plans.

In general, the construction support services will include the following:

- Develop and submit revised construction documents for construction contract change orders.
- Review shop drawings submitted by the contractor.
- Conduct site visits and resolve any discrepancies in the contract documents.
- Attend post construction meeting and prepare a post-construction report.
- Prepare as-built (record) drawings.
- Research record transfer documents and prepare Caltrans record map.

The above services are estimated to cost $40,857.00 and will be funded by Public Facilities Fees. Staff recommends that a motion be adopted authorizing the City Manager to execute an amendment to the professional services master contract with HDR Engineering, Inc.

There is no impact to the City's General Fund of taking this recommended action.

DISCUSSION

Background

The Manthey Road Relocation and French Camp Road/I-5 Interchange Reconstruction projects are associated with the Sperry Road Extension project, construction of which is underway. The three projects, together, will create a much needed connection between I-5 and State Route 99 in south Stockton, easing traffic on I-5, State Route 4, and local streets; increasing traffic safety; and providing increased access to the airport, the railroad intermodal facility, the Port of Stockton, and industrial areas in south Stockton that are both developed and yet to be developed. The Manthey Road Relocation, French Camp Road/I-5 Interchange Reconstruction, and Sperry Road Extension projects are listed in the City of Stockton 2011 Business Plan as an Economic Development Strategic Initiative.

The Manthey Road Relocation project was split from the French Camp Road/I-5 Interchange Reconstruction project to allow construction to begin sooner, taking advantage of available funding. The realignment of Manthey Road is necessary to provide adequate spacing between the southbound on and off-ramp intersection and Manthey Road, in accordance with the Caltrans Highway Design Standards.

The Manthey Road Relocation project was also separated into two phases, due to the additional time required to secure right of way from the Walmart property located north of French Camp Road and west of I-5. The Manthey Road Relocation project, Phase 1, would construct Manthey Road south of French Camp Road to existing Manthey Road just north of the San Joaquin General Hospital. The Manthey Road Relocation project, Phase 2, would construct Manthey Road north of French Camp Road and along Henry Long Boulevard (see Attachment B – Project Area Map).

Present Situation

Construction for Phase 1 has started and is anticipated to take eight months to complete. The Manthey Road Relocation project, Phase 2, will advertise for bids as soon as the right of way is acquired, which is anticipated in spring 2012.

The acquisition of right of way and preparation of final design plans for the French Camp Road/I-5 Interchange Reconstruction project are complete. The interchange project is anticipated to be advertised for bid in the spring of 2012, with construction to start in September 2012.

Staff has reviewed the scope and fee submitted by HDR Engineering, Inc. and finds it to be reasonable for a project of this size and complexity. Therefore, staff recommends that Council adopt a motion authorizing execution of an amendment to the professional

services master contract with HDR Engineering, Inc. (Attachment A) for Phases 1 and 2 to provide construction support during construction.

FINANCIAL SUMMARY

As previously noted, this project is funded entirely with Street Improvement Public Facilities Fees, in Account 910-9281-640, Manthey Road Relocation. The situation is as follows:

Design Services, #910-9281-640.20.61	
Original Appropriation	$3,277,881
Encumbered for Construction Management (PB Americas Contract)	$448,147
Encumbered for Construction (Bay Cities, Original Contract)	$2,461,881
Encumbered for Construction (Bay Cities, Contract Change Orders 1-4)	$102,819
Encumbered for PG & E Utility Relocation	$23,142
Proposed HDR Contract	**$40,857**
Remaining Unencumbered Balance	$201,035

No additional appropriations are required. Remaining construction services budget is available for contract change orders and other contingencies; any funds unspent will be rolled into the second (final) phase of Manthey Road improvements.

The City Manager is authorized to execute the contract amendment and take other financial actions as necessary to carry out the intent of the motion.

There is no impact to the City's General Fund of taking the recommended action.

Respectfully submitted,

ROBERT MURDOCH, DIRECTOR
PUBLIC WORKS DEPARTMENT

APPROVED:

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

RM:AM:RD:nla

Attachment A: Contract Amendment with HDR Engineering, Inc.
Attachment B: Project Area Map

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AMENDMENT TO PROFESSIONAL SERVICES MASTER CONTRACT WITH HDR ENGINEERING, INC.

This Amendment to Professional Services Master Contract for construction support services is made and entered into on_____, by and between the City of Stockton, a municipal corporation, hereinafter referred to as "CITY," HDR ENGINEERING, INC., hereinafter referred to as "FIRM," to provide CITY with construction support services for the MANTHEY ROAD RELOCATION PHASES 1 AND 2 (PROJECT NO. 11-20), hereinafter referred to as "PROJECT."

W I T N E S S E T H:

WHEREAS, CITY and FIRM entered into a Professional Services Master Contract for Design, Geotechnical, Testing, Plan Review, and Survey Services; Construction Management and Inspection Services; Roofing, Electrical, and Mechanical Design Services; and Preparation of Generalized and Specialized CEQA and NEPA Studies on July 13, 2010, pursuant to Resolution No. 10-0242, as part of a vendor pool and desire to amend said Contract by specifying FIRM to provide construction support services for PROJECT.

NOW, THEREFORE, in consideration of these premises and the following terms and conditions, the parties hereto agree as follows:

1. Section 1—SCOPE OF SERVICES. The Scope of Services is hereby amended to include construction support services for PROJECT as per Exhibit "A," attached hereto and by reference made a part hereof.

2. Section 2—COMPENSATION. Compensation is hereby amended ($40,857.00) to include Exhibit "A," attached hereto and by reference made a part hereof. Compensation shall be paid no more frequently than once per month on a time and materials basis for work completed.

3. Section 3—SCHEDULE FOR COMPLETION. Service under this amendment will be performed concurrently with the project construction estimated to occur between February 2012 through October 2012, unless otherwise approved in writing.

4. Section 13—INSURANCE. Insurance requirements under this amendment shall comply with the current insurance requirements set forth in Exhibit "B," which is

attached to this contract and incorporated by this reference. FIRM shall provide thirty (30) days written notice to CITY prior to canceling or changing the terms of such coverage.

5. All other terms and conditions of said original Professional Services Master Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to Professional Master Contract to be executed on the date and year first written above.

ATTEST:

BONNIE PAIGE
City Clerk of the City of Stockton

CITY OF STOCKTON, a municipal corporation

By: _____
BOB DEIS
CITY MANAGER

APPROVED AS TO FORM & CONTENT:
JOHN M. LUEBBERKE
OFFICE OF THE CITY ATTORNEY

By: _____
Deputy City Attorney

HDR ENGINEERING, INC.,
a corporation
2385 Iron Point Circle, Suite 300
Folsom, CA 95630

By: _____

Title: Vice President

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January 24, 2012

Ray Deyto, Project Manager
City of Stockton
22 E. Weber Ave., Room 301
Stockton, California 95202-2317

RE: Contract Amendment for the Manthey Road Relocation Project, Phases 1 and 2

Dear Ray:

HDR requests a contract amendment to increase the project budget of $40,857. The City requests HDR provide a scope and fee for Construction Design Support Services for the Manthey Road Projects.

HDR has estimated the construction support services in the following tasks. The total hours for Task 4 and 7 are an estimate and will be invoiced to the City on a time and materials basis based on the needs of the resident engineer. The following additional services and new scope requested in this contract amendment are summarized below:

South Manthey Road

4.0 - CONSTRUCTION DESIGN SUPPORT

4.1 PRE-CONSTRUCTION CONFERENCE

HDR will attend the Pre-construction Conference, to be available to answer Contractor's questions regarding all elements of the design. HDR recognizes that formal Requests for Information (RFIs) or Requests for Clarification (RFCs) may result. HDR will prepare responses to these questions as required. The Pre-construction Conference is assumed to be held at the City of Stockton's office.

4.2 - RESIDENT ENGINEER SUPPORT

HDR's project design team will provide Resident Engineering Support to address supplemental design issues raised in response to design-related RFIs and RFCs, and otherwise provide construction support services, as directed by the City Project Manager. HDR shall track all related RFIs and RFCs, and provide the status of all submittals as requested by the City Project Manager. HDR will direct all correspondence to the City Project Manager.

HDR Engineering, Inc.
1325 J Street
Suite 1300
Sacramento, CA 95814-2928
Phone: (916) 471-5800
Fax: (916) 471-5801
www.hdrinc.com

4.3 - CHANGE ORDERS
HDR will develop and submit revised construction documents including, but not limited to plan sheet(s), specifications, and estimates upon direction of the City Project Manager. HDR will provide one (1) original suitable for reproduction and one (1) electronic copy to the City Project Manager. The City will be responsible for reproduction and distribution of any documentation related to Change Orders.

4.4 - SHOP DRAWING REVIEW
Some discrete elements of design (either of necessity or as a result of post-design developments) may be left to the Contractor, his subcontractor(s) or suppliers. HDR will participate in Shop Drawing Review as directed by the City Project Manager to review such designs for adequacy, adherence to standards, and appropriateness to the project situation. HDR will direct all correspondence related to Shop Drawing Review to the City Project Manager.

4.5 - SITE VISITS
HDR will be available to visit the job-site for review of construction and make other visits to the job site as requested to resolve any discrepancies in the contract documents.

4.6 - POST-CONSTRUCTION REVIEW
HDR will attend the Post-Construction Review, to be scheduled by the City Project Manager near the completion of the project construction. HDR will prepare a post-construction report summarizing the information exchanged.

5.0 - PREPARATION OF AS-BUILT DRAWINGS
Following the completion of the construction project, HDR will prepare and deliver to the City the As-Built plans once we receive the original tracings and As-Built redline corrections.

Work to be performed by others:
The following items are not included with this scope of work and will be the responsibility of the Construction Manager's Resident Engineer to review and approve. Temporary Facilities, Sign Structures, Temporary Supports.

6.0 - RIGHT OF WAY ENGINEERING

KSN TASK NO. 6.1 - RESEARCH RECORD TRANSFER DOCUMENTS
KSN will research and obtain the record transfer documents used to acquire right of way for the project. While KSN did prepared the descriptions used in the acquisition process, copies of the final recorded documents are required to complete this scope of work. The record documents will be added to the Caltrans Record Map to be completed in a subsequent task described below. Right of way transfer documents for the following Caltrans Parcels will be researched:

Appraisal Map Sheet	Caltrans Parcel Number

2	16048-1
5	15994-4
5	16002-2
5	16002-3
12	16051-1
12	16052-1
14	16049-1
14	16050-1
14	16051-2

Task Deliverables:

- One PDF copy of documents obtained in this task.

KSN TASK NO. 6.2 - PREPARE CALTRANS RECORD MAP

KSN will prepare a Caltrans Record Map for the project. The Caltrans Record Map includes updating the Caltrans Appraisal Map with recorded right of way transfer documents and removing temporary construction easements. KSN will utilize the reference documents obtained in Task No. 1 to complete the Caltrans Record Map.

Task Deliverables:

- One PDF of the final map reviewed and approved by **Caltrans District 10 staff.**

KSN TASK NO. 6.3 - EXCESS PARCELS AND ROAD ABANDONMENT DESCRIPTIONS

Excess Parcels: KSN will prepare a maximum of one (1) land description for excess parcels that were acquired as portions of full take parcels during the right of way acquisition. The excess parcel is noted in the table below.

Appraisal Map Sheet	Caltrans Parcel Number
2	16048-01-01 (Excess Parcel)

Task Deliverables:

- One final 8 ½" x 11" hard copy of the description stamped and signed by a California Licensed Land Surveyor. PDF files will be distributed on CD/DVD or via email.

KSN TASK NO. 6.4 - PREPARE AND FILE RECORD OF SURVEY

KSN will prepare and file a Record of Survey for the project with San Joaquin County. The Record of Survey will show the right of way configuration pursuant to the Caltrans Record Map prepared in Task No. 2. KSN will perform field surveys to identify existing monuments and set new monuments where necessary, which mark the Caltrans right of way. The number and location of monuments placed will be at the discretion of KSN, under CALTRANS oversight, but will be sufficient to allow retracement of the project right of way.

Task Deliverables:

- PDF copies of the recorded survey.

Scope of Work Understandings:

- This scope of work will not commence until construction of the project is complete.
- All documents which transfer right of way from the Grantors shown on the Appraisal Map have been recorded with San Joaquin County. For transfers that have not been recorded, the City of Stockton, San Joaquin County, or the State of California will record such documents and provide KSN with copies of such documents after they record.
- The Caltrans Record Map is based on the right of way configuration as shown on the attached Caltrans Appraisal Map prepared by KSN for this project.
- No right of way modifications were made during the construction of improvements.
- All monuments set/found will mark the Caltrans right of way and not necessarily identify boundary or fee property lines.

Scope of Work Exclusions

- Scope does not include the preparation of deed jackets or other title transfer procedures.
- Scope does not include review fees or recoding fees imposed by San Joaquin County for reviewing the Record of Survey, such fees will be invoiced at cost plus a 10% markup for KSN's handling.
- Scope does not include design services.
- Scope does not include access coordination.
- Scope does not include preparation, submittal, and processing of applications or permits.
- Scope does not include meetings or coordination with third parties, including but not limited to government offices, agents, attorneys, consultants, contractors or landowners.
- Scope does not include reviewing or obtaining title reports.
- Scope does not include surveying services to reconcile boundary disputes, discrepancies in title, aid to legal counsel, depositions or expert testimony. Boundary discrepancies determined during the course of mapping will be identified. However, expanded surveying services may be required to remedy such discrepancies.
- Scope does not include preparation or submittal of tentative maps or final maps.
- Scope does not include utility research, mapping or coordination.
- Scope does not include the installation of monument boxes.

North Manthey Road

7.0 - CONSTRUCTION DESIGN SUPPORT

7.1 - PRE-CONSTRUCTION CONFERENCE

HDR will attend the Pre-construction Conference, to be available to answer Contractor's questions regarding all elements of the design. HDR recognizes that formal Requests for Information (RFIs) or Requests for Clarification (RFCs) may result. HDR will prepare responses to these questions as required. The Pre-construction Conference is assumed to be held at the City of Stockton's office.

7.2 - RESIDENT ENGINEER SUPPORT

HDR's project design team will provide Resident Engineering Support to address supplemental design issues raised in response to design-related RFIs and RFCs, and otherwise provide construction support services, as directed by the City Project Manager. HDR shall track all related RFIs and RFCs, and provide the status of all submittals as requested by the City Project Manager. HDR will direct all correspondence to the City Project Manager.

7.3 - CHANGE ORDERS

HDR will develop and submit revised construction documents including, but not limited to plan sheet(s), specifications, and estimates upon direction of the City Project Manager. HDR will provide one (1) original suitable for reproduction and one (1) electronic copy to the City Project Manager. The City will be responsible for reproduction and distribution of any documentation related to Change Orders.

7.4 - SHOP DRAWING REVIEW

Some discrete elements of design (either of necessity or as a result of post-design developments) may be left to the Contractor, his subcontractor(s) or suppliers. HDR will participate in Shop Drawing Review as directed by the City Project Manager to review such designs for adequacy, adherence to standards, and appropriateness to the project situation. HDR will direct all correspondence related to Shop Drawing Review to the City Project Manager.

7.5 - SITE VISITS

HDR will be available to visit the job-site for review of construction and make other visits to the job site as requested to resolve any discrepancies in the contract documents.

7.6 -POST-CONSTRUCTION REVIEW

HDR will attend the Post-Construction Review, to be scheduled by the City Project Manager near the completion of the project construction. HDR will prepare a post-construction report summarizing the information exchanged.

8.0 - PREPARATION OF AS-BUILT DRAWINGS

Following the completion of the construction project, HDR will prepare and deliver to the City the As-Built plans once we receive the original tracings and As-Built redline corrections.

Work to be performed by others:

The following items are not included with this scope of work and will be the responsibility of the Construction Manager's Resident Engineer to review and approve. Temporary Facilities, Sign Structures, Temporary Supports.

9.0 - RIGHT OF WAY ENGINEERING

KSN TASK NO. 9.1 - RIGHT OF WAY MONUMENTATION AND RECORD OF SURVEY

Upon completion of construction, KSN will utilize RTK GPS and conventional surveying techniques to set durable survey monuments marking the final project right-of-way for North Manthey Road between French Camp Road and Henry Long Boulevard (approximately 1100 feet). Unless otherwise noted, monuments will be set in the following accessible locations:

1. At angle points along the right-of-way lines.
2. At the beginning and end of curves along the right-of-way lines.

KSN will prepare and file a record of survey map with San Joaquin County showing the project right of way and monuments set and/or reset to mark the project right-of-way.

Task Deliverables:

- One PDF copy of the final recorded survey.

Scope of Work Understandings:

- This scope of work will not commence until construction of the project is complete.
- All documents which transfer right of way have been recorded.
- No right of way modifications were made during the construction of improvements.
- All monuments set/found will mark the right of way and not necessarily identify boundary or fee property lines.

Scope of Work Exclusions

- Scope does not included preparation of land descriptions or easements.
- Scope does not include the preparation of deed jackets or other title transfer procedures.
- Scope does not include review fees or recoding fees imposed by San Joaquin County for reviewing the Record of Survey, such fees will be invoiced at cost plus a 10% markup for KSN's handling.
- Scope does not include design services.
- Scope does not include access coordination.

- Scope does not include preparation, submittal, and processing of applications or permits.
- Scope does not include meetings or coordination with third parties, including but not limited to government offices, agents, attorneys, consultants, contractors or landowners.
- Scope does not include reviewing or obtaining title reports.
- Scope does not include surveying services to reconcile boundary disputes, discrepancies in title, aid to legal counsel, depositions or expert testimony. Boundary discrepancies determined during the course of mapping will be identified. However, expanded surveying services may be required to remedy such discrepancies.
- Scope does not include preparation or submittal of tentative maps or final maps.
- Scope does not include utility research, mapping or coordination.
- Scope does not include the installation of monument boxes.

If you have any questions, please contact me at 916-817-4931.

Sincerely,

Steven L. Hiatt, PE, SE
Principal-in-Charge

City of Stockton
I-5/French Camp Road Interchange & Manthey Road

NORTH MANTHEY ROAD

HDR Engineering, Inc.

DIRECT LABOR

Task Number	7	8	9 KSN	Hours	Dollars	Billing Rates	Total Hours	Total Dollars
Principal Engineer	1	1		2	$ 600	$ 300.00	2	$600
Project Manager	4	1		5	$ 1,194	$ 238.81	5	$1,194
Senior Engineer - QC				-	$ -	$ 193.05	-	$0
Senior Roadway Engineer	4	2		6	$ 1,403	$ 233.78	6	$1,403
Bridge Project Lead				-	$ -	$ 240.11	-	$0
Senior Bridge Engineer				-	$ -	$ 185.33	-	$0
Roadway Project Engineer	4	8		12	$ 1,682	$ 140.14	12	$1,682
Bridge Project Engineer				-	$ -	$ 165.17	-	$0
Staff Civil Engineer				-	$ -	$ 94.38	-	$0
Staff Bridge Engineer				-	$ -	$ 82.94	-	$0
Civil CADD Tech	8	24		32	$ 3,615	$ 112.97	32	$3,615
Bridge CADD Tech				-	$ -	$ 121.98	-	$0
Administrative	4	1		5	$ 386	$ 77.22	5	$386
Clerical				-	$ -	$ 55.06	-	$0
Total Hours by Task	25	37		62	$ 8,880	Totals	62	$8,880

OTHER DIRECT COSTS		
Miscellaneous Expenses		$ -
Travel Expenses		$ 200
Mapping/Photos/Surveys		$ -
Plotting, Printing and Photocopying		$ 150
Telephone		$ -
HDR Computers		$ 229
	Total Direct Costs	$ 579
Total Labor & Direct Costs	$ 9,459	Total Cost $ 9,459

Sub-consultants

KSN	$ 5,080	$ 5,080	
Total Sub-consultants		Totals	$ 5,080

HDR Engineering, Inc.	$ 9,459	$ 9,459
Sub-Consultants	$ 5,080	$ 5,080
Subconsultant Administration Fee (5%)	$ 254	$ 254
	TOTAL COST	$ 14,793

City of Stockton
I-5/French Camp Road Interchange & Manthey Road

SOUTH MANTHEY ROAD

HDR Engineering, Inc.

DIRECT LABOR

Task Number	4	5	6 KSN	Hours	Dollars	Billing Rates	Total Hours	Total Dollars
Principal Engineer	1	1		2	$ 600	$ 300.00	2	$600
Project Manager	4	1		5	$ 1,194	$ 238.81	5	$1,194
Senior Engineer - QC				-	$ -	$ 193.05	-	$0
Senior Roadway Engineer	4	2		6	$ 1,403	$ 233.78	6	$1,403
Bridge Project Lead				-	$ -	$ 240.11	-	$0
Senior Bridge Engineer				-	$ -	$ 185.33	-	$0
Roadway Project Engineer	8	8		16	$ 2,242	$ 140.14	16	$2,242
Bridge Project Engineer				-	$ -	$ 165.17	-	$0
Staff Civil Engineer				-	$ -	$ 94.38	-	$0
Staff Bridge Engineer				-	$ -	$ 82.94	-	$0
Civil CADD Tech	12	24		36	$ 4,067	$ 112.97	36	$4,067
Bridge CADD Tech				-	$ -	$ 121.98	-	$0
Administrative	4	1		5	$ 386	$ 77.22	5	$386
Clerical				-	$ -	$ 55.06	-	$0
Total Hours by Task	33	37		70	$ 9,892	Totals	70	$9,892

OTHER DIRECT COSTS		
Miscellaneous Expenses		$ -
Travel Expenses		$ 300
Mapping/Photos/Surveys		$ -
Plotting, Printing and Photocopying		$ 300
Telephone		$ -
HDR Computers		$ 259
	Total Direct Costs	$ 859
Total Labor & Direct Costs	$ 10,751	Total Cost $ 10,751

Sub-consultants

DIRECT LABOR

	Dollars	
Fehr and Peers	$ 1,484	
KSN	$ 1,200	
KSN	$ 6,400	
KSN	$ 2,000	
KSN	$ 3,500	$ 14,584
Total Sub-consultants		Totals $ 14,584

HDR Engineering, Inc.	$ 10,751	$ 10,751
Subconsultants	$ 14,584	$ 14,584
Subconsultant Administration Fee (5%)	$ 729	$ 729
		TOTAL COST $ 26,064

EXHIBIT B
INSURANCE REQUIREMENTS
CONSULTANTS

CONSULTANT shall procure and maintain for the duration of the Agreement, insurance against all claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the CONSULTANT, its agents, representatives, volunteers, or employees.

1. **INSURANCE** Throughout the life of this Contract, the Consultant shall pay for and maintain in full force and effect with an insurance company admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A: VII" in Best Insurance Key Rating Guide, the following policies of insurance:

   A. **COMMERCIAL (BUSINESS) AUTOMOBILE LIABILITY** insurance, endorsed for "any auto" with combined single limits of liability of not less than $1,000,000 each occurrence.

   B. **WORKERS' COMPENSATION** insurance as required under the California Labor Code and Employers Liability Insurance with limits not less than $1,000,000 per accident/injury/disease.

   C. **COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY AND MISCELLANEOUS SUPPLEMENTARY INSURANCE;**

   FOR **ADDITIONAL** REQUIREMENT(S):

   (i) **COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY** insurance which shall include Contractual Liability, Products and Completed Operations coverage's, Bodily Injury and Property Damage Liability insurance with combined single limits of not less than $1,000,000 per occurrence, and if written on an Aggregate basis, $2,000,000 Aggregate limit.

   (ii) **PROFESSIONAL ERRORS AND OMISSIONS**, Not less than $50,000 per Claim./$1,000,000 Aggregate. Certificate of Insurance only required.

Deductibles and Self-Insured Retentions must be declared and are subject to approval by the CITY.

The Policy(s) shall also provide the following:

1 The Commercial General Liability insurance shall be written on ISO approved occurrence form with additional insured endorsement naming: *City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are additional insureds.*

2. All insurance required by this Agreement shall be with a company acceptable to the CITY and issued and executed by an admitted insurer authorized to transact insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required

herein shall continue in effect for a period of three years following the date CONSULTANT completes its performance of services under this Agreement.

3. For any claims related to products provided under this contract, the Consultant's insurance coverage shall be primary insurance as respects the City of Stockton its officers, agents, and employees. Any coverage maintained by the CITY shall be excess of the Consultant's insurance and shall not contribute with it. Policy shall waive right of recovery (waiver of subrogation) against the CITY.

4. Each insurance policy required by this clause shall have a provision that coverage shall not be cancelled by either party, except after thirty (30) days' prior to written notice by certified mail, return receipt requested, has been given to the CITY. Further, the thirty (30) day notice shall be unrestricted, except for workers' compensation, or non-payment of premium, which shall permit ten (10) days advance notice. The insurer and/or the contractor and/or the contractor's insurance agent shall provide the CITY with notification of any cancellation, major change, modification or reduction in coverage.

5. Regardless of these contract minimum insurance requirements, the Consultant and its insurer shall agree to commit the Consultant's full policy limits and these minimum requirements shall not restrict the Consultant's liability or coverage limit obligations.

6. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the California Civil Code.

7. The Company shall furnish the City of Stockton with the Certificates and Endorsement for all required insurance, prior to the CITY's execution of the Agreement and start of work.

8. Proper address for mailing certificates, endorsements and notices shall be:

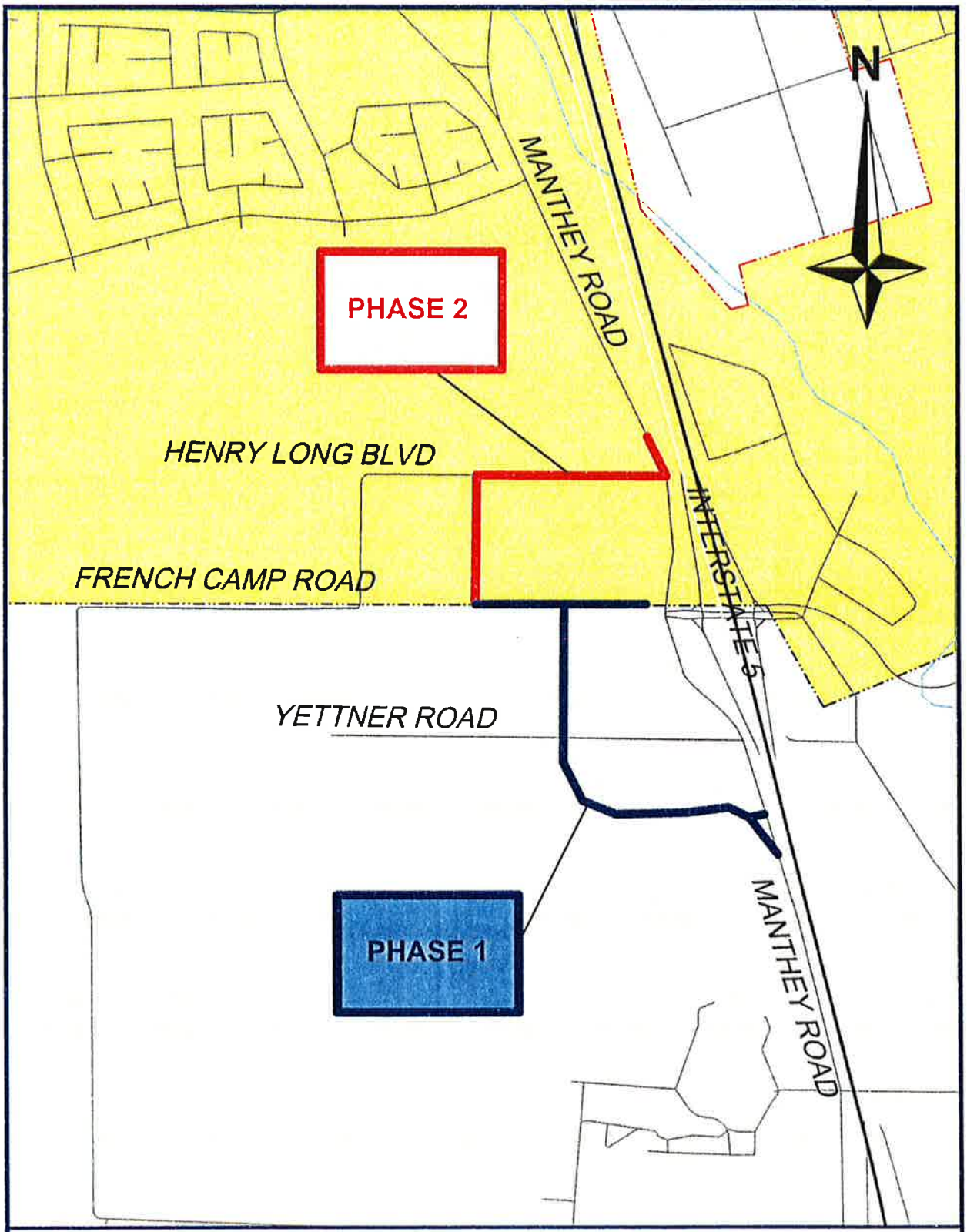
   City of Stockton
   Attention: Risk Services
   425 N. El Dorado Street
   Stockton, CA 95202

9. Upon notification of receipt by the CITY of a Notice of Cancellation, major change, modification, or reduction in coverage, the Consultant shall immediately file with the CITY a certified copy of the required new or renewal policy and certificates for such policy.

Any variation from the above contract requirements shall only be considered by and be subject to approval by the CITY's Risk Manager (209) 937-8682. Our fax is (209) 937-8833.

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

If the Consultant should subcontract all or any portion of the work to be performed in this contract, the Consultant shall cover the sub-contractor, and/or require each sub-contractor to adhere to all subparagraphs of these Insurance Requirements section. Similarly, any cancellation, lapse, reduction or change of sub-contractor's insurance shall have the same impact as described above.



MANTHEY ROAD RELOCATION PROJECT
PROJECT AREA MAP

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CONSENT AGENDA

AGENDA ITEM 12.09

February 28, 2012

TO: Mayor and City Council

FROM: Robert Murdoch, Director
Public Works Department

SUBJECT: **APPROVE PROGRAM SUPPLEMENT AGREEMENTS: PACIFIC AVENUE MEDIAN IMPROVEMENTS, PROJECT NO. 09-21; UNIVERSITY MIRACLE MILE MEDIAN IMPROVEMENTS, PROJECT NO. 10-07; AND 2011-12 STREET OVERLAY, PROJECT NO. 11-14**

RECOMMENDATION

It is recommended that the City Council adopt a motion authorizing the City Manager to:

1) Execute Program Supplement Agreement No. N062 for Pacific Avenue Median Improvements;

2) Execute Program Supplement Agreement No. N063 for University Miracle Mile Median Improvements; and

3) Execute Program Supplement Agreement No. N057 for the 2011-12 Street Overlay Project.

It is further recommended that the motion authorize the City Manager to take appropriate actions to carry out the purpose and intent of this motion.

DISCUSSION

The City has been awarded construction funding of $391,320 and $261,107 in federal grant funds through the Transportation, Community, and System Preservation (TCSP) Program for construction of the Pacific Avenue Median Improvements Project and the University Miracle Mile Median Improvements Project, respectively. To allow federal TCSP grant funds to be used on these projects, the City must first complete environmental studies in accordance with the National Environmental Policy Act (NEPA). Program Supplement Agreement (PSA) No. N062 for the Pacific Avenue Medians (Attachment A) and PSA No. N063 for University Miracle Mile Median Improvements (Attachment B) will provide $35,000 in Regional Surface Transportation Program (RSTP) funds for each project to complete the NEPA work.

In addition, the City has been allocated $1,862,976 in RSTP funding for the 2011-12 Street Overlay Project. PSA No. N057 (Attachment C) gives the City the authority to start incurring costs on this project and bill against the RSTP allocation.

The recommended action will authorize the City Manager to execute the noted program supplement agreements with the State so that the City has the authority to invoice for costs for all three projects.

FINANCIAL SUMMARY

There is no impact to the City's General Fund as a result of taking the recommended action.

The following financial actions are required at this time:

Establish Revenue Estimates and Appropriate to:

038-7238 University Miracle Mile Median Improvements Federal RSTP funding	$241,893
038-7238 University Miracle Mile Median Improvements Federal TCSP funding	$261,107
Total	$503,000

038-7233 Pacific Avenue Median Improvements Federal RSTP funding	$508,680
038-7233 Pacific Avenue Median Improvements Federal TCSP funding	$391,320
Total	$900,000

Increase Revenue Estimate and Appropriate to:

038-9928 Street Resurfacing Account Federal RSTP funding (Increase funding from $1,580,000 to $1,862,976)	+$282,976

Respectfully submitted,

ROBERT MURDOCH, DIRECTOR
PUBLIC WORKS DEPARTMENT

APPROVED

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

RM:GD:APM:KC:cl

Attachment A – Program Supplement Agreement No. N062
Attachment B – Program Supplement Agreement No. N063
Attachment C – Program Supplement Agreement No. N057

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PROGRAM SUPPLEMENT NO. N062
to
ADMINISTERING AGENCY-STATE AGREEMENT
FOR FEDERAL-AID PROJECTS NO 10-5008

Adv Project ID 1012000152
Date: January 10, 2012
Location: 10-SJ-0-STKN
Project Number: SPTCSP11-5008(114)
E.A. Number:
Locode: 5008

This Program Supplement hereby adopts and incorporates the Administering Agency-State Agreement for Federal Aid which was entered into between the Administering Agency and the State on 03/30/07 and is subject to all the terms and conditions thereof. This Program Supplement is executed in accordance with Article I of the aforementioned Master Agreement under authority of Resolution No. approved by the Administering Agency on (See copy attached).

The Administering Agency further stipulates that as a condition to the payment by the State of any funds derived from sources noted below obligated to this PROJECT, the Administering Agency accepts and will comply with the special covenants or remarks set forth on the following pages.

PROJECT LOCATION:

Pacific Avenue-between W. Fulton Street north to the south side of the Calaveras River(Appoximately 805-feet)

TYPE OF WORK: Road Related - Other Pacific Avenue Median Improvements **LENGTH:** 0.0(MILES)

Estimated Cost	Federal Funds		Matching Funds		
	L23E	$35,000.00	LOCAL		OTHER
$35,000.00			$0.00		$0.00

CITY OF STOCKTON

By _____

Title _____

Date _____

Attest _____

STATE OF CALIFORNIA
Department of Transportation

By _____
Chief, Office of Project Implementation
Division of Local Assistance

Date _____

I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance:

Accounting Officer Francisca Tse **Date** 1/10/12 $35,000.00

Chapter	Statutes	Item	Year	Program	BC	Category	Fund Source	AMOUNT

STATE OF CALIFORNIA. DEPARTMENT OF TRANSPORTATION

PROGRAM SUPPLMENT AND CERTIFICATION FORM

PSCF (REV. 01/2010)

TO:	DATE PREPARED:	PROJECT NUMBER:
STATE CONTROLLER'S OFFICE **Claims Audits** **3301 "C" Street, Rm 404** **Sacramento, CA 95816**	**1/10/2012**	**1012000152**
	REQUISITION NUMBER / CONTRACT NUMBER: **RQS-2660-101200000297-1**	

FROM:

Department of Transportation

SUBJECT:

Encumbrance Document

VENDOR / LOCAL AGENCY:

City of Stockton

$35,000.00

PROCUREMENT TYPE:

Local Assistance

CHAPTER	STATUTES	ITEM	YEAR	PEC / PECT	TASK / SUBTASK	AMOUNT
33	2011	2660-102-890	2011-2012	20.30.010.810	2620 / 0400	$35,000.00
					TOTAL CONTRACT AMOUNT	**$35,000.00**

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SPECIAL COVENANTS OR REMARKS

1. ADMINISTERING AGENCY agrees that it will only proceed with work authorized for specific phase(s) with an "Authorization to Proceed" and will not proceed with future phase(s) of this project prior to receiving an "Authorization to Proceed" from the STATE for that phase(s) unless no further State or Federal funds are needed for those future phase(s).

2. Any State and Federal funds that may have been encumbered for this project are available for disbursement for limited periods of time. For each fund encumbrance the limited period is from the start of the fiscal year that the specific fund was appropriated within the State Budget Act to the applicable fund Reversion Date shown on the State approved project finance letter. Per Government Code Section 16304, all project funds not liquidated within these periods will revert unless an executed Cooperative Work Agreement extending these dates is requested by the ADMINISTERING AGENCY and approved by the California Department of Finance.

   ADMINISTERING AGENCY should ensure that invoices are submitted to the District Local Assistance Engineer at least 75 days prior to the applicable fund Reversion Date to avoid the lapse of applicable funds. Pursuant to a directive from the State Controller's Office and the Department of Finance; in order for payment to be made, the last date the District Local Assistance Engineer can forward an invoice for payment to the Department's Local Programs Accounting Office for reimbursable work for funds that are going to revert at the end of a particular fiscal year is May 15th of the particular fiscal year. Notwithstanding the unliquidated sums of project specific State and Federal funding remaining and available to fund project work, any invoice for reimbursement involving applicable funds that is not received by the Department's Local Programs Accounting Office at least 45 days prior to the applicable fixed fund Reversion Date will not be paid. These unexpended funds will be irrevocably reverted by the Department's Division of Accounting on the applicable fund Reversion Date.

3. The ADMINISTERING AGENCY will advertise, award and administer this project in accordance with the current published Local Assistance Procedures Manual.

4. Award information shall be submitted by the ADMINISTERING AGENCY to the District Local Assistance Engineer within 60 days of project contract award and prior to the submittal of the ADMINISTERING AGENCY'S first invoice for the construction contract.

   Failure to do so will cause a delay in the State processing invoices for the construction phase. Please refer to Section 15.7 "Award Package" of the Local Assistance Procedures Manual.

5. ADMINISTERING AGENCY agrees, as a minimum, to submit invoices at least once every six months commencing after the funds are encumbered for each phase by the execution of this Project Program Supplement Agreement, or by STATE's approval of an applicable Finance Letter. STATE reserves the right to suspend future authorizations/obligations for Federal aid projects, or encumberances for State funded projects, as well as to suspend invoice payments for any on-going or future project by ADMINISTERING AGENCY if

PROJECT costs have not been invoiced by ADMINISTERING AGENCY for a six-month period.

If no costs have been invoiced for a six-month period, ADMINISTERING AGENCY agrees to submit for each phase a written explanation of the absence of PROJECT activity along with target billing date and target billing amount.

ADMINISTERING AGENCY agrees to submit the final report documents that collectively constitute a "Report of Expenditures" within one hundred eighty (180) days of PROJECT completion. Failure of ADMINISTERING AGENCY to submit a "Final Report of Expenditures" within 180 days of PROJECT completion will result in STATE imposing sanctions upon ADMINISTERING AGENCY in accordance with the current Local Assistance Procedures Manual.

6. The Administering Agency shall not discriminate on the basis of race, religion, age, disability, color, national origin, or sex in the award and performance of any Federal-assisted contract or in the administration of its DBE Program Implementation Agreement. The Administering Agency shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of Federal-assisted contracts. The Administering Agency's DBE Implementation Agreement is incorporated by reference in this Agreement. Implementation of the DBE Implementation Agreement, including but not limited to timely reporting of DBE commitments and utilization, is a legal obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Administering Agency of its failure to carry out its DBE Implementation Agreement, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

7. As a condition for receiving federal-aid highway funds for the PROJECT, the Administering Agency certifies that NO members of the elected board, council, or other key decision makers are on the Federal Government Excluded Parties List System (EPLS).

PROGRAM SUPPLEMENT NO. N063
to
ADMINISTERING AGENCY-STATE AGREEMENT
FOR FEDERAL-AID PROJECTS NO 10-5008

Adv Project ID 1012000153
Date: January 10, 2012
Location: 10-SJ-0-STKN
Project Number: SPTCSP11-5008(115)
E.A. Number:
Locode: 5008

This Program Supplement hereby adopts and incorporates the Administering Agency-State Agreement for Federal Aid which was entered into between the Administering Agency and the State on 03/30/07 and is subject to all the terms and conditions thereof. This Program Supplement is executed in accordance with Article I of the aforementioned Master Agreement under authority of Resolution No. approved by the Administering Agency on (See copy attached).

The Administering Agency further stipulates that as a condition to the payment by the State of any funds derived from sources noted below obligated to this PROJECT, the Administering Agency accepts and will comply with the special covenants or remarks set forth on the following pages.

PROJECT LOCATION:

University Miracle Mile Median Improvements between W. Harding Way north to Elm Street (Approximately 300-feet)

TYPE OF WORK: Road Related - University Miracle Mile Median Improvements **LENGTH:** 0.0(MILES)

Estimated Cost	Federal Funds		Matching Funds		
	L23E	$35,000.00	LOCAL		OTHER
$35,000.00			$0.00		$0.00

CITY OF STOCKTON

By _____

Title _____

Date _____

Attest _____

STATE OF CALIFORNIA
Department of Transportation

By _____
Chief, Office of Project Implementation
Division of Local Assistance

Date _____

I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance:

Accounting Officer Francisca Lee **Date** 1/10/12 $35,000.00

Chapter	Statutes	Item	Year	Program	BC	Category	Fund Source	AMOUNT

STATE OF CALIFORNIA, DEPARTMENT OF TRANSPORTATION

PROGRAM SUPPLMENT AND CERTIFICATION FORM

PSCF (REV. 01/2010)

TO:	DATE PREPARED:	PROJECT NUMBER:
STATE CONTROLLER'S OFFICE **Claims Audits** **3301 "C" Street, Rm 404** **Sacramento, CA 95816**	**1/10/2012**	**1012000153**
	REQUISITION NUMBER / CONTRACT NUMBER: **RQS-2660-101200000298-1**	

FROM:

Department of Transportation

SUBJECT:

Encumbrance Document

VENDOR / LOCAL AGENCY:

City of Stockton

$35,000.00

PROCUREMENT TYPE:

Local Assistance

CHAPTER	STATUTES	ITEM	YEAR	PEC / PECT	TASK / SUBTASK	AMOUNT
33	2011	2660-102-890	2011-2012	20.30.010.810	2620 / 0400	$35,000.00
					TOTAL CONTRACT AMOUNT	$35,000.00

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SPECIAL COVENANTS OR REMARKS

1. ADMINISTERING AGENCY agrees that it will only proceed with work authorized for specific phase(s) with an "Authorization to Proceed" and will not proceed with future phase(s) of this project prior to receiving an "Authorization to Proceed" from the STATE for that phase(s) unless no further State or Federal funds are needed for those future phase(s).

2. Any State and Federal funds that may have been encumbered for this project are available for disbursement for limited periods of time. For each fund encumbrance the limited period is from the start of the fiscal year that the specific fund was appropriated within the State Budget Act to the applicable fund Reversion Date shown on the State approved project finance letter. Per Government Code Section 16304, all project funds not liquidated within these periods will revert unless an executed Cooperative Work Agreement extending these dates is requested by the ADMINISTERING AGENCY and approved by the California Department of Finance.

   ADMINISTERING AGENCY should ensure that invoices are submitted to the District Local Assistance Engineer at least 75 days prior to the applicable fund Reversion Date to avoid the lapse of applicable funds. Pursuant to a directive from the State Controller's Office and the Department of Finance; in order for payment to be made, the last date the District Local Assistance Engineer can forward an invoice for payment to the Department's Local Programs Accounting Office for reimbursable work for funds that are going to revert at the end of a particular fiscal year is May 15th of the particular fiscal year. Notwithstanding the unliquidated sums of project specific State and Federal funding remaining and available to fund project work, any invoice for reimbursement involving applicable funds that is not received by the Department's Local Programs Accounting Office at least 45 days prior to the applicable fixed fund Reversion Date will not be paid. These unexpended funds will be irrevocably reverted by the Department's Division of Accounting on the applicable fund Reversion Date.

3. The ADMINISTERING AGENCY will advertise, award and administer this project in accordance with the current published Local Assistance Procedures Manual.

4. Award information shall be submitted by the ADMINISTERING AGENCY to the District Local Assistance Engineer within 60 days of project contract award and prior to the submittal of the ADMINISTERING AGENCY'S first invoice for the construction contract.

   Failure to do so will cause a delay in the State processing invoices for the construction phase. Please refer to Section 15.7 "Award Package" of the Local Assistance Procedures Manual.

5. ADMINISTERING AGENCY agrees, as a minimum, to submit invoices at least once every six months commencing after the funds are encumbered for each phase by the execution of this Project Program Supplement Agreement, or by STATE's approval of an applicable Finance Letter. STATE reserves the right to suspend future authorizations/obligations for Federal aid projects, or encumberances for State funded projects, as well as to suspend invoice payments for any on-going or future project by ADMINISTERING AGENCY if

SPECIAL COVENANTS OR REMARKS

PROJECT costs have not been invoiced by ADMINISTERING AGENCY for a six-month period.

If no costs have been invoiced for a six-month period, ADMINISTERING AGENCY agrees to submit for each phase a written explanation of the absence of PROJECT activity along with target billing date and target billing amount.

ADMINISTERING AGENCY agrees to submit the final report documents that collectively constitute a "Report of Expenditures" within one hundred eighty (180) days of PROJECT completion. Failure of ADMINISTERING AGENCY to submit a "Final Report of Expenditures" within 180 days of PROJECT completion will result in STATE imposing sanctions upon ADMINISTERING AGENCY in accordance with the current Local Assistance Procedures Manual.

6. The Administering Agency shall not discriminate on the basis of race, religion, age, disability, color, national origin, or sex in the award and performance of any Federal-assisted contract or in the administration of its DBE Program Implementation Agreement. The Administering Agency shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of Federal-assisted contracts. The Administering Agency's DBE Implementation Agreement is incorporated by reference in this Agreement. Implementation of the DBE Implementation Agreement, including but not limited to timely reporting of DBE commitments and utilization, is a legal obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Administering Agency of its failure to carry out its DBE Implementation Agreement, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

7. As a condition for receiving federal-aid highway funds for the PROJECT, the Administering Agency certifies that NO members of the elected board, council, or other key decision makers are on the Federal Government Excluded Parties List System (EPLS).

ATTACHMENT C

PROGRAM SUPPLEMENT NO. N057
to
ADMINISTERING AGENCY-STATE AGREEMENT
FOR FEDERAL-AID PROJECTS NO 10-5008

Adv Project ID 1000020564
Date: October 18, 2011
Location: 10-SJ-0-STKN
Project Number: STPL-5008(107)
E.A. Number:
Locode: 5008

This Program Supplement hereby adopts and incorporates the Administering Agency-State Agreement for Federal Aid which was entered into between the Administering Agency and the State on 03/30/07 and is subject to all the terms and conditions thereof. This Program Supplement is executed in accordance with Article I of the aforementioned Master Agreement under authority of Resolution No. approved by the Administering Agency on (See copy attached).

The Administering Agency further stipulates that as a condition to the payment by the State of any funds derived from sources noted below obligated to this PROJECT, the Administering Agency accepts and will comply with the special covenants or remarks set forth on the following pages.

PROJECT LOCATION:

EL Dorado from(Arcade Street to March Ln)
Harding Wy from(Madison Street to EL Dorado Street)
Thornton Road from(Mosher Slough to Bear Creek)

TYPE OF WORK: Road Rehabilitation and resurfacing **LENGTH:** 0.0(MILES)

Estimated Cost	Federal Funds		Matching Funds		
	L23E	$1,413,788.00	LOCAL		OTHER
$1,902,176.00	L230	$449,188.00	$39,200.00		$0.00

CITY OF STOCKTON

By

Title Bob Deis, City Manager

Date

Attest

STATE OF CALIFORNIA
Department of Transportation

By
Chief, Office of Project Implementation
Division of Local Assistance

Date

I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance:

Accounting Officer Mariecrea Lee **Date** 10/19/11 $1,862,976.00

STATE OF CALIFORNIA. DEPARTMENT OF TRANSPORTATION

PROGRAM SUPPLMENT AND CERTIFICATION FORM

PSCF (REV. 01/2010)

TO: STATE CONTROLLER'S OFFICE Claims Audits 3301 "C" Street, Rm 404 Sacramento, CA 95816	DATE PREPARED: 10/18/2011	PROJECT NUMBER: 1000020564
	REQUISITION NUMBER / CONTRACT NUMBER: RQS-2660-101200000144-1	

FROM:

Department of Transportation

SUBJECT:

Encumbrance Document

VENDOR / LOCAL AGENCY:

City of Stockton

$1,862,976.00

PROCUREMENT TYPE:

Local Assistance

CHAPTER	STATUTES	ITEM	YEAR	PEC / PECT	TASK / SUBTASK	AMOUNT
712	2010	2660-102-890	2010-2011	20.30.010.810	2620 / 0400	$1,862,976.00
					TOTAL CONTRACT AMOUNT	$1,862,976.00

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SPECIAL COVENANTS OR REMARKS

Chapter	Statutes	Item	Year	Program	BC	Category	Fund Source	AMOUNT

SPECIAL COVENANTS OR REMARKS

1. ADMINISTERING AGENCY agrees that it will only proceed with work authorized for specific phase(s) with an "Authorization to Proceed" and will not proceed with future phase(s) of this project prior to receiving an "Authorization to Proceed" from the STATE for that phase(s) unless no further State or Federal funds are needed for those future phase(s).

2. Any State and Federal funds that may have been encumbered for this project are available for disbursement for limited periods of time. For each fund encumbrance the limited period is from the start of the fiscal year that the specific fund was appropriated within the State Budget Act to the applicable fund Reversion Date shown on the State approved project finance letter. Per Government Code Section 16304, all project funds not liquidated within these periods will revert unless an executed Cooperative Work Agreement extending these dates is requested by the ADMINISTERING AGENCY and approved by the California Department of Finance.

   ADMINISTERING AGENCY should ensure that invoices are submitted to the District Local Assistance Engineer at least 75 days prior to the applicable fund Reversion Date to avoid the lapse of applicable funds. Pursuant to a directive from the State Controller's Office and the Department of Finance; in order for payment to be made, the last date the District Local Assistance Engineer can forward an invoice for payment to the Department's Local Programs Accounting Office for reimbursable work for funds that are going to revert at the end of a particular fiscal year is May 15th of the particular fiscal year. Notwithstanding the unliquidated sums of project specific State and Federal funding remaining and available to fund project work, any invoice for reimbursement involving applicable funds that is not received by the Department's Local Programs Accounting Office at least 45 days prior to the applicable fixed fund Reversion Date will not be paid. These unexpended funds will be irrevocably reverted by the Department's Division of Accounting on the applicable fund Reversion Date.

3. The ADMINISTERING AGENCY will advertise, award and administer this project in accordance with the current published Local Assistance Procedures Manual.

4. Award information shall be submitted by the ADMINISTERING AGENCY to the District Local Assistance Engineer within 60 days of project contract award and prior to the submittal of the ADMINISTERING AGENCY'S first invoice for the construction contract.

   Failure to do so will cause a delay in the State processing invoices for the construction phase. Please refer to Section 15.7 "Award Package" of the Local Assistance Procedures Manual.

5. ADMINISTERING AGENCY agrees, as a minimum, to submit invoices at least once every six months commencing after the funds are encumbered for each phase by the execution of this Project Program Supplement Agreement, or by STATE's approval of an applicable Finance Letter. STATE reserves the right to suspend future authorizations/obligations for Federal aid projects, or encumberances for State funded projects, as well as to suspend invoice payments for any on-going or future project by ADMINISTERING AGENCY if

SPECIAL COVENANTS OR REMARKS

PROJECT costs have not been invoiced by ADMINISTERING AGENCY for a six-month period.

If no costs have been invoiced for a six-month period, ADMINISTERING AGENCY agrees to submit for each phase a written explanation of the absence of PROJECT activity along with target billing date and target billing amount.

ADMINISTERING AGENCY agrees to submit the final report documents that collectively constitute a "Report of Expenditures" within one hundred eighty (180) days of PROJECT completion. Failure of ADMINISTERING AGENCY to submit a "Final Report of Expenditures" within 180 days of PROJECT completion will result in STATE imposing sanctions upon ADMINISTERING AGENCY in accordance with the current Local Assistance Procedures Manual.

6. The Administering Agency shall not discriminate on the basis of race, religion, age, disability, color, national origin, or sex in the award and performance of any Federal-assisted contract or in the administration of its DBE Program Implementation Agreement. The Administering Agency shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of Federal-assisted contracts. The Administering Agency's DBE Implementation Agreement is incorporated by reference in this Agreement. Implementation of the DBE Implementation Agreement, including but not limited to timely reporting of DBE commitments and utilization, is a legal obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Administering Agency of its failure to carry out its DBE Implementation Agreement, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

7. As a condition for receiving federal-aid highway funds for the PROJECT, the Administering Agency certifies that NO members of the elected board, council, or other key decision makers are on the Federal Government Excluded Parties List System (EPLS).

CONSENT AGENDA

AGENDA ITEM 12.10

February 28, 2012

TO: Mayor and City Council

FROM: Robert Murdoch, Director
Public Works Department

SUBJECT: **DESIGN SERVICES CONTRACT AMENDMENT WITH KLEINFELDER, INC. FOR THE CENTER STREET AND EL DORADO STREET BRIDGES OVER MORMON SLOUGH REHABILITATION, PROJECT NO. 08-20**

RECOMMENDATION

It is recommended that the City Council approve a motion authorizing the City Manager to execute an amendment to the professional services master contract with Kleinfelder, Inc. in the amount of $63,630 for professional services to prepare environmental studies for the Center Street and El Dorado Street Bridges over Mormon Slough Rehabilitation Project (Project).

It is further recommended that the motion authorize the City Manager to correct specified administrative appropriation errors and take other appropriate actions as needed to carry out the purpose and intent of this motion, including executing a program supplement agreement that will be forthcoming and is necessary to receive federal grant funding for this Project.

Summary

The Project will provide resurfacing of the deteriorating bridge decks with new polyester concrete and replacement of all expansion joint seals, which have failed. In 2009, ADKO Engineering, Inc. was hired to provide plans and specifications for the work needed. In 2010, the Project was approved for federal funding through the Highway Bridge Program (HBP) in the amount of $100,000 for preliminary engineering and $4,562,000 for construction.

As a result of securing federal funding, an environmental clearance must be obtained in conformance with the National Environmental Policy Act of 1969 (NEPA). These services were not included in ADKO Engineering, Inc.'s contract because the Project was not originally intended to be funded with federal money. Therefore, it is necessary to hire Kleinfelder, Inc. in the amount of $63,630 to prepare the necessary environmental documents.

There will be no impact to the City's General Fund as a result of taking the recommended action.

DISCUSSION

Background

The Center Street and El Dorado Street Bridges were built in 1952. Both bridges cross over Mormon Slough, Hazelton Avenue, and Scotts Avenue (Attachment A – Vicinity Map). These bridges exhibit extensive cracking of the bridge decks and complete failure of all bridge joint seals. If these deficiencies are not corrected it will lead to further degradation of the bridge structures.

In 2009, ADKO Engineering, Inc. was hired to provide plans and specifications for the work needed at a cost of $27,000. Funding for this work came through the City's allocation of Measure K Maintenance funds. ADKO Engineering, Inc.'s services did not include preparing environmental documents.

In 2010, the Project was successfully programmed to receive federal funding from the HBP in the amounts of $100,000 for preliminary engineering and $4,562,000 for construction. In 2011, the City received authorization to proceed from the California Department of Transportation (Caltrans) for the preliminary engineering phase, which allows staff to proceed with environmental work. Most of the environmental work is focused on the existence of bats and possibly other species inhabiting the failed joint seals. Much of the effort and cost will result from identifying species and providing mitigation measures to minimize impacts.

The City must provide matching funds of 11.47 percent for the environmental and construction phases. For environmental, the match can be made available from Measure K Maintenance funds in the amount of $11,470. The future construction phase match is estimated to be $546,000 and no funding source has been identified at this time.

Present Situation

In order to obtain the necessary environmental documents, staff reviewed the existing vendor pool list to identify qualified firms to perform this work. Council adopted Resolution No. 10-0242 on July 13, 2010, approving the professional services master contract for design, geotechnical, testing, plan review, and survey services with various firms, which created the vendor pool list. These firms provide services as needed to accommodate the City's aggressive project delivery schedules. The professional services master contract is valid for a period of five years. The scope of services and fees are negotiated on a project specific basis. If the negotiated fee for a particular project exceeds the Charter limits, a contract amendment is submitted to Council for consideration.

Staff has reviewed the firms from the vendor pool list who have the qualifications to provide the required environmental documentation. Based on this review, staff selected Kleinfelder, Inc. because of their experience in preparing environmental documents, their familiarity with the Project site, and, since they are a local firm, their ability to be available quickly at the Project site to resolve issues and ensure that mitigation measure are in place.

Staff reviewed Kleinfelder, Inc.'s scope and cost proposal and negotiated a fee in the amount of $63,630. Their fee includes $23,280 for the preparation of environmental documents and $40,350 for bat exclusion work (netting under the bridges and weekly monitoring) that will be necessary prior to construction. Staff has determined that the proposed fee is reasonable and recommends Council authorize the City Manager to execute an amendment to the professional services master contract with Kleinfelder, Inc. in the amount of $63,630 (Attachment B).

On May 5, 2009, as required by Caltrans, Council adopted a new race conscious Disadvantaged Business Enterprise (DBE) program (Resolution No. 09-0122). A primary feature of the new program is the requirement that a specific Underutilized Disadvantaged Business Enterprise (UDBE) goal be developed for each federally-funded transportation project administered by the City. By definition, a DBE is a small business owned by a woman or by a specified ethnic group that has been properly certified by Caltrans. To be considered underutilized, a firm must qualify as a DBE and be owned by one of the following groups:

- African American
- Asian Pacific American
- Native American
- Women

Properly certified small business firms owned by Hispanic males or by Asian Subcontinent males continue to qualify as DBE, but not as UDBE. Such firms do not count towards achieving the UDBE contract specific goals.

A professional services UDBE goal of 9.09 percent was established for the current Project. This goal was calculated by examining the breakdown of the type of work to be completed, and the availability of certified UDBE firms in our local area to perform that type of work.

Kleinfelder, Inc. submitted a proposal in the amount of $63,630, of which $5,784 (9.09 percent) is proposed to be provided by Geier & Geier Consulting, Inc., a certified UDBE firm. Prior to awarding a contract, the City is required to evaluate that a good faith effort

was made to meet the UDBE goal. Since the goal was met by the selected consultant, the good faith effort analysis is mostly moot. In the present case, it is relevant only if future unforeseen circumstances were to cause the consultant to fail to meet the goal in practice. In summary, Kleinfelder, Inc. has committed to the utilization of 9.09 percent UDBE, which meets the City's 9.09 percent goal, and has submitted the required program documentation. Therefore, staff recommends Council to approve a motion authorizing the City Manager to execute an amendment to the professional services master contract with Kleinfelder, Inc. in the amount of $63,630 for professional design services to prepare the needed environmental studies and clearances for the Project.

FINANCIAL SUMMARY

The Project was included in the adopted 2011/2012 Capital Improvement Program, with the following funding appropriations:

Federal Funds: $ 63,000

Local Funds (Measure K Maintenance): $ 9,000

In contrast, Caltrans has authorized $88,530 federal funding for this phase of the Project, which requires an $11,470 local match; therefore, the federal and local appropriations need to be increased to reflect the new, higher amounts. Also, the federal funding for this and several other transportation projects was incorrectly coded into the adopted 2011/2012 Capital Improvement Program as Fund 304 (Capital Improvement Grants – Other Sources) rather than Fund 038 (Federal Grants). This latter problem needs to be addressed first. Therefore, the following actions are recommended:

Transfer Appropriations from:

PROJECT	Account Number	FY 11/12 Appropriation
Center Street and El Dorado Street Overpass Rehabilitation	304-9748	63,000
Benjamin Holt Drive/Cumberland Place Traffic Signal	304-9743	52,000
Benjamin Holt Drive/Inglewood Avenue Traffic Signal	304-9744	53,000
Bus Rapid Transit Phase III (Hammer Lane)	304-9745	2,075,000
Davis Road/Wagner Heights Road Traffic Signal	304-9746	57,000
Wilson Way Corridor Adaptive Traffic Control System	304-9747	155,000
Hazelton Street and UPRR Crossing Improvements	304-7061	54,000
Industrial/McKinley and UPRR Crossing Improvements	304-7062	312,000
McKinley Avenue/French Camp Slough Bridge	304-9749	139,000
Radar Speed Feedback Signs	304-9750	360,000

Transfer Appropriations to:

PROJECT	Account Number	FY 11/12 Appropriation
Center Street and El Dorado Street Overpass Rehabilitation	038-9748	63,000
Benjamin Holt Drive/Cumberland Place Traffic Signal	038-9743	52,000
Benjamin Holt Drive/Inglewood Avenue Traffic Signal	038-9744	53,000
Bus Rapid Transit Phase III (Hammer Lane)	038-9745	2,075,000
Davis Road/Wagner Heights Road Traffic Signal	038-9746	57,000
Wilson Way Corridor Adaptive Traffic Control System	038-9747	155,000
Hazelton Street and UPRR Crossing Improvements	038-7061	54,000
Industrial/McKinley and UPRR Crossing Improvements	038-7062	312,000
McKinley Avenue/French Camp Slough Bridge	038-9749	139,000
Radar Speed Feedback Signs	038-9750	360,000

With the above accomplished, the specific needs of the Project can be addressed. Staff recommends shifting the additional needed local funds from the General Street Resurfacing/Bridge Repair Program account. The following specific actions are recommended:

Increase Revenue Estimate and Appropriate to:

038-9748-640
Center Street and El Dorado Street Bridges over
Mormon Slough Rehabilitation Project Federal Funding +$25,530

Transfer Appropriation from:

082-9928-640
Street Resurfacing/Bridge Repair Project
Measure K Maintenance $ 2,470

Transfer Appropriation to:

082-9748-640
Center Street and El Dorado Street Bridges over
Mormon Slough Rehabilitation Project Measure K Maintenance $ 2,470

With these actions, sufficient funding will be available to award the contract to Kleinfelder, Inc. in the amount of $63,630, plus provide for staff costs and contingencies.

Once the City receives authorization to proceed from Caltrans to begin work on a federally funded transportation project, costs can be incurred; however, actual payment for those costs must await the execution of a program supplement agreement. On January 30, 2007, by Resolution No. 07-0045, Council delegated to the City Manager the authority to approve and sign program supplement agreements. However, it is not clear that this authority extends to specific projects, especially for projects (like the current one) where the funding has increased beyond what was previously approved by Council. To address, staff recommends that the City Manager be authorized to sign the program supplement agreement for the Project, including the revenue increases described above.

In summary, the City Manager is authorized to record the above-noted transactions, sign the program supplement agreement when it is provided by Caltrans, and take any other appropriate actions as needed to carry out the purpose and intent of this motion.

There is no impact to the City's General Fund as a result of taking the recommended actions.

Respectfully submitted,

ROBERT MURDOCH, DIRECTOR
PUBLIC WORKS DEPARTMENT

APPROVED BY

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

RM:CG:cl

Attachment A – Vicinity Map
Attachment B – Amendment to Professional Services Master Contract

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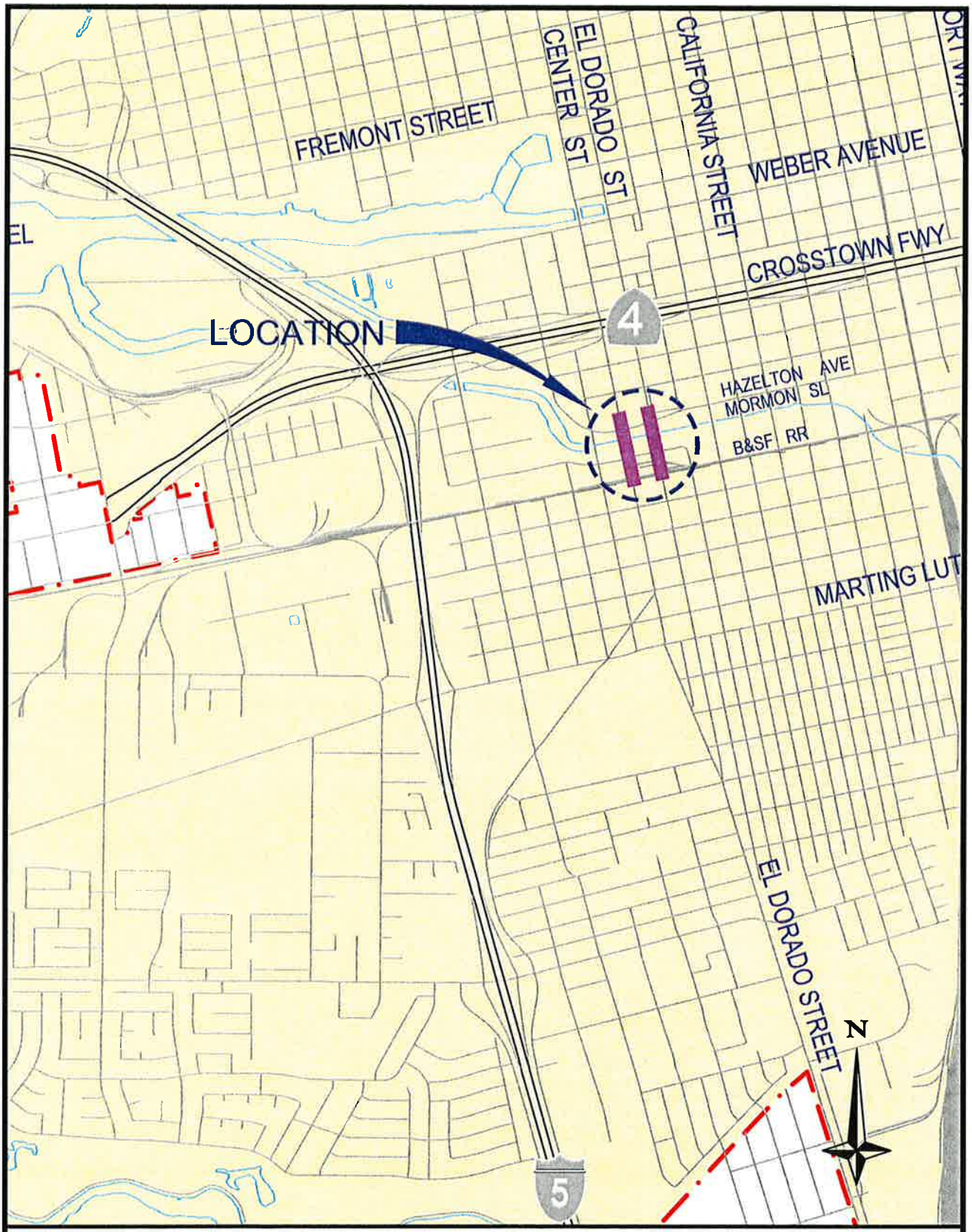

VICINITY MAP

Center St and El Dorado St Bridges over Mormon Slough Rehabilitation Project

DWG. BY	CITY OF STOCKTON	DATE	DRAWING NO.
SCALE NONE	DEPARTMENT OF PUBLIC WORKS		

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AMENDMENT TO PROFESSIONAL SERVICES MASTER CONTRACT WITH KLEINFELDER, INC.

This Amendment to Professional Services Master Contract for professional design services is made and entered into on_____, by and between the City of Stockton, a municipal corporation, hereinafter referred to as "CITY," KLEINFELDER, INC., hereinafter referred to as "FIRM," to provide CITY with professional design services for THE CENTER STREET AND EL DORADO STREET BRIDGES OVER MORMON SLOUGH REHABILITATION (PROJECT NO. 08-20), hereinafter referred to as "PROJECT."

W I T N E S S E T H:

WHEREAS, CITY and FIRM entered into a Professional Services Master Contract for Design, Geotechnical, Testing, Plan Review, and Survey Services; Construction Management and Inspection Services; Roofing, Electrical, and Mechanical Design Services; and Preparation of Generalized and Specialized CEQA and NEPA Studies on July 13, 2010, pursuant to Resolution No. 10-0242, as part of a vendor pool and desire to amend said Contract by specifying FIRM to provide professional design services for PROJECT.

NOW, THEREFORE, in consideration of these premises and the following terms and conditions, the parties hereto agree as follows:

1. Section 1—SCOPE OF SERVICES. The Scope of Services is hereby amended to include professional design services for PROJECT as per Exhibit "A," attached hereto and by reference made a part hereof.

2. Section 2—COMPENSATION. Compensation is hereby amended ($63,630.00) to include Exhibit "A," attached hereto and by reference made a part hereof. Compensation shall be paid no more frequently than once per month on a time and materials basis for work completed.

3. Section 3—SCHEDULE FOR COMPLETION. Services under this amendment will be performed during the period of March 2012 through February 2013, unless otherwise approved in writing.

4. Section 13—INSURANCE. Insurance requirements under this amendment

City Atty
Review _____
Date _____

shall comply with the current insurance requirements set forth in Exhibit "B," which is attached to this contract and incorporated by this reference. FIRM shall provide thirty (30) days written notice to CITY prior to canceling or changing the terms of such coverage.

5. All other terms and conditions of said original Professional Services Master Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to Professional Master Contract to be executed on the date and year first written above.

ATTEST:

BONNIE PAIGE
City Clerk of the City of Stockton

CITY OF STOCKTON, a municipal corporation

By:
BOB DEIS
CITY MANAGER

APPROVED AS TO FORM & CONTENT:
JOHN M. LUEBBERKE
OFFICE OF THE CITY ATTORNEY

By:
Deputy City Attorney

KLEINFELDER, INC.,
a corporation
2001 ARCH-AIRPORT ROAD, SUITE 100
STOCKTON, CA 95206

By:

Title: Senior Principal

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KLEINFELDER/INSITE
PROPOSED SCOPE OF WORK, SCHEDULE AND COSTS

PREPARATION OF CEQA INITIAL STUDY/NEGATIVE DECLARATION
PREPARATION OF NATURAL ENVIRONMENT STUDY, MINIMAL IMPACT IN SUPPORT OF CALTRANS NEPA CLEARANCE

CENTER STREET AND EL DORADO STREET BRIDGES OVER MORMON SLOUGH
CITY OF STOCKTON
August 9, 2011

ENVIRONMENTAL DOCUMENTATION NEEDS

The proposed project involves repairs to two existing multi-span bridges over Mormon Slough in downtown Stockton. Proposed improvements would involve grinding of the existing pavement and installation of a new polyester concrete surface. Existing expansion joint seals would be replaced as a part of the improvement process.

In several of the expansion joints the existing seals have failed and are inhabited by Brazilian (Mexican) free-tailed bats; the joints may also support other protected bat species. Proposed bridge repairs, including joint replacement, may result in displacement of existing bat use during construction and long-term removal of habitat provided by the bridge joints.

The proposed project will be funded from federal and local sources; consequently, the project will need to be approved through the Caltrans Local Assistance Engineer and will require NEPA clearance. A Preliminary Environmental Study (PES) form has already been prepared for the project. The PES form identifies the need for a Natural Environment Study, Minimal Impact (NES-MI), a technical study addressing the potential effects of the project on bat populations and other special-status species. No other technical studies have been required of the City by Caltrans.

The City of Stockton is the proponent and Lead Agency under CEQA. The project involves maintenance of existing bridges, which would otherwise be an exempt activity under CEQA. However, proposed repairs would involve the potential for significant impacts on the bat species inhabiting the bridges. The potential for impact and the need to identify mitigation measures to reduce potential impacts to a less than significant level indicates that an Initial Study must be prepared under CEQA. It is, however, believed that mitigation measures can be incorporated into the project that would reduce potential bat impacts to a less than significant level, allowing the preparation of a Negative Declaration.

In order to provide compliance with applicable environmental requirements, a bat survey needs to be conducted. Prior to construction, the existing bat populations need to be excluded from the bridges, and it has been recommended that this be accomplished through netting; netting allows bat populations to escape the bridges without injury but does permit them to return. The netting must be inspection during the course of construction to ensure that it remains an effective barrier to bats.

Kleinfelder/InSite proposes to conduct bat surveys, to prepare the NES-MI, to prepare and process the Initial Study/Negative Declaration under CEQA, and to coordinate with Caltrans to facilitate the completion of the NEPA process, as described below. UDBE subcontractor Geier and Geier will assist with the preparation of the Initial Study/Negative Declaration.

NEPA DOCUMENTATION SCOPE OF WORK

Kleinfelder/InSite will retain Dave Wyatt, a qualified bat biologist, to conduct a survey of bat occupancy of the bridges and to prepare a brief report of findings.

Kleinfelder/InSite will retain Moore Biological Consultants (Diane Moore) to prepare the NES-MI. The NES-MI will be based, in part, on the report of findings by Dave Wyatt. However, preparation of an NES-MI requires the consideration and disposition of potential impacts on all potentially-occurring species in the project area.

Kleinfelder/InSite will oversee and facilitate the work of the biologists and work with Caltrans and the biologists to ensure that the NES-MI is ultimately accepted and approved by Caltrans. It is not anticipated that any other technical studies will be required by Caltrans, and preparation of additional technical studies is not proposed.

CEQA ENVIRONMENTAL DOCUMENTATION SCOPE OF WORK

Kleinfelder/InSite and Geier and Geier will prepare an Initial Study and proposed Negative Declaration for the project in accordance with the following scope of work. The Initial Study would fulfill CEQA content requirements while minimizing costs. Kleinfelder/InSite would ensure that all required CEQA processing steps are completed as prescribed in the CEQA Guidelines.

Project Description
The Initial Study will include a written description of the project using information provided by the City and the Project Engineer. The project's objectives, major elements, and timing will be described using text and graphics. The Project Description will include the project location, a thorough description of the physical elements of the project, and any potential encroachment on or use of natural resources.

Administrative Draft IS/ND
Kleinfelder/InSite will collect environmental data relevant to the proposed project for inclusion in the Initial Study. This process will include primarily detailed review of bat surveys and the NES-MI supplemented by a site visit and discussion with the Project Engineer.

Geier and Geier will compile environmental data in brief Environmental Setting sections for each environmental discipline addressed in the standard CEQA Initial Study form. Geier and Geier will assess potential for the occurrence of significant environmental impacts in each of these disciplines. For most disciplines, the setting information will be extremely brief as the project involves modifications to an existing bridge structure.

Potentially significant effects will be identified on the basis of the "significance thresholds" inherent in the Initial Study checklist questions, and effects not found to be

significant will be identified, noting the reasons for the finding. The analysis will address potential for cumulative and growth-inducing impacts as well as any other subjects required by CEQA.

For any significant effect identified, Geier and Geier will identify and describe feasible mitigation measures that could avoid, substantially reduce, or minimize potentially significant effects. The document will specify the potential impact to be mitigated, the proposed mitigation, and the level to which potential environmental effects would be reduced by mitigation measures.

Geier and Geier will compile the environmental analysis in an Administrative Draft IS/ND document based on the City's most recent Environmental Checklist Form, supplemented with text describing the project and environmental setting, impact analysis, and mitigation measures as required. This document will be peer reviewed by Kleinfelder/InSite and will indicate InSite's recommended findings with respect to preparation of a Negative Declaration.

Five copies and a reproducible version of the Administrative Draft IS/ND will be provided to the Project Engineer and the City for review and comment.

Public Review Draft IS/ND
InSite will address any comments provided by Project Engineer and the City, revise the IS/ND, prepare a distribution list in consultation with Project Engineer and the City, reproduce the document, prepare required notices and distribute the IS/ND for public review. The public review is assumed to be a 30-day review through the State Clearinghouse.

Kleinfelder/InSite will prepare a Notice of Availability for posting in the Record. Advertising fees for the Notice will be paid by the City.

The proposed budget allows for duplication of up to 50 copies of the IS/ND. Proposed costs could be reduced to the degree that web site posting or mailing of CDs can replace hard copies. A reproducible original and diskette copy of the document will be provided to the City together with date-stamped copies or publication proofs of notices.

Final IS/ND
Following public review of the document, Kleinfelder/InSite staff will consider any comments received on the Public Review Draft IS/ND. InSite will prepare responses to comments as directed by the City, consistent with the budget established for that work, and revise those responses as directed by the City. Copies of the Final IS/ND will be provided to the City for distribution to decision-makers. An electronic copy of the response to comments will be provided to the City for inclusion in the City Council packet or other City reproduction as required.

Mitigation Monitoring/Reporting Plan
InSite will prepare a Mitigation Monitoring/Reporting Program in a format acceptable to the City. The MMRP will detail the timing and implementation and monitoring responsibility for each of the mitigation measures identified in the IS/ND. Copies of the MMRP will be provided to the City for distribution to decision-makers. An electronic copy of the MMRP will be provided to the City for inclusion in the City Council packet or other City reproduction as required.

Notice of Determination
InSite will prepare and file a Notice of Determination for the project after the IS/ND is adopted and the project is approved. InSite will advise the City whether CDFG fees must be paid in conjunction with the filing; any required NOD filing fees will be paid by the City.

BAT EXCLUSION AND INSPECTION SERVICES

Kleinfelder/InSite will retain Modern Wildlife Solutions to install, provide twice-weekly inspections of, and remove, at the close of construction, netting for the exclusion of bats roosting inside the bridge joints. Due to nursery season in Stockton, CA, Modern Wildlife Solutions recommends the exclusion be installed before June or after August. This timing will insure no young bats will be in the joints or young bats will fledge from adults in the joints and will be able to exit the exclusion.

Exclusion installation will take 2.5 days per overcrossing; both overcrossings will take five days to complete. Removal of exclusion materials will take one day per overcrossing; both overcrossings removal will take two days.

After the exclusion is installed the joints and materials will be monitored for any bat activity twice per week, and necessary repairs will be made. Monitoring/inspections/ repairs will be documented and reported to City of Stockton weekly. Modern Wildlife Solutions will be responsible for safety in the vicinity of its operations.

Proposed costs shown below include all materials, labor and equipment required for bat exclusion installation and removal at the two overcrossings. Inspections would occur twice per week from the installation of the exclusion until its removal. A construction period of 16 weeks is assumed in the cost estimate below.

SCHEDULE

Kleinfelder/InSite proposes to complete the required documentation within the following calendar-day schedule. Task times are based on receipt of Notice to Proceed or the receipt of review comments, as noted.

NES-MI	
Review Draft	45
Revised Draft	7

CEQA IS/ND

Submit Administrative Draft IS/ND	45
Revise per City Comments	7
Begin Public Review Process	7
Public Review	30
Prepare Final IS/ND and Findings/MMRP, Administrative	14
Revise and Submit Final Documents	7

Total time required to complete the CEQA process is estimated at approximately six months.

File NOD (after project approval) 2

Bat exclusion and monitoring work will be coordinated with project construction as required.

COSTS

InSite proposes to complete the above-described services for the fees listed below.

Project Management	$3,200.00
Bat Survey and Report	$1,250.00
NES-MI	$7,500.00
NEPA Coordination	$3,600.00
CEQA IS/ND (Kleinfelder/InSite)	$3,196.00
CEQA IS/ND (UDBE Geier and Geier, 9.09%)	$5,784.00
Bat exclusion netting, installation and removal, both bridges	$31,900.00
Bat exclusion monitoring, inspections, repairs as required	$7,200.00
TOTAL PROPOSED COST	**$63,630.00**

Costs will be invoiced monthly on a progress basis with a progress report. Charges will be based on Kleinfelder/InSite's Standard Schedule of Rates and Charges, attached; costs for subcontractors will be billed through to the City at cost; InSite's normal 10% markup will be foregone.

STANDARD SCHEDULE OF RATES AND CHARGES
KLEINFELDER/INSITE
2010

HOURLY FEES FOR PERSONNEL

Principal	$180
Senior Project Manager	$150
Project Manager	$130
Environmental Planner III	$110
Environmental Planner II	$100
Environmental Planner I	$90
Research Specialist	$80
Graphics Technician	$80
Document Processing	$75

CHARGES FOR IN-HOUSE SERVICES AND SUPPLIES

Charges for services provided directly by Kleinfelder/InSite, Inc. will be made as follows:

Copies (b/w)	$0.15/page
Copies (color)	$0.50/page

CHARGES FOR PURCHASED MATERIALS AND SERVICES

Materials and services purchased in connection with or as required by professional services provided under this Agreement will be invoiced at actual cost plus 10%. These include but are not limited to charges for ~~subcontractors,~~ travel and subsistence, insurance certificates necessitated by the job, document and map reproduction, computer time, long distance telephone, cellular telephone, out-of-house facsimile services, rented or leased equipment, necessary supplies, and postage and shipping expenses.

ANNUAL ADJUSTMENT OF RATES AND CHARGES

The above Schedule of Rates and Charges is subject to adjustment at the beginning of each year, as prescribed in the Professional Services Agreement.

EXHIBIT B
INSURANCE REQUIREMENTS
CONSULTANTS

CONSULTANT shall procure and maintain for the duration of the Agreement, insurance against all claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the CONSULTANT, its agents, representatives, volunteers, or employees.

1. **INSURANCE** Throughout the life of this Contract, the Consultant shall pay for and maintain in full force and effect with an insurance company admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A: VII" in Best Insurance Key Rating Guide, the following policies of insurance:

   A. **COMMERCIAL (BUSINESS) AUTOMOBILE LIABILITY** insurance, endorsed for "any auto" with combined single limits of liability of not less than $1,000,000 each occurrence.

   B. **WORKERS' COMPENSATION** insurance as required under the California Labor Code and Employers Liability Insurance with limits not less than $1,000,000 per accident/injury/disease.

   C. **COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY AND MISCELLANEOUS SUPPLEMENTARY INSURANCE;**

   FOR **ADDITIONAL** REQUIREMENT(S):

   (i) **COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY** insurance which shall include Contractual Liability, Products and Completed Operations coverages, Bodily Injury and Property Damage Liability insurance with combined single limits of not less than $1,000,000 per occurrence, and if written on an Aggregate basis, $2,000,000 Aggregate limit.

   (ii) **PROFESSIONAL ERRORS AND OMISSIONS**, Not less than $50,000 per Claim./$1,000,000 Aggregate. Certificate of Insurance only required.

Deductibles and Self-Insured Retentions must be declared and are subject to approval by the CITY.

The Policy(s) shall also provide the following:

1 The Commercial General Liability insurance shall be written on ISO approved occurrence form with additional insured endorsement naming: *City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are additional insureds.*

2. All insurance required by this Agreement shall be with a company acceptable to the CITY and issued and executed by an admitted insurer authorized to transact insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONSULTANT completes its performance of services under this Agreement.

3. For any claims related to products provided under this contract, the Consultant's insurance coverage shall be primary insurance as respects the City of Stockton its officers, agents, and employees. Any coverage maintained by the CITY shall be excess of the Consultant's insurance and shall not contribute with it. Policy shall waive right of recovery (waiver of subrogation) against the CITY.

4. Each insurance policy required by this clause shall have a provision that coverage shall not be cancelled by either party, except after thirty (30) days' prior to written notice by certified mail, return receipt requested, has been given to the CITY. Further, the thirty (30) day notice shall be unrestricted, except for workers' compensation, or non-payment of premium, which shall permit ten (10) days advance notice. The insurer and/or the contractor and/or the contractor's insurance agent shall provide the CITY with notification of any cancellation, major change, modification or reduction in coverage.

5. Regardless of these contract minimum insurance requirements, the Consultant and its insurer shall agree to commit the Consultant's full policy limits and these minimum requirements shall not restrict the Consultant's liability or coverage limit obligations.

6. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnity the additional insured would be invalid under Subdivision (b) of Section 2782 of the California Civil Code.

7. The Company shall furnish the City of Stockton with the Certificates and Endorsement for all required insurance, prior to the CITY's execution of the Agreement and start of work.

8. Proper address for mailing certificates, endorsements and notices shall be:

   City of Stockton
   Attention: Risk Services
   425 N. El Dorado Street
   Stockton, CA 95202

9. Upon notification of receipt by the CITY of a Notice of Cancellation, major change, modification, or reduction in coverage, the Consultant shall immediately file with the CITY a certified copy of the required new or renewal policy and certificates for such policy.

Any variation from the above contract requirements shall only be considered by and be subject to approval by the CITY's Risk Manager (209) 937-8682. Our fax is (209) 937-5702.

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

If the Consultant should subcontract all or any portion of the work to be performed in this contract, the Consultant shall cover the sub-contractor, and/or require each sub-contractor to adhere to all subparagraphs of these Insurance Requirements section. Similarly, any cancellation, lapse, reduction or change of sub-contractor's insurance shall have the same impact as described above.

CONSENT AGENDA

AGENDA ITEM 12.11

February 28, 2012

TO: Mayor and City Council

FROM: Robert Murdoch, Director
Public Works Department

SUBJECT: **FRENCH CAMP ROAD/INTERSTATE 5 (I-5) INTERCHANGE RECONSTRUCTION, PROJECT NO. 99-01 – CONSTRUCTION COOPERATIVE AGREEMENT AND FREEWAY MAINTENANCE AGREEMENT**

RECOMMENDATION

It is recommended that the City Council adopt two resolutions authorizing the City Manager to:

1. Execute a construction cooperative agreement between the City and the California Department of Transportation (Caltrans) for the French Camp Road/I-5 Interchange Reconstruction, Project No. 99-01.

2. Execute a freeway maintenance agreement between the City and Caltrans for the French Camp Road/I-5 Interchange Reconstruction, Project No. 99-01.

It is further recommended that the resolutions authorize the City Manager to take appropriate actions to carry out the purpose and intent of these resolutions.

Summary

The City is the lead agency for the French Camp Road/I-5 Interchange Reconstruction Project (Project). The final design of the Project is complete, with construction scheduled to begin September 2012. To facilitate the planned construction, a construction cooperative agreement is needed between the City and Caltrans, per Section 114 of the Streets and Highways Code. The construction cooperative agreement identifies the City and Caltrans' respective construction management responsibilities for construction of the Project. Specifically, the City will be responsible to advertise, award, and administer the contract, including contract close-out, relinquishment, and record of surveys. Caltrans will be responsible for providing Independent Quality Assurance (IQA) review during the construction of the Project.

A freeway maintenance agreement is needed between the City and Caltrans to maintain the improvements constructed by the Project. The freeway maintenance agreement identifies the City and Caltrans' respective operational and maintenance responsibilities for improvements constructed by the Project on city streets located within the State right of way. Specifically, the City will be responsible for maintaining street improvements on French Camp Road through the I-5 interchange, including new sidewalks, raised curb

medians, drainage inlets, street lighting, walls, slope paving, and graffiti removal. Caltrans will be responsible for maintenance of the new loop ramp bridges, existing highway bridges, the operation of the freeway interchange, and ramp and local street intersections.

There is no impact to the City's General Fund as a result of taking the recommended actions.

DISCUSSION

Background

The City's 2035 General Plan forecasts substantial growth in traffic due to development of commercial and industrial lands in south Stockton. To mitigate this growth, an Arch-Sperry Road-French Camp Road Project was identified to connect I-5 with State Route 99 (Attachment A – Vicinity Map).

For implementation purposes, the project was divided into three major components: 1) Sperry Road Extension Project from Performance Drive to French Camp Road (currently in construction); 2) French Camp Road/I-5 Interchange Reconstruction Project (design complete); and 3) relocation of a portion of Manthey Road west of I-5 (currently in construction).

On January 29, 2008, Council approved a freeway agreement between the City and Caltrans (Resolution No. 08-0034). In general, the freeway agreement allows the relocation of city streets and relocation of access routes within city limits to facilitate the construction of the Project.

Present Situation

The final design for the Project is now complete. Caltrans is requiring a construction cooperative agreement and freeway maintenance agreement to be executed between the City and Caltrans prior to providing the City with a right of way certification, which is needed to advertise the project for construction bids. Both of these agreements are included as Exhibit 1 to the attached Resolutions for reference.

The construction cooperative agreement identifies the City and Caltrans' respective construction management responsibilities for construction of the Project. Specifically, the City will be responsible to advertise, award, and administer the contract, including contract close-out, relinquishment, and record of surveys. Caltrans will be responsible for providing IQA review during the construction of the Project at no cost to the City.

The Project is scheduled to begin construction September 2012, and is anticipated to take approximately 30 months to complete.

The City and its contractor will be required to obtain a Caltrans encroachment permit for construction, which will be issued to the City at no cost.

The existing freeway maintenance agreement that covers the French Camp Road Interchange was executed between Caltrans and San Joaquin County in January 1972. The proposed freeway maintenance agreement identifies the City and Caltrans' respective operational and maintenance responsibilities in perpetuity for all improvements that the Project will construct in the State right of way located within city limits.

Specifically, the City will be responsible for maintaining street improvements on French Camp Road through the I-5 interchange, which will include one extra lane in each direction, dual left turn lanes, new sidewalks on the south side, raised curb median islands, additional drainage inlets, street lighting, walls, slope paving, and graffiti removal. Caltrans will be responsible for maintenance of the new loop ramp bridges, existing highway bridges, the operation of the freeway interchange, and the ramp connections to French Camp Road.

To perform maintenance in the State right of way, the City will be required to obtain a bi-annual Caltrans encroachment permit, which will be issued to the City at no cost.

Operation and maintenance costs for the new traffic signals to be installed at the ramp intersection are covered under a separate traffic signal and lighting agreement. Caltrans will be responsible for the operation and maintenance of the new signals within the interchange area, with the City paying its share of the maintenance and energy costs based on the number of city streets connecting to the signal.

FINANCIAL SUMMARY

A Measure K Renewal Construction Cooperative Agreement and Interest Agreement are currently being negotiated with the San Joaquin Council of Governments (SJCOG) and will appear on a future Council agenda. These agreements will provide the full funding for the French Camp Road/I-5 Interchange Reconstruction Project.

Funding for the French Camp Road/I-5 Interchange Reconstruction Project and Manthey Road Relocation Project is funded by a combination of Public Facilities Fees, Measure K, State, and federal sources.

The project phases and funding are as follows:

Description	Cost	Funding Sources
Manthey Road Relocation	$7,584,800	Public Facilities Fees
French Camp/I-5 Utility Relocation	$2,000,000	Measure K State Highway and Measure K project savings
French Camp/I-5 Construction	$28,550,000	Federal, State, Measure K State Highway, Measure K Regional Arterial
French Camp/I-5 Landscaping	$2,650,000	Measure K Regional Arterial

The Measure K Regional Arterial Funds noted above represent an advance of funds due to the City from SJCOG. Because the City needs to use these funds in advance of them being available from SJCOG, interest costs will be incurred. This is not of immediate concern because SJCOG has agreed to defer use of the Measure K Regional Arterial Funds to the later years of the Project. This will reduce the interest cost to the City.

The maintenance responsibilities outlined in the freeway maintenance agreement, to which the City is committing, will be funded out of the Public Works Operations and Maintenance Transportation budget, with funding provided by Gas Tax and Measure K Maintenance.

Phase 1 of Manthey Road is already under construction. Of the funds listed in the table, $4,370,397 of the $7,584,800 for Manthey Road has already been appropriated, and $2,000,000 for the French Camp/I-5 interchange is scheduled for Council action on February 7, 2012. Remaining funding will be addressed at a future Council meeting.

No additional appropriations are required at this time, and there is no impact to the City's General Fund as a result of taking the recommended actions.

Respectfully submitted,

ROBERT MURDOCH, DIRECTOR
PUBLIC WORKS DEPARTMENT

APPROVED

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

RM:AM:RD:nla/cl

Attachment A - Vicinity Map

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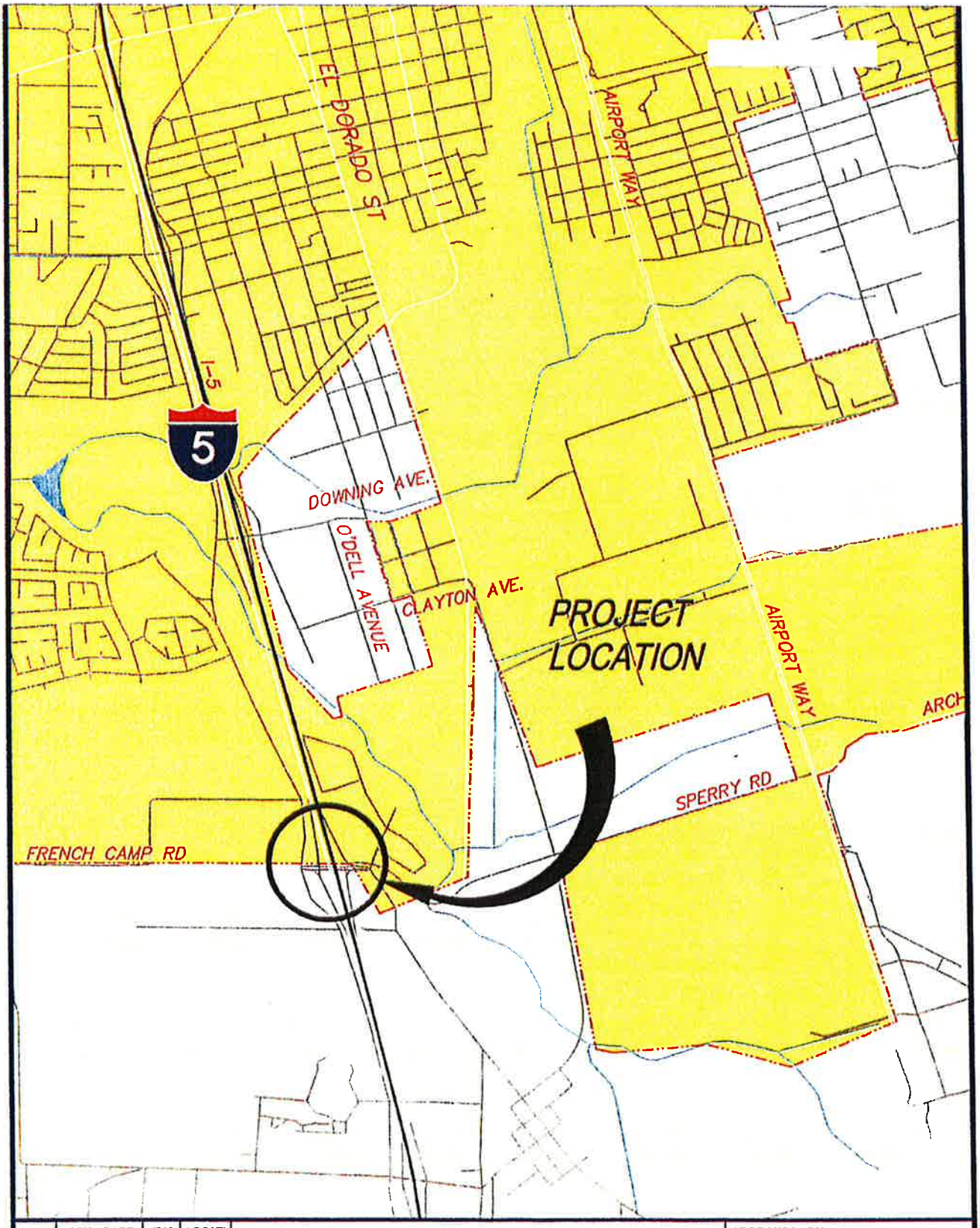

NO.	REV. DATE	BY	APRVD.

DWG. BY	**I-5/FRENCH CAMP ROAD INTERCHANGE**	APPROVED BY CITY ENGINEER
CK. BY	*CITY OF STOCKTON* *DEPARTMENT OF PUBLIC WORKS*	DATE / DRAWING NO.
SCALE		

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Resolution No. _____

STOCKTON CITY COUNCIL

==========

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSTRUCTION COOPERATIVE AGREEMENT BETWEEN THE CITY OF STOCKTON AND THE CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR THE FRENCH CAMP ROAD/INTERSTATE 5 INTERCHANGE RECONSTRUCTION, PROJECT NO. 99-01

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

1. A construction Cooperative Agreement between the City of Stockton and the California Department of Transportation for the French Camp Road/Interstate 5 Interchange Reconstruction, Project No. 99-01, is hereby approved.

2. The City Manager is authorized and directed to execute said construction Cooperative Agreement, a copy of which is attached as Exhibit 1 and incorporated herein by this reference.

3. The City Manager is authorized to take such other actions as are appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED February 28, 2012.

ATTEST:

_____
ANN JOHNSTON, Mayor
of the City of Stockton

_____
BONNIE PAIGE, City Clerk
of the City of Stockton
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City Atty:
Review _____
Date February 21, 2012

10-SJ-5-22.1/23.6
I-5@French Camp/Sperry Road
EA: 0E490
Project ID: 1000000024
District Agreement 10-308

COOPERATIVE AGREEMENT

This agreement, effective on _____, is between the State of California, acting through its Department of Transportation, referred to as CALTRANS, and:

City of Stockton, a body politic and chartered city of the State of California, referred to as CITY.

For the purpose of this agreement, the term PARTNERS collectively refers to CALTRANS and CITY (all signatory parties to this agreement). The term PARTNER refers to any one of those signatory parties individually.

RECITALS

1. California Streets and Highways Code sections 114 and 130 authorize PARTNERS to enter into a cooperative agreement for performance of work within the State Highway System (SHS) right of way.

2. This agreement outlines the terms and conditions of cooperation between PARTNERS to complete Construction phase of PROJECT for interchange reconstruction at Interstate 5 (I-5) and French Camp Road.

   For the purpose of this agreement, interchange reconstruction at Interstate 5 (I-5) and French Camp Road will be referred to as PROJECT. All responsibilities assigned in this agreement to complete Construction phase of PROJECT will be referred to as OBLIGATIONS.

3. This agreement is separate from and does not modify or replace any other cooperative agreement or memorandum of understanding between PARTNERS regarding PROJECT.

4. Prior to this agreement, CITY developed the Project Initiation Document; CITY developed the Project Report (Cooperative Agreement No. 222); CITY developed the Plans, Specifications and Estimate (Cooperative Agreement No. 241); and CITY developed the Right of Way Certification (Cooperative Agreement No. 241).

5. CITY prepared the environmental documentation for PROJECT.

6. The estimated date for OBLIGATION COMPLETION is December 31, 2016.

7. In this agreement capitalized words represent defined terms and acronyms. The Definitions section contains a complete definition for each capitalized term.

8. From this point forward, PARTNERS define in this agreement the terms and conditions under which they will accomplish OBLIGATIONS.

RESPONSIBILITIES

9. CITY is SPONSOR for 100% of PROJECT.

10. CALTRANS will provide IQA for the portions of WORK within existing and proposed SHS right of way. CALTRANS retains the right to reject noncompliant WORK, protect public safety, preserve property rights, and ensure that all WORK is in the best interest of the SHS.

11. CITY may provide IQA for the portions of WORK outside existing and proposed SHS right of way.

12. CITY is the only FUNDING PARTNER for this agreement. CITY's funding commitment is defined in the FUNDING SUMMARY.

13. CITY is the CEQA lead agency for PROJECT.

14. CALTRANS is the CEQA responsible agency for PROJECT.

15. FHWA is the NEPA lead agency for PROJECT.

16. CITY is IMPLEMENTING AGENCY for CONSTRUCTION.

SCOPE

Scope: General

17. PARTNERS will perform all OBLIGATIONS in accordance with federal and California laws, regulations, and standards; FHWA STANDARDS; and CALTRANS STANDARDS.

18. IMPLEMENTING AGENCY for a PROJECT COMPONENT will provide a Quality Management Plan (QMP) for that component as part of the PROJECT MANAGEMENT PLAN.

19. Any PARTNER may, at its own expense, have representatives observe any OBLIGATIONS performed by another PARTNER. Observation does not constitute authority over those OBLIGATIONS.

20. Each PARTNER will ensure that all of its personnel participating in OBLIGATIONS are appropriately qualified, and if necessary licensed, to perform the tasks assigned to them.

21. PARTNERS will invite each other to participate in the selection and retention of any consultants who participate in OBLIGATIONS.

22. If WORK is done under contract (not completed by a PARTNER's own employees) and is governed by the California Labor Code's definition of "public works" (section 1720(a)(a)), that PARTNER will conform to sections 1720 – 1815 of the California Labor Code and all applicable regulations and coverage determinations issued by the Director of Industrial Relations.

23. IMPLEMENTING AGENCY for each PROJECT COMPONENT included in this agreement will be available to help resolve problems generated by that component for the entire duration of PROJECT.

24. CALTRANS will issue, upon proper application, the encroachment permits required for WORK within SHS right of way.

    Contractors and/or agents, and utility owners will not perform WORK without an encroachment permit issued in their name.

25. If any PARTNER discovers unanticipated cultural, archaeological, paleontological, or other protected resources during WORK, all WORK in that area will stop and that PARTNER will notify all PARTNERS within 24 hours of discovery. WORK may only resume after a qualified professional has evaluated the nature and significance of the discovery and a plan is approved for its removal or protection.

26. PARTNERS will hold all administrative draft and administrative final reports, studies, materials, and documentation relied upon, produced, created, or utilized for PROJECT in confidence to the extent permitted by law. Where applicable, the provisions of California Government Code section 6254.5(e) will govern the disclosure of such documents in the event that PARTNERS share said documents with each other.

    PARTNERS will not distribute, release, or share said documents with anyone other than employees, agents, and consultants who require access to complete PROJECT without the written consent of the PARTNER authorized to release them, unless required or authorized to do so by law.

27. If any PARTNER receives a public records request, pertaining to OBLIGATIONS, that PARTNER will notify PARTNERS within five (5) working days of receipt and make PARTNERS aware of any disclosed public records. PARTNERS will consult with each other prior to the release of any public documents related to the PROJECT.

28. If HM-1 or HM-2 is found during a PROJECT COMPONENT, IMPLEMENTING AGENCY for that PROJECT COMPONENT will immediately notify PARTNERS.

29. CALTRANS, independent of PROJECT, is responsible for any HM-1 found within the existing SHS right of way. CALTRANS will undertake HM MANAGEMENT ACTIVITIES related to HM-1 with minimum impact to PROJECT schedule.

30. CITY, independent of PROJECT, is responsible for any HM-1 found within PROJECT limits and outside the existing SHS right of way. CITY will undertake or cause to be undertaken HM MANAGEMENT ACTIVITIES related to HM-1 with minimum impact to PROJECT schedule.

31. If HM-2 is found within PROJECT limits, the public agency responsible for the advertisement, award, and administration (AAA) of the PROJECT construction contract will be responsible for HM MANAGEMENT ACTIVITIES related to HM-2.

32. CALTRANS' acquisition or acceptance of title to any property on which any HM-1 or HM-2 is found will proceed in accordance with CALTRANS' policy on such acquisition.

33. PARTNERS will comply with all of the commitments and conditions set forth in the environmental documentation, environmental permits, approvals, and applicable agreements as those commitments and conditions apply to each PARTNER's responsibilities in this agreement.

34. IMPLEMENTING AGENCY for each PROJECT COMPONENT will furnish PARTNERS with written monthly progress reports during the implementation of OBLIGATIONS in that component.

35. Upon OBLIGATION COMPLETION, ownership or title to all materials and equipment constructed or installed for the operations and/or maintenance of the SHS within SHS right of way as part of WORK become the property of CALTRANS.

    CALTRANS will not accept ownership or title to any materials or equipment constructed or installed outside SHS right of way.

36. IMPLEMENTING AGENCY for a PROJECT COMPONENT will accept, reject, compromise, settle, or litigate claims of any non-agreement parties hired to do WORK in that component.

37. PARTNERS will confer on any claim that may affect OBLIGATIONS or PARTNERS' liability or responsibility under this agreement in order to retain resolution possibilities for potential future claims. No PARTNER will prejudice the rights of another PARTNER until after PARTNERS confer on claim.

38. PARTNERS will maintain, and will ensure that any party hired by PARTNERS to participate in OBLIGATIONS will maintain, a financial management system that conforms to Generally Accepted Accounting Principles (GAAP), and that can properly accumulate and segregate incurred PROJECT costs, and provide billing and payment support.

39. PARTNERS will comply with the appropriate federal cost principles and administrative requirements outlined in the Applicable Cost Principles and Administrative Requirements table below. These principles and requirements apply to all funding types included in this agreement.

Applicable Cost Principles and Administration 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		

40. PARTNERS will maintain and make available to each other all OBLIGATIONS-related documents, including financial data, during the term of this agreement.

41. PARTNERS will retain all OBLIGATIONS-related records for three (3) years after the final voucher.

42. PARTNERS have the right to audit each other in accordance with generally accepted governmental audit standards.

    CALTRANS, the state auditor, FHWA, and CITY will have access to all OBLIGATIONS-related records of each PARTNER, and any party hired by a PARTNER to participate in OBLIGATIONS, for audit, examination, excerpt, or transcription.

    The examination of any records will take place in the offices and locations where said records are generated and/or stored and will be accomplished during reasonable hours of operation. The auditing PARTNER will be permitted to make copies of any OBLIGATIONS-related records needed for the audit.

    The audited PARTNER will review the draft audit, findings, and recommendations, and provide written comments within 30 calendar days of receipt.

    Upon completion of the final audit, PARTNERS have 30 days to refund or invoice as necessary in order to satisfy the obligation of the audit.

    Any audit dispute not resolved by PARTNERS is subject to dispute resolution. Any costs arising out of the dispute resolution process will be paid within 30 calendar days of the final audit or dispute resolution findings.

43. Any PARTNER that hires another party to participate in OBLIGATIONS will conduct a pre-award audit of that party in accordance with the *Local Assistance Procedures Manual*.

44. PARTNERS will not incur costs beyond the funding commitments in this agreement. If IMPLEMENTING AGENCY anticipates that funding for WORK will be insufficient to complete WORK, IMPLEMENTING AGENCY will promptly notify SPONSOR.

    IMPLEMENTING AGENCY has no obligation to perform WORK if funds to perform WORK are unavailable.

45. If WORK stops for any reason, IMPLEMENTING AGENCY will place all facilities impacted by WORK in a safe and operable condition acceptable to CALTRANS.

46. If WORK stops for any reason, each PARTNER will continue to implement all of its applicable commitments and conditions included in the PROJECT environmental documentation, permits, agreements, or approvals that are in effect at the time that WORK stops, as they apply to each PARTNER's responsibilities in this agreement, in order to keep PROJECT in environmental compliance until WORK resumes.

47. Each PARTNER accepts responsibility to complete the activities that it selected on the SCOPE SUMMARY. Activities marked with "N/A" on the SCOPE SUMMARY are not included in the scope of this agreement.

Scope: Environmental Permits, Approvals and Agreements

48. Each PARTNER identified in the Environmental Permits table below accepts the responsibility to complete the assigned activities.

Environmental Permits						
Permit	Coordinate	Prepare	Obtain	Implement	Renew	Amend
404 USACOE	CITY	CITY	CITY	CITY	CITY	CITY
401 RWQCB	CITY	CITY	CITY	CITY	CITY	CITY
NPDES SWRCB	CITY	CITY	CITY	CITY	CITY	CITY
State Waste Discharge Requirements (Porter Cologne) RWQCB	CITY	CITY	CITY	CITY	CITY	CITY
1602 DFG	CITY	CITY	CITY	CITY	CITY	CITY
Air Quality Permits	CITY	CITY	CITY	CITY	CITY	CITY
Central Valley Flood Protection Board Encroachment Permit	CITY	CITY	CITY	CITY	CITY	CITY

Scope: CONSTRUCTION

49. CITY will advertise, open bids, award, and approve the construction contract in accordance with the California Public Contract Code and the California Labor Code.

CITY will not advertise the construction contract until CALTRANS completes or accepts the final plans, specifications, and estimate package; CALTRANS approves the Right of Way Certification; and SPONSOR verifies full funding of CONSTRUCTION SUPPORT and CONSTRUCTION CAPITAL.

By accepting responsibility to advertise and award the construction contract, CITY also accepts responsibility to administer the construction contract.

PARTNERS agree that CITY is designated as the Legally Responsible Person and the Approved Signatory Authority pursuant to the Construction General Permit, State Water Resources Control Board (SWRCB) Order Number 2009-0009-DWQ, as defined in

Appendix 5, Glossary, and assumes all roles and responsibilities assigned to the Legally Responsible Person and the Approved Signatory Authority as mandated by the Construction General Permit."

50. CITY will provide a RESIDENT ENGINEER and construction support staffs that are independent of the design engineering company and construction contractor.

51. IMPLEMENTING AGENCY will implement changes to the construction contract through contract change orders (CCOs). PARTNERS will review and concur on all CCOs over $25,000.

    CALTRANS must approve all CCOs affecting public safety or the preservation of property, all design and specification changes, and all major changes as defined in the CALTRANS Construction Manual prior to implementing the CCO. (S.i.2)

52. If the lowest responsible construction contract bid is greater than the funding commitment to CONSTRUCTION CAPITAL, all PARTNERS must be involved in determining how to proceed. If PARTNERS do not agree in writing on a course of action within 15 working days, this agreement will terminate.

53. CITY will require the construction contractor to furnish payment and performance bonds naming CITY as obligee, and CALTRANS as additional obligee, and to carry liability insurance in accordance with CALTRANS specifications.

54. CITY will submit a written request to CALTRANS for any SFM identified in the PROJECT plans, specifications, and estimate a minimum of 45 days prior to the bid advertisement date for PROJECT construction contract. CITY will submit a written request to CALTRANS for any additional SFM deemed necessary during PROJECT construction.

55. CALTRANS will make SFM available at a CALTRANS-designated location after CITY requests SFM and pays CALTRANS' invoice for estimated SFM costs.

56. As IMPLEMENTING AGENCY for CONSTRUCTION, CITY is responsible for maintenance within PROJECT limits as part of the construction contract.

57. PARTNERS will execute a separate maintenance agreement prior to OBLIGATION COMPLETION.

COST

Cost: General

58. The cost of any awards, judgments, or settlements generated by OBLIGATIONS is an OBLIGATIONS COST.

59. CALTRANS, independent of PROJECT, will pay all costs for HM MANAGEMENT ACTIVITIES related to HM-1 found within the existing SHS right of way.

60. CITY, independent of PROJECT, will pay, or cause to be paid, all costs for HM MANAGEMENT ACTIVITIES related to HM-1 found within PROJECT limits and outside of the existing SHS right of way.

61. HM MANAGEMENT ACTIVITIES costs related to HM-2 are CONSTRUCTION SUPPORT and CONSTRUCTION CAPITAL costs.

62. The cost to comply with and implement the commitments set forth in the environmental documentation is an OBLIGATIONS COST.

63. The cost to ensure that PROJECT remains in environmental compliance is an OBLIGATIONS COST.

64. The cost of any legal challenges to the CEQA or NEPA environmental process or documentation is an OBLIGATIONS COST.

65. Independent of OBLIGATIONS COST, CALTRANS will fund the cost of its own IQA for WORK done within existing or proposed future SHS right of way.

66. Independent of OBLIGATIONS COST, CITY will fund the cost of its own IQA for WORK done outside existing or proposed future SHS right of way.

67. CALTRANS will provide encroachment permits to PARTNERS, their contractors, consultants and agents, at no cost.

68. Fines, interest, or penalties levied against a PARTNER will be paid, independent of OBLIGATIONS cost, by the PARTNER whose actions or lack of action caused the levy. That PARTNER will indemnify and defend each other PARTNER.

69. The cost of any engineering support performed by CALTRANS includes all direct and applicable indirect costs. CALTRANS calculates indirect costs based solely on the type of funds used to pay support costs. State and federal funds are subject the current Program Functional Rate. Local funds are subject to the current Program Functional Rate and the current Administration Rate. Caltrans periodically adjusts the Program Functional Rate and the Administration Rate.

70. If CALTRANS reimburses CITY for any costs later determined to be unallowable, CITY will reimburse those funds.

71. The cost to place PROJECT right of way in a safe and operable condition and meet all environmental commitments is an OBLIGATIONS cost.

72. Because IMPLEMENTING AGENCY is responsible for managing the scope, cost, and schedule of a project component, if there are insufficient funds available in this agreement to place the right

of way in a safe and operable condition, the appropriate IMPLEMENTING AGENCY accepts responsibility to fund these activities until such time as PARTNERS amend this agreement.

That IMPLEMENTING AGENCY may request reimbursement for these costs during the amendment process.

73. If there are insufficient funds in this agreement to implement applicable commitments and conditions included in the PROJECT environmental documentation, permits, agreements, and/or approvals that are in effect at a time that WORK stops, each PARTNER implementing commitments or conditions accepts responsibility to fund these activities, as they apply to each PARTNER's responsibilities, until such time are PARTNERS amend this agreement.

Each PARTNER may request reimbursement for these costs during the amendment process.

74. PARTNERS will pay invoices within 30 calendar days of receipt of invoice.

Cost: Environmental Permits, Approvals and Agreements

75. The cost of coordinating, obtaining, complying with, implementing, and if necessary renewing and amending resource agency permits, agreements, and/or approvals is an OBLIGATIONS COST.

Cost: CONSTRUCTION Support

76. The cost to maintain the SHS within PROJECT limits is an OBLIGATIONS COST until PARTNERS execute a separate maintenance agreement.

77. Each PARTNER listed below may submit invoices for CONSTRUCTION Support:
    - CALTRANS may invoice CITY

SCHEDULE

78. PARTNERS will manage the schedule for OBLIGATIONS through the work plan included in the PROJECT MANAGEMENT PLAN.

GENERAL CONDITIONS

79. PARTNERS understand that this agreement is in accordance with and governed by the Constitution and laws of the State of California. This agreement will be enforceable in the State of California. Any PARTNER initiating legal action arising from this agreement will file and maintain that legal action in the Superior Court of the county in which the CALTRANS district office that is signatory to this agreement resides, or in the Superior Court of the county in which PROJECT is physically located.

80. All OBLIGATIONS of CALTRANS under the terms of this agreement are subject to the appropriation of resources by the Legislature, the State Budget Act authority, and the allocation of funds by the California Transportation Commission.

81. Any PARTNER performing IQA does so for its own benefit. No one can assign liability to that PARTNER due to its IQA activities.

82. Neither CITY nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by CALTRANS and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon CALTRANS under this agreement.

    It is understood and agreed that CALTRANS and/or its agents will fully defend, indemnify, and save harmless CITY and all of its officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories or assertions of liability occurring by reason of anything done or omitted to be done by CALTRANS and/or its agents under this agreement.

83. Neither CALTRANS nor any officer or employee thereof is responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by CITY and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon CITY under this agreement.

    It is understood and agreed that CITY will fully defend, indemnify, and save harmless CALTRANS and all of its officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories or assertions of liability occurring by reason of anything done or omitted to be done by CITY and/or its agents under this agreement.

84. PARTNERS do not intend this agreement to create a third party beneficiary or define duties, obligations, or rights in parties not signatory to this agreement. PARTNERS do not intend this agreement to affect their legal liability by imposing any standard of care for fulfilling OBLIGATIONS different from the standards imposed by law.

85. PARTNERS will not assign or attempt to assign OBLIGATIONS to parties not signatory to this agreement.

86. PARTNERS will not interpret any ambiguity contained in this agreement against each other. PARTNERS waive the provisions of California Civil Code section 1654.

87. A waiver of a PARTNER's performance under this agreement will not constitute a continuous waiver of any other provision. An amendment made to any article or section of this agreement does not constitute an amendment to or negate all other articles or sections of this agreement.

88. A delay or omission to exercise a right or power due to a default does not negate the use of that right or power in the future when deemed necessary.

89. If any PARTNER defaults in its OBLIGATIONS, a non-defaulting PARTNER will request in writing that the default be remedied within 30 calendar days. If the defaulting PARTNER fails to do so, the non-defaulting PARTNER may initiate dispute resolution.

90. PARTNERS will first attempt to resolve agreement disputes at the PROJECT team level. If they cannot resolve the dispute themselves, the CALTRANS district director and the executive officer of CITY will attempt to negotiate a resolution. If PARTNERS do not reach a resolution, PARTNERS' legal counsel will initiate mediation. PARTNERS agree to participate in mediation in good faith and will share equally in its costs.

    Neither the dispute nor the mediation process relieves PARTNERS from full and timely performance of OBLIGATIONS in accordance with the terms of this agreement. However, if any PARTNER stops fulfilling OBLIGATIONS, any other PARTNER may seek equitable relief to ensure that OBLIGATIONS continue.

    Except for equitable relief, no PARTNER may file a civil complaint until after mediation, or 45 calendar days after filing the written mediation request, whichever occurs first.

    PARTNERS will file any civil complaints in the Superior Court of the county in which the CALTRANS district office signatory to this agreement resides. The prevailing PARTNER will be entitled to an award of all costs, fees, and expenses, including reasonable attorney fees as a result of litigating a dispute under this agreement or to enforce the provisions of this article including equitable relief.

91. PARTNERS maintain the ability to pursue alternative or additional dispute remedies if a previously selected remedy does not achieve resolution.

92. If any provisions in this agreement are deemed to be, or are in fact, illegal, inoperative, or unenforceable, those provisions do not render any or all other agreement provisions invalid, inoperative, or unenforceable, and PARTNERS will automatically sever those provisions from this agreement.

93. PARTNERS intend this agreement to be their final expression and supersede any oral understanding or writings pertaining to OBLIGATIONS.

94. If during performance of WORK additional activities or environmental documentation is necessary to keep PROJECT in environmental compliance, PARTNERS will amend this agreement to include completion of those additional tasks.

95. PARTNERS will execute a formal written amendment if there are any changes to OBLIGATIONS.

96. This agreement will terminate upon OBLIGATION COMPLETION or an amendment to terminate this agreement, whichever occurs first.

    However, all indemnification, document retention, audit, claims, environmental commitment, legal challenge, and ownership articles will remain in effect until terminated or modified in writing by mutual agreement.

97. The following documents are attached to, and made an express part of this agreement: SCOPE SUMMARY, FUNDING SUMMARY.

DEFINITIONS

CALTRANS – The California Department of Transportation

CALTRANS STANDARDS – CALTRANS policies and procedures, including, but not limited to, the guidance provided in the *Guide to Capital Project Delivery Workplan Standards* (previously known as WBS Guide) available at http://www.dot.ca.gov/hq/projmgmt/guidance.htm.

CEQA (California Environmental Quality Act) – The act (California Public Resources Code, sections 21000 et seq.) that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those significant impacts, if feasible.

CFR (Code of Federal Regulations) – The general and permanent rules published in the Federal Register by the executive departments and agencies of the federal government.

CONSTRUCTION CAPITAL – See PROJECT COMPONENT.

CONSTRUCTION SUPPORT – See PROJECT COMPONENT.

COOPERATIVE AGREEMENT CLOSURE STATEMENT – A document signed by PARTNERS that verifies the completion of all OBLIGATIONS included in this agreement and in all amendments to this agreement.

COST – The responsibility for cost responsibilities in this agreement can take one of three assignments:

- **OBLIGATIONS COST** – A cost associated with fulfilling OBLIGATIONS that will be funded as part of this agreement. The responsibility is defined by the funding commitments in this agreement.
- **PROJECT COST** – A cost associated with PROJECT that can be funded outside of OBLIGATIONS. A PROJECT COST may not necessarily be part of this agreement. This responsibility is defined by the PARTNERS' funding commitments at the time the cost is incurred.
- **PARTNER cost** – A cost that is the responsibility of a specific PARTNER, independent of PROJECT.

FHWA – Federal Highway Administration

FHWA STANDARDS – FHWA regulations, policies and procedures, including, but not limited to, the guidance provided at www.fhwa.dot.gov/topics.htm.

FUNDING PARTNER – A PARTNER that commits a defined dollar amount to fulfill OBLIGATIONS. Each FUNDING PARTNER accepts responsibility to provide the funds identified on the FUNDING SUMMARY under its name.

FUNDING SUMMARY – The table that designates an agreement's funding sources, types of funds, and the PROJECT COMPONENT in which the funds are to be spent. Funds listed on the FUNDING SUMMARY are "not-to-exceed" amounts for each FUNDING PARTNER.

GAAP (Generally Accepted Accounting Principles) – Uniform minimum standards and guidelines for financial accounting and reporting issued by the Federal Accounting Standards Advisory Board that serve to achieve some level of standardization. See http://www.fasab.gov/accepted.html.

HM-1 – Hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to federal or state law whether it is disturbed by PROJECT or not.

HM-2 – Hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to federal or state law only if disturbed by PROJECT.

HM MANAGEMENT ACTIVITIES – Management activities related to either HM-1 or HM-2 including, without limitation, any necessary manifest requirements and disposal facility designations.

IMPLEMENTING AGENCY – The PARTNER responsible for managing the scope, cost, and schedule of a PROJECT COMPONENT to ensure the completion of that component.

IQA (Independent Quality Assurance) – Ensuring that IMPLEMENTING AGENCY's quality assurance activities result in WORK being developed in accordance with the applicable standards and within an established Quality Management Plan (QMP). IQA does not include any work necessary to actually develop or deliver WORK or any validation by verifying or rechecking work performed by another partner.

NEPA (National Environmental Policy Act of 1969) – The federal act that establishes a national policy for the environment and a process to disclose the adverse impacts of projects with a federal nexus.

OBLIGATION COMPLETION – PARTNERS have fulfilled all OBLIGATIONS included in this agreement, and all amendments to this agreement, and have signed a COOPERATIVE AGREEMENT CLOSURE STATEMENT.

OBLIGATIONS – All responsibilities included in this agreement.

OBLIGATIONS COST – See COST.

OMB (Office of Management and Budget) – The federal office that oversees preparation of the federal budget and supervises its administration in Executive Branch agencies.

PARTNER – Any individual signatory party to this agreement.

PARTNERS – The term that collectively references all of the signatory agencies to this agreement. This term only describes the relationship between these agencies to work together to achieve a mutually beneficial goal. It is not used in the traditional legal sense in which one PARTNER's individual actions legally bind the other partners.

PROJECT – The undertaking to interchange reconstruction at Interstate 5 (I-5) and French Camp Road.

PROJECT COMPONENT – A distinct portion of the planning and project development process of a capital project as outlined in California Government Code, section 14529(b).

- **PID (Project Initiation Document)** – The activities required to deliver the project initiation document for PROJECT.
- **PA&ED (Project Approval and Environmental Document)** – The activities required to deliver the project approval and environmental documentation for PROJECT.
- **PS&E (Plans, Specifications, and Estimate)** – The activities required to deliver the plans, specifications, and estimate for PROJECT.
- **R/W (Right of Way) SUPPORT** –The activities required to obtain all property interests for PROJECT.
- **R/W (Right of Way) CAPITAL** – The funds for acquisition of property rights for PROJECT.
- **CONSTRUCTION SUPPORT** – The activities required for the administration, acceptance, and final documentation of the construction contract for PROJECT.
- **CONSTRUCTION CAPITAL** – The funds for the construction contract.

PROJECT COST – See COST.

PROJECT MANAGEMENT PLAN – A group of documents used to guide a project's execution and control throughout that project's lifecycle.

QMP (Quality Management Plan) – An integral part of the Project Management Plan that describes IMPLEMENTING AGENCY's quality policy and how it will be used.

RESIDENT ENGINEER – A civil engineer licensed in the State of California who is responsible for construction contract administration activities. Said engineer must be independent of the design engineering company and the construction contractor.

SCOPE SUMMARY – The attachment in which each PARTNER designates its commitment to specific scope activities within each PROJECT COMPONENT as outlined by the *Guide to Capital Project Delivery Workplan Standards* (previously known as WBS Guide) available at http://www.dot.ca.gov/hq/projmgmt/guidance.htm.

SHS (State Highway System) – All highways, right of way, and related facilities acquired, laid out, constructed, improved, or maintained as a state highway pursuant to constitutional or legislative authorization.

SPONSOR – Any PARTNER that accepts the responsibility to establish scope of PROJECT and the obligation to secure financial resources to fund PROJECT. SPONSOR is responsible for adjusting the PROJECT scope to match committed funds or securing additional funds to fully fund the PROJECT scope. If a PROJECT has more than one SPONSOR, funding adjustments will be made by percentage (as outlined in Responsibilities). Scope adjustments must be developed through the project development process and must be approved by CALTRANS as the owner/operator of the SHS.

SFM (State Furnished Material) – Any materials or equipment supplied by CALTRANS.

WORK – All scope activities included in this agreement.

CONTACT INFORMATION

The information provided below indicates the primary contact data for each PARTNER to this agreement. PARTNERS will notify each other in writing of any personnel or location changes. Contact information changes do not require an amendment to this agreement.

The primary agreement contact person for CALTRANS is:
Scott Guidi, Project Manager
1976 E. Charter Way
Stockton, California 95205
Office Phone: (209) 948-7829
Mobile Phone: (209) 275-7636
Fax Number: (209) 948-7666
Email: scott_guidi@dot.ca.gov

The primary agreement contact person for CITY is:
Alex Menor, Engineering Service Manager
22 E. Weber Avenue, Room 301
Stockton, California 95202
Office Phone: (209) 937-7903
Email: alex.menor@stocktongov.com

SIGNATURES

PARTNERS declare that:

1. Each PARTNER is an authorized legal entity under California state law.
2. Each PARTNER has the authority to enter into this agreement.
3. The people signing this agreement have the authority to do so on behalf of their public agencies.

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

APPROVED

By:_____
Carrie L. Bowen
District 10 Director

Date:_____

CERTIFIED AS TO FUNDS:

By:_____
Kristen Eddings
District Budget Manager

Date:_____

CITY OF STOCKTON

APPROVED

By:_____
Bob Deis
City Manager

Date:_____

By:_____
Bonnie Paige
City Clerk

Date:_____

APPROVED AS TO FORM AND PROCEDURE

By:_____
John Luebberke
City Attorney

Date: 2/28/2012

SCOPE SUMMARY

4	5	6	7	8	Description	CALTRANS	CITY	N/A
5	270				Construction Engineering and General Contract Administration	X	X	
		10			Construction Staking Package and Control		X	
		15			Construction Stakes		X	
		20			Construction Engineering Work		X	
		25			Construction Contract Administration Work		X	
			05		Secured Lease for Resident Engineer Office Space or Trailer		X	
			10		Set Up Construction Project Files		X	
			15		Pre-Construction Meeting		X	
			20		Progress Pay Estimates		X	
			25		Weekly Statement of Working Days		X	
			30		Construction Project Files and General Field Office Clerical Work		X	
			35		Labor Compliance Activities		X	
			40		Approved Subcontractor Substitutions		X	
			45		Coordination		X	
			50		Civil Rights Contract Compliance		X	
			99		Other Construction Contract Administration Products		X	
		30			Contract Item Work Inspection		X	
		35			Construction Material Sampling and Testing	X	X	
			05		Materials Sampling and Testing for Quality Assurance		X	
			10		Plant Inspection for Quality Assurance		X	
			15		Independent Assurance Sampling and Testing		X	
			20		Source Inspection	X		
		40			Safety and Maintenance Reviews		X	
		45			Relief From Maintenance Process		X	
		55			Final Inspection and Acceptance Recommendation		X	
		60			Plant Establishment Administration			X
		65			Transportation Management Plan Implementation During Construction		X	
		80			Long-Term Environmental Mitigation/Mitigation Monitoring During Construction Contract		X	
		99			Other Construction Engineering and General Contract Administration		X	
5	275				Construction Engineering and General Contract Administration of Structures Work		X	
5	285				Contract Change Order Administration		X	
5	290				Resolve Contract Claims		X	
5	295				Accept Contract, Prepare Final Construction Estimate, and Final Report		X	
4	300				FINAL RIGHT OF WAY ENGINEERING		X	

FUNDING SUMMARY

Funding Source	Funding Partner	Fund Type	CON Capital	CON Support	Subtotal Support	Subtotal Capital	Subtotal Funds Type
LOCAL	CITY	Local	$28,450,000	$4,350,000	$4,350,000	$28,450,000	$32,800,000
		Subtotals by Component	$28,450,000	$4,350,000	$4,350,000	$28,450,000	$32,800,000

Resolution No. _____

STOCKTON CITY COUNCIL

==========

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A FREEWAY MAINTENANCE AGREEMENT BETWEEN THE CITY OF STOCKTON AND THE CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR THE FRENCH CAMP ROAD/INTERSTATE 5 INTERCHANGE RECONSTRUCTION, PROJECT NO. 99-01

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

1. A Freeway Maintenance Agreement between the City of Stockton and the California Department of Transportation for the French Camp Road/Interstate 5 Interchange Reconstruction, Project No. 99-01 is hereby approved.

2. The City Manager is authorized and directed to execute said Freeway Maintenance Agreement, a copy of which is attached as Exhibit 1 and is incorporated herein by this reference.

3. The City Manager is authorized to take such other actions as are appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED February 28, 2012.

ATTEST:

_____
ANN JOHNSTON, Mayor
of the City of Stockton

_____
BONNIE PAIGE, City Clerk
of the City of Stockton
::ODMA\GRPWISE\COS.PW.PW_LIBRARY:191395.1

City Atty:
Review _____
Date February 22, 2012

10-10-002-FMA
10-SJ-5 PM-21.9/23.4
City of Stockton
French Camp Turnpike UC

FREEWAY MAINTENANCE AGREEMENT WITH CITY OF STOCKTON

THIS AGREEMENT is made and entered into in duplicate, effective this _____day of _____, 2012, by and between the State of California, acting by and through its Department of Transportation, hereinafter referred to as "STATE and the City of Stockton, hereinafter referred to as "CITY"; and collectively referred to as "PARTIES."

WITNESSETH:

A. WHEREAS, on January 29, 2008 a Freeway Agreement was executed between CITY and STATE, wherein the PARTIES consented to certain adjustments of the local street and road system required for the development of that portion of State Highway Route 5 within the jurisdictional limits of the CITY of Stockton as a freeway; and

B. WHEREAS, recent construction plans to said freeway have now been completed, or are nearing completion, and the PARTIES hereto mutually desire to clarify and revise the division of maintenance, as defined in section 27 of the California Streets and Highways Code, and their respective responsibilities as to separation structures and local CITY streets and roads, or portions thereof, and landscaped areas lying within or outside those modified freeway limits; and

C. WHEREAS, pursuant to Section 1 of the above January 29, 2008 Freeway Agreement, CITY has resumed or will resume control and maintenance over each of the affected relocated or reconstructed CITY streets, except for those portions adopted as a part of the freeway proper.

NOW THEREFORE, IT IS AGREED:

1. CITY agrees to continue their control and maintenance of each of the affected relocated or reconstructed CITY streets and roads as shown on that plan map attached hereto, marked Exhibit A, and made a part hereof by this reference.

2. STATE agrees to continue control and maintenance of those portions adopted as a part of SR 5 Freeway proper as shown Exhibit A.

3. When another planned future improvement has been constructed and/or a minor revision has been effected within the limits of the freeway herein described which will affect the PARTIES' division of maintenance responsibility as described herein, STATE will provide a new dated and revised Exhibit "A," which will be made a part hereof by an amendment to this Agreement when executed by all PARTIES, which will thereafter supersede the attached original Exhibit A and become part of this Agreement.

4. CITY and STATE agree to accept their then respective operational and maintenance responsibilities and related associated costs thereof in the event jurisdictional boundaries of the PARTIES should change and Exhibit A is amended to reflect those changes.

5. CITY must obtain the necessary Encroachment Permits from STATE's District 10 Encroachment Permit Office prior to entering STATE right of way to perform CITY maintenance responsibilities. This permit will be issued at no cost to CITY.

6. VEHICULAR AND PEDESTRIAN UNDERCROSSINGS

   A. STATE will maintain the structure proper of all STATE-constructed vehicular and pedestrian undercrossings of STATE freeways while the roadway sections, including the traveled way, shoulders, curbs, sidewalks, ADA ramps, island, wall surfaces (including eliminating graffiti), drainage installations, lighting installations, architectural treatment on bridge soffit, abutment wingwall, and slope paving pattern, and traffic service facilities that may be required for the benefit or control of traffic using that undercrossing will be maintained by CITY.

   B. CITY will request STATE's District Transportation Permit Engineer to issue the necessary Encroachment Permit for any proposed change in minimum vertical clearances between the traveled way portion of the under roadway surface and the Structure that results from modifications to the under roadway (except when said modifications are made by STATE). If the planned modifications will result in a reduction in the minimum clearance within the traveled way, an estimate of the clearance reduction must be provided to STATE's District Transportation Permit Engineer prior to starting work. Upon completion of that work, a clearance diagram will be furnished to STATE's District Transportation Permit Engineer that shows revised minimum clearances for all affected movements of traffic, both at the edges of the traveled way and at points of minimum clearance within the traveled way.

7. INTERCHANGE OPERATION

   It is STATE's responsibility to provide efficient operation of freeway interchanges, including ramp connections to local streets and roads.

8. BICYCLE PATHS

   Except for bicycle paths constructed as permitted encroachments within STATE's right of way for which the permittee is solely responsible for all path improvements, STATE will maintain, at STATE expense, all fences, guardrailing, drainage facilities, slope and structural adequacy of any bicycle path located and constructed within STATE's right of way. CITY will maintain, at CITY expense, a safe facility for bicycle travel along the entire length of the path by providing sweeping and debris removal when necessary; and all signing and striping and pavement markings required for the direction and operation of that non motorized facility.

9. LEGAL RELATIONS AND RESPONSIBILITIES:

A. Nothing within the provisions of this Agreement is intended to create duties or obligations to or rights in third parties not parties to this Agreement or to affect the legal liability of a PARTY to the Agreement by imposing any standard of care with respect to the operation and maintenance of STATE highways and local facilities different from the standard of care imposed by law.

B. Neither CITY nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by, under or in connection with any work, authority or jurisdiction conferred upon STATE arising under this Agreement. It is understood and agreed that STATE shall fully defend, indemnify and save harmless CITY and all of their officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation and other theories or assertions of liability occurring by reason of anything done or omitted to be done by STATE under this Agreement.

C. Neither STATE nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by CITY under or in connection with any work, authority or jurisdiction conferred upon CITY and arising under this Agreement. It is understood and agreed that CITY shall fully defend, indemnify and save harmless STATE and all of its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation or other theories or assertions of liability occurring by reason of anything done or omitted to be done by CITY under this Agreement.

D. Labor Code Compliance/Prevailing Wages:
If the work performed on this Project is done under contract and falls within the Labor Code Section 1720(a)(1) definition of a "public work" in that it is construction, alteration, demolition, installation, repair or maintenance, the CITY must conform to the provisions of Labor Code Sections 1720 through 1815, all applicable regulations and coverage determinations issued by the Director of Industrial Relations. CITY agrees to include Prevailing Wage requirements in its contracts for public work. Work performed by CITY'S own forces is exempt from the Labor Code's Prevailing Wage requirements.

E. Prevailing Wage Requirements in Subcontracts:
CITY shall require its contractors to include Prevailing Wage requirements in all subcontracts funded by this Agreement when the work to be performed by the subcontractor is a "public work" as defined in Labor Code Section 1720(a)(1). Subcontracts shall include all Prevailing Wage requirements set forth in CITY'S contracts.

F. Insurance :

CITY and their contractors shall maintain in force, during the term of this agreement, a policy of general liability insurance, including coverage of bodily injury liability and property damage liability, naming the State of California, its officers, agents and employees as the additional insured in an amount of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) in aggregate. Coverage shall be evidenced by a certificate of Insurance in a form satisfactory to STATE that shall be delivered to STATE with a signed copy of this Agreement.

10. EFFECTIVE DATE

This Agreement shall be effective upon the date appearing on its face, it being understood and agreed, however, that the execution of this Freeway Maintenance Agreement shall not affect any pre-existing obligations of CITY to maintain other designated areas until a written notice from STATE has been issued that work in such areas, which CITY has agreed to maintain pursuant to the terms of a Freeway Agreement, has been completed.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

CITY OF STOCKTON

By:_____
BOB DEIS
City Manager

ATTEST:

By:_____
BONNIE PAIGE

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

MALCOLM DOUGHERTY
Acting Director of Transportation

By:_____
DENNIS T. AGAR
Deputy District Director

City Clerk

Maintenance and Operations
District 10

APPROVED AS TO FORM:

By: _____
JOHN M. LUEBBERKE
City Attorney

APPROVED AS TO FORM & PROCEDURE

By: _____
Attorney
Department of Transportation

DIST	COUNTY	ROUTE	CONSECUTIVE POST MILE PROJECT	SHEET NO.	TOTAL SHEETS
10	SJ	5	R35.5/R38.0	1	385

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

PROJECT PLANS FOR CONSTRUCTION ON
STATE HIGHWAY
IN SAN JOAQUIN COUNTY IN AND NEAR STOCKTON
FROM 0.7 KM SOUTH OF FRENCH CAMP TURNPIKE UNDERCROSSING
TO 0.2 KM SOUTH OF DOWNING AVENUE UNDERCROSSING

To be supplemented by Standard Plans dated July, 2004

INDEX OF SHEETS

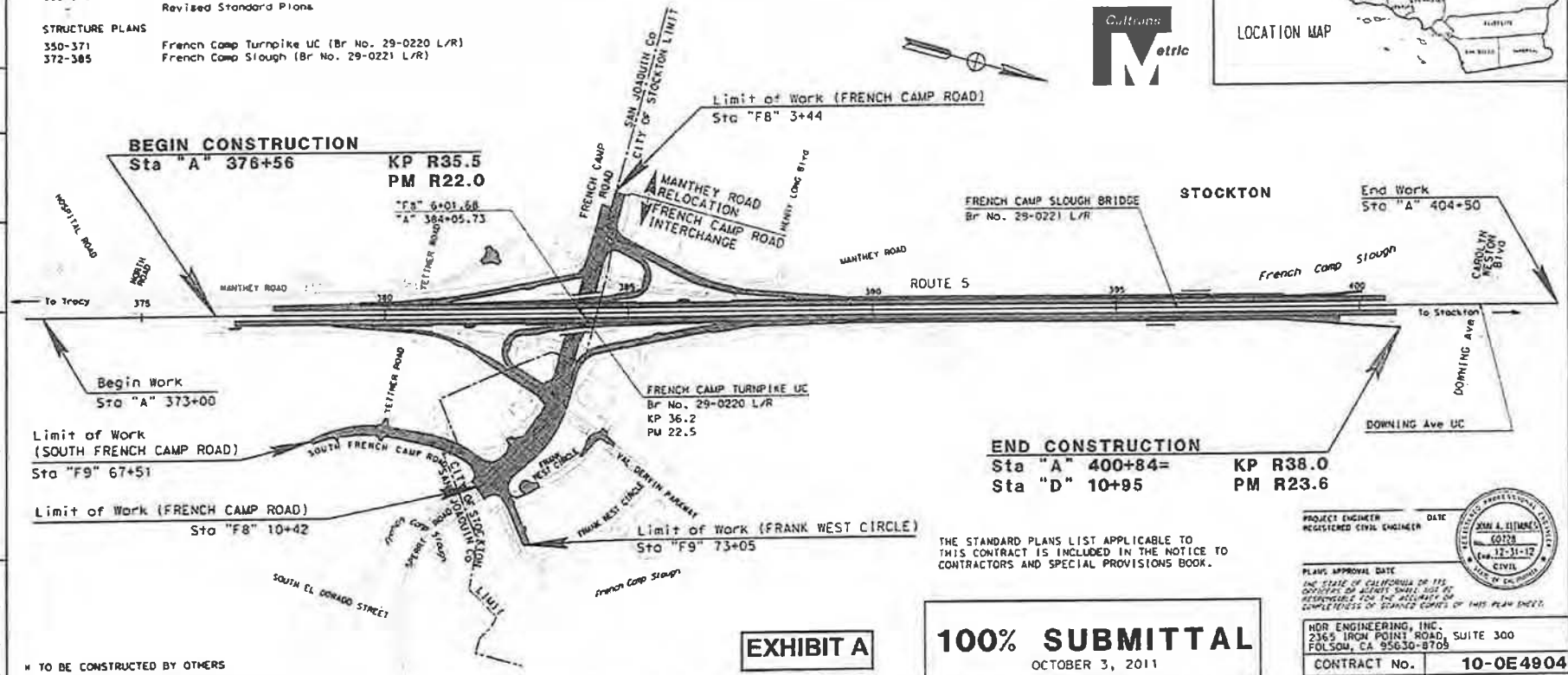
SHEET NO.	Description
1	Title Sheet
2-16	Typical Cross Sections
17	Key Map and Line Index
18	Project Control
19-29	Layouts
30-47	Profiles
48-74	Construction Details
75-85	Temporary Water Pollution Control
86-96	Erosion Control Plans
97-107	Contour Grading
108-157	Drainage Plans, Profiles, Details and Quantities
158-175	Utility Plans and Details
176-177	Construction Area Signs
178-184	Stage Construction Plans
185-235	Traffic Handling Plans and Quantities
236-247	Detour Plans and Quantities
248-264	Pavement Delineation Plans and Quantities
265-289	Sign Plans, Details, and Quantities
290-294	Summary of Quantities
295-302	Retaining Wall Plans, Details, and Quantities
303-349	Electrical Plans
-	Revised Standard Plans

STRUCTURE PLANS

350-371	French Camp Turnpike UC (Br No. 29-0220 L/R)
372-385	French Camp Slough (Br No. 29-0221 L/R)

LOCATION MAP

Caltrans Metric



NO SCALE

THE STANDARD PLANS LIST APPLICABLE TO THIS CONTRACT IS INCLUDED IN THE NOTICE TO CONTRACTORS AND SPECIAL PROVISIONS BOOK.

PROJECT ENGINEER / REGISTERED CIVIL ENGINEER — DATE

JOHN A. HITHENC — No. C0728 — Exp. 12-31-12 — CIVIL — STATE OF CALIFORNIA

PLANS APPROVAL DATE

THE STATE OF CALIFORNIA OR ITS OFFICERS OR AGENTS SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS OF SCANNED COPIES OF THIS PLAN SHEET.

EXHIBIT A

100% SUBMITTAL
OCTOBER 3, 2011

HDR ENGINEERING, INC.
2365 IRON POINT ROAD, SUITE 300
FOLSOM, CA 95630-8709

CONTRACT No.	10-0E4904
PROJECT ID	1000000024

APPROVED AS TO IMPACT ON STATE FACILITIES AND CONFORMANCE WITH APPLICABLE STATE STANDARDS AND PRACTICES AND THAT TECHNICAL OVERSIGHT HAS PERFORMED.

CONSULTANT DESIGN ENGINEER — JOHN A. HITHENC

CALTRANS DESIGN OVERSIGHT APPROVAL — JES PADA

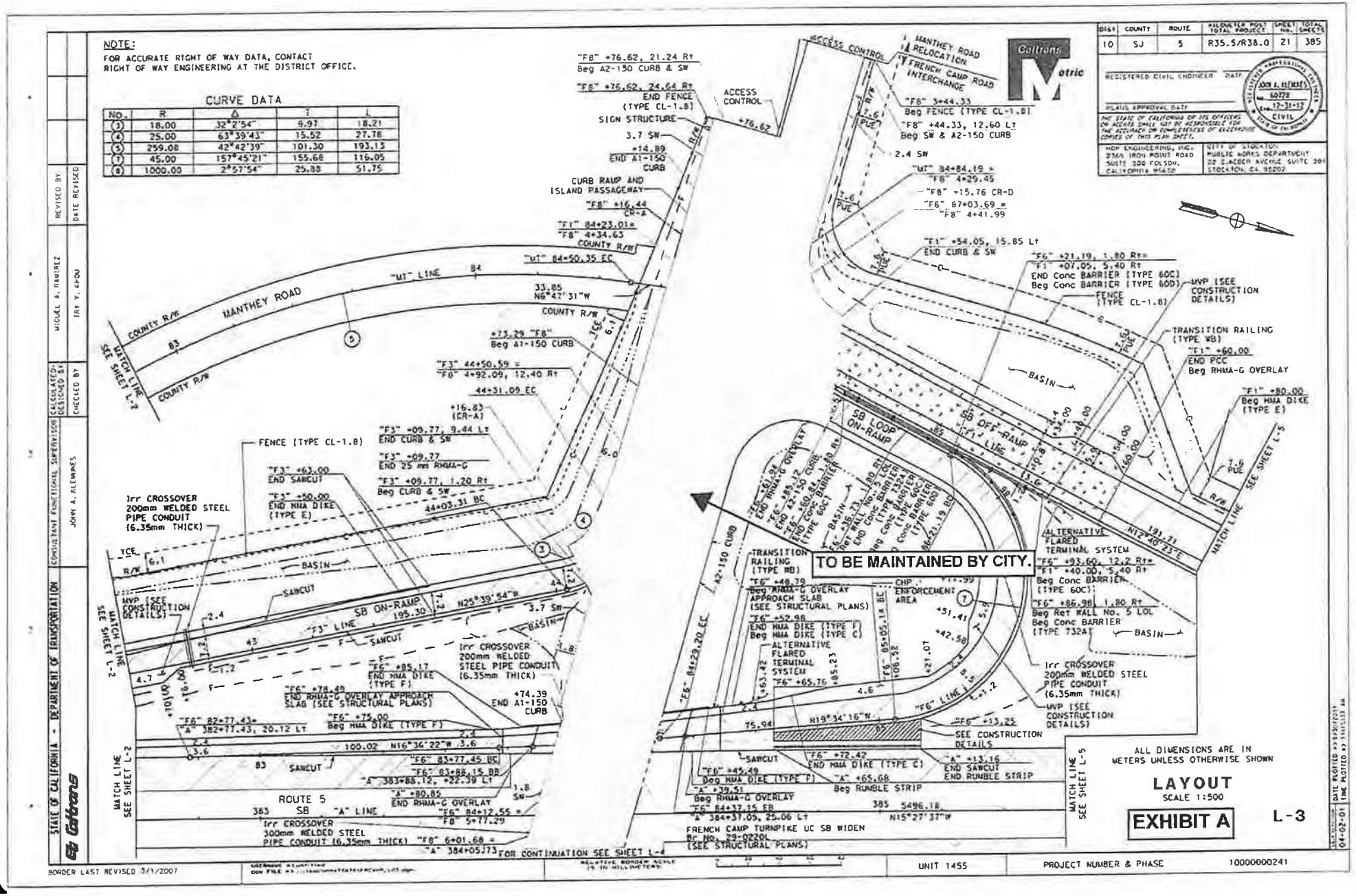
REGISTRATION No. 59151 — LICENSE Exp DATE 06/30/13 — DATE SIGNED

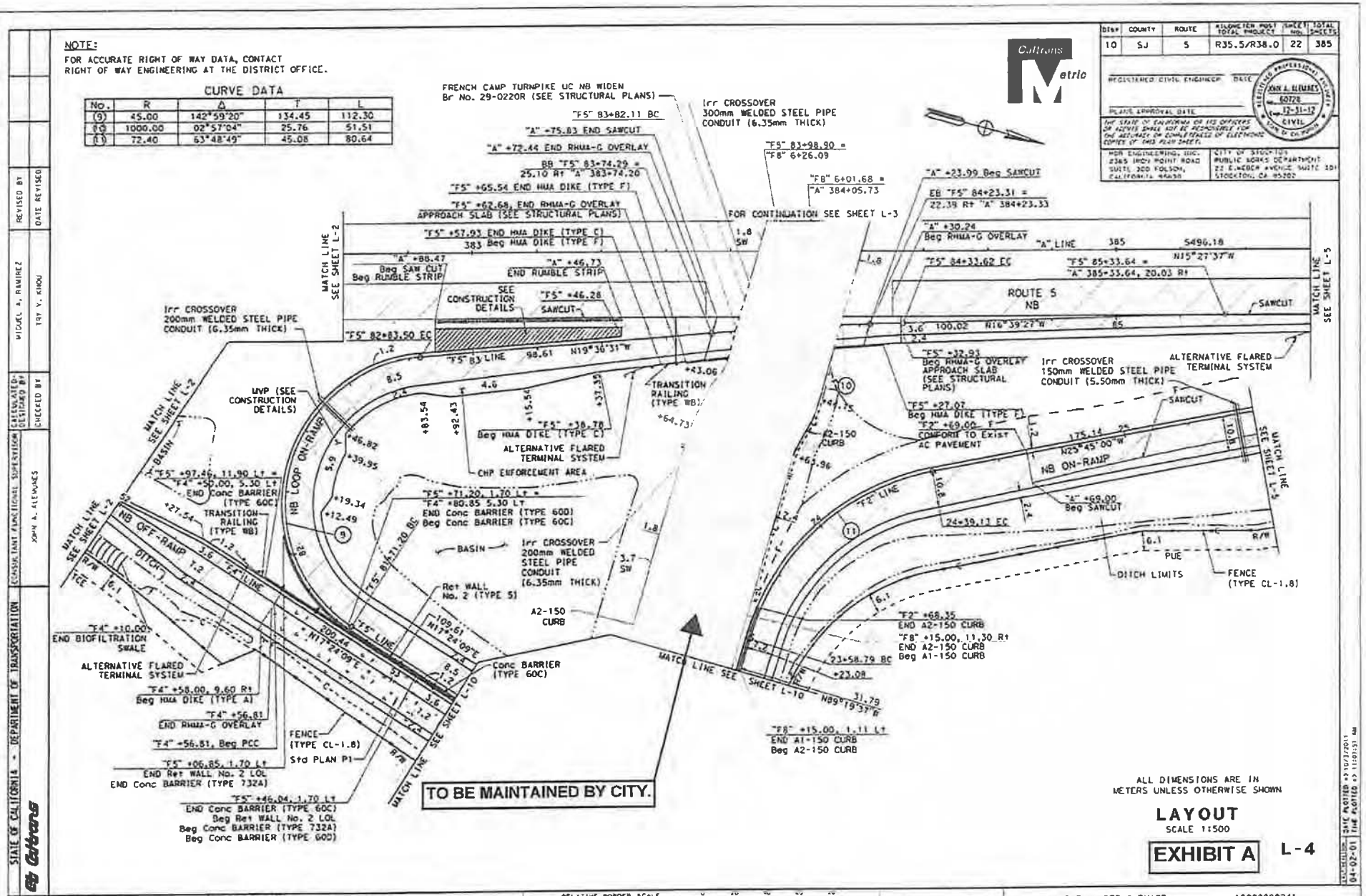
BORDER LAST REVISED 7/2/2010 | CALTRANS WEB SITE IS: HTTP://WWW.DOT.CA.GOV/ | RELATIVE BORDER SCALE IS IN MILLIMETERS 0 20 40 60 80 | USERNAME => Unknown | DGN FILE => ...\documents\77678\TitleSheet.dgn | UNIT 1455 | PROJECT NUMBER & PHASE 1000000241

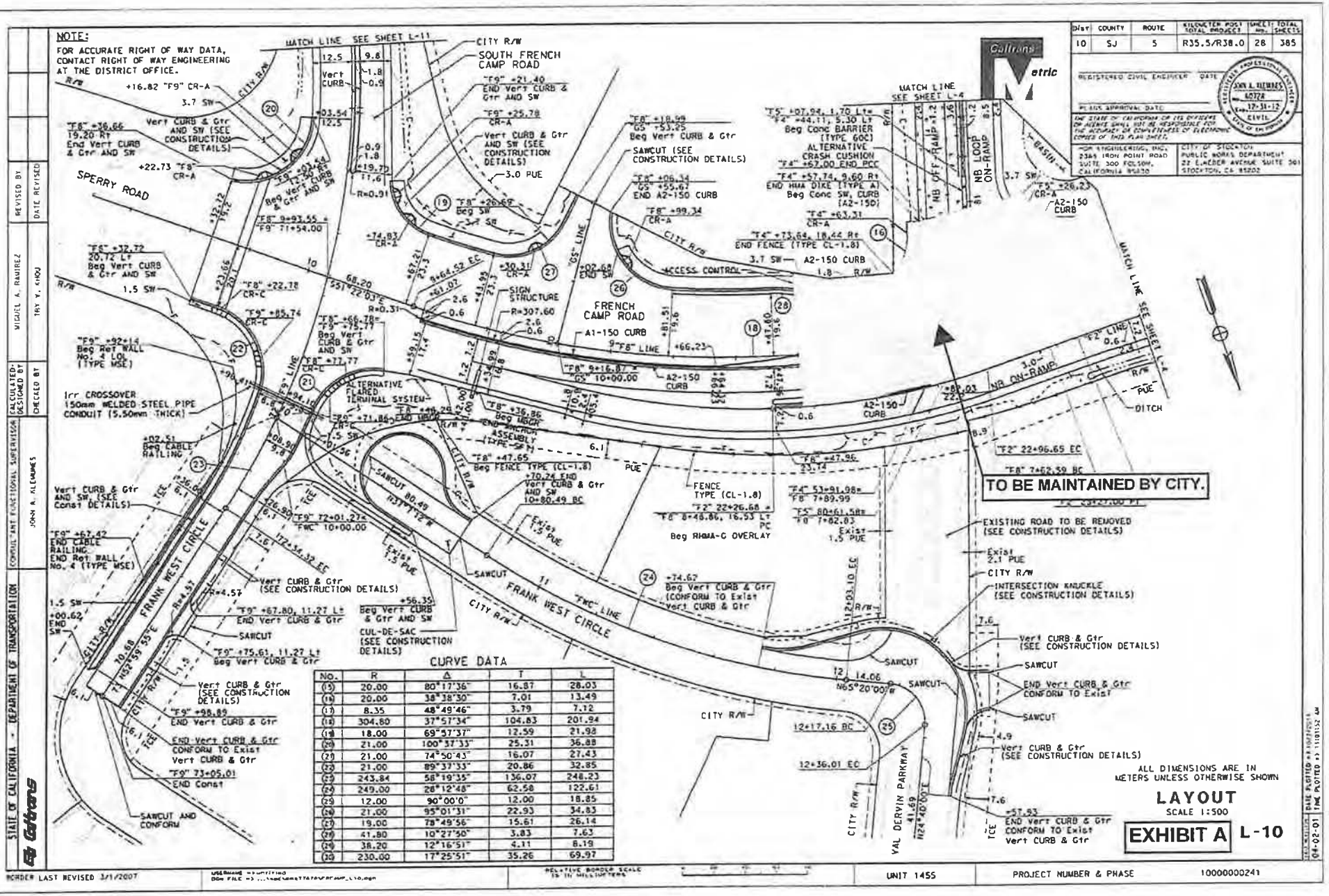
DATE PLOTTED => 00-00-00 | TIME PLOTTED => 0:00

M TO BE CONSTRUCTED BY OTHERS

THE CONTRACTOR SHALL POSSESS THE CLASS (OR CLASSES) OF LICENSE AS SPECIFIED IN THE "NOTICE TO BIDDERS."


NOTE:
FOR ACCURATE RIGHT OF WAY DATA, CONTACT RIGHT OF WAY ENGINEERING AT THE DISTRICT OFFICE.
CURVE DATA
NO. R Δ T L
(3) 18.00 32°2'54" 9.97 18.21
(4) 25.00 63°39'43" 15.52 27.78
(5) 259.08 42°42'39" 101.30 193.13
(7) 45.00 157°45'21" 155.68 116.05
(8) 1000.00 2°57'54" 25.88 51.75
MANTHEY ROAD
MANTHEY ROAD RELOCATION
FRENCH CAMP ROAD INTERCHANGE
ACCESS CONTROL
TO BE MAINTAINED BY CITY.
SB ON-RAMP
SB OFF-RAMP
SB LOOP ON-RAMP
ROUTE 5
FOR CONTINUATION SEE SHEET L-4
ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SHOWN
LAYOUT
SCALE 1:500
EXHIBIT A
L-3
STATE OF CALIFORNIA - DEPARTMENT OF TRANSPORTATION
Caltrans
Metric
CONSULTANT FUNCTIONAL SUPERVISOR
JOHN A. KLEMMES
CALCULATED/DESIGNED BY
MIGUEL A. RAMIREZ
CHECKED BY
IRF Y. KHOU
REVISED BY
DATE REVISED
DIST 10
COUNTY SJ
ROUTE 5
KILOMETER POST TOTAL PROJECT R35.5/R38.0
SHEET NO. 21
TOTAL SHEETS 385
REGISTERED CIVIL ENGINEER
PLANS APPROVAL DATE 12-31-13
HDR ENGINEERING, INC. 3394 IRON POINT ROAD SUITE 200 FOLSOM, CALIFORNIA 95630
CITY OF STOCKTON PUBLIC WORKS DEPARTMENT 22 E. ALPINE AVENUE SUITE 301 STOCKTON, CA. 95202
BORDER LAST REVISED 3/1/2007
UNIT 1455
PROJECT NUMBER & PHASE 10000000241
DATE PLOTTED => 04-02-01
TIME PLOTTED => 11:11


NOTE:
FOR ACCURATE RIGHT OF WAY DATA, CONTACT RIGHT OF WAY ENGINEERING AT THE DISTRICT OFFICE.
CURVE DATA
No. R Δ T L
(9) 45.00 142°59'20" 134.45 112.30
(10) 1000.00 02°57'04" 25.76 51.51
(11) 72.40 63°48'49" 45.08 80.64
FRENCH CAMP TURNPIKE UC NB WIDEN Br No. 29-0220R (SEE STRUCTURAL PLANS)
Irr CROSSOVER 300mm WELDED STEEL PIPE CONDUIT (6.35mm THICK)
"F5" 83+82.11 BC
"A" +75.83 END SAWCUT
"A" +72.44 END RHMA-G OVERLAY
BB "F5" 83+74.29 = 25.10 Rt "A" 383+74.20
"F5" +65.54 END HMA DIKE (TYPE F)
"F5" +62.68, END RHMA-G OVERLAY APPROACH SLAB (SEE STRUCTURAL PLANS)
"F5" +57.93 END HMA DIKE (TYPE C)
383 Beg HMA DIKE (TYPE F)
"F5" 83+98.90 = "F8" 6+26.09
"F8" 6+01.68 = "A" 384+05.73
FOR CONTINUATION SEE SHEET L-3
"A" +23.99 Beg SAWCUT
EB "F5" 84+23.31 = 22.38 Rt "A" 384+23.33
"A" +30.24 Beg RHMA-G OVERLAY
"A" LINE 385 5496.18 N15°27'37"W
"F5" 84+33.62 EC
"F5" 85+33.64 = "A" 385+33.64, 20.03 Rt
ROUTE 5 NB
SAWCUT
MATCH LINE SEE SHEET L-5
3.6 100.02 N16°39'27"W 85
"F5" +32.93 Beg RHMA-G OVERLAY APPROACH SLAB (SEE STRUCTURAL PLANS)
Irr CROSSOVER 150mm WELDED STEEL PIPE CONDUIT (5.50mm THICK)
ALTERNATIVE FLARED TERMINAL SYSTEM
"F5" +27.07 Beg HMA DIKE (TYPE F)
"F2" +69.00 F COMFORM TO Exist AC PAVEMENT
A2-150 CURB
175.14 N23°45'00"W
NB ON-RAMP
"A" +69.00 Beg SAWCUT
24+39.12 EC
"F2" LINE
DITCH LIMITS
FENCE (TYPE CL-1.8)
PUE
R/W
"F2" +68.35 END A2-150 CURB
"F8" +15.00, 11.30 Rt END A2-150 CURB Beg A1-150 CURB
23+58.79 BC
+23.08
N89°19'37"E
31.79
"F8" +15.00, 1.11 Lt END A1-150 CURB Beg A2-150 CURB
MATCH LINE SEE SHEET L-10
Irr CROSSOVER 200mm WELDED STEEL PIPE CONDUIT (6.35mm THICK)
MATCH LINE SEE SHEET L-2
UVP (SEE CONSTRUCTION DETAILS)
NB LOOP ON-RAMP
"F5" 82+83.50 EC
"F5" 83 LINE 98.61 N19°30'31"W
+83.06
TRANSITION RAILING (TYPE WB)
+64.73
+83.54
+92.43
+15.54
+37.35
"F5" +38.78 Beg HMA DIKE (TYPE C)
ALTERNATIVE FLARED TERMINAL SYSTEM
CHP ENFORCEMENT AREA
"F5" +11.20, 1.70 Lt = "F4" +80.85 5.30 Lt END Conc BARRIER (TYPE 60D) Beg Conc BARRIER (TYPE 60C)
"F5" 84+21.20 BC
BASIN
Ret WALL No. 2 (TYPE S)
A2-150 CURB
Conc BARRIER (TYPE 60C)
"F5" +97.46, 11.90 Lt = "F4" +50.00, 5.30 Lt END Conc BARRIER (TYPE 60C)
TRANSITION RAILING (TYPE WB)
NB OFF-RAMP
DITCH
"F4" LINE
R/W
FENCE
"F4" +10.00 END BIOFILTRATION SWALE
ALTERNATIVE FLARED TERMINAL SYSTEM
"F4" +58.00, 9.60 Rt Beg HMA DIKE (TYPE A)
"F4" +56.81 END RHMA-G OVERLAY
"F4" +56.81, Beg PCC
"F5" +06.85, 1.70 Lt END Ret WALL No. 2 LOL END Conc BARRIER (TYPE 732A)
"F5" +46.04, 1.70 Lt END Conc BARRIER (TYPE 60C) Beg Ret WALL No. 2 LOL Beg Conc BARRIER (TYPE 732A) Beg Conc BARRIER (TYPE 60D)
FENCE (TYPE CL-1.8) Std PLAN P1
TO BE MAINTAINED BY CITY.
ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SHOWN
LAYOUT
SCALE 1:500
EXHIBIT A
L-4
DIST 10 | COUNTY SJ | ROUTE 5 | KILOMETER POST TOTAL PROJECT R35.5/R38.0 | SHEET NO. 22 | TOTAL SHEETS 385
REGISTERED CIVIL ENGINEER DATE
PLANS APPROVAL DATE
JOHN A. ALEVARES 60728 12-31-12 CIVIL
THE STATE OF CALIFORNIA OR ITS OFFICERS OR AGENTS SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS OF ELECTRONIC COPIES OF THIS PLAN SHEET.
HDR ENGINEERING, INC. 2365 IRON POINT ROAD SUITE 300 FOLSOM, CALIFORNIA 95630
CITY OF STOCKTON PUBLIC WORKS DEPARTMENT 22 E. WEBER AVENUE, SUITE 301 STOCKTON, CA 95202
STATE OF CALIFORNIA - DEPARTMENT OF TRANSPORTATION
Caltrans
CONSULTANT FUNCTIONAL SUPERVISOR JOHN A. ALEVARES
CALCULATED-DESIGNED BY MICHAEL A. RAMIREZ
CHECKED BY TRY V. KHOU
REVISED BY
DATE REVISED
BORDER LAST REVISED 3/1/2007
RELATIVE BORDER SCALE IS IN MILLIMETERS
UNIT 1455
PROJECT NUMBER & PHASE 10000000241
DATE PLOTTED = 10/1/2011
TIME PLOTTED = 11:01:37 AM
04-02-01



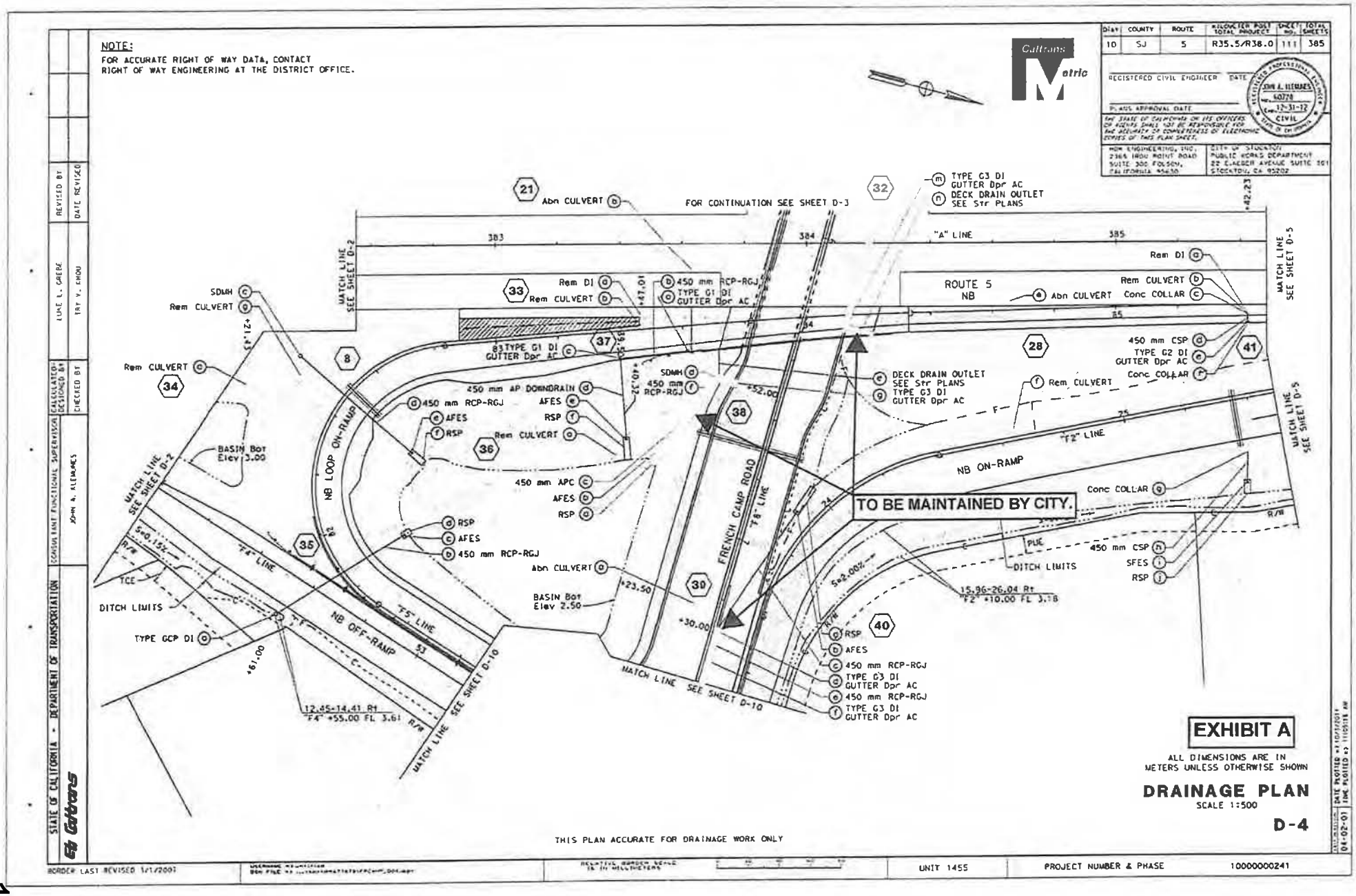
Dist	COUNTY	ROUTE	KILOMETER POST TOTAL PROJECT	SHEET NO.	TOTAL SHEETS
10	SJ	5	R35.5/R38.0	28	385

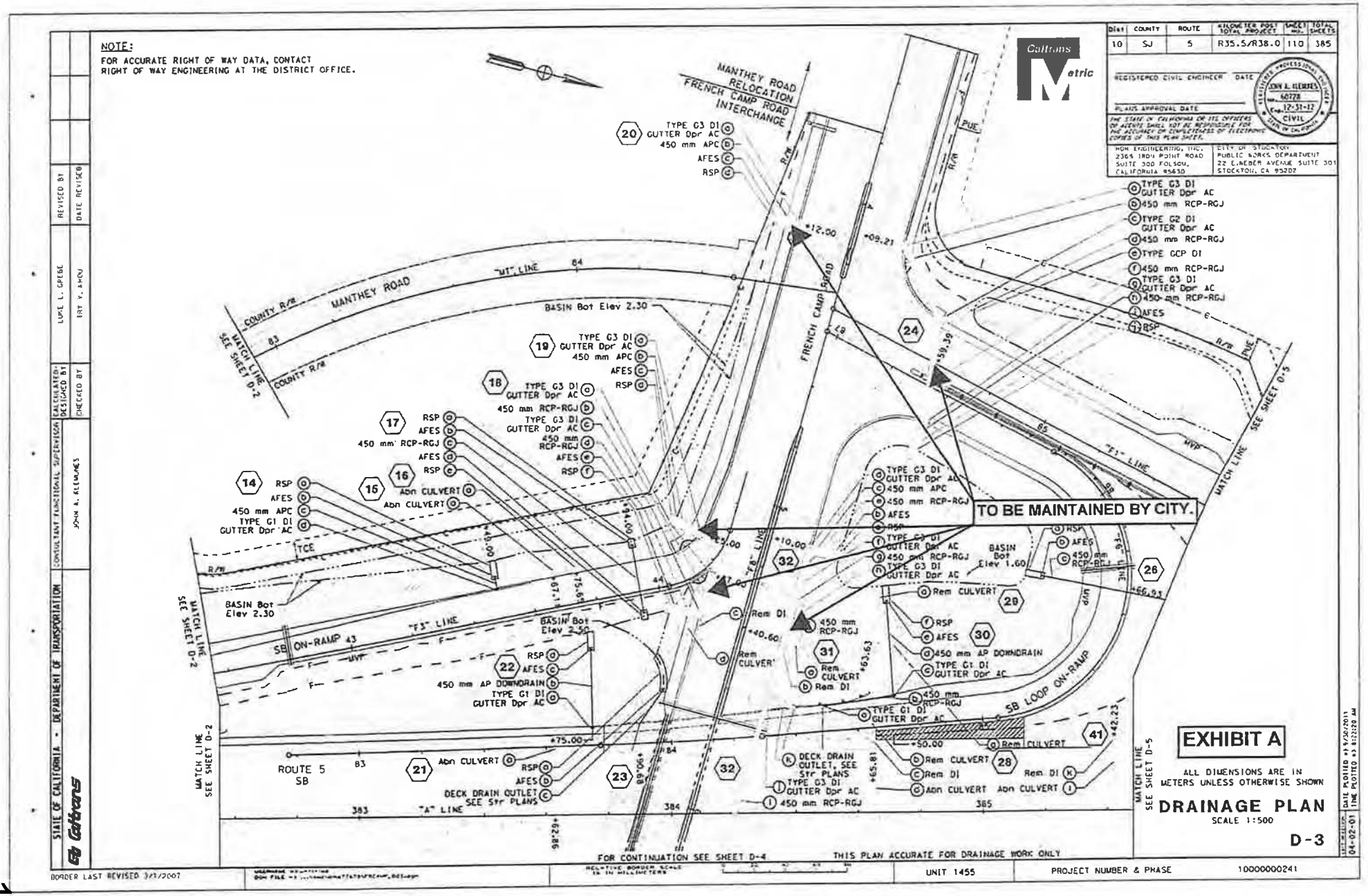
REGISTERED CIVIL ENGINEER — DATE
PLANS APPROVAL DATE
THE STATE OF CALIFORNIA OR ITS OFFICERS OR AGENTS SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS OF ELECTRONIC COPIES OF THIS PLAN SHEET.
JOHN A. KLEINKES 60728 12-31-12 CIVIL
JOHN A. KLEINKES, INC. 2365 IRON POINT ROAD SUITE 300 FOLSOM, CALIFORNIA 95630
CITY OF STOCKTON PUBLIC WORKS DEPARTMENT 22 E. LACEBY AVENUE SUITE 301 STOCKTON, CA 95202

REVISED BY	DATE REVISED
MIGUEL A. RAMIREZ	TAY Y. KHOU

CALCULATED/DESIGNED BY: JOHN A. KLEINKES, COMPLIANCE FUNCTIONAL SUPERVISOR
CHECKED BY

DATE PLOTTED => 04-02-01
TIME PLOTTED => 11:31:52 AM


NOTE:
FOR ACCURATE RIGHT OF WAY DATA, CONTACT RIGHT OF WAY ENGINEERING AT THE DISTRICT OFFICE.
Caltrans Metric
Dist 10 | COUNTY SJ | ROUTE 5 | KILOMETER POST TOTAL PROJECT R35.5/R38.0 | SHEET NO. 111 | TOTAL SHEETS 385
REGISTERED CIVIL ENGINEER DATE
JOHN A. KLEMARES 60728 12-31-12 CIVIL
PLANS APPROVAL DATE
THE STATE OF CALIFORNIA OR ITS OFFICERS OR AGENTS SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS OF ELECTRONIC COPIES OF THIS PLAN SHEET.
HDR ENGINEERING, INC. 2365 IRON POINT ROAD SUITE 300 FOLSOM, CALIFORNIA 95630
CITY OF STOCKTON PUBLIC WORKS DEPARTMENT 22 E. WEBER AVENUE SUITE 301 STOCKTON, CA 95202
STATE OF CALIFORNIA - DEPARTMENT OF TRANSPORTATION
Caltrans
CONSULTANT FUNCTIONAL SUPERVISOR: JOHN A. KLEMARES
CALCULATED-DESIGNED BY
CHECKED BY
LUKE L. CAEBE
TRY V. KHOU
REVISED BY
DATE REVISED
FOR CONTINUATION SEE SHEET D-3
MATCH LINE SEE SHEET D-2
MATCH LINE SEE SHEET D-5
MATCH LINE SEE SHEET D-10
ROUTE 5 NB
"A" LINE
"F" LINE
"F2" LINE
"F4" LINE
"F5" LINE
NB LOOP ON-RAMP
NB ON-RAMP
NB OFF-RAMP
FRENCH CAMP ROAD
TO BE MAINTAINED BY CITY.
DITCH LIMITS
TCE
BASIN Bot Elev 3.00
BASIN Bot Elev 2.50
Abn CULVERT
Rem CULVERT
Rem DI
SDMH
AFES
RSP
450 mm RCP-RGJ
450 mm AP DOWNDRAIN
450 mm APC
450 mm CSP
TYPE G1 DI GUTTER Dpr AC
TYPE G2 DI GUTTER Dpr AC
TYPE G3 DI GUTTER Dpr AC
TYPE GCP DI
DECK DRAIN OUTLET SEE Str PLANS
Conc COLLAR
12.45-14.41 Rt "F4" +55.00 FL 3.61
15.96-26.04 Rt "F2" +10.00 FL 3.18
EXHIBIT A
ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SHOWN
DRAINAGE PLAN
SCALE 1:500
D-4
THIS PLAN ACCURATE FOR DRAINAGE WORK ONLY
BORDER LAST REVISED 5/1/2003
UNIT 1455
PROJECT NUMBER & PHASE 10000000241
DATE PLOTTED = 04-02-01



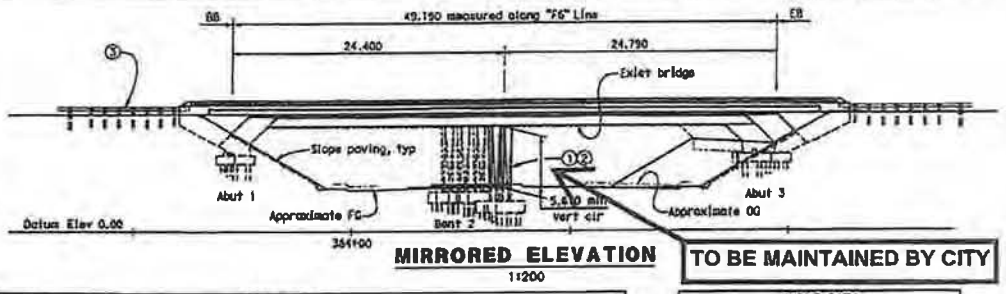
Dist	County	Route	Kilometer Post Total Project	Sheet No.	Total Sheets
10	SJ	5	R35.5/R38.0	110	385

REGISTERED CIVIL ENGINEER — DATE
JOHN A. KLEVANS No. 60778 Exp. 12-31-12 CIVIL STATE OF CALIFORNIA
PLANS APPROVAL DATE
THE STATE OF CALIFORNIA OR ITS OFFICERS OR AGENTS SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS OF ELECTRONIC COPIES OF THIS PLAN SHEET.

HDR ENGINEERING, INC. 2365 IRON POINT ROAD SUITE 300 FOLSOM, CALIFORNIA 95630

CITY OF STOCKTON PUBLIC WORKS DEPARTMENT 22 E.WEBER AVENUE SUITE 301 STOCKTON, CA 95202

DATE PLOTTED = 9/30/2011
TIME PLOTTED = 8:22:20 AM



MIRRORED ELEVATION

1:200

TO BE MAINTAINED BY CITY

Legend
1. Point "Bridge No. 29-0220L".
2. Point "French Camp Turnpike Undercrossing".
3. MBGR, see "Road Plans".
4. Existing MBGR to be removed.
- Indicates new structure.
- Indicates existing structure.
- Indicates point of minimum vertical clearance.
- Indicates closure pour.
- *Match existing profile grade and cross slope.

Notes:
1. For general notes & quantities, see "Deck Contours" sheet.

DIST	COUNTY	ROUTE	KILOMETER POST/ PM AHEAD OF PROJECT	SHEET NO.	TOTAL SHEETS
10	SJ	5	35.6/38.1 (PM 22.1/23.6)	333	367

REGISTERED CIVIL ENGINEER

PLANS APPROVAL DATE

The State of California or its officers or agents shall not be responsible for the accuracy or completeness of electronic copies of this plan sheet.

HDR ENGINEERING, INC.
2365 IRON POINT ROAD, SUITE 300
FOLSOM, CA 95630

CITY OF STOCKTON
PUBLIC WORKS DEPARTMENT
22 E. WEBER AVE., RM 301
STOCKTON, CA 95202

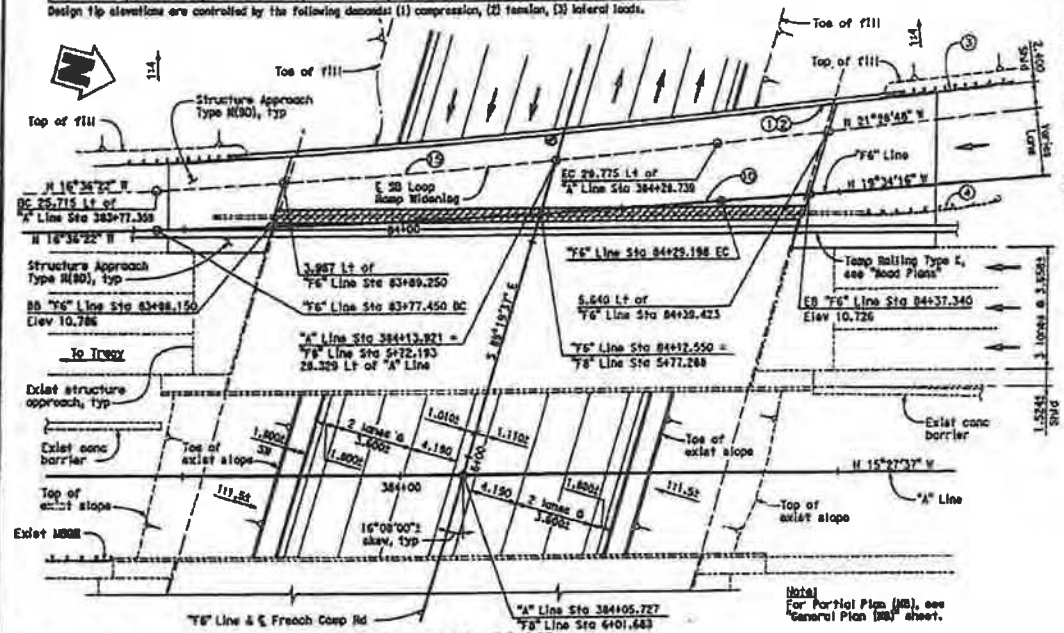
PILE DATA TABLE

Location	Type	Design Loading (service load) (kN)	Nominal Resistance Compression (kN)	Nominal Resistance Tension (kN)	Design Tip Elevations	Specified Tip Elevation
Abut 1	Class 625	550	1250	940	-12.300 (1)	-12.300
Bent 2	Class 400	350	800	-300	-12.300 (1)	-12.300
Abut 3	Class 625	500	1250	940	-12.300 (1)	-12.300

Design tip elevations are controlled by the following demands: (1) compression, (2) tension, (3) lateral loads.

CURVE DATA

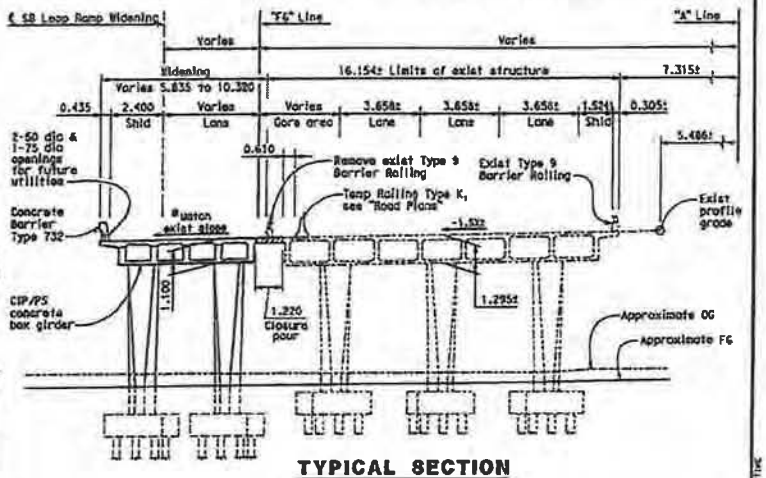
No.	R	Δ	T	L
09	1000.00	2°57'54"	25.88	51.75
09	994.97	02°58'06"	25.78	51.55



PARTIAL PLAN

1:200

Note: For Partial Plan (NB), see "General Plan (SB)" sheet.



TYPICAL SECTION

1:100

EXHIBIT A

ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SHOWN

95% SUBMITTAL

The Contractor shall verify all controlling field dimensions before ordering or fabricating any materials.

DESIGN	T KENG	S PERVAIZ	LOAD FACTOR	LINE LOCATION	T KENG	S. PERVAIZ	PREPARED FOR THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION
DETAILS	J VOUGHT	S PERVAIZ	LAYOUT				
QUANTITIES	J VOUGHT	R SANFORD	SPECIFICATIONS	T KENG	S. PERVAIZ		

JOHN A. KLEMMES, JR.
PROJECT ENGINEER

CU 06-241
EA 0E4900

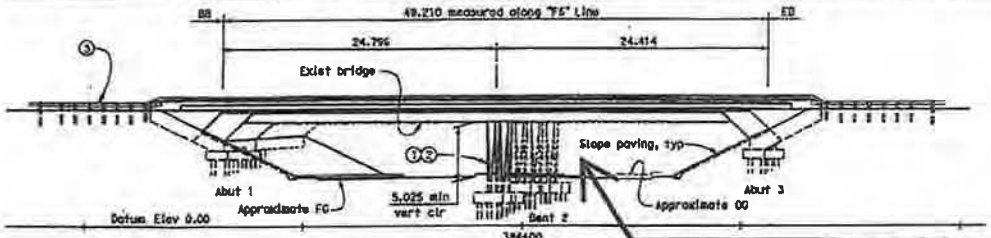
BRIDGE NO.	29-0220R/L
EA (Pile)	0E420
36.2/37.51	

FRENCH CAMP TURNPIKE UNDERCROSSING (WIDEN)

GENERAL PLAN (SB)

REVISION DATES	SHEET	OF
	2	22

Date plotted: 06/28/2019 3:55 pm



ELEVATION

1:200

TO BE MAINTAINED BY CITY

PILE DATA TABLE						
Location	Type	Design Loading (service load) (kN)	Nominal Resistance Compression (kN)	Nominal Resistance Tension (kN)	Design Tip Elevations	Specified Tip Elevation
Abut 1	Class 625	550	1250	940	-12.300 (1)	-12.300
Bent 2	Class 400	350	800	600	-12.300 (1)	-12.300
Abut 3	Class 625	500	1250	940	-12.300 (1)	-12.300

Design tip elevations are controlled by the following demands: (1) compression, (2) tension, (3) lateral loads.

CURVE DATA				
No.	R	Δ	T	L
①	1000.00	2°57'04"	25.76	51.51
②	995.16	02°57'14"	25.66	51.31

Legend:
1. Point "Bridge No. 29-0220R".
2. Point "French Camp Turnpike Undercrossing".
3. MBGR, see "Road Plans".
4. Existing MBGR to be removed.

Indicates new structure.
Indicates existing structure.
Indicates point of minimum vertical clearance.
Indicates closure pour.
*Match existing profile grade and cross slope.

Notes:
1. For general notes & quantities, see "Deck Contours" sheet.
2. Falsework system shall provide 4.570 m minimum temporary vertical clearance.

DIST	COUNTY	ROUTE	KILOMETER POST/ TOTAL PROJECT	SHEET NO.	TOTAL SHEETS
10	SJ	5	35.8/38.1 (20.2+1/23.6)	332	367

REGISTERED CIVIL ENGINEER

PLANS APPROVAL DATE

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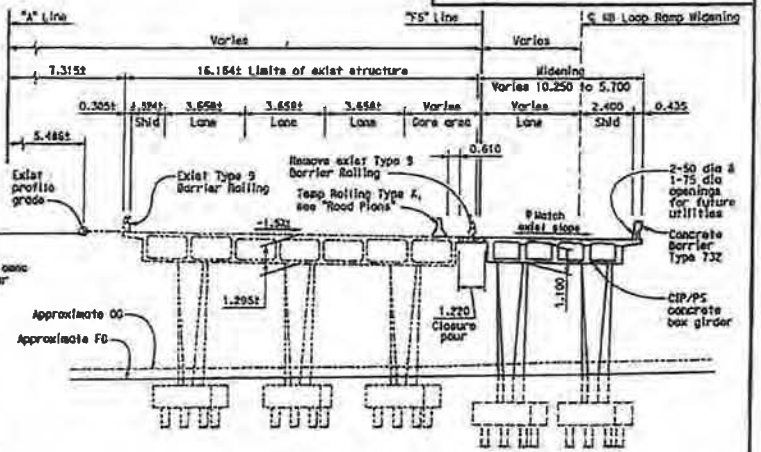
HDR ENGINEERING, INC.
2365 IRON POINT ROAD, SUITE 300
FOLSOM, CA 95630

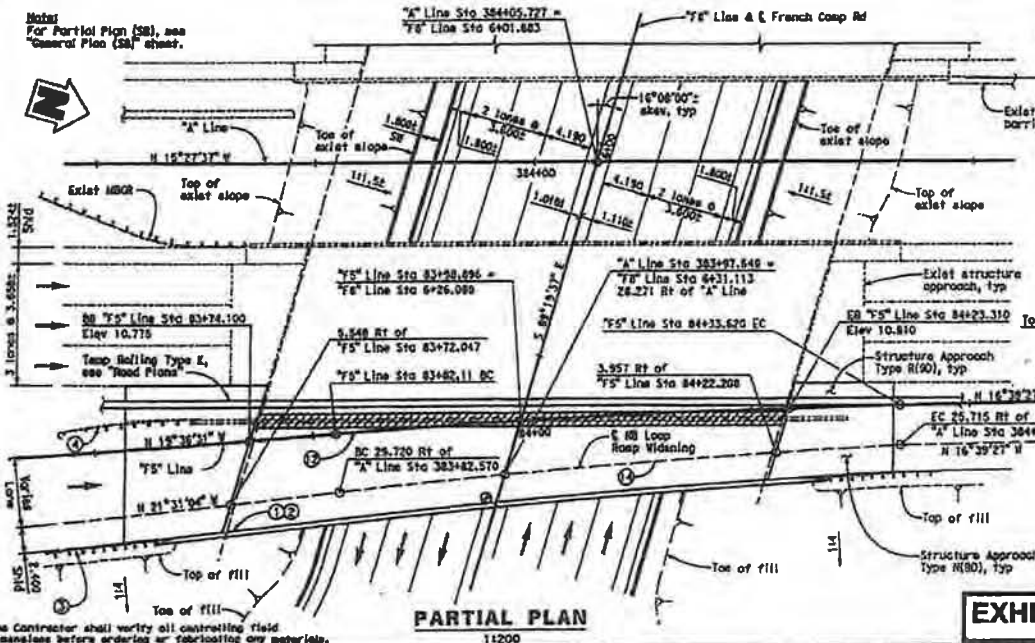
CITY OF STOCKTON
PUBLIC WORKS DEPARTMENT
22 E. WEBER AVE., RM 301
STOCKTON, CA 95202



TYPICAL SECTION

1:100

Notes:
For Partial Plan (SB), see "General Plan (SB)" sheet.



PARTIAL PLAN

1:200

The Contractor shall verify all controlling field dimensions before ordering or fabricating any materials.

EXHIBIT A

INDEX TO PLANS:

1. General Plan (NB)
2. General Plan (SB)
3. Deck Contours
4. Foundation Plan
5. Demolition Details No. 1
6. Demolition Details No. 2
7. Abutment 1 Layout
8. Abutment 3 Layout
9. Abutment Details No. 1
10. Abutment Details No. 2
11. Abutment Details No. 3
12. Bent Details No. 1
13. Bent Details No. 2
14. Typical Section
15. Girder Layout No. 1
16. Girder Layout No. 2
17. Structure Approach Type R(50) & R(90)
18. Structure Approach Drainage Details
19. Slope Paving Layout
20. Slope Paving - Full Slope
21. Architectural Treatment Details
22. As-Built Log of Test Borings

CALTRANS STANDARD PLANS DATED JULY 2006

A10A	Acronyms and abbreviations (A-L)
A10B	Acronyms and abbreviations (M-Z)
A10C	Symbols (Sheet 1 of 2)
A10D	Symbols (Sheet 2 of 2)
A87C	Limits of Payment for Excavation and Backfill Bridge
A87A	Curb and Driveways
B0-1	Bridge Details
B0-3	Bridge Details
B0-5	Bridge Details
B0-13	Bridge Details
B2-5	Pile Details, Class 400 and Class 625
B6-21	Joint Seals (Maximum Movement Rating = 50mm)
B7-1	Box Girder Details
B8-5	Cast-in-Place Prestressed Girder Details
811-55	Concrete Barrier Type 732
T3	Temporary Railing (Type K)

Standard Plan Sheet No.
Detail No.

ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SHOWN

95% SUBMITTAL

DESIGNED	T. KENG	CHECKED	S. PERVAIZ	LOAD FACTOR DESIGN	LOAD LOCATIONS AASHTO LRFD BRIDGE DESIGN SPECIFICATIONS		
DETAILED	J. VOUGHT	CHECKED	S. PERVAIZ	LAYOUT	T. KENG	S. PERVAIZ	
QUANTITIES	J. VOUGHT	CHECKED	K. SANFORD	BOOK/REVISIONS	T. KENG	DARLA	

PREPARED FOR THE STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

JOHN A. KLEMUNES, JR.
PROJECT ENGINEER

CU 06-241
EA 0E4900

BRIDGE NO. 29-0220R/L
KP (PM) 36.2(22.5)

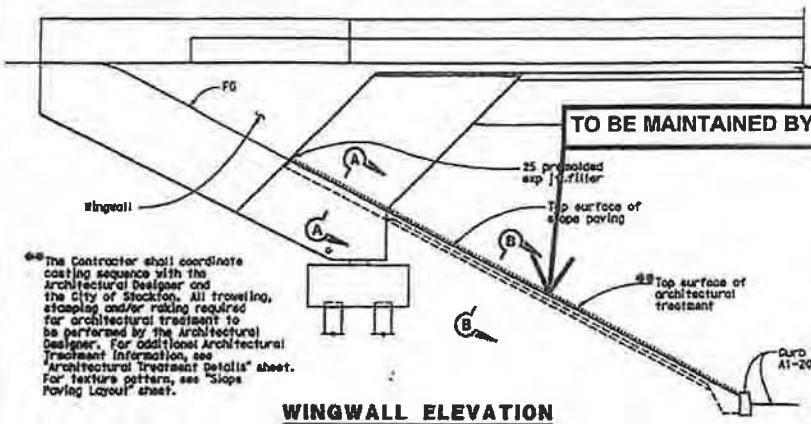
FRENCH CAMP TURNPIKE UNDERCROSSING (WIDEN)

GENERAL PLAN (NB)

REVISION DATES (PRELIMINARY STAGE ONLY)

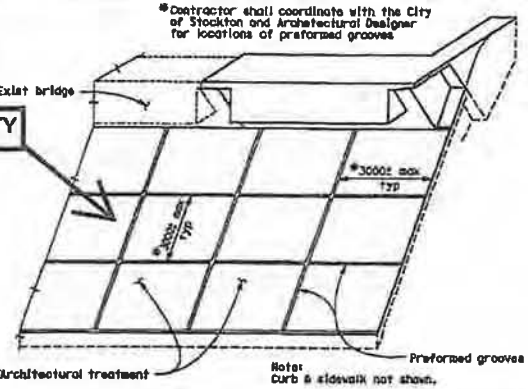
SHEET OF 1 22

Date plotted: 06/29/2010 4:16 pm



WINGWALL ELEVATION

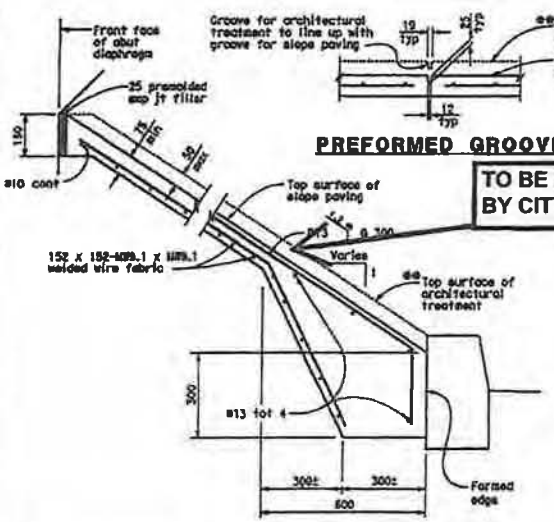
**The Contractor shall coordinate casting sequence with the Architectural Designer and the City of Stockton. All troweling, stamping and/or raking required for architectural treatment to be performed by the Architectural Designer. For additional Architectural Treatment information, see "Architectural Treatment Details" sheet. For texture pattern, see "Slope Paving Layout" sheet.



PICTORIAL VIEW OF TYPICAL INSTALLATION

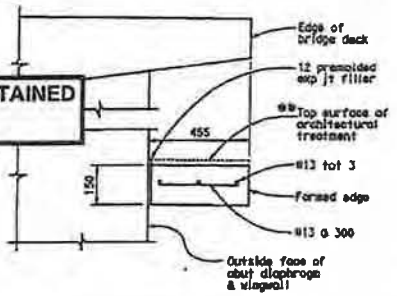
Notes:
1. Exist slope paving to be removed and replaced.
2. For Limits of Slope Paving, see "Slope Paving Layout" sheet.

Legend:
——— Indicates new structure.
- - - - Indicates existing structure.
——— Indicates Architectural Treatment

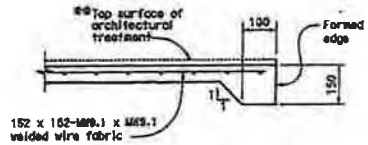


TYPICAL SECTION - CONCRETE PAVING

PREFORMED GROOVE



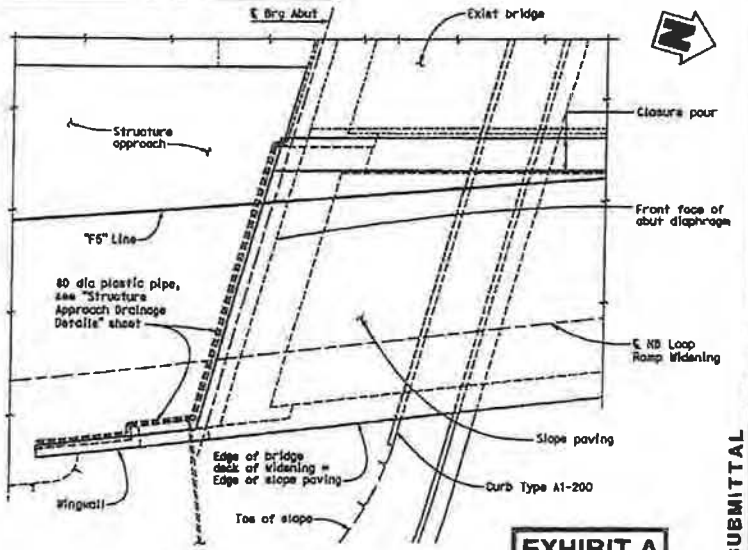
SECTION A-A



SECTION B-B

NOTE:
Details on this sheet are based on Caltrans Bridge Standard Detail Sheet No. xs4-210 with modification for this project.

The Contractor shall verify all controlling field dimensions before ordering or fabricating any materials.



DRAINAGE LAYOUT

Abut 1 NB Loop Ramp Widening & Abut 3 SB Loop Ramp Widening shown,
Abut 3 NB Loop Ramp Widening & Abut 1 SB Loop Ramp Widening similar.

ALL DIMENSIONS ARE IN MILLIMETERS UNLESS OTHERWISE SHOWN

EXHIBIT A

95% SUBMITTAL

DIST	COUNTY	ROUTE	KILOMETER POSTS TOTAL PROJECT	SHEET NO.	TOTAL SHEETS
10	SJ	5	35.6/38.1 (PM22.1/23.6)	351	367

REGISTERED CIVIL ENGINEER
PLANS APPROVAL DATE
The State of California or its officers or agents shall not be responsible for the accuracy or completeness of electronic copies of this plan sheet.

REGISTERED PROFESSIONAL ENGINEER — JOHN A. KLEMMES JR. — No. 51274 — Exp. 6-30-11 — CIVIL — STATE OF CALIFORNIA

HDR ENGINEERING, INC.
2365 IRON POINT ROAD, SUITE 300
FOLSOM, CA 95630

DESIGN	T. KENG	S. PERVAIZ	PREPARED FOR THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION	JOHN A. KLEMMES, JR. PROJECT ENGINEER
DETAILS	J. VOUGHT	S. PERVAIZ		
QUANTITIES	J. VOUGHT	K. SANFORD		

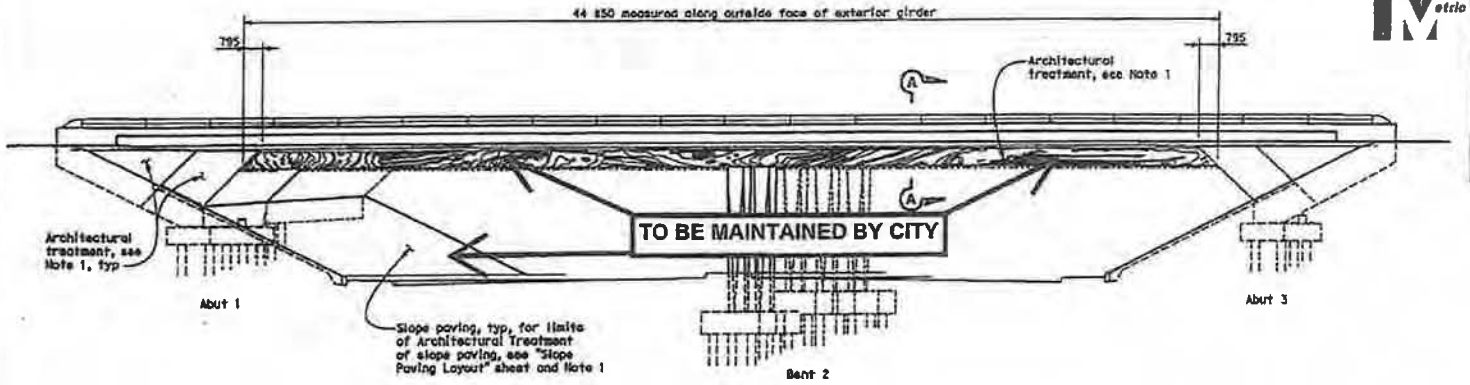
CU 06-241
EA 0E4900

FRENCH CAMP TURNPIKE UNDERCROSSING (WIDEN)

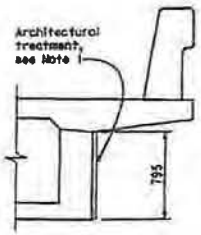
SLOPE PAVING - FULL SLOPE

REVISION DATES (PROJECT ENGR'S INITIALS) — SHEET 20 OF 22

Date plotted: 05/29/2010 11:23 am

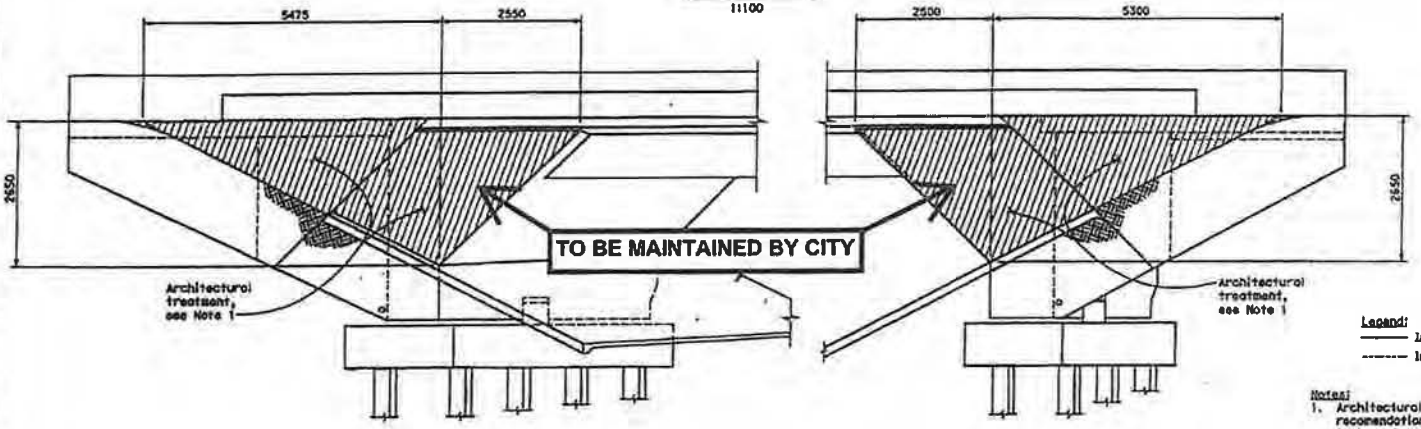


ELEVATION
1:100



For additional information, see Typical Section on "Typical Section" sheet.

SECTION A-A
1:20



WINGWALL ELEVATION ABUTMENT 1

WINGWALL ELEVATION ABUTMENT 3

For additional informations see "Wingwall Details" on "Abutment Details No. 3" sheet.

DECORATIVE CONCRETE PANEL DETAIL
1:40

NB Loop Ramp Widening wingwalls shown,
SB Loop Ramp Widening wingwalls similar.

Legend:
——— Indicates new structure.
------- Indicates existing structure.

Notes:
1. Architectural treatments are per City of Stockton recomendation. All labor, materials, form liners, tools and any related construction equipment and incidentals required to place architectural treatment shall be furnished and paid for under item of Structural Concrete, Bridge per cubic meter contract cost. No separate payment will be made therfore.
2. Dimensions are provided for information only. Dimensions shall be verified by the Contractor, City of Stockton and Architectural Designer prior to ordering or fabricating any materials.

EXHIBIT A

The Contractor shall verify all controlling field dimensions before ordering or fabricating any materials.

ALL DIMENSIONS ARE IN MILLIMETERS UNLESS OTHERWISE SHOWN

95% SUBMITTAL

DIST	COUNTY	ROUTE	KILOMETER POSTS TOTAL PROJECT	SHEET NO.	TOTAL SHEETS
10	SJ	5	35.6/38.1 (PM22.1/23.6)	352	367

REGISTERED CIVIL ENGINEER — REGISTERED PROFESSIONAL ENGINEER — TIMOTHY MOE — No. 53725 — Exp. 9-30-10 — CIVIL — STATE OF CALIFORNIA

PLANS APPROVAL DATE

The State of California or its officers or agents shall not be responsible for the accuracy or completeness of electronic copies of this plan sheet.

MOR ENGINEERING, INC.
2365 IRON POINT ROAD, SUITE 300
FOLSOM, CA 95630

DESIGN	T. KENG	S. PERVAIZ	PREPARED FOR THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION
DETAILS	J. VOUGHT	S. PERVAIZ	
QUANTITIES	J. VOUGHT	K. SANFORD	

JOHN A. KLEMMES, JR.
PROJECT ENGINEER

CU 06-241
EA 0E4900

BRIDGE NO.	29-0230R/L
POST MILE	36.22(22.51)

FRENCH CAMP TURNPIKE UNDERCROSSING (WIDEN)

ARCHITECUTUAL TREATMENT DETAILS

DESIGNER/DRAFT'S INITIALS — REVISION DATES (PRELIMINARY STAGE ONLY) — EARLIER REVISION DATES

SHEET 21 OF 22

Date plotted: 06/29/2010 11:23 am

AGENDA ITEM 12.12

February 28, 2012

TO: Mayor and City Council

FROM: Robert Murdoch, Director
Public Works Department

SUBJECT: **HIGHWAY 4 CROSSTOWN FREEWAY EXTENSION PROJECT - MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY, SAN JOAQUIN COUNCIL OF GOVERNMENTS, AND CALIFORNIA DEPARTMENT OF TRANSPORTATION**

RECOMMENDATION

It is recommended that the City Council adopt a resolution authorizing the City Manager to execute a Memorandum of Understanding between the City, San Joaquin Council of Governments (SJCOG), and California Department of Transportation (Caltrans) that will allow Caltrans to acquire ten right-of-way easements within City jurisdiction under the City's name for the Highway 4 Crosstown Freeway Extension Project.

It is further recommended that the resolution authorize the City Manager to take appropriate actions to carry out the purpose and intent of this resolution.

Summary

The City of Stockton entered into a Freeway Agreement with Caltrans in February 2011, to facilitate the design and construction of the Highway 4 Crosstown Freeway Extension Project (Project). The Freeway Agreement, in part, allows Caltrans to acquire right of way easements within the City's jurisdiction for the Project. Once the Project is complete, Caltrans would relinquish to the City those easements that are outside of State right of way and within the City limits. In simple terms, this means that the City would receive the right of way acquired to reconstruct Navy Drive to tie into the freeway extension.

In order to expedite the right of way acquisition process, reduce the overall Project schdule, reduce right of way phase costs, and position the Project to receive additional State funding, Caltrans and SJCOG are requesting that the right of way relinquishment process be modified to allow Caltrans to acquire right of way easements directly in the City's name for ten properties along Navy Drive as shown in Attachments A and B.

In order to allow a change in the right of way acquisition process, and to protect the City's interest, a three party Memorandum of Understanding (MOU) between the City, SJCOG, and Caltrans is necessary. Exhibit 1 to the attached Resolution contains a copy of the MOU for reference.

There is no impact to the City's General Fund as a result of taking the recommended action.

DISCUSSION

Background

The City of Stockton entered into a Freeway Agreement with Caltrans in February 2011, to facilitate the design and construction of the Highway 4 Crosstown Freeway Extension Project (Project). The Freeway Agreement, in part, allows Caltrans to acquire right of way easements within the City's jurisdiction for the Project. Once the Project is complete, Caltrans would relinquish to the City those easements that are outside of State right of way and within the City limits. In simple terms, this means that the City would receive the right of way acquired to reconstruct Navy Drive to tie into the freeway extension.

The Project design is currently 65 percent complete and right of way acquisition is underway. The design and right of way acquisition phases of the Project should be completed by December 2012. If sufficient construction funding is available, construction activity could begin in the summer of 2013.

Present Situation

In order to expedite the right of way acquisition process, reduce the overall Project schedule, reduce right of way phase costs, and position the Project to receive additional State funding, Caltrans and SJCOG are requesting that the right of way relinquishment process be modified to allow Caltrans to acquire right of way easements directly in the City's name for ten properties along Navy Drive as shown in Attachments A and B and listed below.

In order to allow a change in the right of way acquisition process and to protect the City's interest, a three party MOU between the City, SJCOG, and Caltrans is necessary. Exhibit 1 to the attached Resolution contains a copy of the MOU for reference. The MOU requires that all right of way acquisitions subject to this modified process must be by willing sellers. In other words, if Caltrans has to go to eminent domain to acquire right of way, then relinquishment must be made in accordance with the existing Freeway Agreement.

In addition, the MOU requires:

- SJCOG to ensure and warrant that properties are free and clear of hazardous wastes or appropriate remediation strategies are in place prior to transfer of

easements to the City, and work with the City and Caltrans to resolve issues with property owners during the acquisition process for the right of way on Navy Drive.

- Caltrans to work with the City and SJCOG to resolve issues that are sensitive to the City during the acquisition of right of way on Navy Drive, hold the City harmless, and maintain and provide weed and trash abatement of City easements until the completion of State highway project, which is scheduled to be by June 30, 2017.

- City will work with SJCOG and Caltrans by allowing the right of way on Navy Drive to be acquired in the City's name.

The ten parcels that will be acquired by easement in the City's name are as follows:

Property Right	Owner	Address	Easement/Fee Area
Roadway Easement	City of Stockton	2500 Navy Drive	4,690 sf
Roadway Easement	Heitman Holdings, Inc.	Navy Drive	1,341 sf
Roadway Easement	Schuff Steel Company	2324 Navy Drive	3,027 sf
Roadway Easement	City of Stockton	2515 Navy Drive	13,581 sf
Roadway Easement	Charles & Rebecca Toledo	2403 Navy Drive	8,921 sf
Roadway Easement	Kevin M. Maddox	2225 Navy Drive	3,226 sf
Roadway Easement	Velvacon, LLC	2201 Navy Drive	2,333 sf
Roadway Easement	LKQ of Stockton, Inc.	2041 Navy Drive	8,804 sf
Roadway Easement	Anthony & Deanna Cordiano	1433 Tillie Lewis Drive	4,807 sf
Roadway Easement	Edmund Monberg	1444 Tillie Lewis Drive	3,247 sf

At the end of the relinquishment process, the City still must accept the easement deeds prepared by Caltrans. In the event the MOU conditions are not met, the City has the ability to not accept the easement deeds.

FINANCIAL SUMMARY

Approval of the Memorandum of Understanding will have no cost to the City and no impact to the City's General Fund.

Respectfully submitted,

ROBERT MURDOCH, DIRECTOR
PUBLIC WORKS DEPARTMENT

APPROVED

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

RM:AM:RD:cl

Attachment A – Vicinity Map
Attachment B – Easement Map

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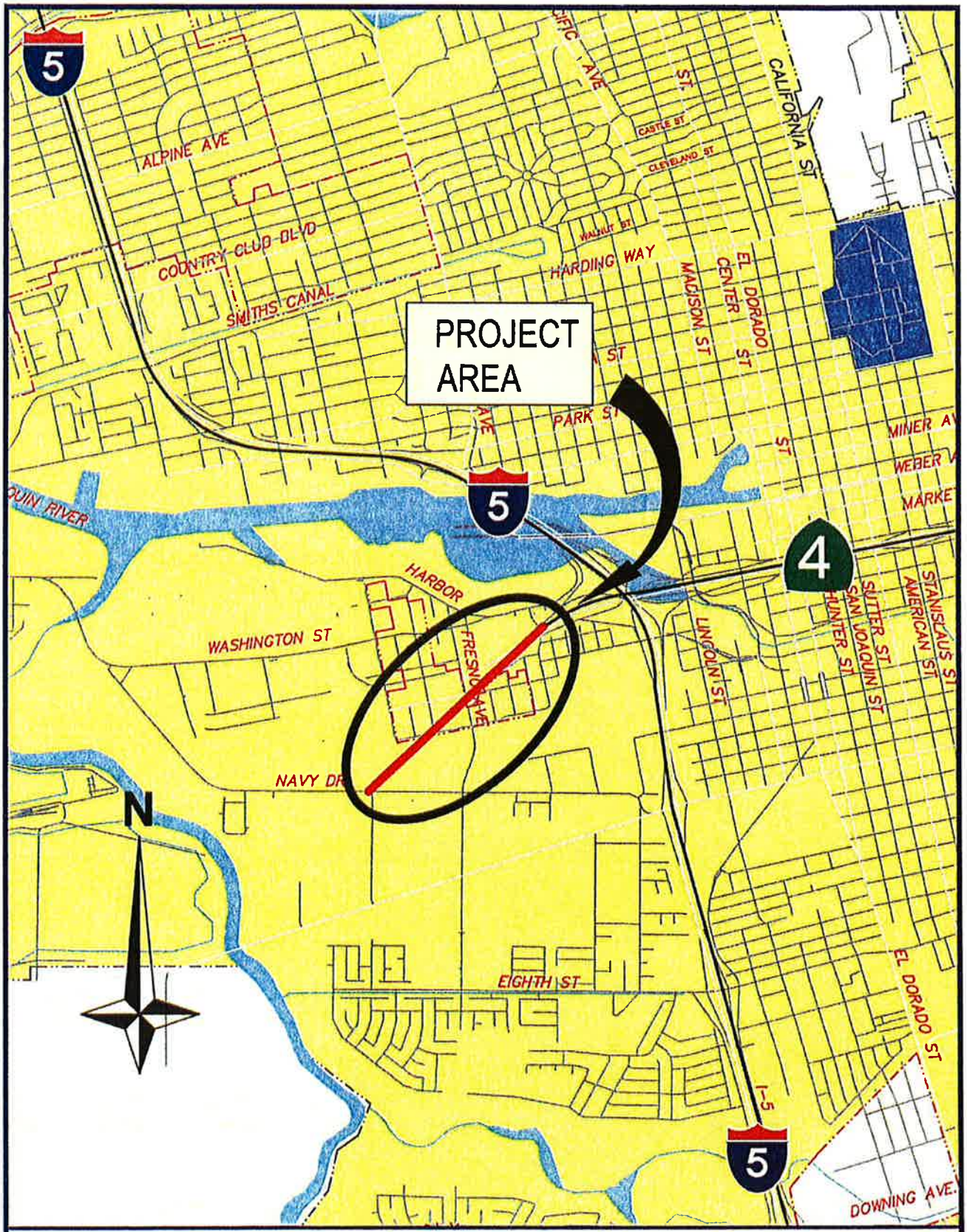

STATE ROUTE 4 EXTENSION
VICINITY MAP

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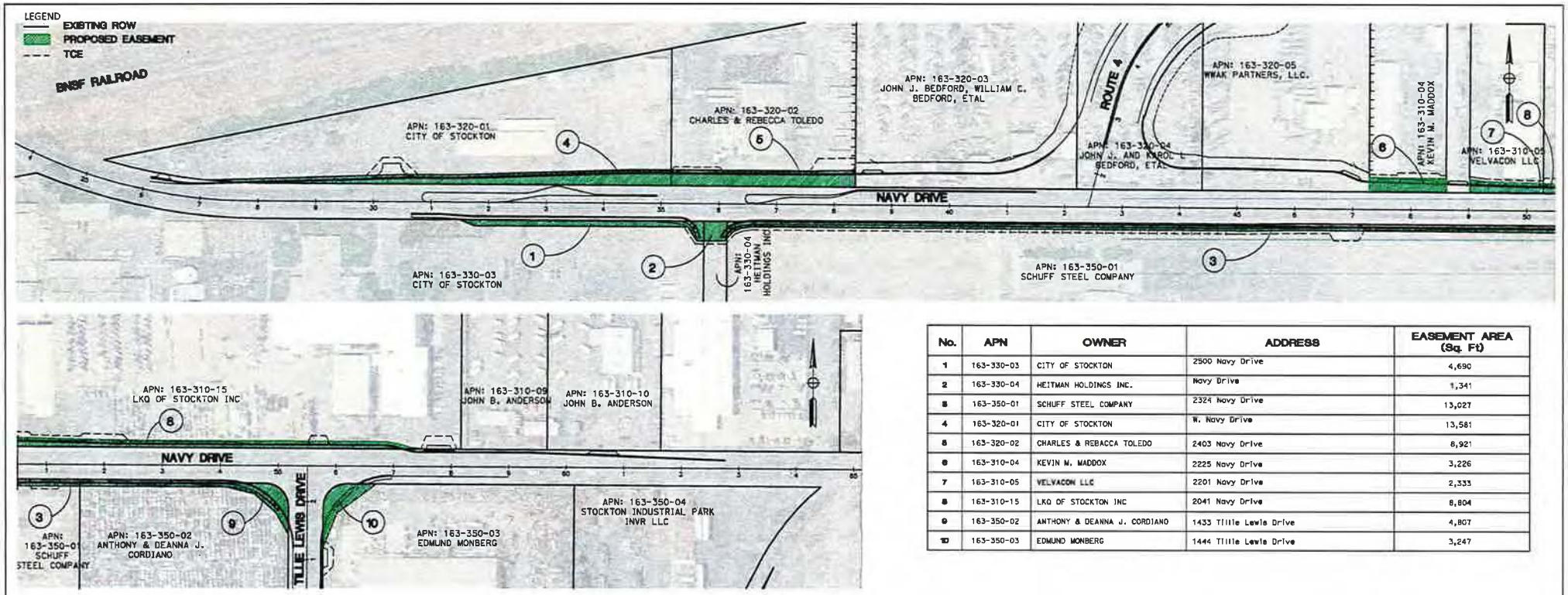

No.	APN	OWNER	ADDRESS	EASEMENT AREA (Sq. Ft)
1	163-330-03	CITY OF STOCKTON	2500 Navy Drive	4,690
2	163-330-04	HEITMAN HOLDINGS INC.	Navy Drive	1,341
3	163-350-01	SCHUFF STEEL COMPANY	2324 Navy Drive	13,027
4	163-320-01	CITY OF STOCKTON	N. Navy Drive	13,581
5	163-320-02	CHARLES & REBECCA TOLEDO	2403 Navy Drive	8,921
6	163-310-04	KEVIN W. MADDOX	2225 Navy Drive	3,226
7	163-310-05	VELVACON LLC	2201 Navy Drive	2,333
8	163-310-15	LKQ OF STOCKTON INC	2041 Navy Drive	8,804
9	163-350-02	ANTHONY & DEANNA J. CORDIANO	1433 Tillie Lewis Drive	4,807
10	163-350-03	EDMUND MONBERG	1444 Tillie Lewis Drive	3,247

EASEMENTS TO BE ACQUIRED IN THE NAME OF THE CITY

ATTACHMENT B

Resolution No. _____

STOCKTON CITY COUNCIL

==========

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF STOCKTON, SAN JOAQUIN COUNCIL OF GOVERNMENTS, AND CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR THE HIGHWAY 4 CROSSTOWN FREEWAY EXTENSION PROJECT

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

1. A Memorandum of Understanding between the City of Stockton, San Joaquin Council of Governments, and California Department of Transportation for the Highway 4 Crosstown Freeway Extension Project is approved.

2. The City Manager is authorized and directed to execute said Memorandum of Understanding, a copy of which is attached as Exhibit 1 and incorporated herein by this reference.

3. The City Manager, or his designee, is authorized to take appropriate actions necessary to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED February 28, 2012.

ATTEST:

ANN JOHNSTON, Mayor
of the City of Stockton

BONNIE PAIGE, City Clerk
of the City of Stockton

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City Atty:
Review _____
Date February 21, 2012

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made effective as of _____ , 2012 (the "Effective Date") by and between the City of Stockton (CITY), the San Joaquin Council of Governments (SJCOG), and the California Department of Transportation (STATE).

The parties to this Memorandum of Understanding share the common understanding that is stated below:

Recitals:

WHEREAS, The City of Stockton has entered into a Freeway Agreement between the City of Stockton and the California Department of Transportation for the Highway 4 Crosstown Freeway extension Project, dated February 8, 2011, wherein CITY agreed to accept title to the portions of such streets lying outside the freeway limits upon relinquishment by STATE; and,

WHEREAS, to ensure expeditious transfer of required CITY properties, provide substantial cost savings to the project, and simplify the process for affected property owners, it is now the desire of the parties herein to state the intensions of the parties as follows:

1. It is understood and agreed, at no cost to CITY, STATE intends to prepare such documents as are reasonable necessary for the City to acquire easement deeds that are required for widening Navy Drive in connection with STATE'S highway project, as highway easements. Said properties are identified in the attached "Exhibit A" and delineated within the attached "Exhibit B".

2. CITY would accept direct transfer of the easements referenced in "Exhibit A" attached hereto, via easement deeds transferred from the property owner to CITY, processed as stated below:

    a. State and/or SJCOG would secure required environmental clearance, including hazardous material remediation, when applicable, prior to CITY'S execution of said easement deed;

    b. Said deed acceptance by CITY would be contingent upon a voluntary transfer by the seller of said easement; otherwise, in the event STATE could elect (at its sole discretion) to initiatethe eminent domain process, said transfer must be processed through STATE'S standard RELINQUISHMENT procedure, as further described in the Freeway Agreement, dated February 8, 2011, by and between the STATE and the CITY;

c. CITY would grant STATE full possession and use of said property described within said easement deeds referenced in "Exhibit A" herein for construction of the Navy Drive improvements required for the State's Highway 4 Extension Project:

d. STATE would indemnify and hold harmless the undersigned CITY from any liability arising out of STATE'S operations under this agreement, within said properties identified in "Exhibit A," attached hereto;

e. After completion of STATE'S highway project, including completion of all Navy Drive improvements, said facility and/or properties referenced hereinabove would be considered as part of CITY'S streets and CITY will be responsible for any necessary maintenance and repair."; and,

f. Prior to recordation of easement deeds, STATE would secure CITY'S review and acceptance of easement deeds for compliance with this MOU agreement.

3. SJCOG would:

   a. Ensure and warrant, as per the Cooperative Agreement with the STATE, that properties are free and clear of Hazardous Wastes or appropriate remediation strategies are in place prior to transfer of easements to CITY; and.

   b. Work with CITY and STATE to resolve issues with property owners during the acquisition process for the easements on Navy Drive.

4. STATE would:

   a. Work with CITY and SJCOG as per the Freeway Agreement and Cooperative Agreement with SJCOG during the acquisition of easements on Navy Drive in the name of CITY;

   b. Work with CITY and SJCOG to resolve issues that are sensitive to CITY during the acquisition of easements from business owners on Navy Drive; and,

   c. Maintain and provide weed and trash abatement of City easements until the completion of STATE highway project, which is scheduled to be completed by June 30, 2017.

5. CITY would:

   a. Work with SJCOG and STATE by allowing the easements on Navy Drive to be acquired in CITY'S name.

IN WITNESS WHEREOF, the Parties hereto enter into this Memorandum as of the Effective Date.

SAN JOAQUIN COUNCIL OF GOVERNMENTS

By: _____

ANDREW T. CHESLEY
Executive Director

By: _____

STEVE DIAL
Deputy Executive Director/CFO

CALIFORNIA DEPARTMENT OF TRANSPORTATION

By: _____

CARRIE L. BOWEN
District 10 Director

CITY OF STOCKTON

By: _____

BOB DEIS
City Manager
City of Stockton

Attest: _____

BONNIE PAIGE
City Clerk of the City of Stockton

APPROVE AS TO FORM:
JOHN M. LUEBBERKE
City Attorney

By: _____

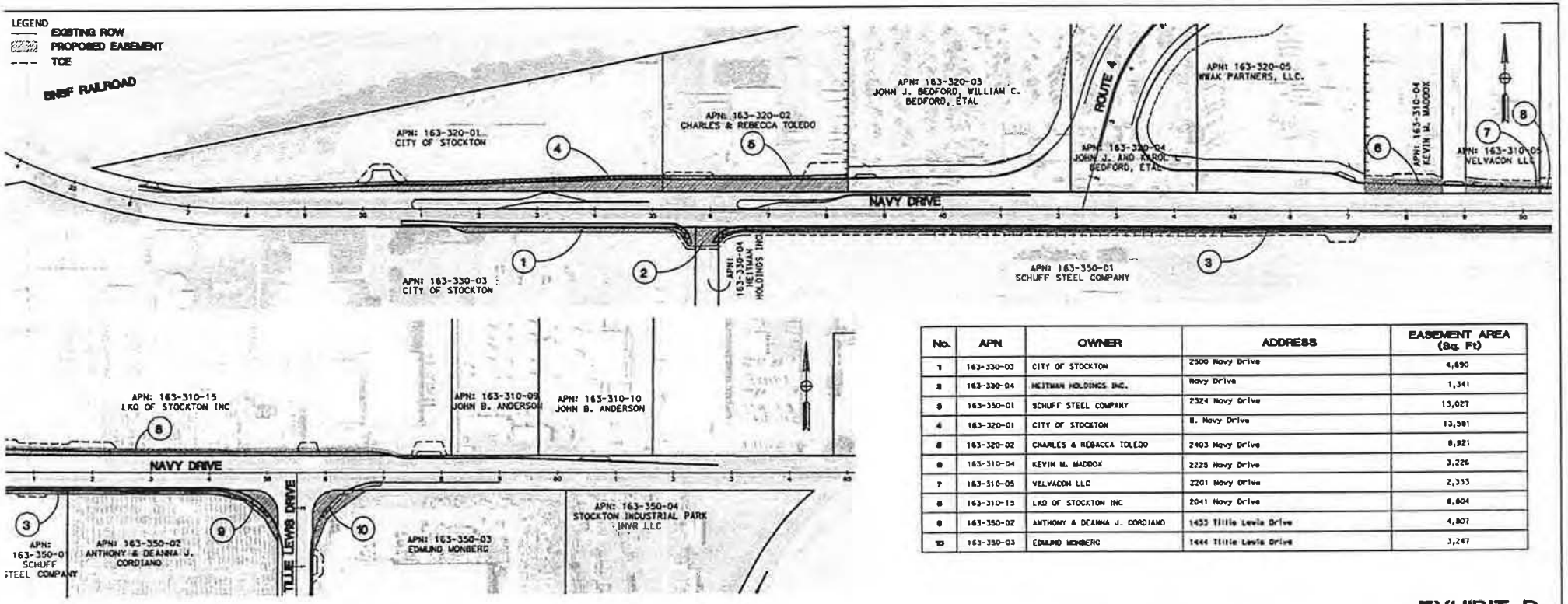
Deputy City Attorney
City of Stockton

SR4 Crosstown Freeway Project

City of Stockton Direct Transfer Parcels

"EXHIBIT A"

CT Pcl#	APN	Property Right	Owner	Address	Easement/Fee Area
16468-1	163-330-03	Roadway Easement	City of Stockton	2500 Navy Drive	4,690 sf
16490-1	163-330-04	Roadway Easement	Heitman Holdings, Inc.	*Navy Drive	1,341 sf
16471-2	163-350-01	Roadway Easement	Schuff Steel Company	2324 Navy Drive	13,027 sf
16470-1	163-320-01	Roadway Easement	City of Stockton	W. Navy Drive	13,581 sf
16469-2	163-320-02	Roadway Easement	Charles & Rebecca Toledo	2403 Navy Drive	8,921 sf
16465-1	163-310-04	Roadway Easement	Kevin M. Maddox	2225 Navy Drive	3,226 sf
16466-1	163-310-05	Roadway Easement	Velvacon LLC	2201 Navy Drive	2,333 sf
16474-4	163-310-15	Roadway Easement	LKQ of Stockton, Inc.	2401 Navy Drive	8,804 sf
16472-1	163-350-02	Roadway Easement	Anthony & Deanna Cordiano	1433 Tillie Lewis Drive	4,807 sf
16473-1	163-350-03	Roadway Easement	Edmund Monberg	1444 Tillie Lewis Drive	3,247 sf



No.	APN	OWNER	ADDRESS	EASEMENT AREA (Sq. Ft)
1	163-330-03	CITY OF STOCKTON	2500 Navy Drive	4,690
2	163-330-04	HEITMAN HOLDINGS INC.	Navy Drive	1,341
3	163-350-01	SCHUFF STEEL COMPANY	2324 Navy Drive	13,027
4	163-320-01	CITY OF STOCKTON	E. Navy Drive	13,581
5	163-320-02	CHARLES & REBACCA TOLEDO	2403 Navy Drive	8,821
6	163-310-04	KEVIN M. MADDOX	2225 Navy Drive	3,226
7	163-310-05	VELVACON LLC	2201 Navy Drive	2,333
8	163-310-15	LKQ OF STOCKTON INC	2041 Navy Drive	8,804
9	163-350-02	ANTHONY & DEANNA J. CORDIANO	1433 Tillie Lewis Drive	4,807
10	163-350-03	EDMUND MONBERG	1444 Tillie Lewis Drive	3,247

EASEMENTS TO BE ACQUIRED IN THE NAME OF THE CITY

EXHIBIT B

CONSENT AGENDA

AGENDA ITEM 12.13

February 28, 2012

TO: Mayor and City Council

FROM: Robert Murdoch, Director
Public Works Department

SUBJECT: **AWARD CONTRACT TO ABM JANITORIAL SERVICES FOR JANITORIAL SERVICES (PUR 11-079)**

RECOMMENDATION

It is recommended that the City Council approve a motion authorizing the City Manager to approve specifications and award a one-year contract with the option to up to four one-year renewals to ABM Janitorial Services, Inc. for janitorial services for the City of Stockton (PUR 11-079) at a first year cost of $238,872.96.

Summary

The majority of janitorial services for City facilities are provided by private contractors. The current contract with Universal Building Services was awarded in February 2007 and is now expiring. Bids have been received for a new, one-year contract with the option for up to four one-year renewals. Staff recommends awarding the new contract (Attachment A) to ABM Janitorial Services, Inc. at a first year cost of $238,872.96, representing an annual savings of $66,079.04 or 21.6 percent from current contract prices. There are 21 City locations covered by this contract. Funding for this project will come from the operating budgets for the various departments being serviced. The Local Employment Ordinance applies to this contract.

DISCUSSION

Background

The Facilities Maintenance Section of the Public Works Department is responsible for providing janitorial services for some City facilities. The majority of these services are currently provided by a private janitorial contractor, Universal Building Services. The City also utilizes a second contractor, Korean Professional Building Maintenance, for a minor amount of janitorial service. This has proven to be an efficient and cost effective method of service delivery. The current contract with Universal Building Services was awarded in February 2007 and is now expiring, necessitating a new contract. A bid document for this new contract was published on December 9, 2011. The specifications of the new contract are similar to the current contract, with the addition of service at the Delta Water Supply facility. The term of the new contract will be for a maximum of five years, with a fixed price in the first year. Extensions beyond one year are subject to negotiation; however, price increases cannot exceed the current Consumer Price Index for the San Fran/Oakland/San Jose region.

There are 21 City locations covered by this contract, which encompasses all locations currently maintained by Universal Building Services and Korean Professional Building Maintenance (Attachments B and C provide details on locations and services to be provided).

The project was advertised on the City's website and in the Legal Notice Section of The Record.

Present Situation

On January 12, 2012, ten bids were opened with the following results:

ABM Janitorial Services, Modesto	$238,872.96
Universal Building Services, Richmond	$239,054.00
Imperial Maintenance Services, Stockton	$239,826.84
Golden Janitorial Services, Stockton	$244,892.00
Korean Professional Building Maintenance, Stockton	$252,552.23
Customized Performance Inc., San Jose	$305,360.04
Roger's Janitorial Service, Stockton	$311,544.60
All Star Building Maintenance, San Jose	$380,442.74
JJ Janitorial Services, Modesto	$398,310.00
Tee Janitorial & Maintenance, Sacramento	$428,258.20

The bid of ABM Janitorial Services, Inc., low bidder, was regular in all respects. This contract is subject to the Local Employment Ordinance provisions of the Stockton Municipal Code.

FINANCIAL SUMMARY

Funds for this service for the balance of the current fiscal year are available within the various departments' 2011-2012 budgets. Funds for the remainder of the first year of the contract will be encumbered in July 2012 when new budget funds are available. The low bid represents an annual decrease of $66,079.04 (21.6 percent) compared to the prices under current contracts, therefore, existing appropriations will be adequate to cover the costs through June 30, 2012.

Annual charges to the various department accounts for services provided by ABM Janitorial Services, Inc., will be as follows:

Location	Account Number	Current Cost	Proposed Cost
Animal Control	010-2466-530.20-25	$3,792.00	$2,790.88
Margaret K. Troke Library	041-3553-580.20-25	$10,248.00	$11,754.94
Maya Angelou Library	041-3554-580.20-25	$8,184.00	$8,090.65
Linden Library	041-3547-580.20-25	$5,232.00	$4,548.06
Thornton Library	041-3548-580.20-25	$5,556.00	$4,645.20
Cesar Chavez Library	041-3552-580.20-25 CL2038	$45,444.00	$42,411.97
Cesar Chavez Lib. Day Porter Service	041-3552-580.20-25 CL2038	$6,432.00	$7,160.08
Oak Park Senior Center	044-3633-590.20-25 PR3309	$9,456.00	$11,991.79
Arnold Rue Community Center	044-3633-590.20-25 PR3321	$27,672.00	15,897.52
Seifert Community Center	044-3633-590.20-25 PR3304	$3,192.00	$4,326.50
Stribley Community Center	044-3633-590.20-25 PR3309	$31,908.00	$14,862.64
Van Buskirk Community Center	044-3633-590.20-25 PR3307	$23,952.00	$19,628.26
Philomathean Club	044-3633-590.20-25 PR3318	$3,348.00	$2,847.57
Municipal Service Center	010-3095-540.20-25	$17,160.00	$14,247.24
Central Parking District	416-4020-571.20-25	$2,724.00	$3,685.00
Municipal Utilities Department	431-4311-572.20-25	$37,728.00	$10,163.46
MUD Admin./Eng./Safety/Stores	431-4311.572.20-25	$16,944.00	$14,304.51
MUD Water Field Office	431-4311-572.20-25	$5,580.00	$4,614.04
MUD Hydrant Division	421-4223-571.20-25	$2,352.00	$2,384.69
MUD Delta Water Supply	431-4311-572.20-25	0	$7,886.49
Southeast Neighborhood Facility	010-2413-530.20-25	$1,176.00	$1,136.96
Permit Center	048-1810-510.20-25	$16,800.00	$12,454.66
Stewart Eberhardt Building	010-3095-540.20-25 FM0002	$16,992.00	$14,168.45
Subtotal		$301,872.00	$236,001.56
Additional on-call services as needed not to exceed 200 total hours/year	010-3095-540.20-25	$3,080.00	$2,871.40
TOTAL		$304.952.00	$238,872.96

Respectfully submitted,

ROBERT MURDOCH, DIRECTOR
PUBLIC WORKS DEPARTMENT

APPROVED

MICHAEL E. LOCKE
DEPUTY CITY MANAGER

RM:GM:DS:tm

Attachment A: Contract- Janitorial Services for the City of Stockton
Attachment B: List of Locations
Attachment C: Cleaning Services Standards

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CONTRACT FOR JANITORIAL SERVICES FOR THE CITY OF STOCKTON
PUR (11-079)

This contract is made and entered into on _____, by and between **ABM JANITORIAL SERVICES, INC.,** a corporation, with a business address at 1111 Fannin Street, Suite 150, Houston, TX 77072, hereinafter called "CONTRACTOR," and CITY OF STOCKTON, a municipal corporation, hereinafter called "CITY."

W I T N E S S E T H:

WHEREAS, specifications for the **JANITORIAL SERVICES FOR THE CITY OF STOCKTON (PUR 11-079)**, hereinafter called "PROJECT," were regularly adopted by **Council Motion** on _____; and

WHEREAS, the contract for said work was regularly awarded to CONTRACTOR, by **Council Motion** on _____.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto expressly agree as follows:

1. CONTRACTOR agrees:

(a) To do the work and furnish all the labor, materials, tools, equipment, and insurance required for the construction of PROJECT in accordance with the specifications therefore regularly adopted on _____, by **Council Motion**. The "contract documents," which include the project specifications, and all letters of clarification, and the City of Stockton Standard Specifications and Plans, are incorporated into and made a part of this contract by this reference to the same extent as if fully set forth.

(b) To do and perform the work contemplated hereby in a good and workmanlike manner and to furnish all labor, materials, tools, and equipment necessary therefore at the prices specified in Exhibit "A", attached hereto and by reference made a part hereof, under the direction of and to the complete satisfaction of the Director of Public Works of the City of Stockton.

(c) CONTRACTOR shall provide insurance as set forth in Exhibit "B", which is attached to this contract and incorporated by this reference, and as provided in the

"contract documents" including Section 7-1.12 of the City of Stockton Standard Specifications and Plans as adopted on November 25, 2003, by Council Resolution No. 03-0707, effective December 1, 2003.

Before permitting any subcontractors to perform work under the contract, CONTRACTOR shall require subcontractors to furnish satisfactory proof that insurance has been issued and is maintained similar to that provided by CONTRACTOR as may be applied to each subcontractor's work.

Contractor shall defend, indemnify, and hold harmless City, its officers, officials, employees, and volunteers from and against all claims, damages, losses, and expenses, including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of Contractor, any sub-contractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct of the City.

(d) The performance of said work and the furnishing of said materials shall be executed in accordance with Section 8-1.03 of the City of Stockton Standard Specifications and Plans as adopted on November 25, 2003, by Council Resolution No. 03-0707, effective December 1, 2003, and the provisions of the issued project specifications.

It is agreed by the parties to the contract that in case all the work called for under the contract in all parts and requirements, is not finished or completed when required by the contract, damage will be sustained by the CITY, and that it is and will be impracticable and extremely difficult to ascertain the actual damage which CITY will sustain in the event of and by reason of such delay; and it is therefore agreed that CITY, may deduct the amount thereof from any monies due or that may become due to CONTRACTOR under the contract in accordance with the PROJECT specifications, Technical Exhibit I, Section TE 1.3, Contractor Payment.

(e) To conform strictly with the provisions of Division 2, Part 7, Chapter 1, Article 2, of the Labor Code of the State of California.

To forfeit as a penalty to CITY the sum of TWENTY-FIVE AND NO/100 DOLLARS ($25.00) for each laborer, worker, or mechanic employed by

CONTRACTOR, or by any subcontractor under CONTRACTOR, in the execution of this contract, for each calendar day during which any laborer, worker, or mechanic is required or permitted to work more than eight (8) hours and who is not paid the general prevailing rate of per diem wages for holiday and overtime work in violation of the provisions of Sections 1770 to 1781 of the Labor Code of the State of California.

(f) That all sums forfeited under the provisions of the foregoing sections shall be deducted from the payments to be made under the terms of this contract.

(g) CONTRACTOR and any subcontractor shall pay each employee engaged in the trade or occupation not less than the prevailing hourly wage rate. In accordance with the provisions of Section 1770 of the Labor Code, the Director of Department of Industrial Relations of the State of California has determined the general prevailing rates of wages and employer payments for health and welfare, pension, vacation, travel time, and subsistence pay as provided for in Section 1773.1, apprenticeship or other training programs authorized by Section 3093 and similar purposes applicable to the work to be done. CONTRACTOR performing the work under this contract shall obtain a copy of the wage rate determination and shall distribute copies to each subcontractor. As the wage determination for each craft reflects an expiration date, it shall be the prime CONTRACTOR and each subcontractor's responsibility to insure that the prevailing wage rates of concern is current and paid to the employee.

2. CITY agrees:

(a) To pay CONTRACTOR for the work herein contemplated in the following manner: Payment requests for contract work and extra work shall be submitted monthly to CITY. Contract work will be paid for in arrears in equal monthly payments. All proposals for extra work shall be approved by City prior to such work being performed. City may withhold payment to such extent as may be necessary to protect CITY from loss including, but not limited to, (a) defective or incomplete work; and/or (b) failure of CONTRACTOR to make payment to subcontractors or suppliers for material and labor.

(b) Pursuant to Section 22300 of the Public Contract Code, the contractor will be permitted, at its request and sole expense, to substitute securities for any monies withheld by the CITY to ensure performance under the contract. Said securities will be

deposited either with the CITY or with a state or federally chartered bank as escrow agent. Securities eligible for this substitution are those listed in Section 16430 of the California Government Code or bank or savings and loan certificates of deposit. The CONTRACTOR shall be the beneficial owner of any securities substituted for monies withheld and shall receive any interest thereon.

3. CHANGE ORDERS:

CITY reserves the right to make such alterations, deviations, additions to or omissions from the plans and specifications, including the right to increase or decrease the quantity of any item or portion of the work, as may be deemed by the Engineer/Project Manager to be necessary or advisable and to require such extra work as may be determined by the Engineer/Project Manager to be required for the proper completion or construction of the whole work contemplated.

Any such changes will be set forth in a contract change order which will specify, in addition to the work done in connection with the change made, adjustment of contract time, if any, and the basis of compensation for such work. A contract change order will not become effective until approved by the City Manager and/or the City Council.

Processing of change orders shall be in accordance with Section 4-1.03 of the City of Stockton Standard Specifications and Plans as adopted by Council on November 25, 2003, by Resolution No. 03-0707, effective December 1, 2003, except that the $23,578 limit shown in Section 4-1.03 shall be increased to $30,224. When the compensation for an item of work is subject to adjustment under the provisions of Standard Specifications and Plans, Section 4-1.03, CONTRACTOR shall, upon request, promptly furnish the Engineer with adequate detailed cost data for such item of work.

4. TERMINATION:

The City may terminate the resultant contract for convenience by providing a thirty (30) calendar day advance notice unless otherwise stated in writing.

If, in the opinion of the City, the Contractor fails to diligently prosecute this contract, the City reserves the right to terminate this contract with a thirty (30) day written notice. Within the 30 day period after the Contractor has been given a notice of termination the City may hire an interim contractor. The City reserves the right to reduce any amounts

owed to Contractor as may be necessary to offset all costs of hiring such interim maintenance Contractor.

Whenever, in the opinion of the Program Manager (Facilities Manager), or his or her designated representative, the said service is not satisfactory, the Contractor shall be advised of the reasons in writing. If Contractor fails to correct the unsatisfactory conditions within two (2) days, the Program Manager (Facilities Manager) and/or her designated representative, may declare this contract terminated and contract with another supplier.

Notwithstanding any provision to the contrary herein, CITY shall have no obligation to give more than three notices of unsatisfactorily performance in any calendar year. In the event two such notices of unsatisfactory performance are given in any calendar year, and in the event that the Contractor(s) shall again fail to satisfactorily perform services pursuant to this contract, CITY may thereupon terminate this contract immediately.

5. CONTRACT EXTENSIONS

This contract may be extended by mutual agreement for up to four (4) one (1) year terms, but in no case shall the contract be extended for more than four (4) years from the original contract expiration date. CONTRACTOR shall submit their request for a contract extension in writing to the CITY at least six (6) months prior to the end of the initial term of the contract or any extension term. Based on CONTRACTOR'S performance, CITY shall determine whether the contract should be extended. Any contract extension requires City Manager approval.

6. AUDITS:

(a) CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under the contract. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance.

(b) CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of the contract. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable

notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under the contract.

7. It is expressly understood and agreed by and between the parties hereto that a waiver of any of the conditions of this contract shall not be considered a waiver of any of the other conditions thereof.

8. It is further understood and agreed by and between the parties hereto that time is of the essence of this contract in all respects.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their hands and seals the day and year first above written.

ATTEST:
BONNIE PAIGE
CITY CLERK

By_____

CITY OF STOCKTON, a municipal corporation

By_____
BOB DEIS,
CITY MANAGER
"CITY"

JOHN M. LUEBBERKE
OFFICE OF THE CITY ATTORNEY

By: _____
DEPUTY CITY ATTORNEY

ABM JANITORIAL SERVICES, INC.
a corporation
1111 Fannin Street, Suite 1500
Houston, TX 77072

By:_____
"CONTRACTOR"

_____
(Indicate status: corporation, partnership, or sole proprietorship)

_____
Tax Identification No.

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EXHIBIT A

Bidding Schedule
Janitorial Services for the City of Stockton (PUR 11-079)
ABM Janitorial Services, Inc.

Location	Account Number	Proposed Annual Cost
Animal Control	010-2466-530.20-25	$2,790.88
Margaret K. Troke Library	041-3553-580.20-25	$11,754.94
Maya Angelou Library	041-3554-580.20-25	$8,090.65
Linden Library	041-3547-580.20-25	$4,548.06
Thornton Library	041-3548-580.20-25	$4,645.20
Cesar Chavez Library	041-3552-580.20-25 CL2038	$42,411.97
Cesar Chavez Day Porter	041-3552-580.20-25 CL2038	$7,160.08
Oak Park Senior Center	044-3633-590.20-25 PR3309	$11,991.79
Arnold Rue Community Center	044-3633-590.20-25 PR3321	15,897.52
Seifert Community Center	044-3633-590.20-25 PR3304	$4,326.50
Stribley Community Center	044-3633-590.20-25 PR3309	$14,862.64
Van Buskirk Community Center	044-3633-590.20-25 PR3307	$19,628.26
Philomathean Club	044-3633-590.20-25 PR3318	$2,847.57
Municipal Service Center	010-3095-540.20-25	$14,247.24
Central Parking District	416-4020-571.20-25	$3,685.00
Municipal Utilities Department	431-4311-572.20-25	$10,163.46
MUD Admin./Eng./Safety/Stores	431-4311.572.20-25	$14,304.51
MUD Water Field Office	431-4311-572.20-25	$4,614.04
MUD Hydrant Division	421-4223-571.20-25	$2,384.69
MUD Delta Water Supply	431-4311-572.20-25	$7,886.49
Southeast Neighborhood Facility	010-2413-530.20-25	$1,136.96
Permit Center	048-1810-510.20-25	$12,454.66
Stewart Eberhardt Building	010-3095-540.20-25 FM0002	$14,168.45
Subtotal		$236,001.56
Additional on-call services as needed not to exceed 200 total hours/year	010-3095-540.20-25	$2,871.40
TOTAL		$238,872.96

JANITORIAL SERVICES FOR THE CITY OF STOCKTON
PUR (11-079)
INSURANCE REQUIREMENTS
SERVICES AND PRODUCTS VENDORS

VENDOR shall procure and maintain for the duration of the Agreement, insurance against all claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the VENDOR, its agents, representatives, volunteers, or employees.

1. **INSURANCE** Throughout the life of this Contract, the Vendor shall pay for and maintain in full force and effect with an insurance company admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A: VII" in Best Insurance Key Rating Guide, the following policies of insurance:

   A. **COMMERCIAL (BUSINESS) AUTOMOBILE LIABILITY** insurance, endorsed for "any auto" with combined single limits of liability of not less than $1,000,000 each occurrence.

   B. **WORKERS' COMPENSATION** insurance as required under the California Labor Code and Employers Liability Insurance with limits not less than $1,000,000 per accident/injury/disease.

   C. **COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY AND MISCELLANEOUS SUPPLEMENTARY INSURANCE;**

   FOR **ADDITIONAL** REQUIREMENT(S):

   (i) **COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY** insurance which shall include Contractual Liability, Products and Completed Operations coverage's, Bodily Injury and Property Damage Liability insurance with combined single limits of not less than $2,000,000 per occurrence, and if written on an Aggregate basis, $4,000,000 Aggregate limit.

Deductibles and Self-Insured Retentions must be declared and are subject to approval by the CITY.

The Policy(s) shall also provide the following:

1 The Commercial General Liability insurance shall be written on ISO approved occurrence form with additional insured endorsement naming: *City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are additional insureds.*

2. All insurance required by this Agreement shall be with a company acceptable to the CITY and issued and executed by an admitted insurer authorized to transact insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date VENDOR completes its performance of services under this Agreement.

For any claims related to products provided under this contract, the Vendor's insurance coverage shall be primary insurance as respects the City of Stockton its officers, agents, and employees. Any coverage maintained by the CITY shall be excess of the Vendor's insurance and shall not contribute with it. Policy shall waive right of recovery (waiver of subrogation) against the CITY.

3. Each insurance policy required by this clause shall have a provision that coverage shall not be cancelled by either party, except after thirty (30) days' prior to written notice by certified mail, return receipt requested, has been given to the CITY. Further, the thirty (30) day notice shall be unrestricted, except for workers' compensation, or non-payment of premium, which shall permit ten (10) days advance notice. The insurer and/or the contractor and/or the contractor's insurance agent shall provide the CITY with notification of any cancellation, major change, modification or reduction in coverage.

4. Regardless of these contract minimum insurance requirements, the Vendor and its insurer shall agree to commit the Vendor's full policy limits and these minimum requirements shall not restrict the Vendor's liability or coverage limit obligations.

5. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the California Civil Code.

6. The Company shall furnish the City of Stockton with the Certificates and Endorsement for all required insurance, prior to the CITY's execution of the Agreement and start of work.

7. Proper address for mailing certificates, endorsements and notices shall be:

   City of Stockton
   Attention: Risk Services
   425 N. El Dorado Street
   Stockton, CA 95202

8. Upon notification of receipt by the CITY of a Notice of Cancellation, major change, modification, or reduction in coverage, the Vendor shall immediately file with the CITY a certified copy of the required new or renewal policy and certificates for such policy.

Any variation from the above contract requirements shall only be considered by and be subject to approval by the CITY's Risk Manager (209) 937-8682. Our fax is (209) 937-8833.

If at any time during the life of the Contract or any extension, the Vendor fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

If the Vendor should subcontract all or any portion of the work to be performed in this contract, the Vendor shall cover the sub-contractor, and/or require each sub-contractor to adhere to all subparagraphs of these Insurance Requirements section. Similarly, any cancellation, lapse, reduction or change of sub-contractor's insurance shall have the same impact as described above.

BOND FOR FAITHFUL PERFORMANCE

KNOW ALL MEN BY THESE PRESENTS:

That we, **ABM JANITORIAL SERVICES, INC.**, a corporation, as Principal and _____, a corporation, organized and existing under the laws of the State of _____and duly authorized to transact business under the laws of the State of California, as Surety, are held and firmly bound unto the City of Stockton, a municipal corporation, duly created and existing under and by virtue of the laws of the State of California, as obligee, in the just and full sum of **TEN THOUSAND DOLLARS AND/100 DOLLARS ($10,000)**, in lawful money of the United States of America (being 100% of the contract price) for the payment whereof well and truly to be made to the said CITY, the said Principal and Surety bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that the above bounded Principal has simultaneously entered into a contract with the CITY, to do and perform the following work, to wit:

JANITORIAL SERVICES FOR THE CITY OF STOCKTON
(PUR 11-079)

NOW, THEREFORE, if the above bounded Principal, CONTRACTOR, Company or Corporation or its subcontractor, shall well and truly perform the work contracted to be done under said contract, then this obligation to be null and void; otherwise to remain in full force and effect.

No prepayment or delay in payment and no change, extension, addition or alteration of any provision of said contract, or in said plans or specifications agreed to between the said CONTRACTOR and the said CITY, and no forbearance on the part of the said CITY shall operate to relieve any Surety or Sureties from liability on this bond, and consent by said Surety is hereby given, and the said Surety hereby waives the provisions of Sections 2819 and 2845 of the Civil Code of the State of California.

SIGNED AND SEALED on _____

ABM JANITORIAL SERVICES, INC.
a corporation

APPROVED AS TO SURETY:

By _____
"PRINCIPAL"

_____

_____
SURETY

APPROVED AS TO FORM & CONTENT:

JOHN M. LUEBBERKE
OFFICE OF THE CITY ATTORNEY

By _____
ATTORNEY-IN-FACT

By _____
DEPUTY CITY ATTORNEY

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LIST OF LOCATIONS

Animal Control, 1575 S. Lincoln Street: Includes lobby, restroom, break room and offices.

Margaret K. Troke Library, 502 W. Benjamin Holt Drive: Includes offices, all library areas, restrooms, break rooms, kitchen areas, meeting room, entryways, patio, parking lot, and any other facility areas.

Maya Angelou Library, 2324 Pock Lane: Includes offices, library areas, meeting room, restrooms, break room, kitchen area, lobby, entryway, walkway, parking lot, and any other facility area not specifically mentioned.

Linden Library, 19012 E. Main Street, Linden: Includes office, library area, meeting room, and restrooms, entryway, sidewalk, and parking lot.

Thornton Library, 26341 Thornton Road, Thornton: Includes office, library areas, meeting room, restrooms, entryway, sidewalk, and parking lot.

Cesar Chavez Library, 605 N. El Dorado St.: Includes office, library areas, meeting room, and restrooms, entryway, sidewalk, and parking lot, and any other facility area not specifically mentioned.

Cesar Chavez Day Porter, 605 N. El Dorado St.: Restrooms and outside area only Monday thru Friday, 1:00 – 3:00 p.m.

Oak Park Senior Center, 740 E. Fulton St.: Includes offices, courtyard area, recreation rooms, kitchen areas, break rooms, restrooms, entryways, and other facility areas not specifically mentioned.

Arnold Rue Community Center, 5758 Lorraine Ave.: Includes offices, gym, recreation rooms, kitchen area, restrooms, break room, entryway, walkways, parking lot, courtyard, and any other facility areas not specifically mentioned.

Seifert Community Center, 128 W. Benjamin Holt Dr.: Includes offices, gym recreation rooms, kitchen area, restrooms, break room, entryway, walkways, parking lot, courtyard, and any other facility areas not specifically mentioned.

Stribley Community Center, 1760 E. Sonora St.: Includes offices, gym, recreation rooms, kitchen area, restrooms, break room, entryway, walkways, parking lot, courtyard, and any other facility areas not specifically mentioned.

Van Buskirk Community Center, 734 Houston Ave.: Includes offices, recreation rooms, gym, kitchen area, restrooms, entryway, walkway, parking lot, and any other facility areas not specifically mentioned.

Philomathean Club, 1000 N. Hunter St.: Includes kitchen area, hall, and stage, restrooms, parking lot, entryways, ramp, recreation rooms, and other facility areas not specifically mentioned.

Municipal Service Center, 1465 S. Lincoln St.: Includes offices, meeting and conference rooms, laboratory, lobby, entryway, walkway, locker rooms, shower areas, restrooms, break rooms, parking lot, and any other facility areas not specifically mentioned.

Central Parking District, 123 N. San Joaquin St.: Includes offices, conference room/kitchen area and restrooms.

Municipal Utilities Dept., 2500 Navy Dr.: Includes offices, meeting and conference rooms, lobby, entryway, walkway, locker rooms, shower areas, restrooms, break rooms, parking lot, and any other facility areas not specifically mentioned.

MUD Operations, 2500 Navy Dr.: This address includes the Administration Building, Engineering Building, Safety/Training Building and Stores.

MUD Water Field Office, 7400 West Lane: Includes offices, conference/break room, restrooms, locker rooms and any other facility areas not specifically mentioned.

MUD Hydrant Division, 1701 S. Washington St.: Includes offices, storage area, restroom, kitchen area and any other facility not specifically mentioned.

MUD Delta Water Supply Plant, Davis Rd. North of Eight Mile Rd.: (New Offices to be open soon)

Southeast Neighborhood Facility, 1209 E. 8th St.: Includes offices, training and meeting rooms, restrooms, kitchen, entryways, and stairs.

Permit Center, 345 N. El Dorado St.: Includes office, meeting room, and restrooms, entryway, sidewalk, and parking lot.

Stewart Eberhardt Building, 22 E. Weber: Includes restrooms, stairs, and offices as well as any other work space not specifically mentioned. (Third Floor Only).

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CLEANING SERVICE STANDARDS

BASIC CLEANING SERVICES

The following basic cleaning services will be provided for the locations shown on Attachment B. Frequency of service varies by location.

Re-lamping – Contractor shall visually inspect the area at each cleaning frequency. Lamps shall be replaced in all non-working fixtures. Lamps shall be provided by the City. In the event the lamp is replaced and the fixture fails to light, the Contractor shall notify Facilities Maintenance Section the following workday before 12:00 noon by fax at (209) 937-7406 or e-mail at Carol.Drum@stocktongov.com. The fax/e-mail will identify the building, the approximate area and specify which light switch controls the fixture.

Maintain Floors – Floor maintenance consists of sweeping or dust mopping, vacuuming, and mopping. Chairs, trash receptacles, light-weight furniture, and other easily-moved furnishings shall be tilted or moved to maintain floors underneath. Floor sweeping is required prior to mopping. Floors shall be mopped when required to maintain them in a clean appearance and condition. After mopping, the floor shall have a uniform appearance with no streaks, black marks, swirl marks, detergent residue, or evidence of remaining dirt or standing water. There shall be no splash marks or mop streaks on furniture, walls, baseboards, etc. or mop strands remaining in the area. Neither wood nor carpeted floors shall be wet mopped.

Clean Walk-off Mats – Carpet-type entrance mats shall be vacuumed to remove soil and grit and to restore resiliency of the carpet pile. Rubber or polyester entrance mats shall be swept, vacuumed, or hosed down outside to remove soil and grit. Soil and moisture underneath entrance mats shall be removed and mats returned to their normal location.

Remove Trash – All waste baskets, cigarette butt receptacles (ashtrays, butt cans, etc.), and other trash containers within the area shall be emptied and returned to their initial location. Boxes, cans, and papers placed near a trash receptacle and marked "TRASH" shall be removed. Any obviously soiled or torn plastic trash receptacle liners in such receptacles shall be replaced. Ashes and debris shall be removed from cigarette butt receptacles and placed in a nonflammable container. Trash shall be disposed of in plastic bags secured with bag ties. The Contractor shall pick up any trash that may fall onto the facility or grounds during the removal of such collected trash. The trash shall be deposited in the nearest City provided outside trash collection point.

A white-paper recycling program – The program requires Contractor to empty white-paper recycle containers and dispose of the paper separately into other containers. These containers, on a set day of the week, are moved to pick up location and returned the following day.

Low dusting is the removal of all dust, lint, litter, and dry soil from the horizontal surfaces of desks, chairs, file cabinets, book shelves, tables, and other types of office furniture and equipment from horizontal ledges, window sills, hand rails, etc. to a line 7'0" above the top of the floor level. Low dusting does not apply to designated exhibits.

Clean Glass – Includes spot cleaning all glass desk tops, walls, partitions, interior office windows, interior and exterior door glass, display cases, directory boards, draft shields on windows, mirrors and adjacent trim. After glass cleaning, there shall be no traces of finger prints and smudges.

Clean Drinking Fountains – Disinfect all porcelain and polished metal surfaces, including the orifices and drain. After cleaning, the entire drinking fountain shall be free from streaks, stains, spots, smudges, scale, and other obvious soil.

Clean Chalkboards/Marker Boards – Unless marked "DO NOT ERASE", chalkboards/marker boards shall be cleaned by removing all writing, dust, streaks, marks and smudges from the board and tray. The appropriate cleaning agent shall be used on all surfaces. Any surface damaged by improper cleaning shall be replaced at the Contractor's expense.

Spot Cleaning – Remove smudges, fingerprints, marks, streaks, etc., from washable surfaces of walls, partitions, doors furnishings, and fixtures. Germicidal detergent shall be used in restrooms, locker rooms, break areas, and drinking fountains. Brass hardware, aluminum bars, handrails, and other metal on stairs, doors and cigarette urns shall be polished with a polishing compound. After spot cleaning, the surface shall have a clean, uniform appearance, free of streaks, spots, and other evidence of soil.

Grounds Cleaning – Landings, entrances, interior courts, grounds and sidewalks shall be free of trash and refuse. Paper, empty bottles, and cans shall be removed.

Restroom Cleaning – After cleaning, the restrooms will be clean, sanitary, and free of unacceptable odors. The following actions shall be performed as minimum to accomplish these results.

Completely damp-clean and disinfect all surfaces of toilet bowls, urinals, lavatories, showers, dispensers, mirrors, chrome surfaces, and other such surfaces using a germicidal detergent.

Disinfect all surfaces of partitions, stalls, stall doors, and wall areas adjacent to wall-mounted lavatories, urinals and toilets.

De-scale toilet bowls and urinals. After de-scaling, the entire surface shall be free from streaks, stains, scale, scum, mineral deposits, and rust stains.

Re-supply Restroom – Restrooms shall be stocked so that supplies do not run out prior to next servicing. As noted in Attachment B, certain buildings may require Contractor to check restroom supplies at mid-day and between service days and restock if necessary. On a regular basis (no less than once a week) all floor drains should be flushed.

Mop floors using germicidal detergent solution.

Deodorizers – Place sufficient room deodorizers to control restroom odors. In the event the chemicals being used are unsatisfactory to the City, Contractor shall substitute an acceptable product.

Table Cleaning – Tables shall be cleaned to remove dust, smudges, fingerprints, marks, streaks, etc.

Kitchen Cleaning – Damp clean and disinfect all surfaces (countertops and sinks).

1.2 PERIODIC CLEANING SERVICES

The following Periodic Cleaning Services shall be provided in all buildings listed in Attachment B:

High Cleaning – High Cleaning tasks shall be accomplished quarterly and shall be in addition to the basic cleaning. All areas receiving basic cleaning services shall receive high cleaning. These tasks shall be accomplished for all buildings according to a schedule submitted by the Contractor and approved by the City. These services consist of high dusting and cleaning of ventilator registers.

High Dusting – High dusting is the removal of all dust, lint, litter, spider webs, etc., from all walls, sills, ledges, furnishings, ceilings, etc., 7'0" above the top of the floor surface. All window blinds, where installed, are also included in high dusting.

Clean Ventilator Registers – After cleaning, the registers will be clean and un-streaked and the surrounding wall and ceiling areas shall be free of dirt, dust, grime, etc.

Floor Waxing – All appropriate hard surface floors shall also be waxed/buffed every six (6) months in accordance with a schedule submitted by the Contractor and approved by the City. All appropriate hard-surfaced floors shall be stripped, sealed and waxed annually in accordance with a schedule submitted by the Contractor and approved by the City. As a part of this practice, old wax shall be stripped from the floor surfaces, including corners and edges, to prevent wax buildup and "yellowing". Waxing/buffing includes combination techniques of dry buffing, spray buffing, stripping and waxing to achieve required results. Sections and/or entire floor surfaces shall be treated to maintain standards.

Floor waxing/buffing shall only be performed on previously cleaned surfaces. Upon completion of waxing/buffing, all wax, dust, or other residues shall be removed from wall, baseboards, and other furnishings. All furnishings shall be returned to proper positions. In addition, high traffic areas such as hallways and entrances of buildings shall have waxing/buffing treatment every other month. Additional waxing/buffing shall be done as required by the City.

Carpet Shampooing – All building carpets shall be spot cleaned regularly (at least once per month) to remove minor spots and/or stains. In addition high traffic areas such as hallways and entrances to buildings shall have shampooing treatment every other month. To maintain the carpets in a clean, stain-free, and non-discolored condition, carpets shall be shampooed annually. A schedule for such cleaning will be submitted by the Contractor and approved by the City.

A combination of techniques, including steam and wet/dry solution cleaning, may be used to achieve the required results. After shampooing, all solutions shall be vacuumed from the carpet surfaces and removed from the walls, baseboards, and furnishings. All furnishings shall be returned to their proper locations.

Any additional carpet cleaning shall be provided on an agreed upon price in writing, in advance of the service. In the event the parties cannot agree on price then the City may, at its discretion, procure this service from another contractor.

Glass Cleaning – Thorough glass cleaning shall be done quarterly on a schedule submitted by the Contractor and approved by the City.

Clean Window Coverings – In facilities that have drapes, blinds and mini-blinds will be cleaned once per quarter.

1.3 SPECIAL LIBRARY SERVICES

Special library services shall be accomplished in conjunction with the basic cleaning services in the following Library buildings:

A. Cesar Chavez Library
B. Margaret K. Troke Library
C. Maya Angelou Southeast Library
D. Linden Library
E. Thornton Library

In addition, the following services shall be performed as frequently as needed to achieve required cleaning standards:

A. Maintain metal work on outside book depository in clean, bright condition.
B. Shampoo upholstered chairs and sofas as required to achieve clean, unstained appearance.
C. Damp-wipe vinyl-covered chairs and sofas as required to achieve a clean appearance.

D. Clean newspaper rack shelves.
E. Remove cobwebs and dust from entryway eaves and canopies.
F. Sweep equipment area.
G. Sweep all entryways and storage areas.
H. Annually, completely wash all painted walls.

1.4 SPECIAL COMMUNITY SERVICES

Special Community Services shall be accomplished in conjunction with the basic cleaning services in the following Community Services buildings:

A. Oak Park Senior Citizens Center
B. Arnold Rue Community Center
C. Seifert Community Center
D. Stribley Community Center
E. Van Buskirk Community Center

In addition, the following services shall be performed:

A. Monthly wash all windows and lobby walls.
B. Daily remove gum off all floor surfaces.
C. Daily clean bleachers and stage floor.
D. Daily clean courtyard and entrances.

1.5 DAY PORTER SERVICES

Within 1 hour of notification provide a qualified person (day porter) to conduct janitorial services. Minimum time per service shall be 2 hours.

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AGENDA ITEM 12.14

February 28, 2012

TO: Mayor and City Council

FROM: Bonnie Paige, City Clerk

SUBJECT: **ISSUANCE OF A REQUEST FOR PROPOSALS FOR AGENDA MANAGEMENT APPLICATION**

RECOMMENDATION

It is recommended that the City Council adopt a resolution approving findings and authorizing the City Clerk to issue a Request for Proposals (RFP) for the procurement and implementation of a citywide automated agenda management solution and appoint Councilmember Holman to serve on the Selection Committee.

Summary

The City has recently finished a strategic information technology review. One of the identified needs that resulted from this review is the need for a citywide automated agenda management application. Currently, when City departments submit documents for inclusion on a City Council agenda, the documents are submitted through the email system. Preparation of agendas for City meetings, which include City Council, Boards, Commissions and subcommittees, is a vital function that affects all city departments. It is a manual, time-intensive and time-sensitive process that requires considerable resources to adequately review, route, prepare, and approve agendas and agenda items, especially at the upper management levels. Due to Stockton's current fiscal emergency and reduced workforce, the need for an efficient and reliable method for processing, managing, and auditing agendas is more important than ever.

DISCUSSION

Background

In 2004 City staff evaluated a product called AgendaPlus which was being used in another city. Staff thought this solution would benefit our City in transitioning ownership of the Council Meeting Agenda process from the City Manager's Office to the City Clerk's Office. Furthermore, there was an existing partnership between our Streaming Video solution provider, Granicus and AlphaCorp (now known as SIRE Technologies) which would allow staff to amend the existing contract with Granicus to procure this solution from AlphaCorp without having to issue an RFP. Conversations with the vendor confirmed the existing relationship and a change order to the contract between the City and Granicus were completed and we entered into conversations with AlphaCorp. Ultimately, the agenda software solution was acquired from AlphaCorp and staff began the arduous process of implementing this solution. Several issues arose

from the lack of workflow, to staff's lack of defining the solution requirements and the project was rife with negative outcomes. A letter was sent to Granicus noting the City's overall dissatisfaction with the AgendaPlus solution. There were several meetings between the City, Granicus and AlphaCorp and the issues impacting the implementation of the solution were documented.

The most substantial issue that occurred during the implementation was the fact that the City Manager's Office stated in the initial meetings with AlphaCorp that wet signatures would be required and that did not seem to be a problem at that time. However, as the project developed, the signature issue could not be resolved to the satisfaction of the City Manager without the vendor charging additional fees for the creation of a separate module not usually offered with AgendaPlus. The City Manager, therefore, made the determination that the application would not be utilized for City Council agenda preparation.

Based on the City's infrastructure at the time, staff moved from the in-house version of the product to the Hosted or Application Service Provider (ASP) model, and an action plan was then developed. The project recovered to the point of staff being able to implement the solution in the Human Resources Department for the Civil Service Commission meetings, as wet signatures were not required. The City abandoned the project in April 2009 and the software was returned to the vendor. Several distinctive issues to note which led to the abandoning of the AgendaPlus solution include:

1. The City acquired the solution without a clearly defined business need and buy in from Senior Management regarding the changes necessary to our business processes to arrive at success;
2. The City acquired the solution through a non-competitive process and without clearly defined roles and responsibilities;
3. The City was not open to changing business processes in order to leverage the improvements/operational efficiencies afforded by the solution; and,
4. The maintenance cost to automate only one meeting body and the quote received to add additional meeting bodies was not cost effective.

Present Situation

The City has recently finished a strategic information technology review. One of the identified needs that resulted from this review is the need for an agenda management application. Currently, when City departments submit documents for inclusion on a City Council agenda, the documents are submitted through the email system. Being that this is a manual process, the lead time for this process is approximately three to four weeks prior to a Council meeting. During this time multiple revisions and edits to the

documents may occur. The email system is not capable of version control and as such, multiple versions of documents end up being submitted. Significant staff time is required to ensure that the most recent document is what is produced for Council review.

The current agenda submission process is further problematic in that there is no workflow capability or document control. Documents submitted for review and approval are still able to be edited by the submitting department. These changes may not be known to a reviewer further in the review process causing multiple versions of the document to be reviewed by staff.

The implementation of an agenda management application would enhance the City Council's goal of increasing organizational capacity across all departments by reducing or eliminating the need to print documents for review and then scanning the documents for duplication and distribution. The functionality provided by an agenda management application will integrate a single repository to manage all of the City's agendas allowing the use of automated workflows and document version controls, facilitating document management principals and provide easier document research for Council legislative actions.

It is the desire of staff to implement the use of the selected agenda management application for all City meeting bodies. Besides building consistency in the preparation of meeting agendas, this integration will allow for streamlined processes when information from one meeting body is required to be submitted to another meeting body as in the case of Council Committee reports being submitted to the full Council for review and approval.

An agenda management solution will provide for reduced errors and corrections due to workflow controls during the review process, streamlined delivery of the initial packet and any revisions to the packet. The content within the packet will be produced from original documents and not from scanned images, making for a cleaner, more readable document. The application will create bookmarks linking all documents for improved navigation through the agenda packet.

NexLevel, the consultants hired by the City to develop a citywide Information Technology Strategic Plan have recently completed their study ranking an agenda management application as one of the top priorities and funds have been set aside to accomplish this purchase and implementation. Staff from the City Manager's Office, the City Attorney's Office, the City Clerk's Office and the Information Technology Division have met numerous times to go over the City's needs and develop the scope of work to be included in the RFP. A tentative timeline has been developed to distribute the RFP

February 29, 2012, receive responses by April 19, 2012 and present a contract to the Council by the end of June, 2012 for approval. Tentative implementation kickoff is scheduled for July, 2012.

Findings

Stockton Municipal Code, Section 3.68.070 allows for negotiated contracts in cases where the City Council has approved findings which support and justify exceptions to the bidding process and justify use of the Request for Proposal ("RFP") process. The circumstances in which findings can be made include negotiated contracts following solicitation of proposals. The following findings support the use of the RFP process.

1. A strict competitive basis for selection of a professional may lower the quality and thoroughness of the services provided.

2. Selection of a professional solely on the basis of initial cost can result in necessary additional long term costs to the City for Help Desk staffing, user support and computer maintenance.

3. The project involves a very specialized field and its success requires experienced professionals who have successfully implemented and performed such projects.

FINANCIAL SUMMARY

There is no financial impact for issuing this RFP. The anticipated cost of a citywide automated agenda management solution is $60,000 to $90,000. The estimate for implementation is $100,000. Sufficient funds are currently available in the Computer ISF Account No. 502-5117-571.20-65 and have been budgeted for this project.

Respectfully Submitted,

Bonnie Paige

BONNIE PAIGE
CITY CLERK

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Resolution No. _____

STOCKTON CITY COUNCIL

AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSAL FOR THE PURCHASE OF AN AGENDA MANAGEMENT SOLUTION AND IMPLEMENTATION SERVICES

The City of Stockton (City) seeks to obtain an Agenda Management solution and Implementation Services through the Request for Proposal (RFP) process; and

Section 3.68.070 of the Stockton Municipal Code (SMC) requires that findings be made prior to the issuance of the RFP; now, therefore,

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

1. Pursuant to SMC section 3.68.070, the City Council hereby approves the following findings which support the use of the RFP process and a negotiated contract following solicitation of competitive proposals for an Agenda Management solution and Implementation Services:

a. The City does not presently possess the necessary technology to adequately manage and produce the various agendas necessary to conduct the City's business;

b. The RFP process will permit the City to select a vendor who can provide quality service with extensive operational experience. A strict cost competitive basis for the selection of a vendor reduces the opportunity for the City to evaluate the providers as to quality of service provided;

c. The City does not have the specialized personnel or expertise to perform the work required in the time permitted;

d. Use of a strict cost competitive basis for the selection of products and services are not in the best interest of the City because it tends to result in lower quality and thoroughness of products and services provided and can result in unnecessary additional costs to the City; and

e. The RFP process will allow the flexibility to specify the particular equipment or systems required without limiting access to certain types of equipment or systems.

City Atty:
Review _____
Date February 21, 2012

2. The City Manager is authorized to take such other actions as are appropriate to carry out the intent of this Resolution.

PASSED, APPROVED, and ADOPTED February 28, 2012.

ANN JOHNSTON
Mayor of the City of Stockton

ATTEST:

BONNIE PAIGE
City Clerk of the City of Stockton

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AGENDA ITEM 12.15

MINUTES
SPECIAL CITY COUNCIL CLOSED SESSION
MEETING OF FEBRUARY 13, 2012

Closed Session 12:00 PM , STOCKTON, CALIFORNIA

1. CLOSED SESSION CALL TO ORDER / ROLL CALL 12:00 PM

Roll Call 12:00 PM
Present:
Councilmember Canepa
Councilmember Eggman
Councilmember Fritchen
Councilmember Holman
Councilmember Lowery
Vice Mayor Miller
Mayor Johnston

2. PUBLIC COMMENT* 12:00 PM

None

3. CLOSED SESSION AGENDA 12:00 PM

3.01 **CONFERENCE WITH LABOR NEGOTIATOR Agency Designated Representative: Bob Deis Employee Organizations; Unrepresented Units: Stockton City Employees' Association; Operating Engineer's Local 3; Mid-Management/ Supervisory Level Unit; Unrepresented Management/ Confidential; Law Department; Stockton Police Management Association; Stockton Firefighters Local 456 International Association of Firefighters; Stockton Fire Management, Stockton Police Officers' Association (SPOA) This Closed Session is authorized pursuant to Section 54957.6(a) of the Government Code. 12:00 PM**

3.02 **CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION Number of Cases: One Name of Case: Stockton Police Officers' Association v. City of Stockton, et al. (San Joaquin County Superior Court Case No. 39 2010-00245197) This Closed Session is authorized pursuant to Section 54956.9(a) of the Government Code. 12:01 PM**

3.03 **CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION Number of Cases: Two Based on existing facts and circumstances, there is significant exposure to litigation pursuant to Government Code section 54956.9(c). 12:01 PM**

3. CLOSED SESSION AGENDA 12:00 PM

The Council recessed to Closed Session at 12:01 p.m. Council adjourned Closed Session at 4:30 p.m. No reportable action.

4. ADJOURNMENT

Bonnie Paige

BONNIE PAIGE
CITY CLERK OF THE CITY OF STOCKTON
SECRETARY REDEVELOPMENT AGENCY

AGENDA ITEM 12.16

REPORT
COMMUNITY IMPROVEMENT AND CRIME PREVENTION COMMITTEE
MEETING OF JANUARY 19, 2012

CITY COUNCIL CHAMBERS, CITY HALL, STOCKTON, CALIFORNIA

1. ROLL CALL 5:30 PM

Roll Call
Present:
Councilmember Canepa
Vice Chair Talamantes Eggman
Chair Holman

2. PUBLIC COMMENT 6:47 PM

Carol Hadley - rental issues

Ben Betancourt - Graffiti task force; CSOs; calling 911 to report shots being fired

Vincent Sayles - shared personal religious views

Roy Hoggard - Neighborhood Watch; encouraged other groups to make a map of their neighborhood

Cindy DeSilva - Crime Stoppers Program

Donna Bolla, Home Owners Association Manager - advocate for Neighborhood Watch; training program for property managers.

Fred Sheil, STAND - Community Policing; fixing people's problems

John Hall - Burglar alarms

Erica Plumb, Resident Services Coordinator at Gleason Park Apartments - Gleason Park Community Improvement Coalition; safety; connecting housing, school, surrounding business organizations; diversity of their group is a benefit; community events and collaborations

Rick Dimas - thanked Councilmember Eggman and Community Service Officers Marie Verbeck and Patricia Miller for all they do in their community regarding police reporting; the issues of alleyways

Randy Burns - installing a motion detector light on garage

Motecuzoma Sanchez - asked regarding the following: why has it taken so long

to put together a comprehensive plan to address crime; stakeholders; what is being done on the City's behalf as far as working with other agencies

Marcie Bayne, Secretary/Treasurer Labor Counsel - asked that her group be included in all the conversations and discussions; Labor Counsel wants to be part of the solutions

Cynthia Rios - high crime rate in District 5

Jun Washington - started a Neighborhood Watch, thanked the Police Department and CSO Marie Verbeck, S.L. Fong Park; 100 households in their program

Tocan Nguyen - left the meeting before being called to speak; provided a document to the City Clerk containing copies of news articles relating to crime (filed).

3. ITEMS FOR DISCUSSION/ACTION: 5:33 PM

Crime Prevention Presentations by the Stockton Police Department and Community and Neighborhood Watch Groups. 5:33 PM

Assistant Police Chief Eric Jones provided an update on crime prevention with the aid of a PowerPoint presentation (filed) and responded to questions posed by the Committee members.

Chair Holman - asked regarding police response to alarm systems

Vice Chair Eggman - deterrents; shrubbery; benefit of having prickly roses; type of foliage around property

Chair Holman - asked regarding how often the crime maps and sex offender maps are updated

Vice Chair Eggman - spoke to the concerns of leasing homes listed on Craig's List

Vice Chair Eggman - reduction of crime at Lewis Park and the benefit of neighbors coming together

Vice Chair Eggman - discussed the ability for the public to text tips to the Police for reporting purposes

Chair Holman - the importance of the public knowing they can make a report anonymously

Chair Holman - the importance of mentoring youth in the neighborhoods

Vice Chair Eggman - stated that youth need to know they are valued and how vital it is to give children positive attention

Councilmember Canepa - spoke to catalytic converter theft; lock car doors when unloading groceries; ladies keep eye on purses while shopping; be aware of your surroundings; people getting into the recycle bins

Vice Chair Eggman - recycling ordinance

Chair Holman - Community Safety ordinance - a good tool for the Police to use

Chair Holman - asked regarding contracted Police Services

Councilmember Canepa - the use of Code Enforcement

Public Comment

Larry Johnson, STAND - Safe Neighborhood Program; provided a brief overview of the accomplishments that this group has achieved by working together in the community.

Gloria Nomura, St. George's Neighborhood Betterment Committee - reported on this proactive organization; they are incorporated and can apply for grants; they are not just a crime prevention group; this group engages in a variety of community issues; committed to being the eyes and ears of the Police Department.

Ruth McMaster, Kentfield Action Team - spoke to lowering the crime in the Kentfield area; related how people can start an organized neighborhood watch program; provided a list for brainstorming strong neighborhoods (filed).

Chair Holman - spoke to more serious crime that is happening in the city and announced that these issues will be presented before the full Council on January 31

Assistant Police Chief Eric Jones - provided information regarding more violent offenders in the city

Rhondda Nunes, Co-Captain of the American Legion Park Watch and Security Chair for the University Neighborhood Renaissance Program - extra light bulbs on hand from the Light up the Night event to hand out to neighborhood watch captains; Legion Park party/meeting to reclaim the park; establishing a citizen foot patrol at Legion Park

Paul Douglas, Seimans - Light Up the Night Campaign; Seimans donated the light bulbs for the program; expanding the program

Dylon George, PG&E - Light up the Night Campaign; partnered with Seimans who provided the light bulbs; encouraged the community to get a light for their porch and leave it on all night

4. ADJOURNMENT 7:23 PM

CONSENT AGENDA

AGENDA ITEM 12.17

February 28, 2012

TO: Mayor and City Council

FROM: F. Michael Taylor, City Auditor

SUBJECT: **ADOPT A MOTION TO AMEND THE CONTRACT WITH MAZE & ASSOCIATES FOR THE ANNUAL AUDIT OF THE 2010-2011 CITY OF STOCKTON FINANCIAL RECORDS**

RECOMMENDATION

It is recommended that the City Council adopt a motion authorizing an amendment to the City's contract with Maze & Associates (Maze) in the amount of $81,715, for additional financial auditing services. This amendment increases the scope of work for the first year of the five year agreement with Maze.

Summary

Management of the Administrative Services Department has identified errors in the July 1, 2010 balances for several of the City's general ledger accounts. The volume and magnitude of these errors requires restatement of prior year financial reports. These restatements result in the need for additional, unanticipated audit work to verify the accuracy of the restated amounts. They will also result in additional audit testing for current year activity due to concerns about weaknesses in the City's system of internal control. This additional work is not included in the scope of the City's contract with Maze (Attachment A). It will be necessary to amend the scope of services for the audit of June 30, 2011 financial reports and to pay additional fees for increased audit services.

DISCUSSION

Background

City Charter sections 1911 and 1501 require annual financial audits. On May 24, 2011, the City Council adopted Resolution 11-0115 awarding a five year contract to Maze for financial auditing services. The City has engaged Maze to audit financial records and issue opinions on the City's financial statements for each of the five years ended June 30, 2011 through June 30, 2015.

The City Council has adopted a work plan that includes fiscal sustainability. Part of that work plan includes ensuring the City's accounting and fiscal management practices produce accurate and reliable financial data upon which decisions are made. In support of this work plan, Administrative Services staff has been performing detailed reviews of the City's financial data and accounting practices. These reviews have identified errors

in some of the City's July 1, 2010 general ledger account balances. To correct these errors, beginning balances must be restated in the City's financial statements. In order for Maze to issue an opinion on the fair presentation of the City's financial statements for the year ended June 30, 2011, it will be necessary for them to apply auditing procedures to those beginning balances. That work is beyond the scope of services in the existing contract. This situation was not known by City staff at the time the Request for Proposals (RFP) was issued for financial auditing services. Therefore, Maze did not include this work in their proposal.

Additionally, these inaccurate account balances are an indicator of weaknesses in the City's system of internal control. As a result, Maze will be required to increase testing of the City's financial records in order to issue an opinion on the City's financial statements.

Present Situation

The Administrative Services Department continues to assess beginning account balances. They and Maze also continue to prepare for year end audit work and issuance of the City's financial reports. In order to complete this work, it is necessary for Maze to apply audit procedures to balance sheet account balances at July 1, 2010. It is also necessary for Maze to test a larger number of transactions for the fiscal year ended June 30, 2011, due to a heightened control risk.

These conditions result in additional audit hours. To complete the audit, it is necessary to amend the contract with Maze to authorize the additional work and related fees.

Staff recommends that the City Council adopt the findings and extend the scope of the contract with Maze to allow for testing of beginning balances and additional transaction testing that is needed for Maze to form an opinion on the fair presentation of the City's financial reports.

Upon completion of the audit and production of the City's financial reports, results will be presented to the City Council Audit Committee and the committee's report will come before the City Council.

Findings

Stockton Municipal Code section 3.68.070 provides for an exception to the competitive bidding requirement for purchases in cases where the City Council has approved

findings which support and justify an exception to the competitive bidding process. The findings are as follows:

1. Government financial statement auditing is a specialized service that a limited number of public accounting firms can provide. Not all public accounting firms possess specialized expertise in audits of public agencies.

2. To comply with the federal Office of Management and Budget (OMB) Circular A-133, which governs audits of expenditures of federal funds, a government entity must consider audit quality factors in addition to the price of the audit when choosing an external auditor.

3. In order to state an opinion on the City's financial statements, Maze must satisfy themselves as to the accuracy of the financial statements. To do so, the work needs to be performed by Maze.

FINANCIAL SUMMARY

The cost of the expanded contract scope and resulting contract amendment is $81,715. Original fees for the June 30, 2011 audit are $127,040, and the new total will be $208,755. Funding for the contract amendment is being requested under a separate agenda item on this evening's agenda.

Respectfully submitted,

F. MICHAEL TAYLOR
CITY AUDITOR
FMT

Attachment A – Letter and attachment dated February 22, 2012 from Maze & Associates

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Attachment A

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

February 22, 2012

F. Michael Taylor, City Auditor
Office of the City Auditor
City of Stockton
22 E. Weber Ave., Suite 325
Stockton, CA 95202

Dear Mike,

Pursuant to my prior conversations with you and staff, I have prepared this request for an amendment to the Audit Contract, dated May 25, 2011 with the City for the additional work required to complete the audit. This amendment reflects increases in audit work needed to verify likely corrections to data reported in prior year audited financial statements and to increase audit scope to perform additional substantive tests of balances. We did not audit the prior year financial statements and staff did not contemplate these issues in the scope of the City's Request for Proposal released in 2010 or the Audit Contract.

We based our proposal and original fee quotes on information available at the time. Prior audits and communications from the prior auditor indicated that post closing adjustments were minimal and few internal control weaknesses were reported. That data indicated to us that a low control risk environment likely existed at the City of Stockton.

However, as our audit progressed and as Finance staff began cleanup efforts, issues were identified that raised doubts about the adequacy of procedures and the accuracy of certain balances and transactions. Today, staff provided me with a preliminary summary of fifteen proposed corrections affecting beginning balances of several dozen funds. Areas that are likely affected include the following; bank reconciliations, investment income allocations, receivables, cash collection site controls, accounts payable, accrued compensated absences and interfund balances. There may be other affected areas as well.

When multiple prior year potential errors arise, we are required to evaluate whether there are other as yet unidentified errors and issues that should be examined and evaluated. Auditors must, in those circumstances, perform additional procedures to obtain evidence that other data is accurate and complete. Where appropriate, corrections need to be recorded. As you will see on the Attachment there are many issues which likely affect prior year data.

As you know, the ability to rely on beginning balances is a critical assumption in conducting an audit of financial statements and on forming an opinion on the financial statements in the current period. Our proposal dated December 9, 2010, was based on staff's assertions during the RFP process and the prior firm's audit opinion that data was accurate and could be relied on and that controls were adequate to ensure data accuracy. Staff's summary of proposed prior year corrections and our interim audit work raise doubt about the accuracy of certain balances and transactions recorded in prior years as well as underlying controls needed to ensure data accuracy. These proposed corrections will need to be audited to verify their appropriateness. There are other scope increases as well due to inadequate internal controls. Auditors may reduce substantive tests of balances and place reliance on good internal controls. Our interim work and tests of controls indicate that internal control weaknesses exist over revenue management, journal entries, bank reconciliations, receivables, payables, and compensated absence accruals.

Lastly, the State legislation ABX1-26 and ABX1-27 were passed after the Audit Contract was completed. These along with new *Guidelines for Compliance Audits of California Redevelopment Agencies*, June 2011, issued by the State Controller require a program audit of the Redevelopment Agency, which was not required in prior years.

These conditions were not contemplated in the RFP process or Audit Contract and represent significant scope of work expansion. We are therefore requesting a contract amendment to increase the Audit Contract by $81,715. The original contract total is $127,040.

I will make myself available to discuss these matters with the Council, its Committee, management or you.

Regards,

Cory Biggs, CPA

CC:/ Vanessa Burke, Assistant Finance Director w/ enclosure

CITY OF STOCKTON

CONTRACT AMENDMENT SUMMARY

		Estimated Additional Hours					
	Prior Year	Partner					Cost
Audit Activities	Affected?	Review	Technical	Supervisor	Associates	Total	Estimate
Conferences & Meetings/Environmental Risk Assessment							
Scope expansion will require additional on site audit partner and in-depth involvement in what are otherwise routine areas. We will be meeting frequently with staff, management and/or the Committee and Council.		16.00		16.00		32.00	$7,600
Report							
Financial statement disclosure of likely restatements is required. As successor auditor, we will be required to verify the corrections to prior years data.	Yes	8.00		8.00	16.00	32.00	5,160
Management Letter							
Comments will be numerous and require significant additional efforts to address them.		16.00	4.00	24.00		44.00	10,000
Journal Entry Controls							
Lack of a consistent review of journal entries raises the risk of material error. Staffing turn over has had a detrimental impact in this area. Additional substantive tests will be required to compensate for the lack of controls.	No	2.00		24.00	50.00	76.00	7,950
Post Closing Adjustments							
We anticipate a vey high volume of adjustments. We anticipated none originally.	No	8.00		16.00	32.00	56.00	7,520
Cash & Investments							
Bank Reconciliations: We will need to audit the prior year correction entry. Staff are indicating there was a problem and a consultant has been hired to go back and reconcile the accounts. We will need to review consultants report and findings and re-assess control risks and perform additional procedures.	Yes	2.00		4.00	24.00	30.00	3,240
Investment income allocation basis. Prior years were based on year end balances and not an average of balance through out the year. Inaccurate basis of allocation likely misstates fund balances in many funds.	Yes	2.00		3.00	12.00	17.00	2,095
Revenue/Receivables							
Control weaknesses in revenue processing will require additional substantive tests of revenues	Yes	8.00		8.00	32.00	48.00	6,520
Receivable validity & measurement - 2010 Receivable balance misstatement potential. Test reconciliation of subledgers to general ledger. Multiple funds are affected including the General Fund , Capital Projects Fund, Water Fund and Sewer Fund.	Yes	2.00		2.00	16.00	20.00	2,310
Allowance for doubtful accounts. Debit balance existed in 2010 while credit balances are expected. The area will need to be analyzed and corrections recorded.	Yes	2.00		2.00	16.00	20.00	2,310

CITY OF STOCKTON

CONTRACT AMENDMENT SUMMARY

Audit Activities	Prior Year Affected?	Estimated Additional Hours					Cost Estimate
		Partner					
		Review	Technical	Supervisor	Associates	Total	
Interfunds							
Collectability of certain balances is questionable and that will need to be evaluated. It is anticipated there will be material write downs of interfunds balances. Interest on certain balances was not recorded in prior years and other adjustments are proposed by staff	Yes	8.00		6.00	40.00	54.00	6,950
Disbursements/Payables							
Accounts payable likely overstatement in 2010. $1 million potential error in one fund so far.	Yes	1.00		4.00	24.00	29.00	2,890
Payroll/Accrued liabilities							
Emergency plan compensation reductions. Unless the reductions are agreed to by the union groups, this will be a departure from generally accepted accounting principles. We will expend time researching the issue, reviewing legal summaries as to the current status and evaluate that data to determine if compensation is being measures at arms-length amounts.	No	2.00		4.00	16.00	22.00	2,560
Taxability of certain pretax withholdings.	Yes	2.00		4.00	8.00	14.00	1,880
Accrued compensated absences understatement due to omission of certain vested benefits.	Yes	1.00		4.00	16.00	21.00	2,210
Long-term debt							
Debt recording. State Marina loans were recorded as Agency debt but agreements were between the city and State. We are looking into the appropriateness of that.	Yes	2.00		4.00	8.00	14.00	1,880
RDA							
ABx1-26 & Abx 1-27 are dissolution measures. New audit guidelines issued by the State Controllers office in June 2011 require a separate compliance report. Expanded disclosures are required. Modified opinion will be needed to the Redevelopment Agency Report.	No	4.00		6.00	18.00	28.00	3,680
Contingency							
It is reasonably possible that there are, as yet, unidentified other issues.	Yes	6.00		12.00	16.00	34.00	4,960
TOTAL		**92.00**	**4.00**	**151.00**	**344.00**	591.00	**$81,715**

NEW BUSINESS

AGENDA ITEM 15.01

February 28, 2012

TO: Chairperson and Members of the Successor Agency of the Stockton Redevelopment Agency

FROM: Bob Deis, City Manager/Executive Director
Successor Agency of the Stockton Redevelopment Agency

SUBJECT: **ADOPTION OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

RECOMMENDATION

It is recommended the Successor Agency of the Stockton Redevelopment Agency adopt a resolution adopting the Recognized Obligation Payment Schedule (Exhibit 1 to the Resolution) as required under Assembly Bill 1x26, Health and Safety Code, Section 34177 (l)(2)(A).

Summary

On June 29, 2011, Governor Brown signed into law Assembly Bill 1x26 (AB 26). AB 26 dissolves all existing California redevelopment agencies and allows each city or county, as applicable, to establish itself as the successor agency to its redevelopment agency. AB 26 also allows each city or county to assume responsibilities for housing functions previously undertaken by the redevelopment agency.

On August 23, 2011, by Resolution No. 11-0251, the City of Stockton passed a resolution stating that it would serve as successor agency to the Stockton Redevelopment Agency, and would also assume Agency housing functions. The Redevelopment Agency, by Resolution No. R11-014, adopted an Enforceable Obligation Payment Schedule (EOPS). The EOPS lists each legally enforceable payment obligation of the Agency. Only those obligations included on the EOPS and approved by the governing board are authorized to be paid by the successor agency.

On January 24, 2012, by Resolution No. 2012-01-24-1502, the Agency amended its EOPS and provided an update on Redevelopment and AB 26.

The City of Stockton, as Successor Agency to the former Stockton Redevelopment Agency must now adopt a Recognized Obligation Payment Schedule (ROPS). The ROPS is a derivative of the EOPS; but also details the source of payment. A ROPS must be approved before each six-month fiscal period. The first ROPS will also include a schedule of debt service payments for the term of each obligation. Due to a delay in implementation of AB 26, the first ROPS is due March 1, 2012 for the six-month period covering January 1 through June 30, 2012.

DISCUSSION

Present Situation

The Successor Agency became operative February 1, 2012. On that date, all assets, properties, contracts, leases, books and records, buildings, equipment, and the existing housing fund balance of the former Redevelopment Agency were transferred to the Successor Agency. Payments and other obligations were met according to the EOPS.

Recognized Obligation Payment Schedule

The action recommended in this staff report is for the Successor Agency to adopt a ROPS for the period of January 1 through June 30, 2012. The EOPS previously approved and amended by the Agency were required prior to the approval of a ROPS. The ROPS includes details about each obligation including terms and repayment schedules and source of payment. Staff scrutinized obligations listed on the EOPS and removed those that did not qualify as an enforceable obligation according to the criteria specified in AB 26. Under AB 26, obligations deemed enforceable differ before and after successor agencies became operative. Enforceable obligations include:

- Bonds
- Loans to the extent that they are legally required to be repaid pursuant to a repayment schedule or other mandatory loan terms
- Payments required by the federal government, preexisting obligations to the state, obligations imposed by state law, or legally enforceable payments required in connection with the agencies' employees
- Judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency.
- Any legally binding and enforceable agreement or contract
- Contracts or agreements necessary for the administration or operation of the successor agency
- Amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund

Enforceable obligations after February 1, 2012 do not include agreements, contracts, or arrangements between the City and the former Redevelopment Agency. However, only written agreements entered into at the time of issuance, prior to December 31, 2010,

and for the purpose of securing or repaying indebtedness obligations may be deemed enforceable.

Many obligations listed on the EOPS previously approved by the Redevelopment Agency are not included on the ROPS because they do not meet AB 26 criteria for enforceable obligations. For example, the EOPS lists 17 CDBG loans or advances to the Agency from the City. It is unclear why CDBG grants were documented as loans, but there are no repayment terms, and no payments on the loans have ever been made. Thus, these items are excluded from the ROPS. Similarly, advances of UDAG grants from the City to the Agency and City CIP loans to the Agency have been excluded.

After adoption, the ROPS will be reviewed and certified by the County Auditor Controller by July 1, 2012. Staff will return to have subsequent ROPS approved prior to each six-month fiscal period. Once the Oversight Board is established, it must approve and forward the ROPS to the County Auditor Controller, Controller's office, Department of Finance, and post it online.

Property Tax Revenues

The County Auditor Controller will determine the amount of property tax the Redevelopment Agency would have received and deposit it in a Redevelopment Property Tax Trust Fund. The County Auditor Controller will provide an estimate by March 1, 2012, with disbursement by May 16, 2012. If the Successor Agency determines that funds are insufficient to meet all obligations on the ROPS, it must report so by April 1, 2012.

Property tax revenues will be allocated in the order below:

1) Administrative costs of the County Auditor Controller

2) Pass-through agreements

3) Successor agency for ROPS debt service and other debt obligations

4) Successor agency administrative cost allocation

5) Taxing entities

To the extent that there are insufficient tax increment funds to cover all expenses noted on the ROPS, distribution of tax increment revenues will be reduced or eliminated in the following order:

1) Taxing entities

2) Successor Agency administrative costs

3) Pass-through payments subordinated to the EOPS

Staff will return in May with a recommendation to adopt an ROPS for the next six-month fiscal period covering July through December 2012.

Respectfully submitted,

for BOB DEIS, CITY MANAGER/EXECUTIVE DIRECTOR
SUCCESSOR AGENCY OF THE
STOCKTON REDEVELOPMENT AGENCY

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Resolution No. _____

SUCCESSOR AGENCY OF THE STOCKTON REDEVELOPMENT AGENCY

RESOLUTION OF THE SUCCESSOR AGENCY OF THE STOCKTON REDEVELOPMENT AGENCY ADOPTING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND APPROVING CERTAIN RELATED ACTIONS

The Stockton Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Stockton ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

The City Council has adopted redevelopment plans for City's redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

The Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

AB 1X 26 ("AB 26") and AB 1X 27 ("AB 27") were signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law, including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the California Health and Safety Code ("Health and Safety Code"); and

The California Redevelopment Association and League of California Cities filed a lawsuit in the Supreme Court of California *(California Redevelopment Association, et al. v. Matosantos, et al.,* Case No. S194861) alleging that AB 26 and AB 27 were unconstitutional; and

On December 29, 2011, the Supreme Court issued its opinion in the *Matosantos* case largely upholding as constitutional AB 26, invalidating as unconstitutional AB 27, and holding that AB 26 may be severed from AB 27 and enforced independently; and

The Supreme Court generally reformed and revised the effective dates and deadlines for performance of obligations under Health and Safety Code Part 1.85 of AB 26 arising before May 1, 2012, to take effect four months later, while leaving the effective dates or deadlines for performance of obligations under Health and Safety Code Part 1.8 of AB 26 unchanged; and

City Atty Review _____
Date February 22, 2012

As a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies were established as successor agencies to the former redevelopment agencies pursuant to Health and Safety Code section 34173, and successor agencies are tasked with paying, performing, and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies; and

The City Council adopted Resolution No. 11-0251 on August 23, 2011, pursuant to Part 1.85, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

Pursuant to Health and Safety Code section 34177(l)(2)(A) of AB 26, the Successor Agency is required to prepare its first Recognized Obligation Payment Schedule ("ROPS") by March 1, 2012; and

In accordance with AB 26, the proposed ROPS has been prepared using the preliminary Enforceable Obligations Payment Schedule ("EOPS") approved by the Redevelopment Agency by Resolution No. R11-014, and amended by Resolution No. 2012-01-24-1502, pursuant to Health and Safety Code section 34169(h); and

Pursuant to AB 26, the ROPS shall be forward looking to the next six (6) months. However, as a result of the Supreme Court's extension of certain deadlines of Part 1.85 of AB 26, the period to be covered by the first ROPS is May 1, 2012 through June 30, 2012; and

According to Health and Safety Code Section 34177(l)(1) of AB 26, for each recognized obligation, the ROPS shall identify one or more of the following sources of payment: (i) Low and Moderate Income Housing Funds, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, and (v) the Redevelopment Property Tax Trust Fund but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provision of Part 1.85 of AB 26; and

According to Health and Safety Code section 34177(l)(2)(A) of AB 26, from February 1, 2012 to July 1, 2012, the initial draft of the ROPS shall project the dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had such a redevelopment agency not been dissolved; and

Once approved by the Successor Agency, the ROPS shall thereafter be reviewed and certified by the County Auditor-Controller, through the use of an external auditor, and submitted to the Oversight Board for review and approval. A copy of the approved ROPS shall be submitted to the County Auditor-Controller and both the Controller's Office and the Department of Finance and shall be posted on the Successor

Agency's internet website. The first ROPS shall be submitted to the Controller's Office and the Department of Finance by April 15, 2012; and

Health and Safety Code section 34177(a)(1) of AB 26 requires the Successor Agency to continue to make payments due for enforceable obligations and, from February 1, 2012, until a ROPS becomes operative, only payments required pursuant to the Enforceable Obligations Payment Schedule shall be made; and

Pursuant to Health and Safety Code section 34177(a)(3), commencing on May 1, 2012, only payments listed in the ROPS may be made by the Successor Agency from the funds specified in the ROPS and, commencing May 1, 2012, the ROPS shall supersede the Statement of Indebtedness of the Redevelopment Agency; and

It is the intent of AB 26 that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency's bi-annual payment obligations by amount and source and, subsequent to the audit and approval of the ROPS as specified in AB 26, the County Auditor-Controller will be responsible for ensuring that the Successor Agency receives revenues sufficient to meet the requirements of the ROPS during each bi-annual period; and

The Successor Agency's proposed ROPS, which is consistent with the requirements of the Health and Safety Code and other applicable law, is attached to this Resolution as Exhibit "1"; and

This Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

This Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines; and

All of the prerequisites with respect to the approval of this Resolution have been met; now, therefore,

BE IT RESOLVED BY THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The foregoing recitals are true and correct and are a substantive part of this Resolution and all prerequisites to its adoption have occurred.

2. The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any rights the Successor Agency may have to challenge the effectiveness and/or legality of all or any portion of AB 26 through administrative or judicial proceedings.

3. The Successor Agency hereby adopts the ROPS, attached hereto as Exhibit 1 and incorporated herein by this reference, to preserve its rights to make payments as authorized under Section 34177(l)(1).

4. The Executive Director, or designee, is hereby authorized and directed to provide the ROPS to the Oversight Board upon its establishment, and to transmit the ROPS to the State of California Department of Finance, State Controller, and San Joaquin County Auditor-Controller.

5. The Successor Agency determines that this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.

6. This Resolution shall take effect upon the date of its adoption.

7. The Executive Director, or designee, is hereby authorized to take such actions as are necessary and appropriate to comply with Section 34177 and the purposes and intent of this Resolution.

PASSED, APPROVED, and ADOPTED February 28, 2012.

ANN JOHNSTON, Chairperson
of the Successor Agency of the
Stockton Redevelopment Agency

ATTEST:

BONNIE PAIGE, Secretary
of the Successor Agency of the
Stockton Redevelopment Agency

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EXHIBIT 1

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)
PER AB 1X 26 - SECTION 34177 (l)(2)(A)

City of Stockton, Successor Agency to the Stockton Redevelopment Agency
Name of former Redevelopment Agency: Stockton Redevelopment Agency
Project Area(s): ALL

Item No.	Project Name / Debt Obligation	Payee	Description	Source of Payment	Maturity	Total Outstanding	MONTHLY PAYMENTS Jan	Feb	Mar	Apr	May	Jun	Total Jan 2012 - Jun 2012
Bonds													
1	Low/Mod Housing Bonds	Wells Fargo Corporate Trust	2003 Housing COP	Property Taxes	2033	21,931,975	-	326,372	-	-	-	663,564	989,936
2	Low/Mod Housing Bonds	Wells Fargo Corporate Trust	2006 Series C Revenue Bond	Property Taxes	2037	51,324,388	-	826,982	-	-	-	1,285,666	2,112,648
3	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2006 Series A - Revenue Bond	Property Taxes	2037	95,671,988	-	1,349,256	-	-	-	1,659,256	3,008,512
4	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2006 Series B - Revenue Bond	Property Taxes	2013	2,536,944	-	71,082	-	-	-	1,786,615	1,857,697
5	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2004 Revenue Bond - Arena	Property Taxes	2036	83,378,320	-	1,061,114	-	-	-	1,516,114	2,577,228
	Total					**254,843,615**	**-**	**3,634,806**	**-**	**-**	**-**	**6,911,215**	**10,546,021**
Loans													
6	State Debt	State Department of Boating and Waterways	DBAW Marina Construction Loan	Property Taxes	2040	19,856,296	-	-	-	-	-	684,701	684,701
7	State Debt	State Department of Boating and Waterways	DBAW Planning Loan	Property Taxes	2012	34,976	-	-	-	-	-	34,976	34,976
8	Fee Deferral	Public Facility Fees	Development Impact fees for 612 Carlton Ave	Property Taxes	2058	143,954	-	-	-	-	-	35,989	35,989
9	Fee Deferral - WorkNet Office Bldg	Public Facility Fees	Development Impact fees for Worknet Office Building	Property Taxes	2059	196,950	-	-	-	-	-	49,238	49,238
10	Fee Deferral - Cineplex	Public Facility Fees	Development Impact fees for Cineplex project	Property Taxes	2012	12,937	-	-	12,937	-	-	-	12,937
	Total					**20,245,113**	**-**	**-**	**12,937**	**-**	**-**	**804,904**	**817,841**
Settlements and/or Judgements													
11	Agency Vs. Union Oil	Brown & Winters and/or Union Oil	Union Oil Dispute Re: Ground Water Contamination	Property Taxes		2,000,000	-	-	-	-	-	2,000,000	2,000,000
12	Price Vs. City of Stockton	California Rural Legal Assistance	Tenant relocation assistance $1,455,000: $460,652 expended, remaining obligation $994,348. Replacement of 185 housing units: 146 completed, remaining obligation 39 units @ 30% of AMI (est cost $4M). *Subject to final determination by the parties.*	Property Taxes		4,994,348	-	-	-	-	-	4,994,348	4,994,348
	Total					**6,994,348**	**-**	**-**	**-**	**-**	**-**	**6,994,348**	**6,994,348**
Active Litigation													
13	Civic Partners	Freeman, D'Aiuto, Pierce, Gurev, Keeling & Wolf	Developer Claims RDA Breached Contract (Legal defense costs)	Property Taxes		3,000,000	25,424	60,000	60,000	60,000	60,000	60,000	325,424
14	Agency vs. BNSF	Brown & Winters	Contamination at Worknet Site & Southpointe (Litigation expenses)	Property Taxes		826,063	-	76,063	16,521	16,521	16,521	16,521	142,147
15	Agency vs. State (Caltrans)	Brown & Winters	Coincides with BNSF case, Caltrans is a former owner (Litigation expenses)	Property Taxes		250,000	-	5,000	5,000	5,000	5,000	5,000	25,000
16	Agency vs. Colberg	Brown & Winters	Polanco Act corrective action trial (Litigation expenses)	Property Taxes		2,000,000	-	40,000	40,000	40,000	40,000	40,000	200,000
	Total					**6,076,063**	**25,424**	**181,063**	**121,521**	**121,521**	**121,521**	**121,521**	**692,571**

**Total outstanding is an estimate, and may not include future settlement/judgement amount. Monthly costs are projected at 2% of the total outstanding obligation.*

Committed Project Expenses													
17	AT&T Datacomm	AT&T Datacomm	Contract for installation of Security Cameras	Bond Proceeds		377,644	-	-	-	-	-	377,644	377,644
18	Vintage	Visionary Home Builders	Housing Loan	Property Taxes		210,484	-	-	52,621	52,621	52,621	52,621	210,484
19	Community of All Nations	Visionary Home Builders	Housing Loan	Property Taxes		102,867						102,867	102,867
20	Quincy Engineering Inc	Quincy Engineering Inc	El Dorado Street Widening Phase II	Bond Proceeds		741	-	-	-	-	-	741	741
21	Wallace Kuhl & Associates	Wallace Kuhl & Associates	South Shore	Property Taxes		30,259	-	-	-	-	-	30,259	30,259
22	Condor Earth Technologies	Condor Earth Technologies	Marina Water Quality Testing	Property Taxes		874	-	-	-	-	-	874	874
23	Diede Construction	Diede Construction	Design and Construction of Morelli Park	Property Taxes		458,930	-	-	114,733	114,733	114,733	114,731	458,930
24	Treadwell and Rollo Inc	Treadwell and Rollo Inc	Parcel 2A & 24 Remediation	Property Taxes		12,055	-	-	-	-	-	12,055	12,055
25	Wallace Kuhl & Associates	Wallace Kuhl & Associates	Removal Action Plan for Promenade & South Pointe	Property Taxes		104,956	-	-	-	-	-	104,956	104,956
26	Costar Realty	Costar Realty	Economic Development Contract	Property Taxes		1,277	-	-	-	-	-	1,277	1,277
27	D R Jolley Co	D R Jolley Co	McKinley Park caretaker Building Asbestos Removal	Bond Proceeds		5,630	-	-	-	-	-	5,630	5,630
28	Kjeldsen Sinnock & Neudeck Inc	Kjeldsen Sinnock & Neudeck Inc	Van Buskirk Park Improvement Project	Property Taxes		9,787	-	-	9,787	-	-	-	9,787
29	Rodgers Construction	Rodgers Construction	Airport Way Streetscape Phase 3	Bond Proceeds		124,859	-	-	31,215	31,215	31,215	31,214	124,859
30	Kjeldsen Sinnock & Neudeck Inc	Kjeldsen Sinnock & Neudeck Inc	Airport Way Streetscape Phase 3	Bond Proceeds		25,939	-	-	6,485	6,485	6,485	6,484	25,939
31	Airport Way Streetscape Phase 3	City of Stockton	Airport Way Streetscape Phase 3. Proj mgmt/construction contingency	Bond Proceeds		57,358	-	-	14,340	14,340	14,340	14,338	57,358
32	Hotel Stockton	Hotel Stockotn Investors	Renovation of Hotel Stockton - for affordable housing	Property Taxes		69,426	-	-	-	-	34,713	34,713	69,426
33	Remediation of Areas 24 and 4	City of Stockton	Remediation of lots north and south of Worknet site	Property Taxes		500,000	-	-	-	-	-	-	-
	Total			**-**	**-**	**2,093,086**	**-**	**-**	**229,181**	**219,394**	**254,107**	**890,404**	**1,593,086**
Assessments													
34	Downtown Stockton Alliance	Downtown Stockton Alliance	DSA Assessment of RDA owned properties	Property Taxes	2016	247,530	-	-	47,530	-	-	-	47,530
	Total					**247,530**	**-**	**-**	**47,530**	**-**	**-**	**-**	**47,530**

**Assumes properties will be sold no later than 2016*

Administrative Costs													
35	Agency Staff & Overhead	Agency Employees through City of Stockton	Existing salary, benefits, and overhead for Agency administration - Property maintenance & management	Administrative Cost Allowance		1,034,570	172,428	172,428	172,428	172,428	172,428	172,428	1,034,568
	Total			**-**	**-**	**1,034,570**	**172,428**	**172,428**	**172,428**	**172,428**	**172,428**	**172,428**	**1,034,568**
	Total Enforceable Obligations					**291,534,325**	**197,852**	**3,988,297**	**583,597**	**513,343**	**548,056**	**15,894,820**	**21,725,965**

ROPS DEBT SERVICE SCHEDULE (ESTIMATE OF ANNUAL PAYMENTS)
PER AB 1X 26 - SECTION 34177 (l)(2)(A)

City of Stockton, Successor Agency to the Stockton Redevelopment Agency
Name of former Redevelopment Agency: Stockton Redevelopment Agency
Project Area(s): ALL

Item No.	Project Name / Debt Obligation	ESTIMATED ANNUAL PAYMENTS (Fiscal Year July 1 - June 30): 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Bonds																							
1	Low/Mod Housing Bonds	990,170	989,681	988,471	986,539	988,822	990,186	984,382	986,225	986,763	981,135	984,210	980,859	995,195	997,497	997,952	996,610	998,345	993,013	995,833	1,001,323	994,217	
2	Low/Mod Housing Bonds	2,114,358	2,109,377	2,107,705	2,109,033	2,108,210	2,102,947	2,102,777	2,070,546	2,066,254	2,063,698	2,062,536	2,018,969	1,892,292	1,852,503	1,850,311	1,849,168	1,848,731	1,843,829	1,800,663	1,798,891	1,796,794	1,789,202
3	Redevelopment Revenue Bonds	3,000,763	3,550,763	3,769,513	3,453,138	3,886,138	4,694,388	4,058,513	4,716,888	4,713,013	2,007,013	2,835,763	3,310,013	4,406,138	4,374,888	3,643,806	3,627,900	3,631,350	3,623,631	3,507,631	3,498,219	3,594,488	3,590,781
4	Redevelopment Revenue Bonds	1,455,972	1,009,890																				
5	Redevelopment Revenue Bonds	2,570,687	2,621,346	2,673,221	2,726,674	2,781,484	2,837,575	2,895,615	2,954,310	3,012,725	3,071,025	3,134,091	3,196,547	3,257,963	3,322,944	3,389,875	3,457,500	3,526,625	3,601,625	3,672,000	3,742,375	3,817,125	3,895,500
	Total	**10,131,949**	**10,281,057**	**9,538,909**	**9,275,384**	**9,764,652**	**10,625,095**	**10,041,287**	**10,727,968**	**10,778,754**	**8,122,870**	**9,016,599**	**9,506,387**	**10,551,587**	**10,547,832**	**9,881,944**	**9,931,178**	**10,005,051**	**10,062,098**	**9,976,127**	**10,040,808**	**10,202,624**	**9,275,483**
Loans																							
6	State Debt	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701
7	State Debt	34,976																					
* 8	Fee Deferral	35,989	35,989	35,989																			
* 9	Fee Deferral - WorkNet Office Bldg	49,238	49,238	49,238																			
10	Fee Deferral - Cineplex																						
	Total	**804,904**	**769,928**	**769,928**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**
Settlements and/or Judgements																							
11	Agency Vs. Union Oil																						
12	Price Vs. City of Stockton																						
	Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Active Litigation																							
13	Civic Partners	2,674,576																					
14	Agency vs. BNSF	683,916																					
15	Agency vs. State (Caltrans)	225,000																					
16	Agency vs. Colberg	1,800,000																					
	Total	**5,383,492**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed Project Expenses																							
17	AT&T Datacomm																						
18	Vintage																						
19	Community of All Nations																						
20	Quincy Engineering Inc																						
21	Wallace Kuhl & Associates																						
22	Condor Earth Technologies																						
23	Diede Construction																						
24	Treadwell and Rollo Inc																						
25	Wallace Kuhl & Associates																						
26	Costar Realty																						
27	D R Jolley Co																						
28	Kjeldsen Sinnock & Neudeck Inc																						
29	Rodgers Construction																						
30	Kjeldsen Sinnock & Neudeck Inc																						
31	Airport Way Streetscape Phase 3																						
32	Hotel Stockton																						
33	Remediation of Areas 24 and 4	500,000																					
	Total	**500,000**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessments																							
34	Downtown Stockton Alliance	50,000	50,000	50,000	50,000																		
	Total	**50,000**	**50,000**	**50,000**	**50,000**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Costs																							
35	Agency Staff & Overhead	506,110	333,030	310,765	300,303																		
	Total	**506,110**	**333,030**	**310,765**	**300,303**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		17,376,455	**11,434,015**	**10,669,602**	**10,310,388**	**10,449,353**	**11,309,796**	**10,725,988**	**11,412,669**	**11,463,455**	**8,807,571**	**9,701,300**	**10,191,088**	**11,236,288**	**11,232,533**	**10,566,645**	**10,615,879**	**10,689,752**	**10,746,799**	**10,660,828**	**10,725,509**	**10,887,325**	**9,960,184**

2035	2036	2037	2038	2039	2040	2041	Total Annual Payments	Item No.	Project Name / Debt Obligation
							20,807,426	1	Low/Mod Housing Bonds
1,790,598	1,785,468	1,783,468	1,779,082				50,497,406	2	Low/Mod Housing Bonds
3,589,200	3,082,869	3,077,181	3,078,750				94,322,731	3	Redevelopment Revenue Bonds
							2,465,862	4	Redevelopment Revenue Bonds
3,971,875	4,050,625	4,135,875					82,317,206	5	Redevelopment Revenue Bonds
9,351,673	**8,918,962**	**8,996,524**	**4,857,832**	-	-	-	**250,410,631**		**Total**
684,701	684,701	684,701	684,701	684,701	684,701	684,668	19,856,296	6	State Debt
							34,976	7	State Debt
							107,967	8	Fee Deferral
							147,714	9	Fee Deferral - WorkNet Office Bldg
							-	10	Fee Deferral - Cineplex
684,701	**684,701**	**684,701**	**684,701**	**684,701**	**684,701**	**684,668**	**20,146,953**		**Total**
							-	11	Agency Vs. Union Oil
							-	12	Price Vs. City of Stockton
-	-	-	-	-	-	-	-		**Total**
							2,674,576	13	Civic Partners
							683,916	14	Agency vs. BNSF
							225,000	15	Agency vs. State (Caltrans)
							1,800,000	16	Agency vs. Colberg
-	-	-	-	-	-	-	**5,383,492**		**Total**
							-	17	AT&T Datacomm
							-	18	Vintage
							-	19	Community of All Nations
							-	20	Quincy Engineering Inc
							-	21	Wallace Kuhl & Associates
							-	22	Condor Earth Technologies
							-	23	Diede Construction
							-	24	Treadwell and Rollo Inc
							-	25	Wallace Kuhl & Associates
							-	26	Costar Realty
							-	27	D R Jolley Co
							-	28	Kjeldsen Sinnock & Neudeck Inc
							-	29	Rodgers Construction
							-	30	Kjeldsen Sinnock & Neudeck Inc
							-	31	Airport Way Streetscape Phase 3
							-	32	Hotel Stockton
								33	Remediation of Areas 24 and 4
-	-	-	-	-	-	-	-		**Total**
							200,000	34	Downtown Stockton Alliance
-	-	-	-	-	-	-	**200,000**		**Total**
							1,450,208	35	Agency Staff & Overhead
-	-	-	-	-	-	-	**1,450,208**		**Total**
10,036,374	**9,603,663**	**9,681,225**	**5,542,533**	**684,701**	**684,701**	**684,668**	**277,591,284**		

NEW BUSINESS

AGENDA ITEM 15.02

February 28, 2012

TO: Mayor and City Council

FROM: Bob Deis, City Manager

SUBJECT: **FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13**

RECOMMENDATION

It is recommended that the City Council adopt a resolution that:

1) authorizes prior period adjustments, amends the Fiscal Year 2011-12 budget, and approves various inter-fund transfers to help ensure a balanced budget for the rest of the fiscal year;
2) accepts the Management Partners Financial Assessment Report;
3) authorizes a confidential neutral evaluation process pursuant to Government Code Sections 53760-53760.7 (AB506) and directs staff to develop plans for long term fiscal sustainability to be discussed with interested parties before a neutral evaluator;
4) adopts findings and authorizes a contractual agreement with Management Partners, Inc. for project management and technical assistance for the AB506 mediation process for the City of Stockton in the amount of $175,000.
5) suspends certain debt payments from unrestricted resources for the remainder of fiscal year 2011-12;
6) adopts findings and ratifies the suspension of leave payoffs at employee separation;
7) authorizes the City Manager and the City Attorney to conduct an investigation into persons or entities that may have contributed to the causes of the City's current financial situation; and
8) authorizes continuation of the fiscal emergency as adopted by Council Resolution #11-0114 on May 17, 2011.

Summary

This report provides an update on the City's fiscal condition and discusses changes since the August 23rd and October 18, 2011 Fiscal Year 2010-11 and 2011-12 updates.

Recommended fund transfers and other actions of $15 million are also proposed to address the $15 million in unrestricted fund deficits now projected through June 2012. Approval of the recommended resolution will authorize a variety of 2009-10 and 2010-11 clean up actions and provides approval for a 2011-12 budget amendment which includes the inter-fund transfers necessary to balance the projected deficit. Approval of these actions will allow staff to complete the June 30, 2011 year-end close process,

resume the external audit and continue to operate on a balanced budget basis through this fiscal year, absent any new developments.

As we began to look at our budget for the upcoming fiscal year and prepare for the new state imposed "fact finding" process, a four-year projection has been prepared and 2012-13 balancing alternatives have been developed to help understand the magnitude of the projected deficit. The forecast shows deficits ranging from $20 (best case) to $38 million (worse case) in Fiscal Year 2012-13 and increasing in subsequent years. The "best case" assumes we continue to declare an emergency and continue to impose labor concessions. The $38 million assumes we lose in court with unions concerning the effects of prior fiscal emergency declarations and we must "turnoff" past concessions.

The independent financial condition assessment report has been received and confirms the City's dire fiscal situation. Commencement of a State AB506 confidential neutral evaluation process is recommended by staff and consultants. To avoid insolvency this fiscal year and into the future, staff recommends that debt payments from unrestricted funds be suspended. The City Manager has imposed temporary restrictions on leave pay offs effective February 16, 2012 to ensure we don't tip into insolvency this year. Your Council is being asked to ratify this policy.

It is apparent that past financial practices of former City staff and possibly contractors, that were not disclosed to the Council, have contributed to the City's current financial situation. Given the grave consequences now being faced by the City, the City Manager and City Attorney wish to investigate these practices for possible recourse.

This report and its discussion of revised budget projections support the continuation of the state of fiscal emergency as adopted by Council Resolution #11-0114 on May 17, 2011.

DISCUSSION

Background

It is no secret that the "Great Recession" has had an enormous impact on the City's finances. As I mentioned in my Fiscal Year 2011-12 Budget Message, the City of Stockton has been and continues to be near insolvency. Reserves in the General Fund were exhausted long ago, reserves in internal service funds were also depleted long ago and the City has leveraged itself with debt that puts the General Fund at risk for backfilling deficits in other funds. The City Council has declared two emergencies based on fiscal circumstances and negotiated or imposed concessions of $25 million and service reductions of $12 million this fiscal year alone.

Once you started getting complete information from your staff in early 2010, your Council immediately began making courageous decisions and focused on the area that

you could influence, labor costs. You formulated a comprehensive Ten Point Action Plan for Fiscal Sustainability that was copied by other cities in the state. This Plan provided the direction for the last year's negotiations. Unfortunately, due to our dire financial situation, what would typically take three to five years to accomplish, we had to implement in six months. Needless to say, this plan was the source of conflict.

Your Council also adopted four aggressive goals, one being "Fiscal Sustainability – Getting our Fiscal House in Order." You also adopted various Strategic Initiatives around those four goals, including one that asked staff to analyze all of our funds and financial management practices and one to improve budget monitoring. The results of these initiatives have uncovered alarming facts. We uncovered substandard bookkeeping, fiscal mismanagement and a general lack of oversight over City-wide finances.

We now have to correct various bookkeeping errors, adjust for various over drafts and generally clean up the books for review by the independent auditors. We also need to backfill for a large amount of debt that was issued during the last decade of this century. Finally, we need to adjust for the "hangover" of past state raids on our finances.

Two budget updates presented to City Council on October 18, 2011 and August 23, 2011 reported several significant events impacting the 2010-11 and 2011-12 General Fund budgets. The City's financial condition has deteriorated. Budget estimates for fiscal year 2012-13 have been developed that identify a best case deficit of $20 million.

Our comprehensive review of our funds and fiscal practices is nearly complete. The following discussion describes the changes since the previous budget updates, and the adjustments and transfers proposed to balance the City's General Fund, to preserve and maintain solvency for this fiscal year and to begin to restructure the City's financial obligations to provide lasting fiscal sustainability. It is time to deal with our precarious financial situation, once and for all, and restructure our finances to allow the City to focus on and address the other challenges and opportunities of our community.

In the private sector there are numerous examples of financial restructuring that resulted in sustainable and healthy enterprises going forward, such as in the auto industry, airlines and the hi-tech industry. We plan to do the same. Our employees and the citizens of Stockton who receive city services have borne the entire brunt of our restructuring efforts so far and now its time for others to do the same.

The alternatives to this proposed approach include more radical service reductions in public safety; which we think would be dangerous to our citizenry. Another option would be to ask for tax increases. Even if the voters would approve such a proposal, we just don't think they should be asked to fix this problem, at least until we explore other alternatives, address our liquidation exposure and get our house in order. Even more importantly, the problems we face are so severe that neither of these options, even implemented aggressively, would be enough to correct the situation and make Stockton

financially sustainable. In addition, focusing only on current revenues and expenditures avoids a large source of the problems, the debt and other contractual liabilities that so far have note been significantly addressed.

One may ask, "how did we get here?" It is clear, after spending the last year going through our finances and commitments, that an accumulation of poor decisions and practices contributed greatly, and that the "knock out punch," the long and protracted recession that still exists in the Valley, is the final "blow" that got us to this point.

The 1990's included a greatly expanding retiree health insurance commitment that, although appears legal, it was unsound and eerily similar to a "Ponzi scheme." We are now at the back end of this "scheme" and are having to pay for it. Next year, we expect to pay more for retiree health insurance than for our current employees. This coupled with enhanced retirement benefits, accelerated the problem. We now have roughly 1.7 retirees for every employee.

The City issued huge amounts of debt in the last decade with the assumption that the hyper growth that was occurring would last forever. The bond market was not willing to take the risk of continued growth, so the City was required to obligate the General Fund to act as backup security to get decent interest rates. The General Fund is now backfilling for some of this debt.

It is well documented and publicized the City also approved generous labor contracts that were not transparent nor sustainable. Since certain labor groups, such as the Stockton Police Officers' Association (SPOA), were not willing to re-open contracts, your Council had to declare two fiscal emergencies and impose concessions. These are being challenged by SPOA and Stockton City Employees' Association (SCEA) via the courts and the Public Employment Relations Board (PERB). The ultimate decisions in these venues have not been determined. In other words, there is more financial risk out there.

The Valley recession and its impacts have been well documented. The foreclosure crisis and property value reduction continues and has hit the General Fund and Redevelopment (RDA) hard. The RDA alone experienced a 60 percent reduction in tax increment.

Finally, the State's actions of raiding our funds have accumulated and impacted our General Fund.

Not one of these factors is the cause of our current problem. However, the interplay of all these factors has created a situation where we can't "grow our way" out of the problem and no amount of forward looking financial planning will properly fix it.

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

Present Situation

June 2010 Prior Period Adjustments

The list of bookkeeping changes to the City's fiscal condition starts in the years prior to June 2010. We have discovered serious issues with the accuracy of the June 2010 audited balances and have reviewed beginning and end of year balances of that year as part of the process of closing the books for June 30, 2011. In their internal control report to City Council, the City's 2009-10 external auditors publicly identified reconciliation issues for the City's cash, library, and property owner loan receivable programs. I don't think it was clear just how problematic these areas were to the underlying financial condition of the City. Through the Council's strategic initiative designed to "get our fiscal house in order," staff has identified a number of unsupportable balances in the June 2010 financial statements. Ordinary and customary reconciliations between supporting third party or subsidiary data bases and the City's financial books have simply not been performed by staff for many years. As a result, systems are out of balance and some balances reported in the City's financial statements are unsupportable.

Our research indicates a material overstatement of reported City assets and available balances in the General fund for the year ending in June 2010. Following is a list of necessary restatements.

- Cash - $500,000 was double counted for General Fund parking ticket revenues and their corresponding cash receipts through June 2010. For 2 ½ years, two different Police Department employees faithfully recorded the same set of cash receipts, one on a daily basis and one on a monthly basis. Administrative Services staff posted the daily receipt batches to the City's general ledger based upon deposits to the third party parking administrator's bank account in addition to the monthly cash receipt when program revenues were transferred by the administrator to the City. Daily and monthly bank reconciliations should have identified and protected against this type of misstatement.

- Accounts Receivable - A careful "aging" review has indicated that the net realizable value of General Fund accounts receivable at June 2010 was overstated by an estimated $2.8 million. Where possible, collection efforts will continue, but we believe the net value of the assets needs to be written down through an "allowance for doubtful accounts" to reflect the likely net realizable value of the asset to avoid overstatement of current, spendable resources. If and when the accounts are collected, they can be written back up to their original value and be available for programming in a future year. However, some of these receivables are four years old, ten years old or even older. This had the affect of overstating our financial position when developing budgets.

Accounting standards require that recognized revenues be realized within 90 days of year end to be available to finance the operating costs attributable to the year, or, in the alternative, to be "deferred" until the year that they are converted to cash. The City has not followed this accounting standard and as a result has overstated its available balance. The objectives for accounts receivable "allowances" and "deferrals" are to measure and report the underlying liquidity of funds available to finance current operations on June 30th.

The largest component of the proposed write-down is a million dollar aged balance carried over several years that is due from the independent Fire Districts in the County that are serviced by the City's Fire Department. This subject was the topic of a Council staff report in December 2011. A settlement with the districts has been developed that will permanently write-off the uncollectible portion of this balance. Since this revenue was not available to finance 2010-11 operations, the impact of the write-off should be pushed back to the June 2010 fund balance.

The next most significant receivable adjustment is for parking ticket collections. Police and Finance Department staff have worked with their contractors to update their collection methods and assessment of aged parking tickets. Estimated realization has eroded during the past year. A total of $649,000 is proposed for adjustment in this category based upon the contractor's assessment that 50% - 60% of delinquent balances that are under one year old will be collected. Older balances have been estimated with a sliding scale down to a 0% collection estimate for balances over three years old. The City contracts for both parking ticket administration and collection services to manage its parking ticket revenues.

The following is a recap of the receivable balances at risk for collection that are now judged to have not been available to finance operations at June 2010:

Fire Districts	$1.0 million
Parking Tickets	0.6 million
Garbage collections (pre-2002)	0.3 million
Fire mutual aid (5 years old)	0.2 million
Other programs (net)	0.7 million
	$2.8 million

These proposed June 2010 restatements will next be reviewed by the City's new outside auditor who will test and validate the proposed presentation. In some cases, less significant items might be consolidated with current year activity in the City's published financial statements while significant adjustments will be displayed as prior period adjustments to the beginning fund balance. Restatement and isolation of prior year impacts helps "right size" the reported

current year operating results to best use as a base for out year comparison and projection.

- Wages Payable Liability - An error in the amount of $315,305 in the wages payable liability account was inadvertently posted in March of 2005. This is an account that should clear to zero after each pay period. The City-wide wages payable liability account had not been reconciled by accounting staff from 2005 through 2011. Reconciliation of subsidiary ledgers to the general ledger is a normal and customary accounting function that provides a safety net to identify posting errors on a timely basis. This is another example of failures in accounting and auditing controls.

- Expenditures – Adjustments to expenditures including a write off of $181,236 due to a cash variance, clean up of misstated expenditures in the amount of $68,798 related to inventory and payables, and a correction of $96,286 to align a deposit liability with a subsidiary ledger.

Below is a schedule of the General Fund Available Fund Balance at June 2010 as originally posted, with recommended adjustments. Staff recommends transfers from unrestricted funds be made to balance the General Fund at June 2011. The specific adjustments are described later in this staff report.

The net impact to the General Fund "available" fund balance at June 30, 2010 is a reduction of approximately $3.8 million. The following table provides a summary of the recommended adjustments:

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

General Fund
Available Fund Balance
June 2010 - Restated

June 2010 Available Balance, as previously reported in 2010 CAFR (General Fund only)	$ 1,101,075
Adjustments	
Cash and Investments:	
Parking Citations - double counted revenue	(496,528)
Accounts Receivable:	
Accounts receivable/deferred revenue	(2,774,919)
Expenditures:	
Cash - write off variance	(181,236)
Expenditures misstated (inventory, payables)	68,798
Deposit liability out of sync with subsidiary ledger	(96,286)
Correction of 2005 Wages Payable Liability	(315,305)
	(3,795,476)
June 2010 Available Balance, as restated	$ (2,694,401)

2010-11 Results Update

The ending available balance of the City's General Fund at June 2011 has eroded significantly from the $722,000 surplus estimate that was last provided to the City Council in the August 23, 2011 budget report. The estimated General Fund ending available balance is now a deficit of $6.6 million. The two primary factors in this change are the impact of the change to the beginning balance described above, and a necessary Redevelopment Agency subsidy. The recommended adjustments to the June, 2010 available fund balance, for example, correspondingly reduces the 2010-11 ending available balance by $3.8 million. A more comprehensive description of changes, is provided below. Some of this is typical for year end accruals to close out the year. Some are atypical due to poor fiscal management. For example, revenues sometimes do not come in until long after the year the revenue was earned in is closed.

Revenue

When compared to what was estimated in the August report to the City Council, additional revenues in the amount of $1.9 million were received in 2010-11. Below is a description of these increases:

- Actual Sales Tax revenue came in $500,000 higher than projected at that time, with sales for the quarter ending June 2011 up 10% compared to the same quarter in

2010. Higher fuel prices and strong sales by new motor vehicle dealers were primarily responsible.

- An unexpected catch up payment of State Motor Vehicle License fees was received, adding $145,000.
- In the Taxes and Other General Sources category, Property Taxes, Business License Tax, and Interest were also slightly higher than previously projected.
- Revenue associated with the Police Department's supplemental contracted police services offered to local businesses and organizations accounts for $620,000 of the revenue increase. This revenue was offset by an increase in Police Department expenses associated with this program of $500,000.
- The August 23, 2011 revenue estimate included adjustments for the Fire District contracts and Parking Ticket uncollectible balances. After further research, it was determined that these uncollectible balances belonged in prior fiscal years. The 2010-11 revenues were adjusted upward to reflect only 2010-11 activity.

Expenses

Expenses have increased $5.2 million from the amount estimated in the August 23, 2011 budget update. The largest contributor to this increase is a $3.9 million subsidy for the Redevelopment Agency. The other major adjustments include a $500,000 subsidy to the Development Services fund, a $650,000 payroll tax liability accrual, the $500,000 added for Police Department contract expenses discussed above and a $300,000 correction related to the COPS Hiring Recovery Program. More detailed information is provided below:

- Since the August 23rd, 2010-11 budget update report, the State Supreme Court has ruled to uphold ABX1 26 and as a result, the Stockton Redevelopment Agency, along with all other Redevelopment Agencies in the State, was dissolved as of January 31, 2012. At June 30, 2011 the Redevelopment Agency had a deficit of $3.9 million. This deficit is due to overspending and ongoing revenue declines in prior years. The General Fund is forced to provide funding to offset the deficit issues described further below:

    - The Redevelopment Agency has overspent its available revenues. This condition has built up over a period of years. The Agency's cash overdrafts during this time have been papered-over with unauthorized working capital loans within the Redevelopment Agency and loans with the City that were not specifically called out nor understood. The North Stockton and Waterfront Project areas have a combined overdraft of approximately $9 million. Other Redevelopment Agency funds, including Midtown, South Stockton and the Affordable Housing programs have cash surplus balances of approximately $6 million. The Agency's total cash position at June 30, 2011 is an overdraft of $2.7 million.

  - The Redevelopment Agency funded a project (the Edward C. Merlo Institute of Environmental Technology Gymnasium on the William Brotherhood Park site) through a mix of Strong Neighborhood Initiative bond proceeds and a reimbursement agreement from the school district. Unfortunately, the same set of costs were reimbursed from both bond proceeds and by the schools, creating an ineligible "double dip" recovery not allowable from tax exempt bond proceeds. This issue was undetected from 2009 through 2011 due to incomplete reconciliation of available bond proceeds, project commitments, and bond trustee account balances. $1.2 million of Redevelopment Agency cash at June 2011 must now be set aside for replenishment of the trustee's fiscal agent bank balance to restore compliance with bond covenants.

- A subsidy to the Development Services Fund has been added to cover receivable allowances, unanticipated leave buy-out and cost allocation plan impacts. The Development Services Fund is expected to collect the receivable in 2011-12 and has already made progress on this collection.
- Payroll Tax Liability Accrual – Some employee retirement and retiree medical trust contributions were incorrectly treated as pre-tax in the calculation of employee payroll tax withholdings. The City is working with employees, their unions, and the IRS to correct the payroll tax deductions. It is estimated that the City might be required to pay $650,000 to correct and settle this matter. This amount is being accrued to the 2010-11 fiscal year.
- In 2009 the City of Stockton accepted a COPS Hiring Recovery Program Grant in the amount of $7,932,160 that funded 20 Police Officers for three years. The grant only funded the cost of entry level Police Officers and not all employee benefits were eligible under the grant. Actual Police Officer salaries and benefits exceeded the grant funding in both 2009-10 and 2010-11. A transfer of $107,000 was budgeted to pay for the cost above the authorized grant funding. A reconciliation of CHRP expenses showed that the City needed to fund an additional $135,000 in 2009-10 and a total of $164,000 in 2010-11. Expenses totaling $300,000 have therefore been moved to the General Fund. This expense is offset by the $107,000 originally budgeted.
- There are other minor expenditure adjustments that require increases in the General Fund transfers to the Recreation Fund ($20,000), Housing Grant Funds ($87,568), and Debt Service Fund ($6,000).
- These additional expenses were partially offset by approximately $486,000 in savings in the Peacekeeper Program and other programs.

The balance at June 30, 2011 is estimated to be a deficit of approximately $6.6 million. It should be noted, however, that these are still preliminary estimates, since the City has not officially closed its books, nor has the City's outside auditor reviewed the City's 2010-11 financial statements. The following chart provides a summary of changes to the 2010-11 General Fund Available Fund Balance made since the August 23, 2011 City Council budget update:

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

General Fund
2010-11 Year End
Changes since August 23, 2011

	Major Taxes	Program Activity	Police Contracts	Other Support	Current Projection
June 2011 Available Balance, as reported in open session Aug. 23, 2011					722,257
June 2010 Available Fund Balance update		(3,795,476)			(3,795,476)
Revenue					
Taxes and other general sources	875,647				875,647
Program sources		164,495	620,889		785,384
Fire District Contracts		241,920			241,920
Other items					-
					1,902,951
Expenditures					
Programs					
Police Department		(34,397)	(832,639)		(867,036)
Department Updates (PW, ED, Fire)		(150,744)			(150,744)
					-
Program Support for Other Funds					
Redevelopment backfill				(3,875,976)	(3,875,976)
Recreation/Golf				(70,063)	(70,063)
Grant Match			34,397	(87,568)	(53,171)
Development Services				(526,069)	(526,069)
Other Funds				105,334	105,334
Compensated Absences				302,083	302,083
Administration					
Administration Dept. Updates		40,923			40,923
External Auditor		(62,360)			(62,360)
Peacekeeper/Other Program Savings		486,243			486,243
Payroll Tax Accrual		(650,000)			(650,000)
Labor/Legal		54,002			54,002
Debt Service		(2,496)			(2,496)
					(5,269,330)
Reserves		(113,558)			(113,558)
Net Change since Aug. 23, 2011	875,647	(3,821,448)	(177,353)	(4,152,259)	(7,275,413)
					-
June 2011 Available Balance, as restated					(6,553,156)
					-

2011-12 Budget Update

During the budget update on October 18, 2011, the City Council took a number of actions to address $4 million in 2011-12 budget issues that had developed during the first quarter of the 2011-12 fiscal year. The largest causes of the projected shortfall were an unexpected erosion of property tax and the state redirecting vehicle license fee revenue collections. These impacts were largely offset through the availability of unbudgeted one-time grant sources, vacancy savings, and a draw of $1 million of the $2 million budgeted contingency. Since October additional 2011-12 problems have been identified. Staff currently estimates that the General Fund is now facing an operating shortfall of approximately $8.7 million.

The changes from the previous estimate are a combination of an estimated decline in revenue of $825,000, and an increase in projected expenditures of $7.8 million. Major Tax revenues are actually up by $1.4 million, but these gains have been more than offset by a shortfall in Police Department program revenues. Expenditures have increased $7.8 million primarily due to Redevelopment backfill, Pension Obligation Bond shortfall, Public Facility Fee debt shortfall, and increased estimates for labor negotiations and legal costs. Both revenue and expenditure projection changes are described in more detail below.

- Major Taxes
    - Property Tax – Projections are slightly lower ($100,000), based on an updated estimate from the County Auditor-Controller's Office provided November 30, 2011.
    - Sales Tax – The revised sales tax estimate has increased by $530,000 based on recent information from HdL Corporation, the City's sales tax consultant. This increase is primarily driven by rising fuel prices and improved sales in the auto and transportation industry.
    - Franchise Tax – The City will benefit from a one time true up of $700,000 in 2011-12 as Comcast moves from a local franchise agreement to the state franchise agreement. Currently Comcast remits on a calendar year basis but this will change to a fiscal year basis when their local franchise agreement expires in April 2012. A portion of this increase has been offset by a decrease in franchise revenue from the waste haulers. A 2% increase in franchise revenue from the waste haulers was anticipated in the adopted budget. Year to date revenues indicate a 1% reduction compared to fiscal year 2010-11 actual revenue. The revenue loss is primarily due to declines in commercial and industrial waste collection. The 2011-12 revenue projection has been reduced $234,000.
    - Business License – The business license revenue estimate has been revised based on actual revenue received in 2010-11. The revised business license revenue estimate remains at 1% below the amount received in 2010-11.
    - Investment Income – The estimate of interest earnings has been adjusted to reflect the true General Fund negative cash position and interest cost.

- Other Revenue Updates
  - Fire Districts – The City now anticipates collecting $1 million of unbudgeted, prior year Fire District contract revenues based on the amended agreement with the Fire Districts approved by Council in December 2011.
  - The Redevelopment Pass Through revenue estimate has been reduced $105,000 to reflect the expected decline in Redevelopment Agency tax increment.
  - Police Department Revenues – The Police Department now anticipates a $1.9 million program revenue shortfall concentrated in three major areas: parking fines, code enforcement, and vehicle impound fees. The department cites staffing shortages and vacancies as the primary cause for all three of these shortfalls, and has proposed a plan to backfill some current vacancies with part time help to try to recapture some of these revenues prior to year-end. This projection does not rely on recaptured revenues at this time, but an opportunity might exist to recapture some of these revenues. The current projection does, however, include the department's updated vacancy savings estimate which adds $300,000 in savings to partially offset these revenue losses.
  - Prison Grant – A State grant to mitigate Prison construction impacts had been added to the General Fund budget during the October 18, 2011 budget report. Further dialogue with the state indicates this will be restricted for related capital projects and is not available for general City use. This $347,000 grant has been removed from the projection.
  - Indirect Cost – Estimated $500,000 decrease in indirect cost revenue paid to the General Fund by other City funds. This is a placeholder value pending a revision to the City's Cost Allocation Plan.

- 400 E. Main Street Move
  The City Hall move to 400 E. Main has been postponed at this time. City hall space allocations to non-general fund programs, such as housing and utilities, have been restored as current year General Fund revenue (+$294,000). In addition, General Fund department rental charges for 400 E. Main occupancy have also been reversed from General Fund expenditure budgets (+$512,000). However, due to loss of anticipated City occupancy non General Fund budgeted rental payments, the 400 E. Main fund is now expected to need a General Fund back fill of approximately $800,000 to cover its debt and operating costs. The 400 E. Main fund has experienced high variable interest costs during the year due to market reaction to credit risk in the City's bond liquidity provider, Dexia, a troubled European bank. Interest rates on these bonds were budgeted at 3%, actual weekly rates had exceeded 4% but have now drifted back just below 4%. The net 2011-12 General Fund impact of the delayed 400 E. Main move approximately breaks even, with higher revenues and higher net expenditures, with nominal net change.

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

- Pension Obligation Bonds (POBs)
  The City issued POBs in 2007 with an objective to reduce the interest cost on its unfunded pension liability with CalPERS. Unfortunately due to the poor timing of this issuance, CalPERS lost an estimated 24 to 30 percent of the principal due to investment losses. The POBs were intended to reduce the City's long-term CalPERS contribution rates and substitute with a lower bond payment. The bonds were structured with deferred principal retirement in the first few years and an increasing annual debt service cost. In past years, the City accumulated the resources to make the bond payments with a pension benefit rate surcharge through its labor budget. While estimated 2011-12 workforce reductions were included in the 2011-12 pension rate development, the ultimate number of position reductions and further vacancies have generated an estimated $1.2 million shortfall in this contribution, of which the General Fund share is approximately $876,000. Prospectively, to avoid unexpected impacts from workforce fluctuations, in future years these bond payments will be budgeted as a fixed cost.

- Redevelopment Update
  The General Fund is at risk for an estimated 2011-12 Redevelopment Agency operating deficit. First, because the City has pooled Agency cash to reduce it's unauthorized working capital loans at June 30, 2011, the Redevelopment project areas are not expected to have sufficient cash flow for operations in 2011-12. Second, Redevelopment revenue projections (due to revised estimates from the County Assessor) have eroded the Agency's revenue projection by $1 million from budget. The result of recent redevelopment actions is a projected 2011-12 General Fund backfill for Redevelopment activities of $3.1 million. The chart below reflects the $2.1 million update since the October 18th briefing.

- Other Operating Costs
  Other expenditure updates include new County election cost estimates from the County, recent contract awards for Federal/State advocates that no longer have an RDA subsidy, property tax administration charges recently received from the County, external audit costs, and negotiated labor costs. A placeholder estimate of $100,000 has been added for additional external audit costs due to the significance of restatements to prior audited balances and for risks related to the City's solvency. We will look to the City Auditor to obtain and evaluate a revised fee proposal from the external auditor for consideration by the City Council. On October 18, 2011 the Council approved a Memorandum of Agreement with the Fire union that extended the eligibility for some Longevity pay to July 1, 2012. This expense was part of a resolution of the Fire union's arbitration claims that would have avoided $4 million in general fund costs. The implementation of this extension for the Fire union members and all other employees will result in an additional cost of $128,000 to the General Fund.

- Labor/Legal Costs
  Estimated costs of $3.5 million have been added as a placeholder for an extensive confidential neutral mediation process (AB506) and contingency planning costs, increasing by $3.5 million labor/litigation/debt/actuarial analysis appropriation in the adopted budget. The proposed actions in this report will require significant assistance from bond counsel, labor counsel, labor consultants, debt consultants and project management. This will also pay for the Management Partners, Inc. firm to assist the City through the AB506 process, actuarial work to address retiree health options, etc. We also may be contractually required to pay for some debt holder's expenses due to participating in this confidential process. AB506 reflects new law and has not been utilized by any local government in the state. The process is a new state mandate, which if successful, will produce $20 million or more in savings for next fiscal year. It may resolve litigation exposure for this year and previous years as well.

It is important to note that the current year projections are based on imposed reductions to Stockton Police Officers Association and Stockton City Employees Association of over $11 million in the General Fund. These reductions to Add Pays and benefits were similar to reductions agreed to by other labor units. Unfortunately, these impositions are the subject of current litigation and pose a risk to the General Fund. The City does not have the resources to pay for these concessions should their litigation be successful.

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

General Fund

Midyear Update of Known Budget Impacts

2011-12

Changes since Oct. 18, 2011

	Major Taxes	Program Activity	400 E. Main Move	Other Support	Current Projection
Net Annual Activity, as reported Oct. 18, 2011					-
Revenue					
Property Tax	(100,200)				(100,200)
Sales Tax	530,000				530,000
Utility User Tax	95,000				95,000
Franchise Tax	451,000				451,000
Other - Business License/Document Tax	440,000				440,000
Interest				(528,000)	(528,000)
Redevelopment Pass Through		(105,000)			(105,000)
Fire District Contracts		925,000			925,000
Police Department program revenues		(1,953,000)			(1,953,000)
Restricted prison grant not available for general use		(347,000)			(347,000)
Indirect Cost Plan				(500,000)	(500,000)
Rent from Non-General Fund Dept			294,000		294,000
Other items				(27,599)	(27,599)
					(825,799)
Expenditures					
Pension obligation bonds - insufficient rate for current staffing				(876,000)	(876,000)
Public Facilities Fee Bonds				(680,839)	(680,839)
Redevelopment backfill - net savings from bond conversion				(2,100,000)	(2,100,000)
Other Cost updates					
Police Department Vacancy Savings		300,000			300,000
Longevity Cost - Fire MOU		(128,500)			(128,500)
Federal/State advocates (loss of RDA subsidy)		(144,000)			(144,000)
Election Costs		(240,000)			(240,000)
Property Tax Administration		(70,000)			(70,000)
External Audit Costs		(100,000)			(100,000)
400 E. Main Building - no rent payment			512,370		512,370
400 E. Main Subsidy			(800,000)		(800,000)
Labor/Legal/Actuary/Project Management					
AB506/contingency plan		(3,500,000)			(3,500,000)
					(7,826,969)
Net Change since Oct. 18, 2011	1,415,800	(5,362,500)	6,370	(4,712,438)	(8,652,768)
					-
Revised Ending Available Fund Balance					(8,652,768)
					-

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

Present Situation

Solutions

The combined 2010-11 deficit of $6.6 million and projected 2011-12 deficit of $8.7 million have created a $15.2 million shortfall in the General Fund at June 30, 2012. To address this shortfall, staff recommends multiple transfers of available funds from unrestricted sources and the suspension of debt payments from unrestricted funds for the balance of this fiscal year.

General Fund
Status of Unrestricted Funds
Projected at June 30, 2012

	Current Projection
Requirements	
General Fund at June 30, 2011	(6,553,156)
General Fund at June 30, 2012	(8,652,768)
Subtotal, Requirements at June 30, 2012	(15,205,924)
Solutions/Options	
Special Revenue Funds	
Library	720,995
Measure W	1,232,000
400 E. Main Operating Fund	589,025
Entertainment Venues	570,000
Capital Funds	
General Capital Fund	798,309
ESB & 400 E. Main Capital Fund	1,929,706
Internal Service Funds	
Fleet	2,286,061
Retirement	3,731,170
Trust Funds	
Arts Endowment	1,300,000
City March to June 2012 Debt Service	2,048,658
Total Solutions	15,205,924
Net Unrestricted Funds, June 2012	$ 0

The "solutions" strategy listed above proposes transfers of unrestricted resources from programs outside of the General Fund. As mentioned previously, many of the fund balance amounts listed above are preliminary and unaudited numbers subject to change. The final ending balances less 2011-12 operating deficits and some capital commitments will be the amount actually available to transfer. Almost all of these

transfers are reserves which were accumulated by these programs for strategic reasons, such as equipment replacement, and are only recommended to be utilized given the severity of this fiscal deficit. We still have four months left in the fiscal year with no reserves. As a result, we feel we need to take these actions to avoid an uncontrolled insolvency or default. We still have four months left in the fiscal year with no reserves. This provides the time to show good faith in complying with the new state mandated process found in AB506. The following list reprises the proposed transfers and program impacts:

- Sweep Library fund balance and cancel selected capital projects
  - Two large and much needed roof, HVAC, and building repair projects for the Angelou and Chavez facilities would be retained.
  - Impact: The Chavez repair and renovation will be canceled and the library minor repairs account will be closed. The General Fund would become the default contingency for unexpected operational shortfalls or facility repairs, similar to other programs with direct General Fund support.

- Draw Measure W reserves through additional staff allocations
  - Impact: The General Fund would become the default contingency if the Measure W sales tax revenues aren't realized at the budgeted rate.
  - This is a particular risk since sales tax receipts are reported to the City by the State Board of Equalization up to three months in arrears. Without reserves, the budgeted expenditures are spent and service provided before the revenues for the year are confirmed.
  - Further, this draw on reserves moves us even further away from being in compliance with the Measure W policy for a reserve that is 25% of budgeted revenues.

- Sweep the 400 E. Main operating fund balance
  - Impact: Sweeping the 400 E. Main reserve will also push the operating risk contingency back to the General Fund.
  - Operating revenue risk for this program is the continued leasing and collection of commercial tenant revenues.
  - Operating expenditure risk includes building maintenance but also the variable interest rate on the bonds used to purchase the building. The fund also bears the acceleration risk of principal payments on the bonds if the current bank bonds, held by the City's liquidity provider, Dexia, if they are unable to be resold to the market.

- Sweep Entertainment Venues fund balance
  - Impact: 2010-11 results, including the wrap up of IFG/SMG transition, have resulted in a surplus that could be swept back to the General Fund. The Entertainment Venues Fund has additional cash available due to correction of the balances reported in the 2010 CAFR for this program.

This is yet another restatement of previously audited 2010 balances, this time in a positive direction. The contract with the new SMG Entertainment Venue operator includes a requirement for a third party audit. Their audit has been submitted and supports the ending balance available to reduce the General Fund subsidy on a one-time basis at June 2011.

- The Arena business model does not include an operating fund balance reserve, further exposing the General Fund for unexpected operating and facilities maintenance requirements.

- Sweep unencumbered General Capital Projects fund balance and cancel most if not all projects not yet in progress
  - Impact: The most significant impact of this sweep would be the continued erosion of contingency reserves and appropriations for major maintenance projects of City facilities and buildings.
  - Up to $1.3 million in projects have been appropriated, but contractual obligations have not yet been committed.
  - Impacted projects will cross City programs and buildings.
  - Separately, the local match appropriation for a large federal grant program would be retained, as well as some small contingency repair funds.
  - Over $250,000 of the uncommitted funds considered for cancellation relates to Arena projects anticipated by the City's new operator, SMG, which could impair their business plan. Other appropriations evaluated for cancellation include asbestos removal, ADA projects, an electrical power upgrade, a HVAC upgrade to the animal shelter, and roofing projects.

- Sweep cash that had been appropriated for City Hall moving costs to 400 E. Main
  - Impact: Relocation of City Hall operations would be deferred until a replacement funding source could be available to fund the move.

- Sweep Internal Service Fund balances for Vehicles, Pension, Unemployment, and LTD/Life Insurance. These funds had accumulated prudent reserves to buffer unexpected cost impacts.
  - Impact: Without reserves, the business risk for these programs would now fall back to the General and other operating funds. We have huge investments in vehicles for Police and Fire that are core to delivering on their mission. We are behind in setting aside adequate replacement funds.
  - Fleet: The vehicle fund has a cash balance of $4 million at June 2011. However, replacements in recent years have been severely held back due to the limitations of the cash flowing into the fund from budgeted program contributions. The current year replacement budget of $2 million has increased from prior levels, but current department charges are still insufficient to fund a normal ongoing replacement schedule. Sweeping

this cash will diminish the program's ability to address its aging fleet and it will no longer be accessible to catch up replacements from years of underfunding. Fleet is saying they can sustain their known replacement schedules after this sweep, but they will have no reserves for the unexpected and they will likely have to increase rates in future years.

- Retirement: The retirement fund also holds a significant $5 million cash balance at June 2011. This cash is accumulated throughout the year to provide cash flow to fund the annual $7 million debt service payment each August. Sweeping this cash will result in the fund's draw on pooled cash from the time of the debt payment, with replenishment during the course of the fiscal year. The ultimate impact will reduce the City's overall liquidity and increase the program's interest costs during the year.
- Reserves in these Internal Service Funds have accumulated through contributions from all City programs, both restricted and unrestricted. Transfers of surplus back to the contributing funds would be proposed in the same proportion as the source contributions.

- Cancel and take back $1.3 million endowment from the Arts Commission
  - This endowment was established by the City Council and could, as a matter of policy, be liquidated and transferred for other use. Income from the trust currently typically funds $50,000 annually in community arts grants. As an alternative, if the trust were to be liquidated, the General Fund could directly contribute $50,000 per year in grant appropriations from its annual tax revenues to make the program whole.

- Debt service payments of approximately $2 million are due to be paid from unrestricted funds between now and June 30, 2012. $1.5 million is due collectively on the 2004 Parking Bonds and the 2009 Public Facility Fee bonds. An additional $500,000, paid through monthly installments, is due on the variable rate 400 E. Main bond obligation. As discussed below, suspension of debt payments for the balance of this year will ensure we continue operations within available resources this fiscal year.

Fiscal Year 2012-13 Projection and Beyond

The Budget Office has developed a Four-Year General Fund Forecast model that projects revenue and expenses for fiscal years 2011-12, 2012-13, 2013-14, and 2014-15. Attachment A provides the detail of the 2012-13 projection from this forecast. The City's annual projected General Fund deficits in this forecast range from $20 to $28 million over the next three years under the "best case" scenario.

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

The chart below summarizes the deficits projected in the Four-Year Financial Forecast assuming nothing is done to address the problems (the chart includes the Baseline 1, "best case", assumptions described below):

General Fund
Four-year Financial Projection

	2011-12	2012-13 Baseline #1		2013-14		2014-15	
Revenues							
Marjor Taxes	135,826,195	134,841,919	-1%	134,558,652	0%	136,197,953	1%
Other Revenues	22,176,319	20,067,647	-10%	19,853,792	-1%	19,664,632	-1%
	158,002,514	154,909,566	-2%	154,412,444	0%	155,862,585	1%
Expenditures							
Salaries & Benefits	115,082,008	121,585,664	6%	125,976,771	4%	128,544,213	2%
Services & Supplies	33,146,646	32,233,077	-3%	32,790,546	2%	33,286,321	2%
Other Program Support	17,576,628	19,298,365	10%	19,590,919	2%	19,900,652	2%
Contingency	850,000	2,000,000	135%	2,000,000	0%	2,000,000	0%
	166,655,282	175,117,106	5%	180,358,236	3%	183,731,186	2%
Net Annual Activity (Best)	(8,652,768)	(20,207,540)		(25,945,792)		(27,868,601)	
Net Annual Activity (Worst)	-	(38,182,873)		-		-	

Two 2012-13 scenarios were developed to present a range of potential fiscal outcomes. Baseline #1 represents a more "optimistic" projection, with slightly more positive revenue projections, and a presumption that most or all of the labor cost reduction measures imposed this fiscal year will continue on in fiscal year 2012-13 and that we will prevail in all of our lawsuits. Baseline #2 includes less optimistic revenue projections, especially relating to the prospect of stabilized property tax revenues and a presentation of the costs if some of the key labor reduction measures are not upheld, essentially we "turn off" all emergency imposed concessions.

When looking at Attachment A, the 2012-13 Baseline #1 projection shows a deficit of $20 million and a $38 million deficit with 2012-13 "Baseline #2" assumptions.

These deficit projections are driven by a series of factors, the most significant of which were anticipated further property tax revenue declines, potential migration of the Code Enforcement program off the County Teeter distribution plan, expiring Federal police grants, increasing pension, pension bond, and retiree health costs, and the impact of a base 2011-12 budget balanced with one-time grants, transfers, and vacancy savings.

The section below discusses the assumptions behind Baseline #1, the best case scenario. In Baseline #1 an overall 2% decrease in General Fund revenues is projected

due to property tax declines, potential migration of the Code Enforcement Teeter Plan impacts, and the discontinuation of one time revenues received in 2011-12.

- Property Taxes are expected to decline 5% or $2.2 million in Fiscal Year 2012-13 based on discussions with both the San Joaquin County Assessor and the City's property tax consultant, HdL Companies. Property values are expected to continue to decline because of declining home prices and Prop. 8 reductions.

- The Code Enforcement revenue estimate presumes a discontinuation of the application of the County's "Teeter Plan", where the County covers the cost of delinquent City Code Enforcement liens. County staff has proposed this change to the Board of Supervisors to begin next fiscal year. The impact of that change has been estimated to be a loss of approximately $500,000 or more to the City.

- Franchise Tax and Fire District Contract revenues were higher in 2011-12 due to receipts of one time funds. Projected 2% growth in Franchise revenue is offset by the $700,000 one time Comcast revenue received in 2011-12 for a net decline of $535,000. The Fire District revenue has been decreased by the $1 million one-time prior year payment received in 2011-12.

- Sales Tax revenue is estimated to increase $1.7 million based on trends from the last two quarters and a more optimistic projection received from the City's Sales Tax consultant, the HdL Companies. HdL also projects a higher County ERAF sales tax backfill payment of about 13% in 2012-13 due to a $440,000 true up of 2011-12 sales tax revenue. Without the above adjustments, HdL's baseline sales tax projection is up 3% for 2012-13.

The 2012-13 Baseline #1 projection assumes employee compensation is the same as in 2011-12. Overall labor costs, however, are projected to increase 6% over 2011-12 costs due to: expiring Federal police grants, increasing pension, pension bond, and retiree health costs, and a base 2011-12 budget balanced mid-year with one-time grants, transfers, and vacancy savings which cannot be repeated in future years.

- The three year Federal COPS Hiring Recovery Program (CHRP) grant ends at June 30, 2012 and requires that the City keep the 20 Police Officers for a minimum of one year after the grant expiration. This is an increase of $2.8 million to the general fund. The 2012-13 projection also includes $100,000 to provide a local match of salary and benefit costs for the new federal Community Oriented Policing Services Hiring Program Grant recently accepted by the Department. This $7.8 million grant will fund 17 police officers for three years.

- CalPERS provided rates for Fiscal Year 2012-13 in October 2011. The Safety rate increased from 29.099% to 31.79%, a 9% increase. The Miscellaneous rate actually dropped slightly from 16.941% to 16.881%, a decrease of 0.4%. Combined this is an

additional cost of $730,000 to the General Fund in 2012-13. After these projections, CalPERS has recently recommended a reduction in their actuarially assumed interest rate (from 7.75% to 7.5%) effective July 1, 2013 which, if approved, will increase our safety rates from 32.5% to 40% and miscellaneous from 17.4% to 22%. This would create an approximate increase of $6.7 million in all City funds, and of this approximately $4.4 million would be paid by the General Fund. This is not factored in our projection.

- Retiree health pay-as-you-go cost will increase in the General Fund by over $1 million due to an increase in the number of retirees and a projected 10% increase in health care costs. As you know, most retirees pay nothing towards health insurance.

Significant adjustments to the 2012-13 services and supplies budgets include legal costs, general liability insurance and equipment internal service fund updates.

- The legal and miscellaneous services budget was reduced by $3 million to reflect the City's legal cost in a more typical year. This will be largely impacted by the AB506 process.
- Based on new actuarial reports, the General Liability Insurance charges have been increased to cover costs based on actuarial cash flow projections and are designed to break even on a cash basis. The General Fund impact is an increase of $660,000.
- An additional $1 million increase came from the updated internal service rates for equipment programs. In prior years and originally expected in the near future, these internal service funds have operated at deficits and drawn down their fund balances. Available balances have been proposed for sweep at June 2012 and are no longer available to cover ongoing program deficits.
- Other projected costs increases include election costs, property tax administrative costs, state and federal advocacy contracts that can no longer be charged to Redevelopment, external auditor costs, fuel costs, and Police and Fire recruitment costs. New cost information received from the County on property tax administration and election costs have been added to the General Fund projections. Polygraph and psychology test costs for Police and Fire recruitments have been absorbed by department vacancy savings in 2011-12 but are now added back as new baseline costs in 2012-13. The Public Works Department reviewed fuel usage and pricing and proposed three scenarios. The fuel cost increase of $241,000 is based on the mid-range of the proposed scenarios.

The Other Program Support section includes operating subsidies for Library, Recreation, Golf, and Entertainment Venues; grant match funds, general capital expense funding; and debt supported by the General Fund. City staff has revisited all funds with operating deficits in the 2011-12 adopted budget and identified additional funds at risk for General Fund support. These funds have been drawing from their fund balance reserves through June 2012:

- A $350,000 subsidy for the Golf Course Fund has been added to projected General Fund costs. In prior years, annual deficits in the Golf Program have been absorbed the Recreation Fund, which is now out of reserves and no longer available to support the Golf operation.
- Library and Recreation Fund subsidies have been increased by $100,000 and $85,000, respectively, to cover projected increases in salary and benefit costs.
- The General Fund subsidy for the Entertainment Venues Fund has been reduced by $200,000 based on the business plan proved by SMG.
- Grant match funds have been reduced from $300,000 to $50,000 due to the expiration of the CHRP grant.
- Capital improvement support has been returned to the original 2011-12 budget level of $575,000. Since City staff will not be moving to the 400 E. Main Building additional repairs may be needed in City Hall.
- The 2012-13 projection reflects the net impact of the delayed move of City staff into 400 E. Main St. ($600,000), and the fact that interest payments on the variable rate bond for this building have increased ($400,000). Staff is working with the Real Property manager to identify operational savings that may be generated from the now vacant "future" City Hall space. The deficit in the adopted 2011-12 budget for this fund will continue into the next few years without rent from City departments. The General Fund forecast now includes a net $1 million subsidy for the only partially occupied 400 E. Main St. building. We are working on reducing this number.
- The General Fund will be called upon to backfill development revenues that are insufficient to cover Public Facility Fee Debt bond payments which are backed by the General Fund. The General Fund subsidy is projected to increase from $620,000 to $1 million.
- Debt payments for the MUD/Howard Jarvis settlement and General Fund assistance for Redevelopment activities, the Downtown Marina, and Debt administration remain level in 2012-13.

The General Fund Contingency account in 2012-13 has been restored to the $2 million level.

As we contemplate a strategy to extricate the City from this situation it is important to note that financial projections for the next several years continue to show that the City's current fiscal condition is not temporary, and we cannot expect to simply wait to grow out of this problem. Furthermore, your Council has to adopt a balanced budget by June 30th of each year.

Ongoing Issues

The projections discussed above include the quantifiable and known budget impacts to the General Fund. However, the General Fund remains at risk for a number of other serious but un-quantified and unresolved issues.

County Teeter Program – As discussed above, in response to high delinquency rates on district assessments, County staff have proposed a change to its "Teeter" method of tax distribution. Under the current plan, the City receives 100% of all taxes and assessments levied, including substantially all Code Enforcement liens. The County covers the delinquent taxes in exchange for penalties and interest earned in the period in which the delinquent taxes are collected.

Proposed changes to the Teeter Plan will have particular impact on the City's General Fund Code Enforcement revenues. The City levied approximately $2.4 million in code enforcement fees, fines, abatement charges, interest, and penalties on the County tax roll for 2011-12. Changes to the County's Teeter Plan began in 2009 when the County imposed restrictions on lien payments by comparing the lien amount on each property to the assessed land value of the property. If the amount owed exceeded the assessed land value, the County reduced the Teeter payment down to or slightly below the assessed value. The Neighborhood Services Section of the Police Department accounted for this restriction in its 2011-12 revenue estimate.

The County recently notified the City that it has proposed removing all direct assessments from the Teeter Plan in fiscal year 2012-13. The Teeter Plan changes do not mean that this revenue will be lost, only that the County will not pay the City up front for all delinquent fees and fines. On Tuesday, September 23, 2011, the County Board of Supervisors returned this agenda to staff, requesting additional analysis of alternatives.

The risk to the City is for 2012-13. At that time, the City might need to absorb the cash flow, carrying cost and risk of unpaid property assessments. This forecast carries an assumption that the adoption of the changes to the Teeter plan would cost the City approximately $500,000 or more. There have been estimates however that this change could add as much as $2 million to our operating deficit in FY 2012-13. We will continue to monitor County action on this proposal.

Labor Contracts and Related Litigation – Modified labor agreements with cost reductions have been ratified with all groups for 2011-12 except the Stockton Police Officers' Association (SPOA) and Stockton City Employee's Association (SCEA). On June 21, 2011, the City imposed salary and benefit reductions for SPOA and SCEA employees under its May 17, 2011 emergency declaration. These impositions are the subject of litigation and present a risk of more than $11 million.

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

Recap of Ongoing Issues – The recommended fund transfers and other actions of $15 million address the $15 million in unrestricted fund deficits now projected through June 2012. The Four Year Forecast projects a deficit range from $20 million to $38 million in fiscal year 2012-13 and ongoing deficits ranging from $25 to $28 million in fiscal year 2013-14 and 2014-15. The ongoing issues discussed above create challenges for the General Fund as initiates its budget development process for 2012-13.

Options for Closing Gap

Revenue **-** To close the gap and balance the budget we must either raise revenue or decrease expenses. The City has limited options for new tax revenues. The California Constitution limits the ability of cities to increase tax revenues without voter approval. City residents already contribute supplemental sales tax revenues to Measure W (Public Safety) and Measure K (Transportation) programs. With an unemployment rate of just under 20%, residents are unlikely to have the economic footing to approve ballot measures for additional tax revenue support, either through additional sales or parcel tax options. Given our public disagreement on labor costs and well documented generous retiree health benefits, the voters will likely hesitate funding more revenues now. Furthermore, any additional revenues are at risk by various litigants with the City. However, if the voters were to approve an additional quarter (1/4) percent sales tax, for example, it could generate $9 million of new revenues per year. In any case, this hypothetical relief would only provide $4.5 million in the 2012-13 fiscal year if approved by voters in November 2012. It would be far more beneficial to seek additional revenues to support a restructured, sustainable organization.

Service Reductions **-** Seventy-one percent of the General Fund expenses are dedicated to labor. Another way to look at the General Fund expenses is by function and 77% of the functions in the General Fund are related to public safety (police and fire). In order to cut $20 million from the General Fund, more layoffs of staff and more reductions in public safety would be necessary. Over the past few years the City has taken the steps to cut costs. The budget gap closed last year was $37 million, before that it was $23 million, and before that $28 million. Staffing has been cut from a high of 1,886 positions in 2008-09 to 1,424 currently authorized positions. Authorized sworn positions in the Police Department have gone from 441 in 2008-09 fiscal year to 343 currently authorized. Staffing is critically low and service to the citizens of Stockton is suffering. In 2011 almost 50 firefighter positions were also eliminated.

Although Management and Council agree that programs have been cut enough and in many cases too much, this is the area where the City had the most ability to cut cost. General Fund program departments were asked to submit reduction plans to demonstrate the service level impact of the reductions necessary to balance the budget. The scope of necessary service reductions would severely redefine the City's service capacity and eliminate essential community services. Their submissions are presented in Attachment B. It is important to note that the department heads do not recommend

these reductions, indeed, just the opposite. Below are some of the components of the reductions:

- An average of 15% in department service reductions would be required to achieve $20 million in expenditure savings.
- Since the most significant expenses in the General Fund are invested in public safety services (Police and Fire), reductions of this magnitude would have particularly serious consequences for services provided by those departments. For example a 15% reduction to the Police Department budget would total just over $12.7 million, and a 15% reduction to the Fire Department budget would total just under $6.0 million.
- A 15% reduction to the Police Department would require the elimination of all 30 Community Services Officers, 64 sworn officers, and a variety of other support services staff.
- Achieving a 15% reduction to the Fire Department would result in the elimination of three fire engines and 1 fire truck and the reduction to firefighter staffing on one fire truck. This would mean the elimination of 41 sworn fire positions.
- In total, department proposals would reduce the General Fund work force by up to 190 full-time positions and 6 part-time positions, in the following expenditure reduction scenarios:

  5% 76
  10% 136
  15% 190

These kind of cuts simply pose too much of a safety risk to our citizens.

Labor negotiations **-** Employee compensation in the General Fund is part of a negotiated agreement. In the past the City has imposed changes to labor contracts due to the Fiscal Emergency, however, these impositions are temporary and the problem is not. Additionally, litigation is pending with labor related to the emergency impositions. In fiscal year 2012-13, it is estimated that $13 million must be renegotiated or imposed to maintain current compensation levels. This represents the $11 million of imposed reductions for the Stockton Police Officers Association and Stockton City Employees Association and furloughs for all other units. Significant compensation restructuring was accomplished last year bringing compensation for most units closer to our labor market. As we consider a plan to close the gap and look at additional changes to compensation, we must balance that with our ability to attract and retain quality employees. I highly recommend that we do not go too far below the labor market "average" for compensation. Whatever services we do continue to provide, we must provide them in a quality way. Substandard compensation will erode our capacity to do this.

Other options **-** Our options for raising revenue are limited. Our service levels are already critically low. Our employee compensation would fall below market if reduced by $20 million. Employees have already seen a 12-23% reduction in compensations in 2011. The City cannot continue to balance budgets without dealing with other issues

driving our unsustainable fiscal environment. The City's debt, retiree health programs, and other burdensome contractual commitments must be dealt with to put the City on stable financial footing. The City must take a comprehensive approach to restructuring its obligations.

The 2012-13 General Fund projection for retiree health costs is $9 million. Retiree health costs are estimated to nearly double in ten years if left unchanged. Our retiree health insurance program is one of the most generous in the state. The irony is that we anticipate spending more for the retiree health insurance than for our employees. The near term problem from this program is due to a poor funding strategy when these commitments were made (1990's). We now have the "tail end" of a legal but mis-managed program that feels similar to a "Ponzi scheme" that has ballooned to a $434.8 million unfunded liability that would require 31.58% of the payroll to adequately fund it. I might add, due to your quick but difficult decisions last year, you reduced the reitree health unfunded liability by over $120 million. This mismanaged program, coupled with retirement benefit enhancements has put our retiree to employee ratio upside down (2400 retirees to 1424 employees).

The City is scheduled to make $13.6 million in General Fund-backed debt service payments from unrestricted resources in 2012-13. Some of these payments are administratively budgeted in other funds, such as the Parking Fund, but are ultimately paid from unrestricted fee revenues that could be redirected for other purposes if not used to pay debt. The following chart describes these unrestricted debt service payments. The significance of the projected deficit prompts a review of these obligations for restructuring options.

Debt Service Payments Backed by General Fund

	FY 2011/12 Remaining Payments		FY 2012/13 Annual Payments	
	Scheduled Amount Spring 2012	Paid from Unrestricted Funds	Scheduled Spring/Fall FY 2012/13	Paid from Unrestricted Funds
2007 Pension Obligation Bonds Paid by Pension Internal Service Fund Source of funds: Labor budget contributions	-	-	7,712,550	5,644,216
2004 Lease Revenue Bond (Parking) Paid by Parking Fund from unrestricted fees	803,658	803,658	1,960,116	1,960,116
2006 SPFA Lease Rev Bonds - (1999 ESB Refinance) Budgeted in Gen Fund with offsetting Transfer In from unrestricted Parking Fund fees	-	-	907,494	907,494
2003 COPS (Housing Projects) Obligation of Redevelopment Housing Fund Paid from Bond conversion through Sept 2012 Projected General Fund backfill March 2013	-	-	990,170	 326,372
2009 Lease Revenue Bonds (Public Facilities Fees) Paid from PFF funds; backfilled by General Fund	1,207,919	680,000	2,415,838	1,082,190
2007 Variable Rate Bonds (City Hall) at 4% Budgeted in 400 Main Fund, backfilled by Gen Fund	565,000	565,000	1,866,794	1,866,794
Department of Boating & Waterways Budgeted in Marina Fund; Backfilled by Gen Fund			719,677	719,677
Jarvis/MUD Settlement Paid by General Fund	-	-	1,112,998	1,112,998
Rev Bond Events Center-Arena Project 2004 Pledge of Waterfront Tax Increment	-	-	2,570,687	-
	2,576,577	**2,048,658**	**20,256,322**	**13,619,857**

We also need to assess other "burdensome contracts" to consider cost reductions on other more favorable terms to the City.

Additional legal costs **-** The balancing scenarios discussed here may include departures from contractual obligations that are likely to require significant legal defense. In the case of bond holders, agreements may require the City to cover not only its own bills but also creditor collection costs.

Summary of Options for Closing the Gap
This staff report has discussed a list of balancing alternatives for City Council consideration. It is important to remind the reader that if we are able to close the gap

for Fiscal Year 12-13, we will still have no fund balance to cushion against further deterioration of finances and the deficits continue to grow in subsequent years. A sustainable solution must be developed now. It is recommended that Council immediately direct staff to develop plans for long term fiscal sustainability to be discussed with interested parties before a neutral evaluator.

Management Partners Financial Assessment

On December 13, 2011 your Council authorized Management Partners (MP) to conduct an independent assessment of the City's finances. Their final report is attached (Attachment C). They are opining that we are insolvent, depending on what we do now. Their report validates what you've been told by staff. They concur with staff that poor fiscal management in the past and the Great Recession have combined to put the City in an extremely weak fiscal condition. They believe the four year forecasts prepared by staff may even be a bit optimistic. Their financial findings confirm our sense of urgency and they affirm the recommendation that we proceed with the mediation process outlined in AB506 immediately.

Management Partners key observations include:

- The City faces significant risks and increasing costs that weaken its financial position and continue to erode its ability to provide fundamental services.
- The City can be considered insolvent from a service delivery and a budget perspective.
- The City is nearly cash insolvent and is likely to run out of unrestricted available fund balance before the end of the fiscal year unless immediate action is taken.
- The weakness of the City's financial condition as represented in documents prepared by the City management for FY 2011-12 and FY 2012-13 is not overly conservative.

They recommend cash be conserved to avoid insolvency and uncontrolled default, that we immediately prepare for AB506 proceedings to restructure our finances, and that we develop plans to lower serviced levels or alternate service delivery approaches to further reduce costs.

Recommended Commencement of AB 506 Mediation Process

The City is in an immediate and severe fiscal crisis and it is or likely will become unable to meet its financial obligations as and when those obligations are due or become due and owing. Absent some negotiated adjustments to the City's financial obligations, the City will be insolvent and will have no alternative than to seek bankruptcy protection under chapter 9 of the United States Bankruptcy Code. A recently adopted California law known as AB 506 (Government Code Sections 53760-53670.7) provides for a confidential neutral evaluation process as a precondition to or in lieu of (if successful) filing a chapter 9 petition. The goal of this process is to achieve a negotiated solution to

the City's financial challenges. Immediate commencement of a confidential neutral evaluation process under AB 506 with the City's creditors is recommended to attempt in good faith to resolve the City's financial crisis. However our timing or room for maneuvering is very tight.

As previously mentioned, the AB506 confidential and independent mediation process is an intense and complex process that has not been tried by any agency in California. It will include a long list of creditors or interested parties that will try to forge a successful restructuring process in a compressed time frame. This will require a huge amount of coordination of staff and outside parties. This can only be done by contracting for additional resources. As a result, we propose a contract in the amount of $175,000 with Management Partners. Additional information is provided in the next section of this document.

Management Partners Project Management

The City Manager's Office recently approached Management Partners to request a proposal to provide project management and technical assistance support for the AB 506 mediation process (see Attachment D's Exhibit A). Management Partners has the resources to immediately begin the planning and project preparation including preparing a work plan for executing the AB 506 process. The work plan will identify the key steps, schedule and individuals or consultants who will have responsibility for each element of the work plan. Management Partners will also prepare a communications plan and assist in preparing materials to communicate the City's financial condition to interested parties in the AB 506 process. Management Partners will then identify the relevant interested parties or creditors and notify them of the City's intent to initiate the AB 506 mediation process. Management Partners' in depth knowledge of the City's finances will also allow them to quickly develop plans for long term fiscal sustainability to be discussed with creditors. This is known as the "ask" to interested parties, and consists of the relief being sought by the City with respect to existing debt and contractual obligations which are no longer consistent with fiscally sustainable operations. Management Partners will also work with the City Attorney and outside counsel to facilitate the selection of the neutral evaluator, create and coordinate a mediation schedule and assist the City in preparing materials for presentation and discussions in the mediation sessions. Finally, Management Partners will also assist the City in identifying any additional tasks that must be completed following the mediation process.

To accomplish these tasks, Management Partners has proposed the dedication of outstanding resources with exceptional experience in project management and municipal finance, including their Regional Vice President and a Partner of the firm. Management Partners will coordinate the efforts of their team along with City staff, legal counsel and other experts to assist the City through the AB 506 process. Management Partners will serve as the City's project manager for the AB 506 process, doing what is necessary to move what is sure to be a new and challenging process forward to a satisfactory conclusion.

Staff recommends that the City avoid delay in initiating the AB 506 mediation process by executing a new contract with Management Partners for project management and technical assistance in the AB 506 mediation process in the amount of $175,000 (Attachment D).

Findings

Stockton Municipal Code Section 3.68.070 provides an exception to the competitive bidding process in cases where the City Council has approved findings that support and justify the purchase.

The following findings support the exception as follows:

- There is an immediate need to initiate the AB 506 mediation and neutral evaluation process.
- The fiscal sustainability of the City is the top priority of the City Council.
- The City does not have the resources or staff time to support the AB 506 process while managing the City.
- There would be a significant delay in engaging in a formal Request for Proposals (RFP) process for AB 506 support services.
- Management Partners is uniquely familiar with the financial condition of the City based on their work conducting the financial condition assessment.
- Management Partners has working knowledge of the City and its staff that will expedite the process.
- Management Partners has the expertise and staff available to begin the preparation for the AB 506 process immediately.
- Management Partners has demonstrated the expertise and capability to manage time sensitive, high profile projects with outstanding performance and attention to detail.
- The proposed fees are reasonable and comparable to the costs for similar project management engagements.

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

Suspension of Debt Service Payments

As a necessity, to preserve cash liquidity in the general fund for the remainder of Fiscal Year 2011-12, we are recommending that the Council authorize suspension of payments on certain general fund lease obligations (for detail see page 29) in the amount of approximately $2,048,658. Failing to make these payments will constitute an Event of Default on the part of the City, although all of the obligations have cash reserve funds or surety policies so that investors in the City's obligations will not immediately suffer a missed payment. However, this is a serious step and will very likely result in the withdrawal or downgrade of the ratings on these publicly traded obligations and will negatively impact their market value. A portion of the 2009 Lease Revenue Bonds (Public Facilities Fees) will be paid with Public Facilities Fees (PFF). Where fee revenue is insufficient, unrestricted funds will not be used to backfill the remaining amount of the payment. As shown on page 29, the total payment on this issue is expected to be $1,207,919. The shortfall of PFF revenue will create a default of approximately $680,000 of this payment. With respect to the variable rate Series 2007A and Series 2007B Bonds issued to finance the acquisition of 400 E. Main St., the failure to make payment on March 1, 2012 could result in those bonds being tendered to Dexia, the liquidity provider, which would result in a significant increase in the interest rate on those bonds; however, holders of the bonds would be paid in full for their tendered bonds, and Assured Guaranty, the bond insurer, would make payment to the holders (or Dexia to the extent they purchase the bonds).

The providers of bond insurance for the City's general fund obligations (National Public Finance Guarantee, Assured Guaranty and Ambac), and the trustee (Wells Fargo), will be invited to participate in the AB 506 confidential neutral evaluation process described above. It is likely that they will be asked to make significant concessions as a part of any negotiated solution to the City's financial crises in the AB 506 process.

Ratification of Leave Payoff Suspension

On May 17, 2011 the City Council adopted Resolution #11-0114 declaring that the City of Stockton was experiencing an ongoing fiscal emergency. That declaration is still in effect and continues today. That emergency declaration resolution gave the City Manager authority to take further emergency actions to preserve the City's ability to provide essential service to the citizens of Stockton to safeguard public health and safety.

Effective February 16, 2012, under this authority the City Manager took the following actions to stabilize and preserve the finances and available cash of the City in order to continue to provide services. It is recommended that your Council adopt findings regarding the suspension of vacation sell back and leave pay off. These findings are below.

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

1. On May 17, 2011, this Council approved Resolution #11-0114, declaring a state of emergency based on fiscal circumstances and directed the City Manager to take appropriate and lawful measures to achieve a balanced budget including any change to existing labor agreements determined necessary by the City Manager, limited to the duration of the fiscal emergency. The financial information provided in this report supports the continuation of the state of emergency. The measures implemented under this emergency are necessary to generate the cost savings needed to maintain solvency of the General Fund during fiscal year 2011-12.

2. The City is dangerously low on available cash resources necessary for current operations, including the operation of the City's police and fire departments, which are funded almost entirely from unrestricted general fund revenues.

3. The ability of the City to continue funding basic public safety services during the pendency of this condition of fiscal emergency is of paramount importance to the citizens of Stockton.

4. City employees have, through valued and continuous service, accumulated leave balances in the form of both sick leave and vacation and these balances represent a significant unfunded general fund obligation.

5. It is anticipated that due to the current financial position of the City certain employees, some with very large leave balances that they will seek to convert to cash upon separation, will chose to immediately separate from City service and that these employee separations will cause extreme pressure on the City's greatly depleted unrestricted cash resources.

6. The City currently does not have sufficient unrestricted cash resources available to both maintain necessary levels of public safety related services and immediately pay separating employees for 100% of its liability for accumulated leave balances without an unacceptable risk of depleting available cash resources to the point that public safety services may be put in jeopardy.

7. While any risk to the City's ongoing ability to provide necessary public safety services to it's citizens is a grave concern, the current level of crime in Stockton makes this risk one that this Council is unwilling to incur. To place at greater risk the safety of the community in this time of greatest need would be an unconscionable dereliction of this Council's most basic obligation to it's citizens.

8. It is necessary at this time to immediately, but temporarily, delay the further payment of all leave balances to separating employees until such time as there are sufficient unrestricted cash resources available to the City to allow for the payment of such leave balances while ensuring the City will have adequate resources remaining to fund basic services.

Along with these findings, the City manager is also directed to develop alternatives to this complete suspension of leave buyouts and report back to the City Council as soon as practical. The alternative should strike a balance between our ability to pay and what is rightfully owed to our employees.

It is further recommended that your Council ratify these emergency actions by the City Manager. These actions proposed for ratification are:

1. Annual Vacation Sell back or Cash Payoffs of Vacation. Effective the pay period starting February 16, 2012, the City Manager has ordered that whatever annual vacation sell backs or pay offs as provided for in various Memorandums of Understanding/resolutions are hereby temporarily suspended. This applies to all bargaining units and employees, including those units where the annual sellbacks or cash outs have already been suspended during the furloughs.

2. Vacation Hours paid at separation. Effective the pay period starting February 16, 2012, the City Manager has ordered that all pay offs of unused vacation hours that would otherwise be made to an employee upon separation from City employment, and as provided for in various Memorandums of Understanding/resolutions, are hereby temporarily suspended. This applies to all bargaining units and all employees. This suspension of pay offs of unused vacation shall also apply to Fire and Fire Management Longevity Vacation. This provision shall not apply to employees who are involuntarily separated from City Service.

3. Sick Leave Hours paid at separation. Effective the pay period starting February 16, 2012, the City Manager has ordered that all payments of unused sick leave that would otherwise be made to an employee upon separation from city employment for any reason, and as provided for in various Memorandums of Understanding/resolutions, are hereby temporarily suspended. This applies to all bargaining units and all employees.

4. Holidays leave hours paid at separation. Effective the pay period starting February 16, 2012, the City Manager has ordered that all payments of unused holiday leave hours that would otherwise be made to an employee upon separation from city employment for any reason, and as provided for in various Memorandums of Understanding/resolutions, are hereby temporarily suspended. This provision shall not apply to employees who are involuntarily separated from City Service.

5. Other leave balance pay offs at separation including payments of unused compensatory time in lieu of overtime or furlough hour banks shall not be impacted by these suspensions.

The City Manager and staff will make it a top priority to provide options to this suspension, that provide a better balance between the 100% suspension, versus the financial exposure of potentially large payoffs.

Investigation

Over the years the City has relied on the services of various professionals in the areas of finance and fiscal management. Through the hard work that staff has undertaken in the near term it has become apparent that the true financial condition of the City was not communicated in certain prior fiscal years to the Council at a time when measures might have been available to avoid, at least in some measure, the current difficulties now being confronted.

It is also now apparent that there may have existed in certain past fiscal years non-standard financial practices engaged in, either intentionally or negligently, by City administrators and/or contractors that were not disclosed to the Council and that have also contributed to the City's current financial situation.

Given the grave consequences now being faced by the City, it is important that staff engage in an investigation aimed at determining if the City has the ability at this time to pursue remedies against persons or entities that may have contributed to the City's current financial situation by failing, either by their intentional or negligent actions, to properly serve the City.

It is staff's intention, if so directed by your Council, to engage in an investigation and return to Council (in open or closed session as appropriate) for direction regarding any further actions that may be appropriate.

FINANCIAL SUMMARY

A General Fund action plan has been identified to offset $15 million in 2010-11 and 2011-12 losses that have materialized since the previous budget updates. The proposed plan and budget amendment addresses known and quantifiable impacts to the budget. As discussed above, a series of additional and significant contingent risks to the General Fund remain outstanding.

The following are prior period and current year transfers and appropriations that must be made in order to balance the General Fund at June 30, 2010, June 30, 2011 and to maintain a balanced budget in Fiscal Year 2011-12. The amounts below are approximate unaudited available fund balances; actual available funds will be transferred.

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

At June 30, 2011 authorize the following appropriations and transfers of unappropriated fund balance:

	Account	Amount	Page Reference
Transfer To:			
Redevelopment Waterfront #343	330-0000-492	3,876,000	pg. 9
Recreation Fund #044	044-0000-492	20,000	pg. 10
HUD Grant Funds	052-0000-492	88,000	pg. 10
Development Services Fund #048	048-0000-492	526,000	pg. 9
City Debt Service Fund #201	201-0000-492	6,000	pg. 10
	Total	4,516,000	
Transfer From:			
General Fund	010-0000-992	(4,516,000)	
Transfer From:			
Library Fund	041-0000-992	(721,000)	pg. 18
400 E. Main Operating	085-0000-992	(590,000)	pg. 18
Entertainment Venues	086-0000-992	(570,000)	pg. 18
General Capital Fund	301-0000-992	(798,000)	pg. 19
ESB & 400 Main Capital	305-0000-992	(1,930,000)	pg. 19
Fleet ISF	501-0000-992	(2,286,000)	pg. 19
Retirement ISF	561-0000-992	(3,731,000)	pg. 20
Arts Endowment Trust	613-0000-992	(1,300,000)	pg. 20
Total		(11,926,000)	
Transfer To:			
General Fund	010-0000-492	11,926,000	
Increase 2010-11 Expenditure Appropriation:			
General Fund #010 - Payroll Accrual		650,000	pg. 9
Measure W Fund #081		1,232,000	pg. 18

FISCAL CONDITION UPDATE FOR FISCAL YEARS 2010-11, 2011-12 AND 2012-13

Amend the 2011-12 General Fund Budget as follows:

	Oct. 18, 2011 Amended Budget	Increase/ (Decrease)	**Feb. 28, 2012** Amended Budget	Page Reference
Revenues	158,828,313	(825,799)	158,002,514	pg. 12
			-	
Expenditures				
Police	83,172,036	(223,500)	82,948,536	pg. 13
Fire	39,812,835	47,000	39,859,835	pg. 14
Redevelopment	1,000,000	2,100,000	3,100,000	pg. 14
City Manager	735,926	1,800	737,726	pg. 14
City Auditor	405,801	100,000	505,801	pg. 14
Admin Services	3,201,627	1,500	3,203,127	pg. 14
Human Resources	1,272,332	1,700	1,274,032	pg. 14
Tax Collection and Election	2,310,000	310,000	2,620,000	pg. 14
Other Admin / PIO	1,363,178	(368,370)	994,808	pg. 13, 14
Labor Litigation/Negotiation/AB506	1,500,000	3,500,000	5,000,000	pg. 15
Debt Service	2,137,468	2,357,000	4,494,468	pg. 13, 14
March to June 2012 Debt	-	(1,245,000)	(1,245,000)	pg. 20
Transfer In Parking Debt	-	(804,000)	(804,000)	pg. 20
Subtotal, Expenditures	158,828,313	5,778,130	164,606,443	

The financial information provided in this report supports the continuance of the state of emergency adopted by City Council Resolution #11-0114 on May 17, 2011. The measures implemented under this emergency are necessary to generate the cost savings needed to maintain a balanced budget and maintain solvency of the General Fund through the end of fiscal year 2011-12. The City continues to closely monitor its 2011-12 budget and will report to you as conditions change.

Respectfully submitted,

for BOB DEIS
CITY MANAGER

Attachment A: Detailed Fiscal Year 2012-13 Forecast
Attachment B: Service Level Reductions
Attachment C: Management Partners Financial Assessment Report
Attachment D: Consultant Services Contract

Attachment A

General Fund Projection

	2008-09	2011-12		2012-13					
		Current Projection at 1/31/12		Baseline #1 Optimistic	Change from 2011-12		Baseline #2 Pessimistic	Change from Baseline #1	
Beginning Available Balance	9,628,221	-		-	-		-	-	
Revenues			% vs PY			% vs PY			% vs PY
Property Tax	55,499,968	44,512,970	-5%	42,319,722	(2,193,249)	-5%	41,842,191	(477,531)	-6%
Sales Tax	37,344,891	36,180,001	4%	37,965,021	1,785,020	5%	37,932,319	(32,702)	5%
Utility Users Tax	30,853,668	31,236,736		31,386,600	149,864		31,008,000	(378,600)	
Other General Revenues	46,524,091	33,379,991		32,153,247	(1,226,744)		31,260,244	(893,003)	
Program Revenues	32,878,911	12,692,816		11,084,977	(1,607,839)		10,719,095	(365,882)	
	203,101,529	158,002,514		154,909,567	(3,092,948)	-2%	152,761,848	(2,147,718)	-3%
Expenditures									
Salaries and Benefits									
Salaries - Safety	44,727,294	37,232,821		37,677,139	444,318	1%	38,806,558	1,129,419	3%
Salaries - Non-Safety	22,893,333	16,955,006		17,157,338	202,332	1%	18,514,798	1,357,460	8%
Salaries-Part time, Temporary	1,351,167	605,194		605,194	-	0%	605,194	-	0%
Pension - CalPERS	26,313,359	16,075,185		*16,806,002*	730,817	5%	*21,148,500*	4,342,498	26%
Pension - Bonds	-	5,615,200		5,644,217	29,017	1%	5,644,217	-	0%
Health, Dental, Vision - Employee	19,034,883	9,403,915		8,982,969	(420,946)	-4%	11,853,249	2,870,280	32%
Health - Retirees	-	*8,010,742*		*9,051,809*	1,041,066	13%	*9,051,809*	-	0%
Workers Compensation	3,120,880	5,660,652		5,627,821	(32,831)	-1%	5,930,754	302,933	5%
Other Pay and Benefits	11,544,889	7,091,431		*6,605,792*	(485,639)	-7%	*9,704,772*	3,098,980	47%
Overtime & Standby/Callback	8,497,730	6,842,859		6,842,859	-	0%	6,842,859	-	0%
Compensated Absences	3,470,937	4,347,003		4,277,674	(69,329)	-2%	4,881,682	604,007	14%
Salaries - Safety - Expiring Grants	-	-		2,954,850	2,954,850		3,175,470	220,620	7%
Reductions/reorganizations	-	(2,758,000)		(648,000)	2,110,000	-77%	(648,000)	-	0%
	140,954,472	115,082,008		121,585,664	6,503,656	6%	135,511,861	13,926,198	11%
Services and Supplies									
Internal Services-Equip	12,302,619	12,182,833		*13,299,313*	1,116,480		*13,299,313*	-	
General Liability Insurance	2,053,914	2,283,248		*2,947,771*	664,523		*3,142,284*	194,513	
Utilities	4,388,811	2,437,740		2,486,495	48,755		2,486,495	-	
Maintenance & Repair Services	1,599,774	2,444,155		2,444,155	-		2,480,817	36,662	
Labor/Legal Services	2,350,467	5,122,803		2,122,803	(3,000,000)		2,222,803	100,000	
General Expenses	7,295,143	5,871,867		6,113,390	241,523		6,237,114	123,724	
Tax Collection & Election	3,140,830	2,804,000		2,819,151	15,151		2,861,828	42,677	
	33,131,557	33,146,646		32,233,077	(913,569)		32,730,653	497,576	
Other Program Support									
Library, Recreation, and Golf Funds	12,254,613	6,735,022		7,269,349	534,327		8,335,734	1,066,385	
Entertainment Venues Fund	-	2,441,299		2,232,732	(208,567)		2,358,188	125,456	
Other Program Support	119,355	950,000		625,000	(325,000)		625,000	-	
Redevelopment	-	3,100,000		3,100,000	-		3,100,000	-	
Debt - Other	16,984,925	4,350,307		6,071,285	1,720,978		6,283,285	212,000	
	29,358,893	17,576,628		19,298,365	1,721,738		20,702,207	1,403,841	
Contingency	-	850,000		2,000,000	1,150,000		2,000,000	-	
Total Expenditures	203,444,923	166,655,282		175,117,106	8,461,825		190,944,721	15,827,615	
Reserves	(677,780)	8,652,768			(8,652,768)				
Net Annual Activity	(1,021,173)	-		(20,207,540)	(20,207,540)		(38,182,873)	(17,975,333)	
% of Expenditures		0%		-12%			-20%		
Ending Available Balance	8,607,048	-		(20,207,540)	(20,207,540)		(38,182,873)	(17,975,333)	

ATTACHMENT B

2/8/2012

General Fund
Department Reduction Summary
2012-2013

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Programs											
Police											
	Eliminate all Community Service Officer positions. Reduce revenue from $1.2 mil to $600,000. Net reduction is $2,012,133	All current CSO and Sr. CSO activities would be reassigned to Police Officers. VIPS being considered for parking tickets.	2,012,133	2,012,133	2,012,133	30		30		30	
	Reduce the number of Police Records staffing for filled and vacant civilian positions	This overall reduction in the Records Division would increase the amount of time related to all functions of the Records Division. This would include access to documented reports and provision of reports to the public and government agencies, including the Court system.	220,573	220,573	220,573	3		3		3	
	Reduced staffing in the Telecommunications Division. 3 Telecommunications Specialist	Decrease level of Telecommunications support for Police Dispatch. Longer wait for 911 calls.	296,402	296,402	296,402	3		3		3	
	Reduced civilian support staffing in the Traffic Division	Clerical duties would be assigned to Police Officers as time permits. This would greatly reduce the level of customer service related to towed vehicles and citation disputes.	167,483	167,483	167,483	2		2		2	
	Eliminate Investigations Division Police Records Assistant	Case work for CSO's & PRA would be absorbed by Police Officers.	75,216	75,216	75,216	1		1		1	
	Eliminate Special Investigations Records Assistant vacancy	Nominal effect on current Special Investigations operations	74,544	74,544	74,544	1		1		1	
	Reduce staffing in Animal Services & Animal Control	Reduced hours at Shelter and reduced coverage for animal control	371,077	371,077	371,077	5		5		5	
	Eliminate Graffiti Abatement Program salary and costs	Dramatic increase in graffiti throughout Stockton	577,190	577,190	577,190	5		5		5	
	Sworn salary savings		448,484	448,484	448,484						

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Police (Continued)											
	Eliminate 9 Police Officers, 2 Sergeant's and 1 Lieutenant from the Traffic Division	No separate Traffic Section. Only 8 Police Motor Officers assigned to regular Patrol shifts to handle essential traffic support and manage fatal traffic accidents		1,519,573	1,519,573			12		12	
	Eliminate 18 Special Investigation Section (SIS) Police Officer Positions, 2 SIS Sergeant's & 1 SIS Lieutenant. Transfer remaining 2Sergeant's and 6 Police Officer Investigators into the Investigations Section. Restructure Investigations Section.	Remaining 2 GSET Sgts reassigned; only 6 Police Officers remain in Special Investigations. Either GSET or Task Force operations eliminated		2,825,022	2,825,022			21		21	
	Decline the 17 positions funded by the 2011 COPS CHP Grant	Few Police Officers to handle calls for service.		100,000	100,000						
	Eliminate 26 Police Officer Positions, 4 Sergeants & 1 Lieutenants from Patrol duties. Restructure entire Patrol and Investigative Operations	Reduction in staff available to respond to 911 calls.			4,141,608					31	
		Sub Total	**4,243,102**	**8,687,697**	**12,829,305**	**50**		**83**		**114**	
Fire											
	Close Engine No. 11	Increased response time	1,500,697	1,500,697	1,500,697	9		9		9	
	Reduce Truck No. 3 by 1 Fire Fighter (1 for each shift = 3)	Increased fire loss, reduced staff safety, increased incident loss, morbidity and mortality	450,445	450,445	450,445	3		3		3	
	Fire District Contracts - Revenue reduction estimate		(397,873)	(586,984)	(776,095)						
	Reduce Truck No. 2 by 1 Fire Fighter (1 for each shift = 3)	Increased fire loss, reduced staff safety, increased incident loss, morbidity and mortality	450,445	450,445	450,445	3		3		3	
	Close Engine No. 6	Increased response time		1,500,697	1,500,697			9		9	
	Reduce Truck No. 7 by 1 Fire Fighter (1 for each shift = 3)	Reduced staff safety		450,445	450,445			3		3	

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Fire (Continued)											
	Reduce Truck No. 7 by 1 Fire Fighter (1 for each shift = 1)	Increased fire loss, reduced staff safety, increased incident loss, morbidity and mortality		150,148	150,148			1		1	
	Savings from other expenditures			65,390	65,390						
	Close Engine No. 14	Increased response time			1,500,697					9	
	Close Truck No. 3	Increased fire loss and reduce staff safety			1,500,697					9	
	Keep 1 Fire Fighter in Truck No. 2 (Reduce by 1 shift)	Increased incident loss and increased morbidity and mortality			(150,148)					-1	
	Keep 4 Fire Fighters in Truck No. 7				(665,983)					-4	
		Sub Total	**2,003,714**	**3,981,284**	**5,977,435**	**15**		**28**		**41**	
Public Works											
	Reduce contract budget for Trees	Reduced ability to respond to emergencies	100,000	100,000	100,000						
	Reduce contract budget for Parks	Delayed repairs to playgrounds and irrigation systems	135,000	135,000	135,000						
	Reduce contract budget for HVAC	Probable service delays as more work shifted to staff	60,000	60,000	60,000						
	Shift portion of Street Trees non-payroll costs to Gas Tax	Less Gas Tax for Street maintenance	60,000	60,000	60,000						
	Shift portion of Pixie Woods maintenance to Pixie Woods Board	Depends on ability of Board to make alternative arrangements		110,000	110,000			1		1	
	Eliminate vacant but funded Parks Inspector	Maintains reduced Parks oversight		100,000	100,000			1		1	
	Shift additional Street Trees non-payroll costs to Gas Tax for total shift equaling 50%	Less Gas Tax for Street maintenance		65,000	65,000						
	Shift Facilities Electrician to Streets and Gas Tax	Probable delays for Facilities electrical issues; improved Traffic electrical		85,000	85,000						
	Reduce Parks maintenance to minimum levels	Higher grass and more trash			185,000						
	Reduce Parks water usage by 50%	Brown grass and stressed landscaping			165,000						
		Sub Total	**355,000**	**715,000**	**1,065,000**			**2**		**2**	

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Economic Development											
	Elimination of Deputy Economic Development Director position and redistribution of staff allocations.	Reduced resources for business outreach, attraction, and retention	24,260	48,520	72,780	1		1		1	
		Sub Total	**24,260**	**48,520**	**72,780**	**1**		**1**		**1**	
Peacekeeper											
	Eliminate Phones budget	Staff will not have City Hall numbers; will use cell phones	8,596	8,596	8,596						
	Reduce Consultant budget	Reduce services for clients: tattoo removal, conflict management, counseling classes	622								
	Eliminate Printing budget	No outreach materials for community fairs, etc.	2,000	2,000	1,657						
	Eliminate Travel budget	No training and travel for award programs or training staff	1,200	2,000							
	Eliminate Training budget	No training and travel for award programs or training staff	2,000	1,200							
	Eliminate Equipment budget	No purchase of radios, scanners, etc	1,000	1,000							
	Eliminate Supplies budget	No purchases for the fiscal year	1,000	1,000							
	Reduce Full Time Position to Part Time	Reduce current caseload by 200; turn away additional 200 referrals		14,000				1		1	
	Reduce Pooled Vehicle budget	Reduce car rental for field trips- fewer field trips		1,000							
	Reduce Fuel budget	Reduce fuel budget to match reduction of YOW hours in car (from full time to part time)		2,039							
	Eliminate one Youth Outreach Worker Position	Reduce the current caseload by 400, turn away an additional 400 referrals			39,000					1	
		Sub Total	**16,418**	**32,835**	**49,253**			**1**		**2**	
Arts Commission											
	Supplies reduced		1,837	3,674	5,511						
		Sub Total	**1,837**	**3,674**	**5,511**						

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Programs Support for Other Funds											
Community Services - Library											
	Hold Librarian II Vacant	Delays completion of project to transition to 100% "shelf-ready" new materials, No donations/local history added to catalog and eliminates 5 hours per week of public service desk support lost	53,934	53,934	53,934	1		1		1	
	Eliminate Library Asst II (PPJ)	20% of Chavez Library Reference Desk staffing lost (Chavez averages 48,000 reference interactions per year), Longer customer wait times for reference service, Collection maintenance work delayed – customers may not find desired materials on the shelves	85,228	85,228	85,228	1		1		1	
	Parity of all late fees		47,000	47,000	47,000						
	Reduce PT staff funding by 21%	Less PT and FT staff leads to longer lines at customer service desks, reduced capacity to fill leave time/vacancies, and less skilled tasks performed by higher-paid employees	11,000	11,000	11,000		1		1		1
	Reduce Tech Services Supplies by 30%	Reduced capacity to recover books with damaged covers and to replace damaged media cases (audiobooks/music, DVDs) so that serviceable materials can still circulate and virtually eliminates capacity to accept not-shelf-ready donations from customers	4,000	4,000	4,000						

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Community Services - Library (Continued)											
	Eliminate Librarian I (PS)	25% of Chavez Library Reference Desk staffing lost beyond that lost at 5% reduction target (total 45% lost), troke Library Reference Desk staffing reduced by 25% and Significantly increased customer wait times at both Chavez and Troke libraries		93,736	93,736			1		1	
	Eliminate Librarian I (AC)			98,054	98,054			1		1	
	Reduce City branch landscaping by 50%			10,000	10,000						
	Eliminate Circulation Asst (LT)	Eliminate Library Assistant from Chavez Library and necessitates operating hours reduction of 31% (from 36 to 25 hours weekly maintains 5-day/week service)			62,812					1	
	Eliminate Library Aide (SN)	Eliminate Circulation Assistant and Library Aide from Troke Library. Necessitates operating hours reduction of 31% (from 36 to 25 hours weekly maintains 5-day/week service)			61,771					1	
	Eliminate Library Asst II (KBT)	Less skilled tasks performed by higher-paid employees			76,934					1	
		Sub Total	**201,162**	**402,952**	**604,469**	**2**	**1**	**4**	**1**	**7**	**1**

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Community Services - Recreation											
	Fewer Civic supplies/repairs & maintenance after remodel	No impacts	20,000	20,000	20,000						
	Reduce utilities in Civic Auditorium	No impacts	10,000	10,000	10,000						
	Reduce gas utility	Efficiency from upgrade and no impact	80,000	80,000	80,000						
	Reduce PT Comm Ctrs & Sports	Contracted field maintenance and no decrease in service	20,000	20,000	20,000		3		3		
	Sr AA to PM savings	No impacts	11,500	11,500	11,500						
	Rec Asst II separation not filled	Transactions performed by higher paid staff, less time for contract monitoring, program mgmt/development, slightly slower customer service at centers		79,005	79,005			1		1	
	Rec Asst II remains vacant			79,146	79,146			1		1	
	Layoff Office Asst II	Admin transactions, scheduling performed by higher paid staff, less time for committees, commission participation and support. Full time staff will assist in after school program, no impacts to after school, but other community center customers may incur slower service			61,708					1	
	Recreation staff pick up Public Art duties of lay off OA funded by Public Art Fund				11,287						
	After school program reduction				48,443						5
		Sub Total	**141,500**	**299,651**	**421,089**		**3**	**2**	**3**	**3**	**5**

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Entertainment Venues											
	Reduction of maintenance, repairs, and supplies	Barebones maintenance, repair, contracted services budget. Deferred maintenance issues may create risks to facilities	122,065								
	Reduction of maintenance, repairs, and supplies; and reduction of any further line items	Barebones maintenance, repair, contracted services budget. Deferred maintenance issues may create risks to facilities. Deferral of critical maintenance items may create risks. Staff will need to meet and confer with SMG to determine if facilities can safely operate with lower budget.		244,130							
	Closure of Baseball Stadium	Further reduction will create risk. Staff will need to meet and confer with SMG. It is estimated that this level or above in service reductions will require the Baseball Stadium closure. Stadium generate lowest level of revenue of all four facilities.			366,195						
		Sub Total	**122,065**	**244,130**	**366,195**						

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Administration											
	Non-Departmental, City Manager and City Council	Inability to launch Social Media efforts. Significant impacts to Website, Ask Stockton, and media relations support. Severe impacts to the ability to be responsive to Public Disclosure Requests. Impacts the already strained ability to support City Executives.	131,045	131,045	131,045	2		2		2	
		Inability to broadcast Council Meetings on Channel 97. Severe impacts to Channel 97 programming and maintenance. Severe impacts to media relations and community access to City business.		131,045	131,045			2		2	
		Reduce citizen support, public outreach, and strategic planning.			131,045					1	
		Sub Total	**131,045**	**262,090**	**393,135**	**2**		**4**	**-**	**5**	**-**
	Administrative Services										
	Reduce 3 Administrative Services Positions	Reduce administrative support to the City wide programs and increase risks to the accounting and financial activities	160,081	160,081	160,081	3		3		3	
	Reduce 3 Administrative Support Positions	Reduce administrative support to the City wide programs. Increase risks to the accounting and financial activities, delay in accounting transactions' reconciliation, and delay in payroll and disbursement processing		160,081	160,081			3		3	

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Administration (Continued)											
	Reduce 3 Administrative Support Positions	Reduce administrative support to the City wide programs. Increase risks to the accounting and financial activities, delay in accounting transactions' reconciliation, and delay in payroll and disbursement processing			160,081					3	
		Sub Total	**160,081**	**320,162**	**480,243**	**3**		**6**	**-**	**9**	**-**
	Human Resources										
	Reduction in Training Budget	Eliminate a portion of City-Wide training program which provides the courses for the various certificate programs. The City has class specs requiring these various certifications, there would be meet and confer obligations over elimination/suspension of the programs and corresponding job requirements. Contrary to Council strategic initiative on increasing organizational capacity.	63,617								
	Reduction in Training Budget	Eliminate an additional amount of funding for City-Wide training program which provides the courses for the various certificate programs. The City has class specs requiring these various certifications, there would be meet and confer obligations over elimination/suspension of the programs and corresponding job requirements. Contrary to Council strategic initiative on increasing organizational capacity.		38,452				-			

Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Administration (Continued)										
Eliminate HR Specialist	Eliminate last remaining support personnel to Civil Service Commission and the City's Air Quality liaison. The majority of CSC agenda preparation and other support activities would fall to analyst staff, significantly reducing their capacity to perform analytical level work.		88,781				1		1	
Reduction in Training Budget	Eliminate the remaining funding for City-Wide training program which provides the courses for the various certificate programs. The City has class specs requiring these various certifications, there would be meet and confer obligations over elimination/suspension of the programs and corresponding job requirements. This would also eliminate all training for HR staff, significantly impairing ability to develop employee/labor relations expertise in house. Contrary to multiple City Council strategic initiatives.			80,000						
Eliminate HR Specialist	Eliminate last remaining support personnel to Civil Service Commission and the City's Air Quality liaison. The majority of CSC agenda preparation and other support activities would fall to analyst staff, significantly reducing their capacity to perform analytical level work.			88,781			1		1	

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Administration (Continued)											
	Eliminate HR Assistant II	Eliminate all reception and mail services. Potential reduction in hours lobby would be open to public. Reduces customer service, incoming calls would potentially receive voicemail. Mail services and other low level clerical tasks would be reassigned to remaining higher level employees, thereby reducing efficiency.			22,679					1	
		Sub Total	**63,617**	**127,233**	**191,460**			**2**		**3**	
	City Clerk										
	Eliminate Office Specialist Position	Statement of Economic Interest tracking; Tracking of Ethics Training; Document Research; Customer Service; meeting support; bid openings; Agenda prep & distribution; staff training & development; filing; records mgmt.	88,281	85,633	85,633	1		1		1	
	Reclass Supervising Deputy City Clerk to Senior Deputy City Clerk		7,000								
	Reduce Senior Deputy City Clerk to 3/4 hrs.	High possibility of non-compliance with State mandates re: Legal Noticing, Public Hearings, Boards & Commissions recruitment and roster maintenance eliminated/meeting support, i.e. preparation of meeting record, filing of documents, meeting action followup decreased by 45%/processing of official documents (mandated), i.e. recordation of documents will be missed			23,593						
		Sub Total	**95,281**	**85,633**	**109,226**	**1**		**1**		**1**	

	Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Administration (Continued)											
	City Attorney										
	Loss of one advisory attorney	Serious delay in delivery of advisory advice/projects due to lack of staff and increased cost for consultation with outside counsel.	45,656	91,312	136,967	1		1		1	
		Sub Total	**45,656**	**91,312**	**136,967**	**1**		**1**		**1**	
	City Auditor										
	Vacancy Savings (3/4 position - 1 FTE)		20,290	20,290	20,290						
	Reduce staff by 1 full time position			64,800	64,800	1		1		1	
	Increase Contractual Services			(24,220)	(24,220)						
	Vacancy savings reversed			(20,290)	(20,290)						
	Reduce Contractual Services				20,290						
		Sub Total	**20,290**	**40,580**	**60,870**	**1**		**1**		**1**	
		Grand Total	**7,625,028**	**15,342,753**	**22,762,938**	**76**	**4**	**136**	**4**	**190**	**6**

Attachment C

City of Stockton
Financial Condition Assessment

February 2012

Management Partners

Management Partners

February 23, 2012

Mr. Bob Deis
City Manager
City of Stockton
325 North El Dorado Street
Stockton, California 95202

Dear Mr. Deis:

Management Partners is pleased to transmit this report providing a financial condition assessment for the City of Stockton. We conducted a high level "second opinion" of the City's financial estimates and staff's direction to address its financial challenges. We were engaged to assess the reasonableness of financial assessments produced by City staff and the policy recommendations that flow from those assessments. Our review was conducted between mid-December 2011 and mid-January 2012, which was a limited period of time for such a review.

Our conclusion is that staff's assessment of the City's financial condition and the approach being taken by the City is reasoned and valid. The City is in a very serious financial crisis and Management Partners recommends the City take immediate steps to protect itself as best as possible from the potential for uncontrolled debt default or contract breach due to lack of unrestricted available funds.

We offer three summary observations about the City's financial condition:

1. The General Fund is insolvent from a service delivery perspective as it cannot fund the full cost of consistently providing the current level of service. No plan exists for future financing of deferred maintenance, actuarial and contingent liabilities, adequate reserve levels or other costs not funded in the current budget. The City Council and staff are concerned that the current service levels are inadequate for the health, safety and welfare of the community.

2. The General Fund is insolvent from a budget perspective and the City must transition to lower service costs in order to align expenditures with projected revenues. This is shown by the fact that the City has used fund balance and contingency monies to cover deficits since at least FY 2008-09. The City passed balanced budgets for the prior and current year (FY 2010-11 and FY 2011-12), however a combination of factors (mainly newly discovered accounting issues and unforeseen General Fund liabilities), have resulted in continued reductions in the unrestricted available General Fund balance.

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Current projections indicate that the City will exhaust available unrestricted fund balances in several funds and contingency appropriations in the General Fund. This will leave the City with a small negative balance in the General Fund that will have to be managed through expense control. In addition, weak revenues and increasing debt and pension costs will create large budget gaps in the next three years and beyond, with very limited, difficult options to bridge the difference.

3. Cash solvency in the General Fund is tenuous. Known contingent liabilities that may come due in the next six months as well as newly discovered accounting issues identified by City staff, as well as budget estimation and economic risks may tip the General Fund into cash insolvency before the end of this fiscal year.

   The reasons for this situation occurred over many years and can be summarized as follows.

   - The sustained recession has reduced revenues significantly.
   - In the years prior to the recession, the City took on a large amount of debt in anticipation of ongoing growth that now exceeds the City's ability to pay.
   - Compensation packages exceeded sustainable levels and the City assumed a significant liability for improved retiree health coverage without sufficient recurring revenues to cover growing costs.
   - Prior fiscal management practices obscured problems.

We appreciate the assistance of City staff in providing data and a variety of information essential to our review. Thank you for the opportunity to serve the City of Stockton.

Sincerely,

Gerald E. Newfarmer
President and CEO

Table of Contents

Executive Summary **1**
Analytical Framework 2
City Efforts to Address Fiscal Condition 3
Key Observations 3
Recommended Actions 7
Conclusions 9
Project Approach **11**
Interviews 11
Documents Reviewed 11
Study Limitations 12
Background **13**
Deteriorating Fiscal Condition 13
Analysis and Observations **16**
Significant Risks and Increasing Costs 17
Service Delivery Solvency 18
Budget Solvency 22
Structural Imbalance Since FY 2008-09 ..... *22*
City of Stockton Debt *24*
General Fund Supported Debt (On Behalf of Other Funds) *28*
Retiree Medical Benefit Costs *31*
Accounting Errors *33*
Cash Insolvency 34
Other Financial Risks 36
Insufficient Contingency *36*
Litigation Risks *37*
Property Tax Revenues *38*
CalPERS Rates *39*
Wind-Down of Redevelopment Agency *39*

Unfunded Actuarial Liabilities *40*
Fees *42*
Recommended Actions **43**
Conclusions **48**

Tables

Table 1. Pro Forma General Fund Budget Without Debt Service and Retiree Medical 19
Table 2. Seven-Year Perspective of General Fund Revenues and Expenses 23
Table 3. Direct General Fund Debt and Settlement Obligation 25
Table 4. Estimated General Fund Risk for Public Facility Fee Fund Debt Service 27
Table 5. General Fund Supported Debt (on behalf of other funds) 29
Table 6. City of Stockton Unfunded Actuarial Liabilities (UAL) and Long-Term Self-Insured Claim Liabilities (Most Recently Reported – January 2012) 41

Executive Summary

Management Partners was engaged by the City of Stockton to conduct an independent review of the City's fiscal condition. Members of the management team have termed this work a "second opinion" on staff's assessment of the current and anticipated financial challenges facing the City. This document contains our observations and recommendations, based on analysis conducted between mid-December 2011 and mid-January 2012.

Management Partners has reviewed, validated and in some cases recommended relatively minor adjustments to the City's financial forecast and perspective. We conducted a review of the General Fund as well as an assessment of the stability of internal service funds and special funds that have the potential to impact the General Fund, and a brief review of key service costs. In addition, we have identified risks to the City's financial position. Finally, we have identified areas where additional attention should be paid to fully address the City's financial challenges.

It is important to note that the review being performed by Management Partners is not an audit. The City of Stockton has annual independent audits which focus primarily on the City's adherence to generally accepted accounting principles. This evaluation is not designed to serve that purpose or to be a precise representation of all fiscal issues facing the City. Rather it is an overview, serving as a second opinion on the estimates and direction recommended by the City Manager and staff. It is designed to be a review of the reasonableness of the financial assessment prepared by staff and the policy recommendations which flow from that assessment. In conducting this study, Management Partners relied on documents provided by the City of Stockton and representations from staff.

Even given the limitations of this evaluation, there can be no doubt that the City of Stockton is facing a very serious financial crisis. As is summarized below this situation was brought on by a number of factors and decisions made in the last decade, coupled with the crushing

economic recession that has impacted the local economy since 2008. While the City has taken numerous steps to solve these problems over the last several years, it has not been able to completely address the situation. This is largely because it has been limited to considering only a part of the problem, current expenditures and revenues, when a large part of the underlying problem involves long-term debt and other obligations.

Accordingly, this evaluation recommends that the City take immediate steps to protect itself as best as possible from the potential of uncontrolled debt default or contract breach due to a lack of unrestricted available cash.

This Executive Summary briefly presents the approach used to assess the fiscal condition of the City, the background on how the current situation unfolded, our key results and observations, and our priority recommendations.

Analytical Framework

For the purposes of this project, we analyzed the City's financial condition from the perspective of three metrics of fiscal health for municipal organizations: 1) service delivery solvency, 2) budget solvency and 3) cash solvency. Each is defined below.

> *"**Service delivery solvency**" is defined as a municipality's ability to pay for all the costs of providing services at the level and quality that are required for the health, safety and welfare of the community.*
>
> *"**Budget solvency**" refers to the ability of an agency to create a balanced budget that provides sufficient revenues to pay for its expenses that occur within the budgeted period.*
>
> *"**Cash solvency**" is defined as an organization's ability to generate and maintain cash balances to pay all its expenditures as they come due.*

One can think of these measures as a pyramid which builds a fiscal foundation for a city. At the bottom is cash solvency, which is absolutely essential for day-to-day operations. Above this comes budget solvency, a necessary condition for sustainable operations. Finally at the top of the pyramid is service solvency, which denotes the ability to provide for the municipal operations at a level consistent with community needs and expectations. While a municipality can operate in a condition of service

insolvency or even budget insolvency for some period of time, cash solvency must always be maintained.

City Efforts to Address Fiscal Condition

The Great Recession, which began in December 2007, had a significant impact on the City's finances. In the three fiscal years following the start of the recession, the total revenue to the City's General Fund decreased by $30 million (from $203 million in FY 2008-09 to $173 million by FY 2010-11).

The City has taken significant actions to reduce expenditures to align with its lower revenues. In 2010, the City declared its first fiscal emergency, followed by a second fiscal emergency declaration in 2011. The City imposed significant cuts in employee positions and employee pay and benefits as part of its restructuring to resolve a $37 million General Fund deficit in FY 2011-12. In total, the City's adopted budget for FY 2011-12 represents a cumulative 25% reduction in staffing since FY 2008-09.

Unfortunately, while the City has made significant headway to contain costs, Stockton's financial condition continues to worsen. The reasons for this, and most importantly the public policy implications which flow from the downward trend of the City's finances, are briefly discussed below.

Key Observations

1. **The City faces significant risks and increasing costs that weaken its financial position and continue to erode its ability to provide fundamental services.**
    a. Issuance of debt in 2004, 2006, 2007 and 2009 increased debt service payments linked to the General Fund by 600% between FY 2006-07 and FY 2012-13, creating major cash flow demands after revenues and reserves plummeted.
    b. The City has variable rate debt structures that can rapidly increase debt service requirements or accelerate payment to seven years from the current 30 years, if investors lose confidence in the City or in the banks that provide letters of credit to back the debt.
    c. Issuance of pension obligation bonds just before the 2008-09 financial crisis was followed by a loss of almost a third of the debt proceeds that were deposited in the California Public

Employees Retirement System (CalPERS) investment portfolio over the next two years (FY 2009-10 and FY 2010-11).

d. Portfolio losses and the rising cost of retiree health care will rapidly increase the cost of benefits for active and retired employees despite significant efforts to contain those costs.
e. Continued declines in ongoing revenues such as property tax and development-related revenues could result from the combined pressure of foreclosures, reduced property values, vacant buildings, unemployment and reduced city services.
f. Possible infrastructure failures resulting from deferred maintenance may result in significant costs. In addition, equipment and systems replacement that cannot be deferred will increase future budgets.

2. **The City can be considered insolvent from a service delivery perspective.** While every community is different and there is no specific minimum level of service required of cities, the level of reductions made in Stockton's services are significant relative to the needs of the community. Management Partners notes that serious reductions have been made in all areas and that adequate financial support for the full costs of delivering services including associated equipment and supplies does not exist. Available revenues in the General Fund are not sufficient to cover the cost of current service levels even without considering debt and retiree medical obligations.

   While many cities might regard themselves as providing less than their community needs or desires, when a city cannot pay for (or does not have a reasonable plan to fund) basic services, including preventive and regular maintenance of assets or employee benefit costs, then that city is insolvent from a service delivery standpoint. The City of Stockton meets this definition on several levels.

3. **The City can be considered insolvent from a budget perspective.** Despite adopting balanced budgets at the beginning of each fiscal year, the General Fund has operated at a deficit for the last three years. Though reductions in revenue sources have been anticipated and built into the budget fairly accurately, the last two budget years have been severely affected by corrections to accounting records to address errors that were discovered by the new City Manager and Chief Financial Officer. Based on current service levels, accounting corrections and known budget variances revenues will not match expenditures in the current fiscal year, nor for the next three fiscal

years. With major expenditure reductions already in place, further financial restructuring must occur to prevent sustained budget and cash insolvency.

Restatements and corrections of accounting errors in prior periods reduced the available General Fund balance at July 1, 2010 from $11.4 million to a $3.5 million deficit. That deficit grew to $6.2 million by the end of FY 2010-11 and General Fund cash, excluding payroll trust cash, dropped to an $11.7 million deficit. Collections of accrued revenues and receivables were expected to cover deficit cash as this fiscal year began.

During the FY 2011-12 budget development process, City staff noted that certain Public Facility Fee (PFF) interfund loans could not be repaid because of declines in Public Facility Fee revenue and, in the foreseeable future, debt service payments will consume all available resources in those funds with both debt service and interfund loan obligations. The Community Center Fund owes $2.8 million, the Fire Station Fund owes $2.4 million and the Police Station Fund owes $1.2 million, for a total of $6.4 million in interfund loans. Legal compliance issues relating to the use of fees and multi-year borrowing could be cured by using $6.4 million of available unrestricted fund balances outside the General Fund to clear uncollectible PFF interfund loans.

The effective date for this transaction would be June 30, 2011, consistent with the year revenues fell so low as to make the loans uncollectible. However, using all available unrestricted resources would require the City to strip all the funds that the City Council can now use at its discretion to remain solvent. These are all one-time sources of cash. Taking all the funds would take remaining available resources from functions like libraries, parks, the General Fund portion of internal service funds and Measure W tax funds making the General Fund immediately responsible for unexpected shortfalls in those funds.

City staff also noted that the City did not use best practices in allocating investments in its pooled cash accounts in FY 2010-11 and were considering a recommendation to immediately correct the error. The effect of immediate remedy would reduce General Fund cash by $1.1 million.

Based on our experience, Management Partners believes there are alternatives to an immediate repayment of the PFFs, such as a phasing

schedule. We communicated our thoughts on this to the City Manager and advised that legal advice should be sought to ascertain whether an immediate remedy for all PFF and interest allocation compliance issues is required or whether a phased-in approach, an administrative action, or fixing the problem on a go-forward basis could be used to provide more time for the City to restructure its finances. As a result of our conversation with the City Manager about this, his office arranged a conference call with Management Partners, City management, the City Attorney and the City's special legal counsels to review the legal issues. The consensus opinion during the call was that immediate action is not necessary. The City Attorney is continuing the discussion with special counsel and will advise the City Council on the recommended course of action separately. The recommended solution for these issues will not result in risks more serious than the risks it would face if it consumed available unrestricted fund balances immediately.

4. **The City's General Fund is nearly cash insolvent and is likely to run out of unrestricted available fund balance by the end of the fiscal year.** Estimates of collections of receivables, the liquidity of other fund assets, legal and contractual restrictions and future revenues attributable to the current period affect the timing of insolvency. When conversion of assets to cash and collection of revenues associated with the current period will not repay advances from pooled cash within the fiscal year cash insolvency will result. We base the conclusion that cash insolvency is near on our review of the City's unrestricted available fund balances at the beginning of FY 2010-11, restatements and revised deficits figures for FY 2010-11 as well as year-to-date revenues and expenses and estimates in the current 2011-12 fiscal year and other known issues. We have also had several discussions with the Chief Financial Officer and have reviewed the City's four-year forecast and the "scorecard" dated November 11, 2012, which contains potential issues affecting cash solvency in FY 2010-11, FY 2011-12 and future budgets.

   Because the City did not have an updated cash projection for the General Fund at the time of this report, we cannot precisely predict when the City will run out of unrestricted cash to pay its employees, retirees and investors. However, the factors noted above make it very likely that the City could face uncontrolled debt default or contract breach due to a lack of unrestricted available cash within the calendar year if immediate action is not taken.

5. **The weakness of the City's financial condition as represented in documents prepared by City management for FY 2011-12 and FY 2012-13 is not overly conservative.** Indeed, Management Partners believes it is likely too optimistic, as a number of contingent liabilities related to legal, budget, and financial risks have not been factored into this year's cash forecast or the four-year budget forecast.

   Management Partners believes that these additional risks listed below may further contribute to the City's longer-term fiscal challenges or, in the worst case, may create immediate cash insolvency in the General Fund.

   a. The General Fund is about to exhaust its unrestricted available fund balances and has an insufficient contingency, given the risks that must be covered.
   b. The City has significant litigation risks that could result in additional expenditures not currently budgeted.
   c. The City could experience acceleration of variable rate interest debt or higher interest rates, resulting in higher costs.
   d. The City is at risk of defaulting on its direct General Fund and cross-collateralized debt.
   e. The City may experience further declines in property tax revenues.
   f. The City could see higher California Public Employees Retirement System (CalPERS) rates than currently forecast after FY 2012-13.
   g. The City could have unexpected costs associated with winding down its Redevelopment Agency following the California Supreme Court's decisions regarding Propositions 26 and 27.
   h. The City has unfunded actuarial liabilities and growing pay-as-you-go costs for employee benefits in its internal service funds and has significant unfunded actuarial liabilities in both its CalPERS pension plans and its Enhancement Plan.

Recommended Actions

Given the severity of the City's financial condition, Management Partners provides seven recommendations for action.

1. ***Preserve General Fund liquidity within legal limits.***
   - All legally available cash will be needed by the General Fund to deal with the City's solvency risks and the costs of using restructuring tools as part of the City's financial recovery plan.

- Finalize legal analysis to determine the City's flexibility to address outstanding liabilities associated with the Public Facilities Fee interfund loans and interest allocations to ascertain alternatives to immediate use of available unrestricted resources.

2. ***Immediately prepare for AB 506 proceedings to restructure debt obligations, including unfunded liabilities.***
   - Obtain legal advice about AB 506 and implement the process.
   - Obtain advice on potential steps subsequent to AB 506 (Chapter 9 process), tactics and strategies from legal counsel.
   - Begin immediately to prepare background material for the AB 506 process.
   - Obtain legal advice about unauthorized debt remedies and potential liabilities of officers and council members.
   - Begin drafting a fiscal recovery or sustainability plan which, if necessary, will provide a foundation for a Chapter 9 Pendency Plan and Work Out Plan, if creditors do not agree to restructure the City's obligations as part of the AB 506 process.

3. ***Develop plans for lower service level scenarios or alternative service delivery approaches to further reduce costs.*** Despite the significant and sustained cost reductions it has implemented, the City's revenues will not support existing service levels. Given other obligations that are currently legally required, the City may need to further reduce services to reduce costs, despite being service insolvent. In some cases, there may be other service providers that could be contacted for proposals to maintain services at lower costs. Such alternatives should be explored.

4. ***Obtain legal advice regarding potential liabilities that may have been created as a result of past accounting errors and regarding interfund transactions that are no longer feasible because supporting revenues are so reduced.*** This applies to all instances where funds were spent or advanced in anticipation of future revenues that have now created potential legal issues because expected revenues have dropped significantly.

5. ***Begin drafting a Fiscal Recovery or Stabilization Plan that, if necessary, will provide a foundation for Chapter 9 Pendency and Work Out Plans, if creditors do not agree to restructure the City's obligations outside of bankruptcy.*** That plan should reflect the budget the City needs to adopt to make it through

FY 2011-12 and FY 2012-13, including reductions in debt, services and personnel costs.

6. ***Revise the four-year financial forecasts to include scenarios for possible higher CalPERS rate increases.***

7. ***Develop a multi-year forecast for all funds that are directly or indirectly guaranteed by the General Fund.***

In addition to these seven recommendations, Management Partners recommends that over the next two to three years, the City conduct a detailed review of the cost of services and fees to determine whether fees can appropriately be increased to recover costs. This is a lower priority, given the urgency of other actions, but should be planned.

Furthermore, Management Partners suggests that the City consider, at some point, conducting voter polling to gauge support for augmenting existing revenue sources and potentially for debt ratification to address unintended unauthorized debt as a result of interfund transfer and expenditure issues.

Conclusions

According to City management's budget forecasts, the General Fund will likely reach cash insolvency by the end of this fiscal year (FY 2011-12). Management Partners has found no reason to doubt these forecasts. To the contrary, there are numerous issues that may deepen the City's fiscal crisis.

It should be noted that this "second opinion" is based on the issues identified by City staff in the General Fund as well as related funds that receive direct support from the General Fund or funds with solvency issues that may require the support of the General Fund. Management Partners has discovered no reason to doubt the soundness of other City funds that do not face financial solvency issues, as mentioned in this report. For example, the City of Stockton operates utility water and wastewater services, which are funded by restricted revenues and are not directly affected by the insolvency issues in the General Fund.

It is clear to us that the services that depend on the General Fund are insolvent from both a service delivery and budgetary perspective. With regard to immediate cash solvency, if the City is able to defer legal compliance issues, cash insolvency in the General Fund may be delayed, but only for the short term.

We also agree with City management that the City's financial situation is very serious. Fast action identifying legal alternatives to correct possible liabilities associated with compliance issues related to transfers, restatements and interfund loans is important because conserving unrestricted cash is critical. These reserves are now at such a low level that uncontrolled debt default or contract breach due to a lack of unrestricted available cash is a real threat.

If bankruptcy can be avoided, it will largely be dependent on the willingness of creditors, including debt holders and retirees, to agree to restructure outside of a Chapter 9 filing. Conversely, if bankruptcy cannot be avoided the City's Fiscal Recovery or Stabilization Plan for the AB 506 process will serve as a foundation to manage the organization and the community through the bankruptcy process. The worst case for the City would be bankruptcy without a plan, or an uncontrolled default, because the City would lack the tools necessary for dealing with creditors in an organized fashion.

Project Approach

Management Partners conducted an independent evaluation of the financial outlook and financial challenges facing the City of Stockton. Our financial assessment review validates and in some cases recommends adjustments to the revenue and expenditure projections. We also evaluated the stability of internal service funds and special funds that have the potential to impact the General Fund, and reviewed key service costs. Lastly, we focused on areas where additional attention should be paid to fully address the City's financial challenge and developed several recommendations for City management and policy makers to consider.

Interviews

Management Partners conducted interviews with the following individuals as part of our information gathering phase.

- City Manager Bob Deis
- Deputy City Manager Laurie Montes
- Deputy City Manager Mike Locke
- City Attorney John Luebberke
- Chief Financial Officer Susan Mayer
- City Auditor Mike Taylor
- Economic Development Director Wendy Saunders
- Human Resources Director Teresia Haase
- Interim Fire Chief Dave Rudat
- Interim Police Chief Blair Ulring
- Interim Municipal Utilities Director Jeff Willett
- Public Works Director Bob Murdoch
- Interim Budget Officer Larry Lisenbee

Documents Reviewed

To provide the City with a "second opinion" on the severity of the fiscal challenges it faces, Management Partners was provided with background information on the issues noted above and other financial and operational documents. Below are the key documents that we examined.

- Adopted budgets
- Bond downgrade notices
- California Public Employees Retirement System (CalPERS) annual valuation reports
- Staff reports on financial issues including reports prepared in connection with assessment of the financial implications of labor negotiation and litigation issues
- Comprehensive Annual Financial Reports (CAFRs) and management letters
- Four-year General Fund budget forecast
- Lease, bond, and certificate of participation terms for City and related agency debt
- Legal opinions on relevant financial issues
- Material event notices
- Memoranda of understanding with bargaining groups
- Other post-employment benefits (OPEB) actuarial reports
- Property and sales tax estimation reports
- Public facility fee program annual report

Study Limitations

The review performed by Management Partners is not an audit. The City of Stockton has annual independent audits which focus primarily on the City's adherence to generally accepted accounting principles. Management Partners' evaluation is not designed to serve that purpose or to be a precise representation of all fiscal issues facing the City. Rather it is an overview, serving as a second opinion on the estimates and direction recommended by the City Manager and staff. It is designed to be a review of the reasonableness of the financial assessment prepared by staff and the policy recommendations that flow from that assessment. This study was conducted between mid-December 2011 and mid-January 2012. The data relied on were prepared prior to that time.

Background

The City of Stockton is the 13th largest city in California, with a population of 292,000. The City's $603 million budget for FY 2011-12 includes a $163 million General Fund and 1,414 budgeted employee positions citywide. Our report centers on issues within the General Fund because these are the issues that staff identified. We examined other funds that were identified by staff as having the potential to adversely impact the General Fund. We did not, however, conduct a detailed review of all special purpose and enterprise funds. Doing so was beyond the scope of this project, which centered on providing a second opinion on fiscal challenges identified by City staff.

In the three fiscal years following the start of the Great Recession, the total revenue to the City's General Fund decreased by $30 million (from $203 million in FY 2008-09 to $173 million by FY 2010-11). Stockton had enjoyed a significant housing boom in the early to mid- 2000s. In 2005, the City processed nearly 3,000 permits to develop new residential houses. Five years later, that number had dropped to 152 permits.

Continued declines in property values coupled with increases in unemployment, and a high crime rate (the highest in the state) places increased demand on already strained services. The City Manager's State of Emergency for FY 2011-12 memorandum indicates that while home prices have leveled and stabilized, the median home price of $140,000 hovers at one-third of the 2006 level ($400,000). Meanwhile, Stockton's unemployment rate (19.2% in December 2011) continues to be well above national and state averages.

Deteriorating Fiscal Condition

The City's fiscal deterioration did not happen overnight. Our assessment is that the City's slide into insolvency occurred over about 10 years, with the issuance of debt the City could not afford, improvements to retiree medical benefits that were not sustainable, and by an over-optimism that growth that occurred in the mid-2000s would continue indefinitely. Although footnotes in the City's Comprehensive Annual Financial

Reports (CAFRs) alluded to problems, no warnings had been raised in management's transmittal letter as late as December 2009. Management's Discussion and Analysis for FY 2008-09 audited financial statements stated, "Stockton remains in a stable financial condition." Ten months later the City declared a fiscal emergency. The FY 2009-10 audited financial statements documented the financial problems facing the City in much more detail. Over the past two years, the fiscal condition has been better understood and City management and policy makers have taken steps to solve the problem.

In 2010, the City declared its first fiscal emergency, followed by a second fiscal emergency declaration in 2011. The City imposed significant cuts in employee positions and employee pay and benefits as part of its restructuring to resolve a $37 million General Fund deficit in FY 2011-12.

Its 2010 "Action Plan for Fiscal Sustainability" focused on reducing labor costs and increasing management control. Among the significant actions the City has taken to implement this plan to reduce costs include:

- Freezing salaries to FY 2010-11 levels.
- Requiring employees to pay the employee share of contributions to CalPERS.
- Eliminating City contributions to Deferred Compensation.
- Eliminating various kinds of specialty pay.
- Setting limits on City contributions to health insurance plans.

Negative service impacts have been identified by staff as a result of the compensation reductions. Examples of impacts are the following.;

- Increased turnover in public safety departments.
- Decrease in service provided due to vacancies until replacements found.
- Increased training costs.
- Decreased services through work furloughs due to fewer employee hours available.
- Employees using up leave balances delays expected savings.

The City's adopted budget for FY 2011-12 represents a cumulative 25% reduction in staffing since FY 2008-09. On an organization-wide basis, staffing has been reduced by 475 positions, from a total of 1,886 positions in FY 2008-09 to 1,414 in the current fiscal year FY 2011-12. Additionally, City leadership has cited success in bringing employee compensation in line with the market. However, while the City has made significant headway to contain costs, Stockton's financial condition continues to worsen.

Between March 2010 and December 2011, the City issued 20 Material Event Notices to alert investors and financial institutions to adverse events that may affect their interest in assets owned or leased by the City or its related agencies.

Analysis and Observations

In this section, Management Partners provides a summary of our analysis and observations pertaining to the financial issues that threaten the solvency of the General Fund. Several funds outside the General Fund are also at risk because deficits within these funds may require the City to use General Fund dollars or other unrestricted funds to cover potential deficits. These other funds are the following.

- Public Facility Fee Funds
- Internal Service Funds
- Redevelopment Agency Funds
- Grant Funds

Our analysis and observations are summarized below in each of these areas.

- Significant risks and increasing costs
- Service delivery solvency
- Budget solvency
    - Debt costs
    - Retiree medical costs
    - Accounting errors
- Cash solvency
- Other financial risks
    - Insufficient contingency
    - Litigation risks
    - Property tax revenues
    - California Public Employees Retirement System (CalPERS) costs
    - Wind-down of Redevelopment Agency
    - Unfunded actuarial liabilities

Significant Risks and Increasing Costs

The City of Stockton faces significant risks and increasing costs that weaken its financial position and continue to erode its ability to provide fundamental services. While all cities face risks with financial impacts, including natural disasters and litigation, known risks identified by City staff particular to Stockton's financial position include the following. Management Partners concurs with City staff that these are critical issues for the City.

1. Issuance of debt in 2004, 2006, 2007 and 2009 increased debt service payments linked to the General Fund by 600% between FY 2006-07 and FY 2012-13, creating major cash flow demands after revenues and reserves plummeted. This cash flow demand will add another $4 million in expenditures by FY 2024-25. While current low interest rates in the municipal bond market could result is some reduction of these costs through refinancing, the City is unlikely to get access to low cost debt given its bond call limits, liquidity problems and low revenues.

2. The City has variable rate debt structures that can rapidly increase debt service requirements or accelerate payment from 30 years to seven years if investors lose confidence in the City or banks that provide letters of credit to back the debt. The risks related to variable rate debt increased as reserves were consumed and the financial condition has deteriorated because the City cannot buffer the variable risk with reserves as it did in the fall of 2008 when variable rates spiked.

3. Issuance of pension obligation bonds just before the FY 2008-09 financial crisis resulted in a loss of almost a third of the debt proceeds that were deposited in the CalPERS investment portfolio over the following two years. This erased expected cash savings in CalPERS rates and requires the City to pay debt service on the $125 million issue amount while only getting the benefit of $82.5 million in the CalPERS portfolio.

4. A risk of continued declines in ongoing revenues such as property tax and development-related revenues could result from the combined pressure of foreclosures, reduced property values, vacant buildings, unemployment and reduced City services. It should be noted that, if

crime rates remain constant or rise and service levels decrease, property values could continue to decline.

5. Possible infrastructure failures resulting from deferred maintenance, as well as equipment and systems replacements that can no longer be deferred, will increase future budgets.

6. Public Facility Fee, Stockton Redevelopment Agency (SRDA) and Marina funds will not generate expected revenue to support their debt service, and thus will impact the General Fund.

7. Retiree medical costs are high and rising. Annual pay-as-you-go costs are projected to increase from the current $15 million ($9 million General Fund) to $30 million ($16.8 million General fund) over the next 10 years. Between FY 2009-10 and FY 2011-2012 citywide retiree medical costs have increased by $1.5 million despite benefit restructuring that reduced the unfunded liability by over $100 million compared to FY 2009-10. Between FY 2011-12 year and FY 2021-22 the City's actuary predicts the General Fund share of retiree medical costs will increase by 87%.

Service Delivery Solvency

The City can be considered insolvent from a service delivery perspective. Service delivery solvency is defined as a municipality's ability to pay for all the costs of providing services at the level and quality that are required for the health, safety and welfare of the community. While many cities might regard themselves as providing less than their community needs or desires, when a city cannot pay for (or does not have a reasonable plan to fund) basic services, including preventive and regular maintenance of assets or employee benefit costs, then that city is insolvent from a service delivery standpoint. The City of Stockton meets this definition on several levels.

While every community is different and there is no specific minimum level of service required of cities, the level of reductions made in Stockton's services are significant relative to the need within the community. Management Partners' analysis shows that serious reductions have been made in all areas and that adequate financial support for the full costs of delivering services including associated equipment and supplies does not exist. Available revenues are barely sufficient to support current service levels and costs, without considering

debt and retiree medical obligations. Future budgets will have to reduce debt costs, retiree benefit costs and service costs.

Table 1 below helps illustrate this point. This table shows that the operating costs to support City services take virtually all available revenues. This table *excludes* all payments to debt service (Public Facility Bonds, marina debt, new City Hall bonds, and pension obligation bonds) and health care premiums for retired employees. Note that even with these exclusions, the General Fund barely covers its costs in FY 2012-13 (with a surplus of $1.1 million), and resumes deficit spending in FY 2013-14 and FY 2014-15 at a rate of -$3.3 million and -$3.8 million, respectively.

The City has a legal obligation to repay its debt and retiree medical obligations unless it negotiates reductions. Nevertheless, the information in Table 1 shows the severity of the problem and underscores the point that while service reductions and labor cost reductions must be a part of the solution to balance the General Fund budget, the issue of creditors also needs to be addressed. Without the impact of debt service and retiree medical costs (creditors) the City's financial position would still be tenuous, but much less dire and more time would be available to find solutions.

Table 1. Pro Forma General Fund Budget Without Debt Service and Retiree Medical

	Optimistic Forecast (Baseline 1)		
	FY 2012-13	FY 2013-14	FY 2014-15
Revenue	$154,113,094	$153,593,332	$155,438,162
Expense[1]	171,385,033	176,421,939[2]	179,785,590[2]
Difference (Revenue/Expense)	(17,271,939)	(22,828,607)	(24,347,428)
Eliminate Debt Service and Retiree Medical Costs			
Public Facility Bonds	1,082,190	1,081,640	1,224,558
Marina Debt	732,000	732,000	732,000
New City Hall Bonds	1,866,794	1,866,794	1,866,794
Pension Obligation Bonds	5,644,217	6,072,694	6,170,124
Retiree Medical Costs	9,051,809	9,775,953	10,558,029
Pro Forma General Fund projected results	$ 1,105,071	$(3,299,526)	$(3,795,923)

[1] The "expense" line includes $3.5 million annually to cover administrative and debt service payments due to project area deficits in the Redevelopment Agency. With the recent California Supreme Court decision on AB 26/27, the City is in the process of revising its budgetary assumptions for the Redevelopment Agency.

[2] Expense figures are forecasted using the City's optimistic projection for labor costs, Baseline 1. The City's pessimistic projection for labor costs, Baseline 2, estimates total expenditures at $184,918,023 in FY 2013-14 and $189,600,044 in FY 2014-15. The optimistic projection includes the following labor cost assumptions.

- Furloughs continue for all bargaining groups.
- No cost of living adjustments.
- All concessions and imposed reductions continue.
- The increasing number of retirees will cause costs to rise by 8%.

- Current (active) employees absorb an 8% increase in their health costs.

It should be noted that this forecast is still service insolvent for current service levels. Internal service funds are underfunded, the retiree medical actuarial liability is unfunded, reserve balances are too low or nonexistent, while the City faces significant risks, and CalPERS rates may well increase.

Table 1 also shows the impacts that previous borrowing and promises regarding retiree health coverage will add to costs. When these decisions were made, staff and the City Council believed that strong economic and population growth would provide the resources needed to pay for these obligations. The Great Recession and the financial crisis of 2008 and 2009 changed that.

Even without the costs of these debts and commitments, the City would still face a difficult but less dire financial situation at its current reduced service levels because it has lost so much revenue. The combination of service, debt and benefit costs are such that there is not enough time to grow out of the problem. This downturn is unlike the 10-year boom and bust cycles that have characterized the California economy.

It also should be mentioned that the actions available to the City to reduce its costs have fallen most heavily on active employees through pay and benefit reductions and residents and businesses through service reductions. The retiree medical plan has been restructured to reduce costs and the eligibility for new hires has been limited but even with these changes the liability remains very high at almost $450 million. Bond investors that are supported by the financially distressed General Fund or Redevelopment Agency have not been affected.

Following are examples of service delivery insolvency pertaining to law enforcement, fire services, public works and the new City Hall.

1. **Staffing Levels for Law Enforcement and Fire Services.** Since 2009, in direct response to fiscal stress on the City, the number of police officers has declined from approximately 441 to 343. While it is difficult to identify a direct link between police staffing and the crime rate, the crime rate in Stockton also rose to the point that violent crimes per 1,000 residents increased to 13.81 in 2010, the second highest rate among California cities and the tenth highest in the country. Meanwhile, in the other cities included in the

Federal Bureau of Investigation survey with a population of over 100,000 violent crime fell by 5.5%.
Staffing levels in the Fire Department have also fallen from approximately 276 in 2009 to approximately 169 in FY 2011-12. Clearly both the Police and Fire Departments have significantly reduced service level reductions due to these staffing reductions. Those reductions have been mirrored in other City departments as well. Current service levels are far below what was provided by the City just three years ago.

2. **Funding for Law Enforcement Services.** The City of Stockton has been forced to reduce General Fund expenditures for its Police Department because of budgetary issues. Expenditures have gone from $93 million in FY 2008-09 to $85 million in the current fiscal year (FY 2011-12). In addition, while the City has been successful in acquiring federal Community Oriented Policing (COPS) grants and COPS Hiring Recovery Program (CHRP) grants, these funds come with maintenance of effort requirements that call for the City to continue funding the positions added through the grants after the grants expire. In the coming fiscal year, Stockton projects that it will need to cover $3 million in maintenance of effort for expiring COPS grants. For a city that is already spending more money than it brings in, locating an additional $3 million to fund maintenance of effort requirements for expiring grants is a significant challenge.

3. **Public Works.** The City has been unable to dedicate sufficient General Fund dollars to regular and periodic maintenance for public infrastructure, and as a result, the backlog of deferred maintenance is increasing with no end in sight. Staff estimates that annual contributions from the General Fund to support capital assets should be $15 to $20 million annually. However, the projected General Fund spending level for capital maintenance over the current and the next four fiscal years (FY 2011-12 to FY 2015-16) totals $2,832,000.

4. **New City Hall.** The City has acquired a new facility to house its administrative offices through a $40 million variable rate bond issuance. In addition, the City allocated $1.8 million for relocation costs that may be diverted to address immediate cash solvency issues. These items leave the City without a viable plan to occupy the new City Hall or to reduce the costs of holding the asset.

Unfortunately, it appears that funding of any significant amount to support moving to the new City Hall or improving the existing facility will not be available in the foreseeable future. The City will likely remain in the existing facility without improvements needed to make it safe and functional. Further, the City will likely not be able to make payments on the new building if its financial structure cannot be changed or if the variable rate debt accelerates.

Budget Solvency

The City can be considered insolvent from a budget perspective. "Budget solvency," refers to the ability of an agency to create a balanced budget that provides sufficient revenues to pay for its expenses that occur within the budgeted period. Since unforeseen events occur, an organization that is truly solvent from a budget perspective must have adequate reserves, as well as reliably accurate projected income and expenses. It does not mean that every annual budget needs to be balanced in terms of revenues and expenses but, over time, this must be the case.

Despite adopting balanced budgets at the beginning of each fiscal year the General Fund has operated at a deficit for the last three years. Though reductions in revenue sources have been anticipated and built into the budget fairly accurately, the last two budget years have been severely affected by corrections to accounting records to address errors that were discovered by the new City Manager and Chief Financial Officer. Based on current service levels, accounting corrections and known budget variances revenues will not match expenditures in the current fiscal year, or for the next three fiscal years. With major expenditure reductions already in place, further financial restructuring must occur to prevent budget and cash insolvency. The next section shows how that is the case.

Structural Imbalance Since FY 2008-09

Table 2 presents a seven-year perspective of General Fund revenues and expenses. It shows that the budget has been in structural imbalance since FY 2008-09. In FY 2008-09 and FY 2009-10, the City was able to use reserves and available cash (i.e., fund balance) to cover its costs. Such deficit spending cannot continue. The City has limited available unrestricted funds. The City expects that it will use all available unrestricted fund balance to cover General Fund expenses in FY 2011-12 and to implement accounting corrections from prior years.

However, using available unrestricted fund balance to cover costs and correct errors increases risk for the City. Since those funds are non-recurring, once they are exhausted, they cannot be used to absorb unexpected events and unfavorable budget variances.

Table 2. Seven-Year Perspective of General Fund Revenues and Expenses[1]

	Actuals		Estimated Actuals	Projected as of 12/20/11	Optimistic Forecast (Baseline 1)		
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Beginning Fund Balance	$9,628,221	$8,607,048	$1,101,075	n/a	n/a	n/a	n/a
Revenue	203,101,529	166,907,289	173,039,201	158,471,672	154,113,094	153,593,332	155,438,162
Expense	203,444,922	173,638,841	177,278,301	163,675,139	171,385,033	176,421,939[2]	179,785,590[2]
Difference (Revenue/ Expenditure)	(343,393)	(6,731,552)	(4,239,100)	(5,203,467)	(17,271,939)	(22,828,607)	(24,347,428)
Resources Used to Balance the Budget							
Use of Fund Balance	1,021,173	7,505,973	n/a	n/a	n/a	n/a	n/a
Ending Fund Balance	**$8,607,048**	**$1,101,075**	**$(6,180,602)**[3,4]	**n/a**[5]	**n/a**[5]	**n/a**[5]	**n/a**[5]

[1] Based on City's November 9, 2011 Midyear Budget Review for FY 2010-11 and the City's four-year forecast as of January 18, 2012.
[2] Expense figures are forecasted using the City's optimistic projection for labor costs, Baseline 1. The City's pessimistic projection for labor costs, Baseline 2, estimates total expenditures at $184,918,023 in FY 2013-14 and $189,600,044 in FY 2014-15.
[3] Based on information available on December 31, 2011.
[4] Fund balance also changed as a result of proposed prior period adjustments not reflected in the budget basis schedule.
[5] Hypothetical negative fund balances are not displayed because the City must take action to address budget insolvency and cannot adopt a budget that is out of balance.

The analyses show that the City of Stockton has not met the definition of budgetary solvency in any of the prior three fiscal years, and the problem is only projected to get worse. Over the next three years, there is a gap of $17 million to $24 million between projected resources and anticipated expenditures in the General Fund. Thus, the City will not be able to generate a balanced budget in the coming years, unless significant changes are made.

Not reflected in Table 2 is that restatements and corrections of accounting errors in prior periods reduced the available General Fund balance at July 1, 2010 from $11.4 million to a $3.5 million deficit. That deficit grew to $6.2 million by the end of FY 2010-11 and General Fund cash, excluding payroll trust cash, dropped to an $11.7 million deficit. Collections of accrued revenues and receivables were expected to cover deficit cash as this fiscal year began.

Accounting corrections affecting fund balances have not been included in this schedule so year-to-year comparisons are not distorted. The City has not projected cumulative deficits because staff plans to take action before these deficits would occur. There are no reserves to absorb deficits. Annual deficits shown in the out years in this table illustrate a large and growing problem and indicate the size of the gap in the forecast period.

City of Stockton Debt

As of June 2011, the City of Stockton owed $977 million in debt on bonds, notes, and long-term leases. The majority of the debt is secured by restricted revenues ($659 million) and is not affected by the reduced resources level of the General Fund. The remaining $319 million is secured by the General Fund. It should be noted that general purpose revenues are not the only funding for debt that is secured by the General Fund. In a number of cases, the General Fund was needed as a guarantor to improve the underlying credit rating then debt was issued. Nearly all of the current debt secured by Stockton's General Fund was issued during the real estate boom that preceded the recent recession.

Below is a list of the outstanding debt that is secured by the General Fund, as of June 2011.

Bonds

- 2003 Housing Projects - $13,300,000
- 2004 Events Center / Arena Project - $45,985,000
- 2004 Parking and Capital Projects - $31,945,000
- 2006 Essential Services Building - $12,470,000
- 2007 New City Hall - $40,500,000
- 2007 Pension Obligation Bonds - $124,660,000
- 2009 Public Facility Fees - $35,080,000

Notes

- 2011 Marina Capital Improvements - $11,061,093

Equipment Leases

- 2007 Fire Trucks - $815,142
- 2007 Telephone System - $1,162,820
- 2011 Civic Auditorium HVAC Equipment - $1,777,734

Direct General Fund Debt

The City is at risk of defaulting on its direct General Fund and cross-collateralized debt. The City is directly obligated for $169 million of debt issues primarily benefiting General Fund operations. Debt service is

included in the City's four-year forecast and the cost is allocated among all funds benefitting from the proceeds of the debt. The primary sources of this debt are pension obligation bonds (POB) and variable rate bonds for the new City Hall.

Both the Pension Obligation Bonds and the variable rate bonds have complex risks associated with them. The City did not retain reserves to serve as a cushion against cost increases associated with POBs and variable rate bonds. As a result, service levels could be materially affected by unbudgeted cost increases.

In addition, the City drew down what reserves it had because it could not change the budget and cost structure quickly enough to respond to reduced revenues, due to contractual and legal obligations. The City's financial condition is much weaker because, without reserves, it cannot absorb unexpected costs.

Table 3 provides a summary of direct General Fund debt as well as a settlement obligation from a lawsuit brought by the Howard Jarvis Taxpayers Foundation. As a part of the court-approved settlement agreement, the City's General Fund must repay money to the Water and Wastewater Funds in the amount of $19.4 million. We treat the $19.4 million settlement as a debt for the purposes of this analysis. This brings the total direct General Fund debt and settlement obligation total to $189 million.

Table 3. Direct General Fund Debt and Settlement Obligation

Issue	Issuer	Principal	General Fund Impact FY 2011-12	General Fund Impact FY 2012-13
2007 Pension Obligation Bonds	City	$124,660,000	$5,615,200	$5,644,217
2007 Variable Rate Bonds (City Hall) Series A&B	Stockton Public Financing Authority	40,500,000	857,544[1]	1,866,794 [1]
Equipment leases	City	3,755,696	250,000[2]	250,000[2]
Sub-total, Direct GF Debt Obligations		**$168,915,696**	**$6,722,744**	**$7,761,011**
Jarvis Settlement	City	19,378,000[3]	1,112,998	1,112,998
Total		**$188,293,696**	**$7,835,742**	**$8,874,009**

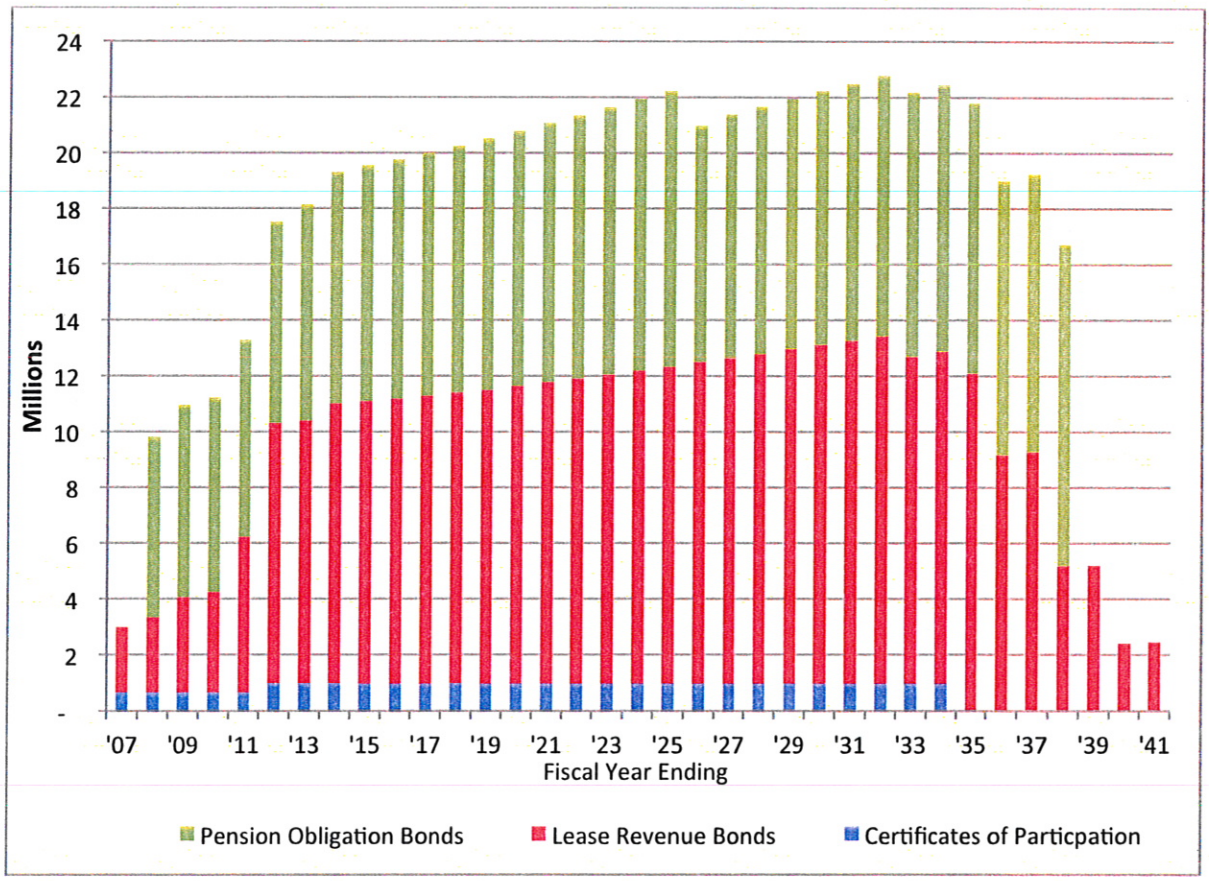
[1] Other funds contribute their allocated share of the costs associated with space in a new City Hall and the Pension Obligation Bonds.
[2] Estimated at $250,000, however, actual lease amounts may range from $250,000-350,000.
[3] Court approved settlement of lawsuit relating to repayment of transfers from Water and Wastewater Enterprise Funds.

Table 3 also shows that the impact on the General Fund will increase from $7.8 million in FY 2011-12 to nearly $8.9 million the following year. If the City cannot move into the new City Hall, the General Fund may have to bear the full cost of debt service for that building.

Figure 1 shows the dramatic increase of debt service payments by the General Fund for pension obligation bonds, lease revenue bonds, and certificates of participation between FY 2006-07 and FY 2040-41. The data show that in FY 2006-07, debt service payments were $3 million. The next year the figure jumped to $9.8 million due to the start of payments on pension obligation bonds that were issued in 2007.

In the current fiscal year, total General Fund debt service payments will be $17.5 million. The payments are projected to peak in FY 2031-32 at $22.7 million, and decline significantly in FY 2038-39 when the pension obligation bonds are scheduled to be paid off.

Figure 1. Forecast of General Fund Debt Service Payments



Source: Figure prepared by Management Partners based on data from Stockton's Comprehensive Financial Audit Reports and the Summary of Outstanding Debt Presentation by Public Financial Management, November 2010

The debt issues included in Figure 1 are as follows:

- Pension Obligation Bonds
  - Series 2007 A and B
- Lease Revenue Bonds
  - Series 2004 (Arena Project)
  - Series 2004 (Central Parking District)
  - Series 2006 A (Refunding)
  - Series 2007 A and B (Building Acquisition Projects)
  - Series 2009 A (Capital Improvements)
- Certificates of Participation (COP)
  - Series 2003 A and B (Redevelopment Housing)

General Fund Risk for Public Facility Fee Fund Debt

Stockton's financial problems extend beyond the General Fund. Instability due to deficit spending and large negative fund balances have been identified by staff and confirmed by Management Partners in interfund transfers and special funds. For example, the General Fund may be obligated to support deficit balances in the Redevelopment Agency and Public Facility Fee funds. Table 4 shows the projected required General Fund contribution to cover debt service that should be paid through Public Facility Fee accounts.

Table 4. Estimated General Fund Risk for Public Facility Fee Fund Debt Service

	Actual	Estimated Actuals	Projected as of 12/20/11	Forecast		
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Total Debt Service (a)						
Streets	$1,395,930	$808,138	$822,589	$822,589	$995,317	$996,411
Fire	200,498	412,300	419,646	419,646	507,764	508,322
Police	507,167	293,672	298,905	298,904	361,669	362,066
Parks	417,911	859,376	874,698	874,698	1,058,368	1,059,531
Total Debt Service	$2,521,506	$2,373,486	$2,415,838	$2,415,837	$2,923,118	$2,926,330
PFF Ability to Pay (b)						
Streets	1,395,930	808,138	822,589	822,589	995,317	996,411
Fire	200,498	412,300	95,570	150,774	251,359	189,641
Police	507,167	293,672	-	-	94,740	18,824
Parks	417,911	859,376	874,698	360,284	500,062	496,896
Total Ability to Pay	$2,521,506	$ 2,373,486	$1,792,857	$ 1,333,647	$ 1,841,478	$1,701,772
General Fund Risk (a-b)	**$0**	**$0**	**$622,981**	**$1,082,190**	**$1,081,640**	**$1,224,558**

The City accumulates funds for its Pension Obligation Bond payment throughout the year. This year, due to shrinking payrolls, the City estimates that it will not accumulate sufficient funds through interfund payroll charges, and will be almost $1 million short of making a full August 2012 payment. This will be an adjustment of a budget estimation error in FY 2011-12.

General Fund Supported Debt (On Behalf of Other Funds)

The City issued the following debt on behalf of other funds and guaranteed the payment of debt issued by other funds to address investor concerns about the strength of the primary sources of repayment. This means that the City's General Fund may be liable for shortfalls if the primary revenue sources cannot cover the required debt service payments. These debt issues are the:

- 2003 Lease COPs A & B Housing (asset transfer)
- 2004 Revenue Bonds – Event Center/ Arena
- 2004 Lease Revenue Bonds Parking/ Capital
- 2006 Lease Revenue Refunding Parking/ Building
- 2009 Lease Revenue Bond Refunding/ Capital Improvement Projects (Public Facility Bonds)
- Marina Enterprise State Note Payable

The principal amount of the above debt issues is $150 million. Table 5 provides a summary of these General Fund supported debts on behalf of other funds. The data show that the impact on the General Fund will jump from $1.7 million in FY 2011-12 to 2.8 million the following year.

Table 5. General Fund Supported Debt (on behalf of other funds)

Issue	Issuer	Principal Amount	Total Payment *New FY 2011-12 GF Impact*	Total Payment *New FY 2012-13 GF Impact*
2003 Lease COPs A & B Housing (asset transfer)	City	$13,300,000	$326,372	$990,170
			$326,372	***$990,170***
2004 Revenue Bonds – Event Center/ Arena	Stockton Redevelopment Agency	45,985,000	1,061,114	2,570,687
			0	***0***
2004 Lease Revenue Bonds Parking/ Capital	Stockton Public Financing Authority	31,945,000	803,658	1,960,116
			0	***0***
2006 Lease Revenue Refunding Parking/ Building	Stockton Public Financing Authority	12,470,000	257,747	907,494
			57,858	***18,097***
2009 Lease Revenue Bond Refunding/Capital Improvement Projects	Stockton Public Financing Authority	35,080,000	1,207,919	2,415,838
			622,981	***1,090,000***
Marina Enterprise State Note Payable	Stockton Redevelopment Agency	11,061,093	732,000	732,000
			732,000	***732,000***
Totals		$149,841,093	$4,388,810	$9,576,305
			$1,739,211	***$2,830,267***

Optimistic Assumptions

The City had planned for tax increment, impact fees, and other non-general purpose revenues to cover debt payments on the Stockton Arena, the marina and other public facilities that were needed to support new and anticipated private sector activities (e.g., new housing developments and business growth). Severe weakness in these revenues, lack of management control over Stockton Redevelopment Agency expenditures, overly optimistic estimates of marina revenues and interfund lending and borrowing now impose costs on the General Fund. These costs will continue for years and could grow, absent a booming recovery in real estate values and business activity, or restructuring of the debt.

Risk of Increased Debt Interest

The City could experience acceleration of variable rate interest debt or higher interest rates, resulting in higher costs. Investor concerns about the

issuer's financial condition, or that of the Stand by Purchase Agreement provider[1] or of the bond insurer, will either result in higher rates and increased costs or will cause investors to refuse to purchase the debt at any interest rate. Information about insolvency, default or bankruptcy of the issuer or credit support providers will often prompt investors to return all bonds. If bonds are returned the interest rate increases to 0.5% over prime and if the bonds are not remarketed the rate increases again to 1% over prime. Bonds held over 180 days can be accelerated to a seven-year amortization schedule. Bond insurers may not invoke this provision to avoid having to guarantee the cash flow to the letter of credit bank.

Risk of Defaulting on Debt

As noted above, the City is at risk of defaulting on its direct General Fund and cross-collateralized debt. The City is directly obligated for $169 million of debt issues primarily benefiting the General Fund operations and is obligated to reimburse over $19 million to its utility funds as a result of a court-approved legal settlement. Debt service is included in the City's four-year forecast and the cost is allocated among all funds benefitting from the proceeds of the debt. The primary sources of this debt are pension obligation bonds (POB) and variable rate bonds for the new City Hall.

Where agreements have not been worked out for all contracts and debt, "hard default" after bond reserves are consumed could lead to an uncontrolled default. Many of the City's creditors would pursue separate legal actions to enforce their contractual rights. Some creditors could trigger cross default provisions if the City defaults on obligations over $5 million. Few creditors will make agreements outside of bankruptcy's structured process unless all other creditors are on board and there is a provision for unknown liabilities that have not surfaced.

Reaching agreements with investors outside a structured process or even within bankruptcy is difficult and expensive. Creditors and trustees are also subject to investor or shareholder lawsuits if they do not aggressively protect bondholders, thus being proactive and avoiding contests in court is most advantageous for the City.

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[1] In terms of variable rate debt a Stand By Purchase Agreement (SBPA) provides liquidity during the weekly remarketing effort if needed. Stockton's SPBA provider on the new City Hall debt is Dexia, a company that has suffered a credit downgrade. This will likely affect investor interest in purchasing the debt.

Therefore, the City must avoid an uncontrolled default at all costs. It is better to plan for bankruptcy, but be able to avoid it, than to have it essentially imposed upon the City in a chaotic situation. While such a decision is politically difficult, it is the only financially and managerially prudent approach to take, given the existing situation and risks.

Retiree Medical Benefit Costs

Retiree medical costs are high and rising. Annual pay-as-you-go costs are projected to increase from the current $15 million ($9 million General Fund) to $30 million ($16.8 million General fund) over the next 10 years. Between FY 2009-10 and FY 2011-2012 citywide retiree medical costs have increased by $1.5 million despite benefit restructuring that reduced the unfunded liability by over $100 million compared to FY 2009-10. Between FY 2011-12 year and FY 2021-22 the City's actuary predicts the General Fund share of retiree medical costs will increase by 87%.

Staff noted that during the last 20 years, the City enhanced its retiree medical benefits and offered plans that required limited financial contributions from plan participants and their dependents. Until 2011, most retirees participated in the Modified Plan established in 1993 that paid 100% of almost all medical claims with a deductible of $50. In 2011, the City negotiated changes that provided for higher deductibles, 80% in-network benefit and 60% out-of-network benefit. This is the first major cost containment measure implemented since the Modified Plan was established.

As of January 1, 2012, the City had almost 1,100 retirees receiving retiree medical benefits. This was an increase of about 10% from the year before. One third of these retirees are over 65 and two thirds are under 65; the over-65 lifetime retiree benefit was only available after 1995 for most employees. Much of the City's workforce consists of safety employees who retire at younger ages.

The history of retiree medical benefits is summarized below, as provided by City staff:

- Prior to 1980 the City did not provide any contribution towards the cost of retiree medical benefits and did not allow retirees to buy coverage under the City's plan.
- Between 1980 and 1983, retiree medical benefits were extended to all employees. Public safety employees were granted a time limited benefit for the retiree and 1 dependent for 7 years or until age 62. The intent was to provide a bridge until the employee was

Medicare eligible, as to not create a lifetime obligation to the City. Other employees were offered limited medical benefits based on the number of months of paid premium for their cash out of sick leave hours (dependent coverage was not available).

- The initial benefit plans had no minimum years of service to Stockton. An employee only had to retire while employed by Stockton. In theory, a person would only have to work one month and then retire from CalPERS to receive the medical benefit.
- By 1986, the City allowed retirees to buy coverage for extra dependents and themselves if their City pay insurance would expire before they reached the Medicare eligible age of 65. While the original intent was that retirees would pay the full costs for coverage, the City consistently undercharged retirees in these circumstances by not increasing charges in most years. By January 2011 the City was undercharging 103 retirees, at a cost of $900,000 a year. This was resolved in July 2011 but past undercharges were not corrected.
- Starting in 1985 through 1998, the City expanded its medical benefit coverage for all employees to cover the retiree and one dependent beyond the age of 65. Thus, the City-paid coverage no longer stopped when the participant was eligible for Medicare. No specific years of service were required to receive this expanded lifetime medical benefit.
- In 2005 the City negotiated changes in retiree benefits for new hires and current employees for Stockton Police Officers Association (SPOA) members and police management. New hires in these areas would not receive City-paid retiree medical. The City would pay 2+% of salary into the retiree medical trust instead. Current employees would get City trust payments and would get the City retiree medical benefit frozen at the City's contribution level in 2012.
- Between 2008 and 2010, operations and maintenance employees and the operating engineers bargaining group negotiated to get retiree medical benefits for the retiree and their spouse after 15 years of City service.
- In 2009, the City negotiated with Stockton City Employee Association (SCEA) members as well as the mid-management, supervisors, and operating engineers bargaining groups to change the benefit so that new hires would not get the City retiree medical benefit but would get 2% of their salary into retiree medical trust.

- In 2011, for all employees except SPOA and SCEA members, the City negotiated that new hires as of July 2011 would not receive any retiree medical benefits.

While the City's recent efforts to change retiree medical benefits are steps in the right direction to contain benefit cost for future retirees, they do not significantly address the costs for employees who have already retired.

Accounting Errors

Specific to the General Fund, Management Partners was informed of accounting issues affecting last year's budget that include uncollectible receivables, prior period accounting errors and unfavorable budget variances affecting the current FY 2011-12 budget. Such accounting issues have overstated the amount of available unrestricted balances or increased risks associated with underlying assets. Updated projections for the next three years will, according to City staff, pose significant risks and threaten the solvency of the fund. Administrative actions identified by Management Partners can mitigate the impact of some of these issues. Unfortunately the amounts involved are one time only and are small in the context of the severe budget and liquidity issues facing the City. Ongoing detailed analysis of the City's accounting records continues to reveal problems that are being addressed as they are encountered.

Restatements and corrections of accounting errors in prior periods reduced the available General Fund balance at July 1, 2010 from $11.4 million to a $3.5 million deficit. That deficit grew to $6.2 million by the end of FY 2010-11 and General Fund cash, excluding payroll trust cash, dropped to an $11.7 million deficit. Collections of accrued revenues and receivables were expected to cover deficit cash as this fiscal year began.

At the time of this report, the Finance Department was in the process of closing the books on FY 2010-11 to prepare for the comprehensive annual financial report, which will be conducted by the City's new independent audit firm, Maze and Associates. Changes to cash and budget projections and accounting records continue as more information is developed. Given the number of problems encountered in the City's accounting records the level of change and uncertainty surrounding operating results and forecasts is not unusual. It does, however, introduce solvency risk that is normally managed with reserves as problems are identified, analyzed and as solutions are implemented.

Public Facility Fee Interfund Loans

As staff analyzed accounts, they noted that certain Public Facility Fee interfund loans could not be repaid because of declines in Public Facility Fee revenue and, in the foreseeable future, debt service payments will consume all available revenue in the funds with debt that received the loans. Uncollectible interfund loans will be reclassified as transfers reducing the PFF fund balances. The Community Center Fund owes $2.8 million, the Fire Station Fund owes $2.4 million and the Police Station Fund owes $1.2 million, for a total of $6.4 million.

Management Partners believes there are alternatives to an immediate repayment of the PFFs, such as a phasing schedule. We communicated our thoughts on this to the City Manager and advised that legal advice should be sought to ascertain whether an immediate remedy for all Public Facility Fee and interest allocation compliance issues is required or whether a phased-in approach, an administrative action, or fixing the problem on a go-forward basis could be used to provide more time for the City to restructure its finances. The City Attorney is working with special counsel and will advise the City Council on a recommended course of action. The recommended solution for these issues will not result in risks more serious than the risks it would face if it consumed available unrestricted fund balances immediately.

Cash Insolvency

"Cash solvency" is defined as an organization's ability to generate and maintain cash balances to pay all its expenditures as they come due. The City of Stockton is nearly cash insolvent and is likely to run out of unrestricted available fund balances (UAFB) by the end of the fiscal year. Estimates of collections of receivables, liquidity of other fund assets, legal and contractual restrictions and future revenues attributable to the current period affect the timing of insolvency.

We base this conclusion on our review of the City's UAFBs at the beginning of FY 2010-11, restatements and revised deficits figures for FY 2010-11 as well as year-to-date expenses in the current 2011-12 fiscal year and other known issues, itemized below. We have also had several discussions with the Chief Financial Officer and have reviewed the City's four-year forecast and the scorecard dated November 11, 2011, which contains potential issues affecting cash solvency in FY 2010-11, FY 2011-12 and future budgets.

We believe the City should take action now, if possible, to address impending insolvency before it runs out of unrestricted cash (see Recommendation section). This will make sure that lack of unrestricted cash does not result in an uncontrolled default or breach of contract obligations. A forecast of insolvency is adequate reason to convene the AB 506 process or a Chapter 9 filing if other requirements have been met.

The City started the year with a cash deficit that will likely worsen because of further material accounting corrections, unfavorable budget variances and legal issues affecting the valuation of interfund transactions in the Redevelopment Agency and PFF funds. Optimistic budget forecasts show that the City faces large deficits in future years and is unlikely to win support for new revenues because of public concern about the problems discovered by the staff and City Council since July 1, 2010. The deficits continue in future years even if the City could eliminate all debt payments and all payments for retiree medical benefits due to major revenue losses and costs resulting from the financial crisis, the Great Recession, and the growing costs of debt. The current pessimistic scenario does not include all possible negative outcomes, primarily those related to possible bond default or adverse legal rulings.

Because the City did not have an updated cash projection for the General Fund at the time of this report, we cannot precisely predict when the City will run out of unrestricted cash to pay its employees, retirees and investors. However, the factors above make it very likely that the City could face uncontrolled debt default or contract breach due to a lack of unrestricted available cash within 12 months if immediate action is not taken.

A legal review to determine whether unrestricted cash must be allocated immediately to address legal compliance issues or whether a deferred approach would be appropriate is essential. Without the temporary cushion provided by the last of the City's available unrestricted cash balances, the City may not have time to complete the processes that will afford it protection while it restructures its financial situation. The City's decision on this matter has implications for restructuring, debt disclosure and legal liability and must be supported by expert legal advice.

Though the exact timing of the point when the General Fund runs out of cash is uncertain, we think there is little doubt that it will face cash insolvency in FY 2012-13. Only an extraordinary economic recovery in the next several months could close the budget gap forecasted in the General Fund. Negative financial information developed after the documents we reviewed were prepared could accelerate insolvency into FY 2011-12.

Other Financial Risks

As noted above, the weakness of the City's financial condition as represented in documents prepared by the Chief Financial Officer for FY 2011-12 and FY 2012-13 is not overly conservative. Indeed, Management Partners believes it is likely too optimistic, as a number of contingent liabilities related to legal, budget and financial risks have not been factored into this year's cash forecast or the four-year budget forecast.

Management Partners believes that these additional risks may further contribute to the City's longer-term fiscal challenges or, in the worst case, may create immediate cash insolvency in the General Fund.

Insufficient Contingency

The General Fund is about to exhaust its unrestricted available fund balances and has an insufficient contingency reserve given the risks that must be covered. The City's current General Fund reserve policy calls for a minimum of 10%, which is divided into a 5% reserve for catastrophic events and 5% for economic contingency/budget uncertainty. Neither of these reserves is currently funded. The dollars representing the total 10% reserve policy, on a FY 2011-12 General Fund budget of $167 million, would be approximately $16.7 million. At present, the City could exhaust the fund balance in the General Fund and has recently only budgeted a contingency of $2 million annually. This year $1 million of that contingency has been used to deal with unfavorable budget variances and correction of past period accounting errors.

The Government Finance Officers Association (GFOA) Best Practice on "Appropriate Level of Unrestricted Fund Balance in the General Fund" recommends a reserve of at least two months of regular General Fund operating revenues or regular General Fund operating expenses. Such a reserve amount for the City's FY 2011-12 General Fund budget would be $28 million. At mid-year the projected unrestricted available fund balance for the General Fund is negative by a manageable amount. But only $1 million remains to absorb unexpected budget changes in the second half of the year. The GFOA Best Practice also recommends that the reserve be set to reflect an individual city's financial circumstances and risk environment.

Lower reserve levels are most often seen in larger agencies with stable revenue sources. Standard and Poor's noted last year that their 2006 downgrade of the City's bond rating, which reduced the City's financial practices from strong to good, was related to the fact that the City dropped below its 5% reserve target for economic contingencies and its

5% reserve target for catastrophes. In addition to dealing with unstable revenues that have dropped since the beginning of the Great Recession, the City of Stockton now faces a number of financial challenges and risks as noted above.

Management Partners believes that, given the risk environment of the City, neither the current level nor the adopted target level of reserves is adequate. Ideally, the City of Stockton would have reserves significantly higher than industry guidelines given the high risks it faces. Such reserves would then allow the City to absorb and adjust to impacts without significant immediate reductions in critical services. Because the identified risks will continue into the future, a sustainable financial plan should include a plan to build City reserves to a level appropriate to risks or the plan should detail how to restructure the risks to eliminate their negative impacts.

The conflict among competing cash demands is not unheard of in a complex fiscal environment with many specialized funds, and underlies recommendations for reserve balances of 10% to 15%.

Litigation Risks

The City has significant litigation risks that could result in additional expenditures not currently budgeted. Management Partners was provided information about pending litigation in order to have a framework for understanding risks. We also reviewed legal claim disclosure issues related to the upcoming 2011 Comprehensive Annual Financial Report.

Based on interviews with staff and material prepared by the City Attorney in connection with the FY 2010-11 CAFR, Management Partners understands that legal risks have not been quantified either because the risk of loss is remote or the amounts cannot be estimated. Sufficient information was not available to enable Management Partners to reasonably estimate the potential risk to the General Fund (or other City funds) from a negative result of litigation.

The City's lack of reserves makes impact from legal liabilities more problematic than usual. It should be mentioned, however, that the City carries excess liability coverage for insurable liabilities over $1,000,000 that may apply to several of the open cases. Nevertheless, for a city with inadequate reserves and limited available cash, even settlements within Stockton's self-insured retention level can pose a significant cash flow problem.

One uninsurable case that could have material impact where probabilities and amounts cannot be estimated for financial disclosure is the lawsuit by the Stockton Police Officers' Association (SPOA) filed on July 14, 2010. The lawsuit challenges the City's right to reduce compensation to employees represented by the SPOA after it declared a fiscal emergency in both 2010 and 2011. The financial impact of losing the SPOA lawsuit is not factored into the City's optimistic financial projections but would be significant. This would worsen its cash position and negatively impact the budget for FY 2012-13 which, according to the City's forecast, is already structurally imbalanced for that year.

Such a court decision could immediately invalidate budget assumptions for the current fiscal year and FY 2012-13 and make cash and budget insolvency imminent. If our recommendations as described in the following section are followed, the City will begin restructuring efforts before May 2012 when a court decision on this case is expected.

Further, we note that an adverse decision in the SPOA case could trigger another bargaining group to petition for retroactive re-instatement of compensation to their members. The annual amount of the reductions that were imposed on other bargaining group is estimated at $6.7 million in total, of which $3.7 million would be needed from the General Fund.

Property Tax Revenues

The City may experience further declines in property tax revenues. The recent economic downturn has had a severe impact on the housing market and on property values in Stockton and the immediate area. Property tax revenues for the City have fallen from $55.5 million in FY 2008-09 to a projected $44.4 million in FY 2011-12, and are expected to fall farther due to declining market values and a high level of foreclosure activity. The City's four-year forecast assumes further reductions of 5% in FY 2012-13 and 4% in FY 2013-14 before stabilizing in FY 2014-15. The City's estimate is based on its analysis of information from various sources, including the County Assessor and HdL Companies, which is the City's property and sales tax consultant.

Management Partners understands the basis for the City's property tax revenue forecast but believes there is a risk that the current forecast may be too optimistic, given economic conditions and the high level of foreclosures being experienced.

CalPERS Rates

The City could see higher CalPERS rates than currently forecast after FY 2012-13. The four-year forecast includes retirement costs to be paid to CalPERS based on information provided by CalPERS in the most recent actuarial valuation received in October 2011. The rates for FY 2012-13 are fixed, while the rates for FY 2013-14 and FY 2014-15 are preliminary.

The CalPERS rates consist of two components: the *normal cost* and payment on the *unfunded accrued liability (UAL).* The rate for the second element, the UAL, is derived by taking the dollar amount needed for the year and dividing it by the total payroll base. Unfortunately, the calculations are based on payroll information for the City as of June 30, 2010 and since that time, the City's payroll base has reduced substantially due to reductions in positions. There is a high likelihood that this portion of the rate, when recalculated to reflect the current lower payroll base, will rise substantially. Because the decline in payroll occurred in FY 2011-12, the impact will be felt in the rates beginning in FY 2013-14. If the recalculation occurs, CalPERS will provide the City with a new rate to use for its budget estimates, and the new rate for FY 2013-14 and subsequently years will need to be included in the salary and benefit cost projections in the four-year forecast.

Additionally, the CalPERS payment amount could increase if actuarial assumptions are changed in the future. Currently, the economic assumptions underlying the valuations are being reviewed by the CalPERS actuarial staff, with a recommendation to the CalPERS Board due in March 2012. The economic assumptions include portfolio yield, cost of living, and salary increase projections. Any adjustment in these assumptions could impact the CalPERS employer rates going forward.

Wind-Down of Redevelopment Agency

The City could have unexpected costs associated with winding down its Redevelopment Agency following the California Supreme Court's decisions regarding Propositions 26 and 27. Changes to Stockton's Redevelopment Agency (SRDA) may create unbudgeted expenditures and ongoing risk. The City has no reserves to cover such expenditures and risk. The Court's decision may also mean that the City will no longer be able to support the economic development programs essential to rebuilding the local economy.

The SRDA's current status weakens the City's financial position in several ways: 1) by being a long-term cash commitment if the City administers

the successor agency phase-out, 2) as a source of liability because of the General Fund's role as guarantor, and 3) as a source of contingent liabilities from either the oversight board's decisions or from actions of the legislature. Restructuring the risk exposure to its debt obligations by renegotiating debt terms is the best course of action for the City.

Unfunded Actuarial Liabilities

The City has unfunded actuarial liabilities for employee benefits in its internal service funds and has unfunded actuarial liabilities in both its CalPERS pension plans and its Enhancement Plan. The City has no structured funding plan for retiree health care long-term actuarial liabilities. Only CalPERS requires a consistent funding program for unfunded liabilities.

The funding available in the City's self insurance program provides working capital for annual operations. The primary assets in those funds are amounts receivable from other City funds to cover annual pay-as-you-go costs. There is no structured program to accumulate funds for future payments on incurred liabilities. This transfers the costs of past operations to future taxpayers, depriving them of the service levels their taxes could fund.

Table 6 shows the unfunded amounts of actuarial benefit and claim liabilities at the most recent reporting date.

Table 6. City of Stockton Unfunded Actuarial Liabilities (UAL) and Long-Term Self-Insured Claim Liabilities (Most Recently Reported – January 2012)

Item	Unfunded Liability and Claims Liability	Estimated Annual Amortization Amount	Amortization Amount Funded
Pension UAL			
CalPERS Miscellaneous Employees	$54,700,000	$4,100,000[1]	$4,100,000
CalPERS Safety Employees	95,700,000	6,700,000[1]	6,700,000
Enhancement Plan	4,800,000	800,000	800,000
Pension Obligation Bond	124,700,000	7,700,000[1]	7,700,000
Sub-total Pension UAL	*279,900,000*	*19,300,000*	*19,300,000*
Retiree medical (FY 2009-10 CAFR)	543,700,000	27,100,000	0[2]
Total Retiree UAL	*$823,600,000*	*$46,400,000*	*$19,300,000[4]*
Long Term Claim Liabilities			
General Liability (FY 2009-10 CAFR)	3,900,000	800,000[3]	0[2]
Workers' Comp (FY 2009-10 CAFR)	42,200,000	8,400,000[3]	0[2]
Sub-total Claim Liabilities	***46,100,000***	***9,200,000***	***0***
Grand Total	**$869,700,000**	**$55,600,000**	**$19,300,000**

[1]Fiscal year 2009-10 amount was $2.2 million for Miscellaneous, $1.5 million for Safety and $0 for Pension Obligation Bond for a total of $3.7 million. The increase in unfunded pension liability cash requirements from FY 2010-11 to FY 2012-13 is 550%.
[2]Annual funding covers current operations and claim payment requirements only.
[3]Annual amortization required to fully fund the liability in five years. Actual cash demands may vary but claims develop over a shorter period than pension cash requirements.
[4]Subsequent benefit restructuring reduced this total.

The City is only funding actuarial claims and liabilities required by its contracts with CalPERS and its pension obligation bond indentures. Pension obligation bond payments will remain fixed but CalPERS pension contributions are expected to increase. A major contributing factor to the City's cash and budget crisis on the expenditure side is that its cost of amortizing CalPERS unfunded liabilities has increased by $6.2 million per year to $10.8 million per year between FY 2010-11 and FY 2012-13 (a 290% increase) according to CalPERS' most recent analysis. In addition the City pays $7.7 million per year on Pension Obligation Bond Debt issued in 2007 for a total of $18.5 million per year.

The current service cost (also called the normal cost) of the retirement plan remains fairly stable at about $19 million per year. When employee contributions, payments to CalPERS and payments on Pension Obligation Bonds are considered, the total cost of the City's pension plan is about 50% of eligible compensation for safety employees and 33% for other employees based on the City's FY 2010-11 payroll reported to CalPERS. As noted above, subsequent actions to reduce payroll will cause rates that amortize unfunded liabilities to increase after FY 2013-14.

Fees

This financial condition assessment did not focus on fees. However, during our interviews and analysis, we noted that the City does not have an ongoing aggressive fee management program that ensures that fees and fines cover the costs of service they are intended to cover. Without careful and consistent fee management, the City may be losing revenue that would otherwise be available to support services.

Fee analysis and overall fee management is important and should be done on an ongoing basis. Proper fee management requires an allocation of resources to ensure that revenues are produced as intended. Analytical resources are needed for setting fees and fines and staffing resources are needed to carry out the programs that will produce the revenue. From interviews with staff, it appears this has been a low priority. Once the City gets through its immediate crisis and completes its financial restructuring, fee management would be an important future action.

Recommended Actions

Management Partners has identified several actions to be taken by the City immediately to address its financial challenges and insolvency.

Recommendation 1. Preserve General Fund liquidity. All legally available cash will be needed by the General Fund to deal with the City's solvency risks and the costs of using restructuring tools as part of the City's financial recovery plan.

As part of maximizing liquidity, finalize legal analysis to determine the City's flexibility to address outstanding liabilities associated with the Public Facilities Fees (PFF) and interest allocation to ascertain alternatives to immediate use of available unrestricted resources. This is relevant to cleaning up liabilities from past financial errors when doing so would have a negative impact on the General Fund. While taking care of such mistakes as soon as they are found is normally the prudent thing to do, the City is not operating under normal circumstances and will need all possible resources to deal with future insolvency. When the City discusses this issue with its attorneys it should determine whether it has flexibility to address these liabilities with various alternatives to immediately correcting them with General Fund monies.

Maximizing liquidity will require the City to abandon plans previously approved for use of available unrestricted fund balances held in other funds, including eliminating library and recreation fund balances, abandoning the new City Hall project for the foreseeable future, using all accumulated Measure W funds and eliminating $1.2 million of general capital improvements.

Recommendation 2. Immediately prepare for AB 506 proceedings to restructure debt and benefit obligations. Such preparation will be prudent for the City even if bankruptcy can be avoided. Without adequate preparation, Stockton may find itself in a position of uncontrolled default with outcomes that are much more negative than if the City were to have a plan.

The City's goal in the AB 506 would be to negotiate a restructuring of its obligations to avoid bankruptcy. AB 506 requires public agencies to either engage in a process with interested parties or declare a fiscal emergency before filing for bankruptcy.

As has been discussed in this report, a significant component and perhaps a decisive part of the City's fiscal stress stems from what now appears to be ill-advised debt issuances and other promises made to City employees regarding paid medical coverage in retirement. These sources of fiscal stress have not yet been addressed in working out a financial recovery plan for the City, as all work has concentrated on reducing operational expenditures. Addressing these issues and meaningfully including creditors in a financial recovery plan can probably only occur in an AB 506 or, if necessary, a Chapter 9 setting. Expert legal advice on how to proceed with AB 506 and Chapter 9 will be essential, as Stockton may be the first public agency to undergo municipal bankruptcy since changes to the process took effect in January 2012.

Prior to the signing of AB 506, a public agency in California could file for protection under Chapter 9 of the United States Bankruptcy Code (dealing with municipal bankruptcy) without state approval or pre-conditions. Under AB 506, which was signed into law in late 2011 and became effective in early January 2012, public agencies may still resort to bankruptcy protection. Before a public agency may file for protection, it must either 1) engage in a neutral evaluation process with its creditors with the help of an expert neutral third party; or 2) declare a fiscal emergency before filing for bankruptcy.

The intent of this legislation is to provide a process prior to an actual Chapter 9 filing to allow an alternative resolution to be developed outside of bankruptcy. The alternative could result in a successful negotiation among all parties or a structured bankruptcy agreement that would shorten the Chapter 9 process. Because no municipality has availed itself of the AB 506 process, it remains to be seen if it can achieve superior results relative to an actual Chapter 9 proceeding. It should be noted, however, that several other states have such an intermediate step when it comes to providing for municipal access to Chapter 9 provisions.

The neutral evaluation process is aimed at providing a limited amount of time (60 to 90 days) to develop a settlement or adjustment plan among interested parties.[2] If the neutral evaluation process period concludes without an agreement and if the public agency believes that a bankruptcy filing is necessary, it may go ahead with a Chapter 9 filing.

An agency may bypass the neutral evaluation process by declaring a fiscal emergency. The declaration of fiscal emergency must include findings that the financial state of the public agency is such that the health, safety and well-being of residents will be jeopardized without the protections of Chapter 9. Perhaps more importantly, the resolution must include a finding that the public agency will be unable to pay its obligations within the next 60 days.

Recommendation 3. Develop plans for lower service level scenarios or alternative service delivery approaches to further reduce costs. Despite the significant and sustained cost reductions it has implemented, the City's revenues will not support existing service levels. Given other obligations that are currently legally required, the

[2] Interested parties include a trustee, a committee of creditors, an affected creditor, an indenture trustee, a pension fund, a bondholder, a union that, under its collective bargaining agreements, has standing to initiate contract or debt restricting negotiations with the municipality, or a representative selected by an association of retired employees of the public entity who receive income from the public entity convening the neutral evaluation. Contingent creditors may also be included.

City may need to further reduce services to reduce costs, despite being service insolvent. In some cases, there may be other service providers that could be contacted for proposals to maintain services at lower costs. Such alternatives should be explored.

Recommendation 4. Obtain legal advice regarding potential liabilities that may have been created as a result of past accounting errors and interfund transactions that are no longer feasible because supporting revenues are so reduced. This applies to all instances where funds spent or advanced in anticipation of future revenues create legal issues resulting from overdrawn pooled cash, fund deficits or stranded advances where expected revenues are inadequate for repayment.

Getting clear legal advice on this issue is essential and urgent. The City and its staff members' responsibilities regarding existing or anticipated unplanned cash deficits will define the point at which further cash expenditures would result in creation of unauthorized debt, causing insolvency to the point required cash disbursements cannot be made. This would be reached after the point the City is qualified to seek the protection of a bankruptcy court. The General Fund and funds with balances derived from the General Fund are the only funds with unrestricted resources that can cure legal compliance issues in other funds if this view is accurate.

Recommendation 5. Begin drafting a Fiscal Recovery or Stabilization Plan, which, if necessary, will provide a foundation for Chapter 9 Pendency and Work Out Plans, if creditors do not agree to restructure the City's obligations outside of bankruptcy. That plan should reflect the budget the City needs to adopt to make it through FY 2011-12 and FY 2012-13, including reductions in debt, services and personnel costs.

Recommendation 6. Revise four-year financial forecasts to include scenarios for possible higher CalPERS rate increases. CalPERS assumptions about the City's payroll include typical rates of growth in future payrolls, retirement ages and years of service at retirement. The

City's actual situation does not match those assumptions. As a result, the rates currently forecast by CalPERS are too low because costs are increasing while the payroll base is shrinking. In addition, CalPERS will revisit its assumed investment rate in spring 2012 and there is a very real possibility that the rate will be lowered. A half percent decrease in CalPERS investment income assumption could increase employer rates by up to 10% representing 2 to 3% of covered compensation.

Recommendation 7. Develop a multi-year forecast for all funds that are directly or indirectly guaranteed by the General Fund. This will provide the basis determining the service levels and obligations the General Fund can afford. Funds where the General Fund guarantees debt or faces shortfalls in special revenues intended for debt repayment are included in the current forecast. However the funds that will provide unrestricted available resources to close this year's budget gap are not included in the forecast. Those funds' operations have the potential to affect the General Fund in the future because they will have no reserves.

In addition to the above seven recommendations, Management Partners suggests that the City conduct a detailed analysis within the next two to three years of the cost of services and fees to determine whether fees can appropriately be increased to recover costs. Given the urgency of the immediate issues, this can and should be delayed, but at some point, it will be important for the City to know whether its fees are covering its costs. Meanwhile, as time permits, individual departments may be able to review cost recovery opportunities that might result in additional revenue to aid in the restoration of needed services.

Furthermore, Management Partners suggests that at some point the City consider conducting voter polling to gauge support for augmenting existing revenue sources. Voter polling may also be suggested for debt ratification to address unintended unauthorized debt as a result of interfund transfer and expenditure issues.

Conclusions

According to City management's own budget forecasts, the General Fund will likely reach cash insolvency by the end of this fiscal year (FY 2011-12). Management Partners has found no reason to doubt these forecasts. To the contrary, we have identified numerous issues that may deepen the City's fiscal crisis. This crisis has come about from activities and events occurring over past years and, despite very significant efforts to do so, could not be contained only by reducing operating expenses. Major factors are:

- The "Great Recession" reduced revenues significantly.
- Just prior to the recession, the City took on a large amount of debt, which it does not now apparently have the ability to repay.
- Compensation packages exceeded sustainable levels and the City assumed significant liability for retiree health coverage without secure funding.
- Prior fiscal management practices obscured financial problems.

It is clear that services dependent on the General Fund are insolvent from both a service delivery and budgetary perspective. With regard to immediate cash solvency, if the City is able to defer legal compliance issues, cash insolvency in the General Fund may be delayed, but only for the short term.

Solvency problems are found in the General Fund, in funds receiving direct support from the General Fund, and in funds that may require support from the General Fund in the future. However, Management Partners has not identified solvency problems in other funds that do not depend on the General Fund including the water and wastewater utilities.

The worst case for the City would be bankruptcy without a plan, or an uncontrolled default, because the City would lack the tools necessary for dealing with creditors in an organized fashion. If bankruptcy can be avoided, it will largely be dependent on the willingness of creditors, including debt holders and former employees, to agree to restructure outside of a Chapter 9 filing. Conversely, if bankruptcy cannot be

avoided, the City's Fiscal Recovery or Stabilization Plan for the AB 506 process will serve as a foundation to manage the organization and the community through the process.

THE CITY OF STOCKTON
PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is by and between the CITY OF STOCKTON, a municipal corporation (hereinafter "CITY"), and MANAGEMENT PARTNERS, INC. (hereinafter "Consultant"). City and Consultant may be collectively referred to as the "Parties."

In consideration of the mutual covenants and conditions set forth herein, this agreement is made between the Parties:

1. EFFECTIVE DATE AND TERM

This agreement shall commence on the date that it is fully executed by the Parties, and shall remain in effect through project completion or until terminated pursuant to the provisions of this Agreement.

2. SERVICES

Contractor shall perform for the City services ("Services") set forth in the Scope of Work, attached hereto and incorporated herein as "Exhibit A."

3. COMPENSATION

The City of Stockton agrees to pay Consultant for said services in the amounts set forth in "Exhibit "A" based upon actual hours incurred, not to exceed $175,000, with such payments advanced in increments of $25,000. Consultant will invoice the City in such increments in advance of anticipated use.

4. CITY MANAGEMENT

The City's Manager shall represent City in all matters pertaining to the administration of this Agreement and shall be authorized to act on the City's behalf.

5. CHANGES

This Agreement, including but not limited to the scope of Services and Compensation, may be amended in whole or part only by an agreement in writing signed by both City and Contractor.

6. SUSPENSION OR TERMINATION OF AGREEMENT

Either party shall have the right to terminate this Contract at any time upon giving the other party written notice of its intention to terminate twenty (20) days prior to the effective date of said termination. Upon termination, Consultant shall turn over to the City all documents, records, plans, and instruments of services produced by Consultant in connection with its performance of services pursuant to this Contract. City shall pay Consultant for all services satisfactorily performed pursuant to this Contract up to the date of termination.

7. DEFAULT OF CONSULTANT

The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City can terminate this Agreement immediately by written notice to the Consultant.

8. INDEMNIFICATION

Insurance shall be provided as set forth in "Exhibit B."

To the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless City and any and all of its officials, employees and agents from and against any an all losses, liabilities, damages, costs and expenses, including attorney's fees and costs which arise out of, pertain to, or relate to the gross negligence, recklessness, or willful misconduct of the Consultant.

City shall indemnify, protect, defend and hold harmless Consultant from and against any and all losses, liabilities, damages, costs and expenses, including but not limited to attorney's fees and costs which arise out of Consultant's performance of this Agreement within the scope of his duties as a consultant providing an updated strategy and pathway for moving the City leadership team toward the City Council's aggressive list of goals.

9. INDEPENDENT CONTRACTOR

Consultant is, and shall at all times remain, as to the City, a wholly independent contractor. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that he is in any manner an officer or employee of the City. Contractor shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages or other compensation to Contractor for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing Services hereunder.

10. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect the performance of his or her Service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such

laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

The Consultant represents and warrants that prior to commencing any work under this Agreement, it shall obtain and maintain at its own expense during the life of this Agreement any other licenses, permits, qualifications, and approval required to practice its profession and perform the contract services.

In performing the services under this Agreement, the Consultant shall not discriminate in the employment of its employees and the engagement of any subcontractors on the basis of race, color, national origin, ancestry, sex or any other criteria prohibited by law.

11. UNDUE INFLUENCE

Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement, No officer or employee of the City will receive compensation, directly or indirectly, from the Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City to any and all remedies at law or in equity.

12. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

Consultant shall not, without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, responses to interrogatories, or other information concerning the Services performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Contractor gives City notice of such court order or subpoena.

Consultant shall promptly notify City should Consultant be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, or party regarding this Agreement and the work performed thereunder. Consultant agrees to cooperate fully with City and to provide the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

13. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City. The Consultant may hire at its own expense the services of independent contractors to perform a portion of its obligations under this Agreement with prior approval by the City. Independent contractors and subcontractors shall be provided with a copy of this

Agreement and shall agree to be bound by its terms. The Consultant shall be the responsible party with respect to all actions of its independent contractors and subcontractors, and shall obtain such insurance and indemnity provisions from its contractors and subcontractors, as the Consultant shall determine to be necessary.

14. OWNERSHIP OF DOCUMENTS AND DATA

All completed reports and other data or documents provided or prepared by the Consultant in accordance with this Agreement are the property of the City, and may be used by the City at its own risk.

15. AUDITING

The City reserves the right to periodically audit all charges made by the Consultant to the City for services under this Agreement. The Consultant agrees that City or its delegate will have the right to review, obtain and copy all records pertaining to the performance of this Agreement. The Consultant agrees to provide City or its delegate with any relevant information requested and shall permit City or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspection and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. The Consultant further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

16. GOVERNING LAW

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the Parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the County of San Joaquin.

17. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the Parties relating to the obligations of the Parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force of effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

18. DISPUTE RESOLUTION

All claims, disputes, or any other matters in controversy between the Parties arising out of or in any way related to this Agreement shall first attempt to be resolved by informal telephonic or written communication between the Parties. In the event that

informal techniques do not resolve a dispute, all Parties agree that any dispute will be submitted to mediation, prior to pursing any other remedies provided by law.

19. ATTORNEY'S FEES

In any action between the Parties arising out of or connected with this Agreement, including any arbitration proceeding, the prevailing party in such action shall be awarded, in addition to any damages, injunctions, or other relief, its costs and expenses, not limited to taxable costs, and reasonable attorney's fees.

20. INTERPREATION, SEVERABILITY

The headings used in this Agreement are used for the convenience only and shall not be construed in interpreting this Agreement. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural and conversely.

If any portion of this Agreement shall be held invalid or inoperative, then, so far as in reasonable and possible:

1. The remainder of this Agreement shall be considered valid and operative; and

2. Effect shall be given in the intent manifested by the portion held invalid or inoperative.

21. NOTICE

Any notices or other communications to be given to either party under this Agreement shall be in writing, shall be delivered to the addresses set forth below, and shall be effective as follows:

1) be personal delivery, effective upon receipt by the addressee; or
2) by certified US mail, return receipt requested, effective seventy-two (72) hours after deposit in the mail:

The City of Stockton
Deputy City Manager
Laurie Montes
425 N. El Dorado St
Stockton, CA 95202

Management Partners, Inc.
Jan Perkins
Partner
2107 North First Street
San Jose, CA 95131

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be effective as of the date first above written.

ATTEST

BONNIE PAIGE
CITY CLERK

By_____

APPROVED AS TO FORM

_____
JOHN LUEBBERKE
CITY ATTORNEY

CITY OF STOCKTON, a municipal corporation

DATE:_____

By _____
BOB DEIS, CITY MANAGER
"CITY"

MANAGEMENT PARTNERS, INC.

DATE:_____

By _____
GERALD E. NEWFARMER,
PRESIDENT
"CONSULTANT"

Management Partners

EXHIBIT A

February 8, 2012

Mr. Bob Deis
City Manager
City of Stockton
725 N. El Dorado Street
Stockton, CA 95202

Dear Mr. Deis:

This letter is sent in response to a request from the City for a proposal to provide project management for an AB 506 process which may be initiated by the City. We have outlined our approach to the engagement below. Management Partners is well qualified to provide these services to the City of Stockton. We are in the process of completing a financial condition assessment for the City which has provided us with a clear understanding of the financial challenges leading to this next phase. While our final report will not be completed until the end of February, we have provided preliminary observations and recommendations to the City Manager pertaining to the City's financial condition. We believe Stockton's financial position is such that it should initiate the AB 506 process now.

Understanding of the Engagement

The City of Stockton is facing a very serious financial crisis, brought on by a number of factors and decisions made during the last decade, coupled with the crushing economic recession that has impacted the local economy since 2008. While the City has taken numerous steps to solve these problems over the last several years, it has not been able to completely address the situation. This is largely because it has been limited to considering only a part of the problem, current expenditures and revenues, when a large part of the underlying problem involves long-term debt and other obligations. As a result, the City must take immediate steps to protect itself as best as possible from the potential of uncontrolled debt default or contract breach due to a lack of unrestricted available cash.

The City intends to initiate proceedings pursuant to AB 506 to restructure debt obligations, including unfunded liabilities. AB 506 is legislation that became effective on January 9, 2012. A public agency that believes it is or will be unable to meet its financial obligations when those obligations become due may initiate the neutral evaluation process provided for in AB 506. These proceedings will, if necessary, provide a foundation for a Chapter 9 pendency plan and work out plan if creditors do not agree to restructure the City's obligations as part of the AB 506 process.

1730 Madison Road • Cincinnati, OH 45206 • 513 861 5400 • Fax 861 3480
2107 North First Street, Suite 470 • San Jose, CA 95131 • 408 437 5400 • Fax 453 6191
5 Park Plaza, Suite 1520 • Irvine, CA 92614 • 949 222 1082 • www.managementpartners.com

Under this legislation, a fiscally distressed public agency may resort to bankruptcy but before it files for protection it must either engage in a neutral evaluation process with its creditors with the help of a mediator or declare a fiscal emergency. The City of Stockton intends to pursue the first option, engaging in a neutral evaluation process. The process involves a variety of required steps and engaging outside experts.

The key elements of the process are to:

- Notify interested parties and creditors of the City's intent to pursue the AB 506 process,
- Select a neutral evaluator (also called a mediator), and
- Participate in a mediation process in good faith with interested parties.

Numerous specific tasks must be carried out to comply with AB 506 requirements. Additionally, the legislation dictates timelines and the City of Stockton is under its own urgent timelines because of its cash flow problems. Because the financial position is precarious the process must be engaged immediately and pursued expeditiously. The goal of the process is to restructure the City's obligations within its financial capacity.

Project Approach

Management Partners will create a work plan for executing the AB 506 process. The work plan will identify the key steps, schedule and individuals or consultants who will have responsibility for each element of the work plan. The team will include City executive staff, the City Attorney and outside legal counsel, labor relations consultants, financial advisors, Management Partners associates, and other experts as needed.

Management Partners will serve in two key roles: managing the overall AB 506 process and developing a proposal to creditors for relief. The latter will involve a variety of parameters with respect to existing debt and contractual obligations which are no longer consistent with fiscally sustainable operations by the City. We term this the development of an "ask" in keeping with the nomenclature of the securities market. Managing the 506 process as well as developing the ask proposition, which is at the heart of the procedure, will be essential, since the process will be on a short timeline and there are numerous components to the process.

As part of our project management, Management Partners will prepare materials, coordinate with the City's staff and consultants, identify other needed experts, prepare communications, and assist with timely completion of tasks. The City will provide staff for analytical assistance, access to information to assist with the AB 506 process, secretarial support for meeting scheduling, and other assistance as identified by the City and Management Partners as being in the best interest of expeditious decisions and actions.

We have outlined the key activities in this engagement below. This is subject to modification upon discussion with City management and legal counsel. Since AB 506 only took effect on January 9, 2012, no one has experience with the process. As a result, uncertainties and interpretations of the legislation may affect the implementation timeline.

As the process unfolds, there will be other tasks identified to be completed by City staff or consultants. Management Partners will maintain a flexible posture with respect to the needs of the City during this project. We have the expertise necessary both to manage the project and to identify and fill process or analysis gaps which may become apparent. We are also comfortable managing a team of other professionals all working towards the same goal and will seek to eliminate redundancy and develop the most efficient solutions possible. Our fundamental orientation is to be the City's manager for the AB 506 process, acting as a problem solver and doing what is necessary to move what is sure to be a new and challenging process forward to a satisfactory conclusion.

The activities we will undertake are described below. As indicated previously, they will be adapted to suit the needs of the City as the project progresses.

Activity 1: Start Project

At the initiation of this project, Management Partners will create an organization chart and work plan with a schedule and designation of responsibilities. These documents will outline the required deliverables and process steps and show how City staff and consultants working with the City will be integrated. Because the process will be conducted on a short timeline, clear designation of tasks and assignments will be essential. We will convene a project meeting with City staff and outside consultants to review the process components, roles and responsibilities, and schedule. The work plan will be revised following that meeting.

Management Partners also will coordinate with City staff to prepare a communications plan at the outset of the project to ensure appropriate information for team members, the Council and others. We will assist in preparing materials to communicate the City's financial condition and the AB 506 process to the Council, executive team, community and employees.

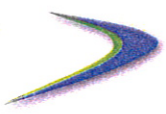
Activity 2: Define / Notify Interested Parties and Creditors

AB 506 requires that the City notify interested parties and creditors of its intent to pursue the process outlined in the legislation. The legislation contains specific definitions of interested parties and creditors, and also includes some discretion to the public agency as to parties which may be invited to participate. Therefore, an early task will be to determine who will be invited to be part of the process.

Once the parties have been identified, Management Partners will facilitate the preparation and distribution of appropriate notices. Interested parties are required to respond to the notification within 10 business days or they will have waived their right to participate in the neutral evaluation process.

Activity 3: Prepare the "Ask"

During this activity, Management Partners will coordinate and provide advice on preparation of the "ask" to interested parties. This will consist of the relief being sought by the City from the interested parties and creditors. Technical and analytical support will be provided to the City as needed on this component.



In order to begin this process Management Partners will coordinate an inventory of all obligations owed to creditors and interested parties. This will include conventional debt obligations as well as other long term contractual liabilities pursuant to the provisions in AB 506 and the definition of interested parties.

To generate appropriate relief, the City will need to consider a variety of factors including the ability to pay based on current and reasonably foreseeable revenues, potential adjustments to debt obligations such as the amortization period or interest rate, and obligations under existing contracts relative to the degradation of the City's fiscal position. In addition, the City will need to consider such strategic factors as developing some rough equity between concessions already obtained from current employees and operations, conventional debt creditors and retired employees. All this must be achieved while keeping in mind the need to continue to be a viable municipality, able to attract and retain employees and vendors, and able to provide services.

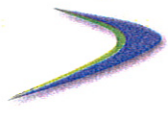
Activity 4: Select Neutral Evaluator and Conduct Mediation
Management Partners will manage the process of selecting a neutral evaluator and conducting the mediation. Both components will require significant coordination, communication, and preparation of materials.

Select Neutral Evaluator. AB 506 sets forth requirements for selecting a neutral evaluator. The legislation requires that the interested parties and public agency mutually select the neutral evaluator through a mutually agreed upon process. The legislation further provides that if the parties are unable to mutually select a neutral evaluator, the public agency shall furnish the names and background of five qualified neutral evaluators. A majority of interested parties shall then strike up to four names from the list and the remaining candidate shall serve as the neutral evaluator.

Management Partners will manage the neutral evaluator selection process. Tasks will include identifying potential criteria for considering neutral evaluators, seeking input from the participating parties about selection criteria and potential neutral evaluators and preparing materials to assist with a discussion about selecting the neutral evaluator. The process will continue until a neutral evaluator has been selected.

This process is fraught with uncertainty since this section of AB 506 is vague, particularly with respect to what constitutes a "majority of interested parties." With legal assistance we will attempt to fashion a solid approach that can gain consensus and avoid delay.

Create a Mediation Schedule. Following selection of the neutral evaluator, a mediation schedule will be created. AB 506 provides for a maximum 60 day mediation process with the ability for the public agency or a majority of interested parties to extend by another 30 days. The neutral evaluation process could end prior to 60 days based on circumstances outlined in the legislation.



Management Partners will assist with materials needed for presentation and discussions and coordinate the mediation process. As with the selection of the neutral evaluator, this process will need to be carefully planned and executed to avoid delay.

Activity 5: Outline Subsequent Steps
Once the mediation has been concluded, Management Partners will assist the City in identifying additional tasks that must be completed. As further project management is needed, Management Partners will provide it.

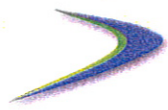
Project Team
The Management Partners team will be led by Andrew Belknap, Regional Vice President. He will be assisted by Jan Perkins, Dave Millican, Tom Gardner, Dianne Gershuny, Larry Lisenbee, Jovan Grogan and other members of Management Partners' team as needed. Qualifications for each person are attached to this letter proposal. Additionally, Management Partners will be coordinating with other members of the overall project team, including City staff, legal counsel, financial advisors and other experts engaged by the City to assist through the AB 506 process.

Fee Proposal
Management Partners suggests a contract in the amount of $175,000 for the assistance discussed above that we will provide to the City of Stockton. As noted, the AB 506 process is new and therefore the actual amount of time required is unknown. In our estimates of hours for each of the major activities, and given the uncertainties in the process, we believe the level of effort could easily require 800 to 1,500 hours (or more) of Management Partners' time, which would mean a cost range of $150,000 to $250,000.

The actual cost will depend on the amount of time devoted by Management Partners. We will track our hours against each activity outlined above and associated sub-tasks and provide a monthly report to the City. As noted earlier we will work with the City to adapt our activities to accomplish the work properly at the lowest cost possible.

The billing rates for our consultants are provided below.

Regional Vice President	$250
Partner	225
Special Advisor	195
Senior Manager	175
Senior Management Advisor	150
Management Analyst	100



Conclusion

We would be pleased to assist the City of Stockton with this important project. Please feel free to contact either Jan Perkins (949-202-8870) or me (805-320-1702) if you have any questions about this proposal.

Sincerely,

Andrew S. Belknap
Regional Vice President

Accepted for the City of Stockton by:

Name _____

Title: _____

Date: _____

Attachment – Project Team Resumes

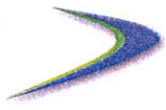
ANDREW S. BELKNAP

Andrew Belknap, Regional Vice President, has more than 20 years of diverse local government management experience. He has served in California local government as a city manager, public works director and independent consultant. As a consultant he has directed many diverse projects and provided interim management assistance for cities, counties and special districts. Andy has been with Management Partners since 2001 and leads the operations of the western region, which is based in San Jose, California. He directs the work of approximately 20 full-time staff members.

Andy began his public service career in 1980 with the City of Oxnard, California, in facilities management. He created the city's first automated database for tracking infrastructure maintenance and gained statewide recognition for the city's energy management program. Eventually, Andy was named chief of staff to the public works director and was responsible for budgeting, utility rate setting, capital program management and organizational analysis.

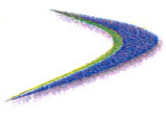
In 1989, Andy was named city manager of Ojai, a nationally known resort community (he had been public works director there for the previous three years). Andy brought leadership and fiscal stability to a community that had been through a difficult period of political controversy, staff turnover and financial troubles. When he left this position in 2001, the city had achieved a reputation for credibility, professionalism, teamwork and innovation. While with the City of Ojai, Andy completed several major redevelopment projects including a difficult upgrade of unreinforced masonry in an historic downtown area, and several innovative affordable housing projects. He also negotiated an agreement (the first of its kind) with the Ventura County Sheriff for joint financing and construction of a new police station. At the regional level, as chair of his region's California City Manager's Association, in 1998 Andy helped devise a successful plan to create a joint powers library authority to serve seven cities and a over 600,000 residents. He has served on several League of California Cities working groups and was selected to represent the Santa Barbara area on the California City/County Youth Services Task Force.

Since joining Management Partners in 2001, Mr. Belknap has participated in over 170 individual consulting projects for cities, counties and special districts in California, Arizona, Nevada, Washington, Idaho and Montana. He has served as the key professional or project manager for most of these assignments. Clients range from very small to very large and include the cities of San Jose, Long Beach and Sacramento; the counties of Orange, Marin, Monterey, San Mateo and Ventura; and large special districts such as the Sacramento Port District and the Los Angeles Community College District. As a corporate officer with Management Partners, Mr. Belknap has helped develop the firm's consulting methodology, standards of practice and market presence, which has enabled the firm to successfully complete over 600 separate engagements for hundreds of local government throughout the United States.



As an economist, Andy brings a special expertise to public finance issues, including the analysis of local revenue measures. He has completed a broad range of organizational and management studies, cost-of-service and fiscal analyses, inter-jurisdictional service delivery studies, service consolidation and coordination efforts and other complex projects.

Andy earned a bachelor's degree in economics and econometrics from the University of California-Santa Barbara, and a master's degree in economics, with a specialty in public finance.



JAN C. PERKINS

Jan Perkins, Partner, has 30 years of local government management experience in five communities. She has held major leadership positions in professional organizations, has authored numerous articles, and is a frequent speaker at workshops and conferences. She joined Management Partners in 2005.

Jan was city manager of Fremont, California, for nearly 11 years, and earlier was city manager of Morgan Hill, California. She also served the city of Santa Ana, California as assistant city manager; and Grand Rapids and Adrian, Michigan, in a variety of senior management positions, including deputy city manager.

Since joining Management Partners in 2005, Jan has led complex projects that provided assistance to senior local government managers and elected officials. These have included strategic and business planning, budget policy development, organizational assessments, teambuilding, council/board effectiveness, goal setting, leadership development and executive coaching, executive performance evaluations, staffing analyses, and workforce and succession planning. She is based in the company's Irvine, California, office.

Some of the clients that Jan has assisted include the cities of Rio Rancho and Santa Fe, New Mexico; Las Vegas and North Las Vegas, Nevada; the California cities of Newport Beach, Burbank, Pasadena, Glendale, Palo Alto, Napa, San Jose, Concord, Laguna Beach, Laguna Hills, Pleasanton, Ceres, Livermore, Garden Grove, Cypress, La Palma, Alameda, El Monte, La Habra Heights, Anaheim, Huntington Beach, Long Beach, Orange, Santa Cruz, Santa Ana, Sunnyvale, Novato, Gilroy, Rancho Cordova, and Modesto; the counties of Alameda, Orange, Monterey, Marin, Riverside, Santa Clara, San Mateo and Ventura; the Alameda County City Managers' Association; the Southern California Association of Governments; the Sacramento Area Council of Governments; the Orange County Cemetery District; the Contra Costa Transportation Authority; the Alameda County Congestion Management Agency; the Sonoma Valley Fire and Rescue Authority; and the Coastside County Water District.

Her expertise was developed through an increasingly demanding series of jobs, beginning with the City of Grand Rapids. There, she served in a variety of management positions over a six-year period, concluding as deputy city manager. She also worked for the City of Adrian as assistant city administrator and community development director. In 1984, she was named assistant city manager of Santa Ana, California, followed by city manager positions in Morgan Hill and Fremont.

Among Jan's articles are "Hiring 2.0: 23 Creative Ways to Recruit and Keep Great Staff," which appeared in the January/February 2011 issue of *Public Management* magazine; "Successful Leadership," which appeared in the March 2005 issue of *Public Management* magazine; "The Value of Going Back to the Basics," co-authored with former Fremont Mayor Gus Morrison, which appeared in the June 2005 issue of *Western City* magazine; "Ethics: Alive and Well," co-

authored by Elizabeth Keller and published in the January/February 2007 issue of *Public Management*, and "Assessing the Ethical Culture of Your Agency," co-authored by JoAnne Speers and Arne Croce, which appeared in the January/February 2007 issue of *Public Management*.

Jan served as president of the California City Management Foundation, president of the Alameda County City Managers Association, and as executive board member of the City Manager's Department of the League of California Cities. She also chaired a number of ICMA committees, is a fellow with the National Academy for Public Administration and is on the board of ICMA's Women Leading Government organization. Jan earned a bachelor's degree in sociology and a master's degree in public administration from the University of Kansas. She is a graduate of Harvard University's Program for Senior Executives in State and Local Government. She is recognized by ICMA as a Credentialed Manager and serves as an ICMA Senior Advisor.

DAVID N. MILLICAN

Dave Millican has been committed to government management, municipal finance and urban economics since he started his career. He has served as a Peace Corps volunteer in Afghanistan, was the practice leader for state, local and not-for-profit organizations for the San Francisco office of a major CPA firm, was vice president for a multi-application municipal information system software supplier and served as the chief financial officer of four cities.

He also contributed as a problem solver and negotiator for complex land use entitlements, developed comprehensive development impact fee systems, settled lawsuits and claims, structured multi-vendor franchise agreements, negotiated labor contracts and formed redevelopment project areas obtaining approval of major plan amendments. Dave developed a broad knowledge of project management, policy and contract decision process design and community outreach to citizens and business, other agencies and special interests.

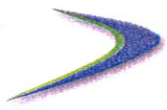
While serving as the chief financial officer of the Cities of Burlingame, South Lake Tahoe, and Fremont, California and Santa Fe New Mexico for over 27 years, he dealt with resource limits caused by taxpayer revolts, seizure of local revenue sources by the state and severe economic dislocation resulting from the high-tech crash at the beginning of this decade. In the course of meeting those challenges he successfully used participative budget and change management processes that included policy makers, executive leaders, employees and labor leaders, citizens and other stakeholders in developing action plans to redefine services and change city financing structures.

Fremont, in particular, faced opportunities and challenges as a growing high tech center, the fourth largest city in the San Francisco Bay Area and one of the most diverse cities in the country. In Santa Fe, a tourist destination second only to New York and San Francisco, he successfully negotiated the rescue of a failing 150 year old private college with minimal cost and risk to the City.

Dave served as a member of the Board of Directors of the California Society of Municipal Finance Officers (CSMFO), as a member of several League of California Cities (LOCC) policy committees, as a member of the California Committee on Municipal Accounting and as a member of the CSMFO/LOCC joint task forces on government reorganization, the League's working group on "triple flip" implementation and the contract agency task force on California Public Employee Retirement System rate setting and services and services to contract agencies. Recently he served as a member of the Government Finance Officers Association technical advisory committee on fiscal first aid and recovery.

With Management Partners, Dave has advised clients throughout northern California on financial management matters. Notable on the list of those clients was the City of Vallejo as it was working through its very difficult bankruptcy issues.

Dave is an accounting graduate of the University of California at Berkeley and did graduate work and taught accounting at the University of Texas at Austin.



THOMAS M. GARDNER, DPA

Tom Gardner, Special Advisor provides expert assistance in the development of management and financial plans, fiscal analysis and strategies for organizational innovations, reorganizations, and performance measures to meet the continuing challenges of fiscal stability and sustainability.

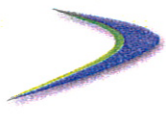
Tom rejoined Management Partners after retiring from the City of Vista as finance director. His career has spanned 31 years of public service with 19 years in service to California counties, seven years with cities, more than seven years consulting, as well as a significant academic career over 20 years. His last county assignment was as assistant county administrator in Yolo County, California.

Tom's practical experience is broad-based with assignments ranging from budget and finance, telecommunications and information technology development, emergency services, regional park management and facility construction and facility maintenance in counties; to finance, purchasing and treasury responsibilities in city jurisdictions.

He has been a leader in developing long-term financial strategies to insure fiscal stability in organizations facing fiscal crisis. This has included small city restructuring, special district long-range planning and major program restructuring in counties.

He has also worked successfully to improve performance in purchasing and collection processes for cities. He has advised and developed solutions to restructure countywide healthcare, criminal justice and financial systems. Tom also has extensive experience with redevelopment agencies, annexations and intergovernmental tax sharing issues. Recognized for his leadership and research in the advancement of joint powers authorities, he brings unique qualifications to joint efforts, the merger of services, as well as intergovernmental relations.

Dr. Gardner has served as national chair of the Section on Intergovernmental Administration and Management of the American Society for Public Administration and as a member of International City/County Management Association on its California Ethics Committee. He has taught for five California universities and colleges including University of Southern California, the University of San Francisco and San Jose State. He has also served as an expert witness in six state and federal cases where measuring the impacts of fiscal stress were central to the case.



DIANNE GERSHUNY

Dianne Gershuny has over 20 years of local government management experience as both a city manager and finance director. She was city manager of Los Altos, California, for nine years and for several years prior to that, served Los Altos as finance director/assistant city manager. She was also finance director/assistant city administrator for the City of San Carlos. Dianne began her local government career with the Ventura Regional Sanitation District where she served in increasingly responsible management positions.

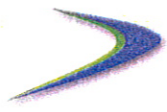
Dianne has been responsible for all aspects of municipal financial operations including budgeting, long-range financial planning, financial accounting and reporting, debt management, investments, and financial policy development. She has been a member of the League of California Cities Revenue and Taxation Committee. Her city budgets received awards from both the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO).

Since joining Management Partners, Dianne has assisted clients by conducting reviews of finance departments and recommending improvements to operations, systems and processes. Two recent clients include the Solano Irrigation District and the City of West Sacramento.

Dianne has a significant background in identifying and implementing both cost reduction and revenue enhancement strategies. Examples include leading a study that resulted in contracting fire protection services at less cost and better quality service and implementing a biennial budgeting that saved hundreds of hours annually for staff, council, and community and helped focus the city on longer range goals and needs. Revenue enhancement strategies she has implemented include implementing a major revision of service fee policies, initiating an economic development program and a redevelopment district, issuing tax anticipation notes, and providing financial analyses and voter information that assisted in the successful passage of a utility users tax.

Dianne has served as treasurer and on the finance committees of non-profit organizations. She served as chair and was a founding member of Association of Bay Area Governments (ABAG) Pooled Liability Assurance Network (PLAN) Corporation, vice-chair of the California City Management Foundation, and chair of the Santa Clara County City Managers Association. She received the League of California Cities John Nail Award as well as the Municipal Management Assistants of Northern California outstanding assistant award.

Dianne earned a master's of business administration degree from the University of California at Los Angeles and a bachelor's degree in neurobiology from the University of California at Berkeley. She also received a certificate of completion from the League of California Cities City Mangers Executive Institute and is a certified trainer for the Zenger Miller frontline leadership program.



LARRY D. LISENBEE

Larry D. Lisenbee, Special Advisor, joined Management Partners in 2009 after 35 years experience in local government management in three California community agencies. Prior to joining Management Partners in 2009, Larry served as the budget director for the City of San Jose California for over 21 years. He earlier worked in various budget and management positions in the County of Santa Clara and the County of San Bernardino.

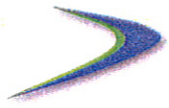
Throughout his term of service, Larry gained broad expertise in all facets of local government management including policy development, strategic planning, finance, public/private partnerships, performance measurement systems, public information and civic engagement. His primary expertise and experience is in California local government budget development and management.

During his tenure as budget director for the City of San Jose, Larry led a team of just under 20 individuals. He reported directly to the city manager and was responsible for all facets of the City's budget management. The responsibilities of this office included developing the annual proposed budget for 115 funds, monitoring and reporting to the City Council during key points in the fiscal year about the status of the budget for all City funds as well as clearing and bringing to City Council any and all amendments to the approved budget.

In this role Larry was the key coordinator and advisor to both the city manager and the City Council for all budget related issues. During his tenure he served under six city managers and four Mayors. Also during this time he helped lead the City through major budget difficulties resulting from the recessions of the early 1990s, the "dot com" bust of the early 2000s, and through the initial phases of the most recent economic collapse. His experience and leadership during this two-decade tenure was a key element to helping the City of San Jose create and maintain its reputation for leadership in fiscal responsibility among the major cities in the United States. He also led the efforts to create the model performance budgeting system and budget format for which that city is known.

Previous to that, Larry served as a budget analyst, senior budget analyst and supervising budget analyst for Santa Clara County over a twelve-year period. He began his career working as an analyst for the San Bernardino County Health Department.

Larry earned a bachelor's degree from San Jose State University, and a master's degree from the University of California at Los Angeles (UCLA).



JOVAN D. GROGAN

Jovan Grogan, Senior Management Advisor, has a breadth of local government experience that ranges from hands-on leadership to community relations and national agency work. Jovan has provided interim management and analytical assistance to general and special purpose governments in the western United States.

Since joining the firm in 2006, Jovan has been an integral part of projects to improve cities' development review processes, conducted reviews of entire governmental organizations, and performed organization structure reviews as well as staffing studies. He is knowledgeable of best practice areas in municipal management and has facilitated workshops for mid-level and executive managers.

Most recently, Jovan served as the interim general manager for the Canyon Lake Property Owners Association in southern California. While on assignment in Canyon Lake, Jovan led the organization's efforts to improve services, communication, and budgeting. He also led efforts to formalize business practices and document procedures.

Prior to joining Management Partners, Jovan served as the special assistant to the county administrator of Tompkins County, New York. In this capacity, he was responsible for budgetary and fiscal analyses, facilitated an effort to establish a data sharing network among county-wide criminal justice agencies, and provided staff support to the Budget and Capital Committee of the County Legislature. Jovan also managed the county's Public Information Program, dealing with media, overseeing the provision of Government Access Television for the county and supervising interns.

Jovan has also worked for the city manager of Oakland, California, Habitat for Humanity and the International City/County Management Association in Washington, D.C. He began his life of public service as a member of Oakland's Planning and Oversight Committee, where he helped to evaluate grant proposals and allocate funds for children and youth programs.

Jovan completed his undergraduate and graduate education at Cornell University. He holds a bachelor's degree in urban and regional studies, with a concentration in law and society; and a master's degree in regional planning, with a concentration in economic development planning.

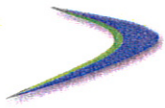


EXHIBIT B

INSURANCE REQUIREMENTS

The Consultant shall procure and maintain for the duration of the Agreement insurance against all claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives or employees.

Minimum Limits of Insurance

1. INSURANCE Throughout the life of this Contract, the Consultant shall pay for and maintain in full force and effect with an insurance company admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A: VII" in Best Insurance Key Rating Guide, the following policies of insurance:

A. COMMERCIAL (BUSINESS) AUTOMOBILE LIABILITY insurance, endorsed for "any auto" with combined single limits of liability of not less than $1,000,000 each occurrence.

B. WORKERS' COMPENSATION insurance as required under the California Labor Code and Employers Liability Insurance with limits not less than $1,000,000 per accident/injury/disease.

C. COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY AND MISCELLANEOUS SUPPLEMENTARY INSURANCE;

FOR ADDITIONAL REQUIREMENT(S):

(i) COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY insurance which shall include Contractual Liability, Products and Completed Operations coverages, Bodily Injury and Property Damage Liability insurance with combined single limits of not less than $1,000,000 per occurrence, and if written on an Aggregate basis, $2,000,000 Aggregate limit.

(ii) PROFESSIONAL ERRORS AND OMISSIONS, Not less than $50,000 per Claim./$1,000,000 Aggregate. Certificate of Insurance only required.

Deductibles and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by the City.

Other Insurance Provisions

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

1. The City, its officers, officials, employees, and volunteers are to be covered as additional insured on general liability and automobile liability policies as respects: liability out of activities performed by or on behalf of the Consultant; premises owned, occupied or used by the Consultant; and automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, officials, employees or volunteers.

2. For any claims related to the project, the Consultant's insurance coverage shall be primary insurance as respects City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

3. Any failure to comply with the reporting or other provisions of the policies shall not affect coverage provided to City, its officers, officials, employees, or volunteers.

4. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5. Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to City.

Subcontractors

Before permitting any subcontractors to perform work under this Agreement, the Consultant shall require subcontractors to furnish satisfactory proof that insurance has been issued and is maintained similar to that provided by the Consultant as may be applied to each subcontractor's work.

Acceptability of Insurers

Insurance is to be placed with insurers that are admitted insurance carriers in the State of California, or must otherwise be approved by City.

Verification of Coverage

The Consultant shall furnish City with original endorsements of effective coverage for policies on which City is included as an additional insured as required by this Exhibit, and shall furnish original certificates of insurance for all other required policies. The

endorsements are to be signed by the person authorized by the insurer to bind coverage on its behalf. All endorsements and certificates are to be received and approved by City before work commences.

Upon request, the Consultant shall furnish City a certified copy of any or all policies of insurance covering the work required under this Agreement.

RESOLUTION NO. _____

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING THE COMMENCEMENT OF A CONFIDENTIAL NEUTRAL EVALUATION PROCESS BY THE CITY OF STOCKTON PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53760 ET SEQ., AND DESIGNATING THE CITY MANAGER AS THE REPRESENTATIVE OF THE CITY OF STOCKTON; ACCEPTING THE REPORT PREPARED BY MANAGEMENT PARTNERS OF THE CITY OF STOCKTON'S FINANCIAL CONDITION; AUTHORIZING THE CITY MANAGER AND APPROPRIATE OFFICERS TO TAKE IMMEDIATE ACTIONS TO PRESERVE GENERAL FUND CASH LIQUIDITY AND RATIFYING CERTAIN ACTIONS IN CONNECTION THEREWITH INCLUDING SUSPENSION OF LEAVE BUYOUTS FOR SEPARATING EMPLOYEES; APPROVING ACCOUNTING ADJUSTMENTS FOR FISCAL YEAR 2010-11 AND AUTHORIZING THE PREPARATION OF FINAL ANNUAL FINANCIAL STATEMENTS FOR FISCAL YEAR 2010-11; APPROVING MID-YEAR BUDGET ADJUSTMENTS FOR FISCAL YEAR 2011-12; DIRECTING THE CITY MANAGER AND CITY ATTORNEY TO CONDUCT AN INVESTIGATION OF MATTERS IN CONNECTION WITH THE CITY OF STOCKTON'S FISCAL CRISES AND TO RECOMMEND TO THE CITY COUNCIL APPROPRIATE LEGAL ACTION; APPROVING A CONTRACT WITH MANAGEMENT PARTNERS TO PROVIDE ONGOING FINANCIAL AND MANAGEMENT CONSULTING SERVICES; AND AUTHORIZING RELATED ACTIONS

The City Council (the "Council") of the City of Stockton (the "City") has determined that the City faces an immediate and severe fiscal crisis and that it is or likely will become unable to meet its financial obligations as and when those obligations are due or become due and owing; and

Government Code sections 53760 through 53760.7 (collectively, the "Act") establish a confidential neutral evaluation process that the City and certain interested parties (as defined in the Act) (the "Interested Parties") can use to attempt to reach a mediated and negotiated resolution of their disputes in order to avoid a filing by the City pursuant to Chapter 9 of the United States Bankruptcy Code; and

The Council has determined that it is in the best interest of the City, its citizens, employees, creditors, and Interested Parties to promptly commence a confidential neutral evaluation process pursuant to the Act; and

City Atty
Review _____
Date February 23, 2012

The Council desires to designate the City Manager as the City's official representative for such process, and to delegate to the City Manager and his delegees the power to negotiate on the City's behalf with those Interested Parties who participate in the Act's neutral evaluation process, with any agreements reached in the mediation subject to final approval by this Council; and

The City has received a Financial Assessment Report from Management Partners concerning the City's financial condition, which report makes certain recommendations consistent with the provisions of this Resolution; and

The City must take immediate steps to preserve cash liquidity in the City's general fund in order to enable the City to continue to operate through the balance of Fiscal Year 2011-12; and

The Council desires to direct the City Manager to take specific steps to preserve cash liquidity and to ratify certain action already taken by the City Manager under emergency authority granted by this Council; and

In order to finalize the City's financial statements for Fiscal Year 2010-11, certain adjustments must be made and the Council desires to direct staff to make such adjustments; and

In order to maintain budget balance for the remainder of Fiscal Year 2011-12, certain mid-year budget adjustments must be made and certain findings must be made with respect to the City's previously declared Fiscal emergency and the Council desires to make such adjustments and findings; and

The Council has received a detailed report from Management Partners which concludes that the City is in dire financial condition and must take immediate steps to attempt to resolve its financial crises and put it on a firm financial footing going forward; and

The causes of this financial crises may include wrongful, unauthorized, or illegal acts and the Council desires to direct the City Manager and City Attorney to undertake an investigation to determine if the City has legal recourse against any party in connection with such acts; and

The City desires to enter into a new contract with Management Partners in order to assist it in implementing the steps provided for in this Resolution; now, therefore,

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

Section 1. Findings. The foregoing recitals are true and correct and this Council hereby so finds and determines. The Council hereby makes the following additional findings:

(a) On May 17, 2011, the City Council adopted Resolution #11-0113 and Resolution #11-0114 declaring that the City was experiencing an ongoing fiscal emergency. That declaration is still in effect and continues today. That emergency declaration resolution gives the City Manager authority to take further emergency actions to preserve the City's ability to provide essential services to the citizens of Stockton in order to safeguard public health and safety.

(b) In Resolution #11-0113 and Resolution #11-0114, the Council declared a state of emergency based on fiscal circumstances and directed the City Manager to take appropriate and lawful measures to achieve a balanced budget including any change to existing labor agreements determined necessary by the City Manager, limited to the duration of the fiscal emergency. Based upon the information present in the record of this action, the Council finds that the City's financial condition has further deteriorated and the City therefore remains in a state of fiscal emergency. Further, the Council reiterates and reaffirms its findings and actions contained in Resolution #11-0113 and Resolution #11-0114.

(c) The City is dangerously low on available cash resources necessary for current operations, including the operation of the City's police and fire departments, which are funded almost entirely from unrestricted general fund revenues.

(d) The ability of the City to continue funding basic public safety services during the pendency of this condition of fiscal emergency is of paramount importance to the citizens of Stockton.

(e) City employees have, through valued and continuous service, accumulated leave balances in the form of both sick leave and vacation and these balances represent a significant unfunded general fund obligation.

(f) It is anticipated that due to the current financial position of the City certain employees (some with very large leave balances that may be converted to cash upon separation) will choose to immediately separate from City service, and that these employee separations will cause extreme pressure on the City's greatly depleted unrestricted cash resources.

(g) The City currently does not have sufficient unrestricted cash resources available to both maintain necessary levels of public safety-related services and immediately pay separating employees for accumulated leave balances without an unacceptable risk of depleting available cash resources to the point that public safety services may be put in jeopardy.

(h) While any risk to the City's ongoing ability to provide necessary public safety services to its citizens is a grave concern, the current level of crime in Stockton makes this risk one that this Council is unwilling to incur. To place at greater risk the safety of the community in this time of greatest need would be an unconscionable dereliction of this Council's most basic obligation to its citizens.

(i) It is necessary at this time to immediately delay the further payment of all leave balances to separating employees until such time as there are sufficient unrestricted cash resources available to the City to allow for the payment of such leave balances while ensuring the City will have adequate resources remaining to fund basic services.

Section 2. The Neutral Evaluation Process

(a) The City hereby determines to commence a confidential neutral evaluation process pursuant to the Act.

(b) The City Manager is hereby designated as the City's official representative for the confidential neutral evaluation process. The City Manager may designate one or more delegates to participate in the confidential neutral evaluation process, subject to the direction and supervision of the City Manager. The City Manager and his delegates shall have the authority to represent the City in the neutral evaluation process, and shall have the power, among other things, to negotiate with Interested Parties and to make recommendations to this Council, subject to the final approval of this Council of any settlement or other action related to the City's obligations. The City Manager shall report periodically to this Council concerning the status of the confidential negotiations.

(c) The City Manager shall cause notice of the commencement of the confidential neutral evaluation process to be provided to all Interested Parties as required by the Act.

(d) The City Manager shall conduct a process with the Interested Parties to select a Neutral Evaluator as required by the Act (the "Neutral Evaluator"), and shall be authorized to accept or reject proposed Neutral Evaluators recommended by the Interested Parties and, if necessary, to select a list of five proposed Neutral Evaluators and to choose a Neutral Evaluator pursuant to Section 53760.3(c)(2) of the Act; provided, that the contract or engagement agreement with the selected Neutral Evaluator shall be subject to the final approval of this Council.

(e) The City Manager shall work with other City staff, Management Partners, outside counsel. and financial advisors to develop a proposed settlement structure with the Interested Parties that will enable the City to function with a balanced budget and on a sound fiscal footing going forward. This proposed settlement structure will form the basis for negotiations as a part of the confidential neutral evaluation process pursuant to the Act.

Section 3. Acceptance of Management Partners Report. The Financial Assessment Report prepared by Management Partners, on file with the Clerk and presented to this meeting, is hereby accepted.

Section 4. Actions to Preserve Liquidity. The City Manager is hereby authorized and directed to take immediate action to preserve cash liquidity in the City's General Fund, including the following:

(a) On February 24, 2012, under authority granted to him by this Council in Resolution #11-0113 and Resolution #11-0114, the City Manager took the following actions to stabilize and preserve the finances and available cash of the City in order to continue to provide services. Each such action taken by the City Manager prior to the effective date of this Resolution is hereby ratified and confirmed and the City Manager shall continue to implement the provisions described below until further direction is provided by this Council. The City Manager shall also develop alternatives to the measures set forth below and report back on such alternatives to this Council as soon as is practicable.

(1) *Annual Vacation Sell back or Cash Payoffs of Vacation.* Effective the pay period starting February 16, 2012, whatever annual vacation sell backs or pay offs as provided for in various Memorandums of Understanding are temporarily suspended. This applies to all bargaining units and employees, including those units where the annual sellbacks or cash outs have already been suspended during the furloughs.

(2) *Vacation Hours Paid at Separation.* Effective the pay period starting February 16, 2012, all pay offs of unused vacation hours that would otherwise be made to an employee upon separation from City employment, and as provided for in various Memorandums of Understanding, are hereby temporarily suspended. This applies to all bargaining units and all employees. This suspension of pay offs of unused vacation shall also apply to Fire and Fire Management Longevity Vacation. This provision shall not apply to employees who are involuntarily separated from City service.

(3) *Sick Leave Hours Paid at Separation*. Effective the pay period starting February 16, 2012, all payments of unused sick leave that would otherwise be made to an employee upon separation from City employment for any reason, and as provided for in various Memorandums of Understanding, are hereby temporarily suspended. This applies to all bargaining units and all employees.

(4) *Holidays Leave Hours Paid at Separation*. Effective the pay period starting February 16, 2012, all payments of unused holiday leave hours that would otherwise be made to an employee upon separation from City employment for any reason, and as provided for in various Memorandums of Understanding, are hereby temporarily suspended. This provision shall not apply to employees who are involuntarily separated from City service.

(5) *Other Payments.* Other leave balance pay offs at separation including payments of unused compensatory time in lieu of overtime or furlough hour banks shall not be impacted by these suspensions.

(b) The City Manager shall suspend payment on certain general fund lease obligations due during the remainder of Fiscal Year 2011-12, as shown in Exhibit A, attached hereto and incorporated herein.

(c) The City Manager shall take such other actions as are necessary, in the judgment of the City Manager in consultation with the City's legal and financial advisors, to preserve cash liquidity to allow the City to continue to operate during the remainder of Fiscal Year 2011-12.

Section 5. Fiscal Year 2010-11 Accounting Adjustments. The adjustments to financial accounts, transfers, and restatements with respect to Fiscal Year 2010-11 described in Exhibit B, attached hereto and incorporated herein, are hereby approved. The Chief Financial Officer is hereby authorized and directed to make such adjustments and to finalize the City's annual financial statements for Fiscal Year 2010-11 and submit the same to the City's outside auditors for review.

Section 6. Fiscal Year 2011-12 Budget Adjustments. The mid-year budget adjustments for Fiscal Year 2011-12 described in Exhibit C, attached hereto and incorporated herein, are hereby approved.

Section 7. Investigation. The City Manager and City Attorney are hereby authorized and directed to commence an investigation of actions, expenditures, transfers, transactions, and other activities undertaken in the past that contributed to the City's fiscal crises to determine whether any wrongful, unauthorized. or illegal actions took place, including any actions undertaken without required authorization by the Council or other requisite authority, and to report to the Council with respect to any legal recourse the City may have against any person or entity for any such wrongful, illegal, and/or unauthorized act.

Section 8. Management Partners Contract. The contract by and between the City and Management Partners, on file with the City Clerk and presented to this meeting, is hereby approved. The Council hereby makes the following findings in connection with such contract:

(a) There is an immediate need to initiate the AB 506 mediation and neutral evaluation process.

(b) The fiscal sustainability of the City is the top priority of the City Council.

(c) The City does not have the expertise, resources, or staff time to support the AB 506 process.

(d) There would be a significant delay in engaging in a formal Request for Proposals (RFP) process for AB 506 support services.

(e) Management Partners is uniquely familiar with the financial condition of the City based on their work conducting the financial condition assessment.

(f) Management Partners has working knowledge of the City and its staff that will expedite the process.

(g) Management Partners has the expertise and staff available to begin the preparation for the AB 506 process immediately.

(h) Management Partners has demonstrated the expertise and capability to manage time sensitive, high profile projects with outstanding performance and attention to detail.

(i) The proposed fees are reasonable and comparable to the costs for similar project management engagements.

Section 9. Other Actions. The City Manager, City Attorney, Chief Financial Officer, City Clerk, and other appropriate officers of the City, each acting alone, are authorized to take such other actions as are appropriate to carry out the intent of this Resolution.

Section 10. Effectiveness. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, and ADOPTED February 28, 2012.

_____
ANN JOHNSTON
Mayor of the City of Stockton

ATTEST:

_____
BONNIE PAIGE
City Clerk of the City of Stockton

Exhibit A

Stockton Public Financing Authority Lease Revenue Bonds
Series 2004 (Parking and Capital Projects)

Stockton Public Financing Authority Variable Rate Demand Lease Revenue Bonds
2007 Series A and 2007 Series B (Building Acquisition Financing Project)

Stockton Public Financing Authority Lease Revenue Bonds
2009 Series A (Capital Improvement Projects)

Exhibit B

Amendments to the 2010-2011 Annual Budget and Transfers to Cover Fund Deficits

	Aug. 23, 2011 Amended Budget	Budget Increase/ (Decrease)	Feb. 28, 2012 Amended Budget
1) Transfer unappropriated balances from unrestricted funds to the General Fund			
Transfer From:			
Library Fund #041	-	(721,000)	(721,000)
400 E. Main Operating #085	-	(590,000)	(590,000)
Entertainment Venues #086	-	(570,000)	(570,000)
General Capital Fund #301	-	(798,000)	(798,000)
ESB & 400 Main Capital #305	-	(1,930,000)	(1,930,000)
Fleet ISF #501	-	(2,286,000)	(2,286,000)
Retirement ISF #561	-	(3,731,000)	(3,731,000)
Arts Endowment Trust #613	-	(1,300,000)	(1,300,000)
		(11,926,000)	(11,926,000)
Transfer To: General Fund	10,390,622	11,926,000	22,316,622
2) Cover shortages in other funds with transfers from the General Fund			
Transfer From: General Fund #010	(2,901,648)	(4,516,000)	(7,417,648)
Transfer To:			
Redevelopment Waterfront #343	-	3,876,000	3,876,000
Recreation Fund #044	2,901,648	20,000	2,921,648
HUD Grants placeholder	-	88,000	88,000
Development Services Fund #048	-	526,000	526,000
City Debt Service Fund #201	773,622	6,000	779,622
	3,675,270	4,516,000	8,191,270
Increase 2010-11 Expenditure Appropriation			
Redevelopment #343	1,871,406	3,876,000	5,747,406
Recreation Fund #044	5,521,259	20,000	5,541,259
HUD Grants placeholder	6,222,913	88,000	6,310,913
Development Services Fund #048	8,314,184	526,000	8,840,184
City Debt Service Fund #201	20,267,500	6,000	20,273,500
	42,197,262	4,516,000	46,713,262
3) Increase 2010-11 Expenditure Appropriation			
General Fund #010			
Various Dept. - Payroll Accrual	-	650,000	650,000
Measure W Fund #081	7,706,930	1,232,000	8,938,930

Exhibit C

General Fund
2011-12 February Midyear Budget Update

	Adopted Budget 6/21/2011	Amended Budget A	Budget Increase/ (Decrease) B	Feb. 28, 2012 Amended Budget (A + B)
Beginning Available Balance	-	-	6,603,929	6,603,929
Revenues				
Property Tax Revenues /Decline in Assessed Valuation	46,845,775	44,613,175	(100,205)	44,512,970
Sales Tax	35,650,000	35,650,000	530,000	36,180,000
Utility Users Tax	31,141,736	31,141,736	95,000	31,236,736
Franchise Tax	11,756,238	11,756,238	451,000	12,207,238
Business License Tax	8,669,432	8,669,432	476,000	9,145,432
State Budget/Loss of Vehicle License Fee Allocations	1,047,400	-	-	-
Other Taxes	2,440,000	2,440,000	(36,000)	2,404,000
Interest	668,250	668,250	(528,000)	140,250
Fire District Contracts	3,990,981	3,990,981	925,000	4,915,981
Code Enforcement	4,038,100	4,038,100	(772,016)	3,266,084
Redevelopment Pass Through	395,000	395,000	(105,000)	290,000
State Mitigation - Prison Hospital	-	347,000	(347,000)	-
Indirect Cost Allocation	5,800,000	5,800,000	(500,000)	5,300,000
Rents/Lease/ Concessions	2,302,200	2,302,200	294,000	2,596,200
Program sources	7,016,201	7,016,201	(1,208,578)	5,807,623
	161,761,313	158,828,313	(825,799)	158,002,514
Expenditures				
Programs				
Police - Grants and Vacancies	84,862,036	83,172,036	(223,500)	82,948,536
Fire	39,812,835	40,290,835	47,000	40,337,835
Public Works - Service Reductions	7,080,990	6,884,990		6,884,990
Economic Development	485,199	485,199		485,199
Peacekeeper Program - Grant	328,354	128,354		128,354
Arts	36,737	36,737		36,737
	132,606,151	130,998,151	(176,500)	130,821,651
Program Support/Other Funds				
Library - Vacancy Savings	4,027,759	3,977,759	-	3,977,759
Recreation - Vacancy Savings	2,807,263	2,757,263	-	2,757,263
Entertainment Venues	2,441,299	2,441,299		2,441,299
Redevelopment	1,000,000	1,000,000	2,100,000	3,100,000
Marina	732,000	732,000		732,000
Capital Improvement - Project Reductions	575,000	500,000	-	500,000
Grant Match (Federal COPS; CHRP)	300,000	300,000		300,000
Development Services	150,000	150,000		150,000
	12,033,321	11,858,321	2,100,000	13,958,321
Administration				
City Council	521,797	521,797		521,797
City Manager	735,926	735,926	1,800	737,726
City Attorney	913,115	913,115		913,115
City Clerk	760,597	760,597		760,597
City Auditor	405,801	405,801	100,000	505,801
Admin Services	3,201,627	3,201,627	1,500	3,203,127
Human Resources	1,272,332	1,272,332	1,700	1,274,032
Tax Collection and Election	2,310,000	2,310,000	310,000	2,620,000
Other Admin / Non-Departmental	1,363,178	1,513,178	(368,370)	1,144,808
Vacancy savings	-	(150,000)		(150,000)
Labor Litigation	1,500,000	1,500,000	3,500,000	5,000,000
	12,984,373	12,984,373	3,546,630	16,531,003
Debt Service	2,137,468	2,137,468	-	2,137,468
Increase PFF, POB, 400 E. Main Subsidies			2,357,000	2,357,000
Suspension of PFF and 400 E. Main Debt Payments	-	-	(1,245,000)	(1,245,000)
Transfer in from Parking Fund #416			(804,000)	(804,000)
	2,137,468	2,137,468	308,000	2,445,468
Contingency	2,000,000	850,000		850,000
Subtotal, Expenditures	161,761,313	158,828,313	5,778,130	164,606,443
Net Annual Activity	-	-	(6,603,929)	(6,603,929)
Ending Available Balance	-	-	-	-

AGENDA ITEM 16.01

February 28, 2012

TO: Mayor and City Council

FROM: David L. Rudat, Interim Fire Chief

SUBJECT: **ORDINANCE AMENDING THE FIREWORKS ORDINANCE AND PUBLIC HEARING TO INCREASE THE ADMINISTRATIVE PENALTIES AND THE ENFORCEMENT FEE**

RECOMMENDATION

It is recommended that the City Council, after conducting a public hearing, adopt an ordinance on an urgency basis to take effect immediately upon its adoption to amend Chapter 8.92 of the Stockton Municipal Code concerning the sale and discharge of fireworks within the City limits, and to increase the administrative penalties for violating the ordinance, and adopt a resolution to increase the "enforcement fee" from $500 to $600.

Summary

In response to requests from numerous non-profit organizations, the City Council in 2010 adopted an ordinance, codified in Chapter 8.92 of the Municipal Code, to allow local non-profit organizations to sell around the Fourth of July holiday "safe and sane" fireworks. The ordinance and the administrative regulations promulgated by the Fire Department have enabled the non-profits that have been selected to sell fireworks to net more than $800,000 since the ordinance's adoption. Staff has discovered, however, that some revisions to the ordinance, such as better defining which organizations qualify to participate in the program, are in order for staff to administer the program more smoothly. Staff also believes that the $35 application fees received from all applicants should be retained to cover the cost of processing the applications, and increasing the administrative penalties will serve as a deterrent to violating the ordinance. Those revisions are set forth in the attached ordinance (Attachment A). In addition, in order that the ordinance remains revenue neutral, the "enforcement fee" (paid only by those organizations that receive a fireworks sales permit) would be increased from $500 to $600.

DISCUSSION

Background

Under State law, a city may adopt an ordinance that allows non-profit organizations to sell what are called "safe and sane" fireworks for fundraising purposes. In response to requests from local non-profit organizations, the City Council, in 2010, adopted an ordinance, codified in Chapter 8.92 of the Stockton Municipal Code, for that purpose.

In general terms, non-profit organizations (as defined in the ordinance) may apply for a fireworks sales permit. The City Council limited the number of permits to 30, to be decided by lottery. In both 2010 and 2011, there were over 100 applicants for the 30 permits. The organizations that receive the permits may sell the safe and sane fireworks from June 28 to July 4.

The Council adopted several fees in connection with the ordinance, including a $35 application fee to process the applications, a permit fee in the amount of $147 to cover the cost of inspecting the fireworks stands to ensure they meet safety regulations, and a regulatory fee in the amount of $500 to cover the cost of enforcement of the ordinance, primarily the overtime cost incurred by the police and fire departments on July 4 itself. All applicants paid the application fee, but that fee was returned to those applicants that did not meet the requirements under the ordinance and hence did not participate in the lottery. It is proposed that no application fees be refunded, as there are real costs involved in processing all applications. The other fees are paid only by those organizations that receive permits.

The permitted organizations are to report to the City their sales and expenses. In 2010, the organizations grossed around $1,000,000 and netted $333,995; in 2011, the organizations again grossed about $1,000,000 and netted 471,214. Spreadsheets listing the organizations that received permits in 2010 and 2011, showing the revenues and expenses, and setting forth the purposes for which the net proceeds were used are attached (Attachments B and C).

Present Situation

Although the ordinance and the administrative regulations promulgated by the Fire Department have been implemented with success, staff has discovered a number of ambiguities in the ordinance that need to be addressed in order for the program to run more smoothly in the future.

One issue that community organizations and staff found in need of clarification was how to define more clearly which nonprofit organizations would be eligible for the lottery. As written, the ordinance does not require that an organization that is required to be registered with the State Attorney General's Office be up to date in its filing with the State Attorney General's Office nor that it be an established organization within the community. There were also uncertainties as to whether several organizations which had affiliation with one school but were themselves nonprofit organizations could apply and, if so, how many organizations from each school could apply.

In order to address those issues, staff proposes the ordinance be revised to define a nonprofit organization in several ways, such as (1) an organization that (a) the Internal Revenue Service or the Franchise Tax Board has determined to be tax exempt, (b) has had a Stockton zip code mailing address for more than 12 consecutive months immediately prior to filing an application and (c) primarily serves Stockton residents. For those organizations that either do not have tax exempt status or themselves do not have tax exempt status but their national organization does, but whose purposes are charitable, religious, philanthropic or educational, they may apply if they satisfy (b) and (c) in the previous sentence. This will allow school organizations that are not incorporated or organizations like the Boy Scouts to apply.

Along with these changes, the Fire Chief may set the deadline for accepting applications earlier than March 31 and the lottery date has been moved from May 1 to on or about May 10. These changes will provide ample time for the City Manager's office to hear appeals, should that be necessary for any organization(s).

In terms of enforcing the ordinance, the Police Department often discovered that persons were discharging not the safe and sane fireworks but the so called dangerous fireworks, such as cherry bombs, M-80's, bottle rockets, etc., and, as the police approached, would run into a house, making it difficult to know who to cite. To address that concern, the ordinance now proposes that where police officers or firefighters observe the discharge of dangerous fireworks at a residential structure or in the street in the front of such structure, the resident in possession of the structure shall be cited. Section 8.92.015 G. In the last two years, the citations that have been issued for violations of the ordinance have been processed through the San Joaquin County Superior Court, with the typical fine being $100. Because the citations have been processed through the court system, the City does not receive the full amount of any fines that are collected. This year, staff intends to issue citations to persons violating the ordinance under the City's administrative citation procedures; the administrative fines are also being increased from $100, $250 and $500 to $250, $500 and $1000.

Because the City itself collects the administrative fines and because the amount of the fines are being increased, that should result in the City's receiving substantially more revenue from the enforcement efforts than in the past.

Although all organizations who received permits did file their reporting requirements timely this year, that was not the case the previous year. Accordingly, to motivate organizations to file timely, the proposed ordinance provides that if the reporting information is not filed timely, the organization will not be eligible to submit an application the following year. In addition, rather than have organizations file their information with the City Clerk (which otherwise had no involvement in the ordinance), the organizations will file the information with the Fire Department. Section 8.92.100.

The remainder of the proposed changes is largely non-substantive and simply reflects reorganizing the ordinance so that it will read more clearly.

Notice of the public hearing was published in The Record on January 20, and January 31, 2012.

FINANCIAL SUMMARY

The Council's intent in adopting the permit fee and the regulatory fee was to make the ordinance financially neutral to the City; this has largely been achieved. The revenues and expenses relative to administering the program in 2010 and 2011 are attached (Attachment D). Financial neutrality was achieved, however, because of a substantial fine in 2010 and $3000 in "donations" (from the fireworks wholesalers) in 2011. Neither of these can be assured in future years. (Moreover, it is not good policy to expect "donations" from the fireworks wholesalers in order to keep the ordinance financially neutral.) To provide, therefore, a revenue stream to keep the program financially neutral, staff is recommending the enforcement fee be increased from $500 to $600 and that the administrative penalties be increased from $100, $200 and $500 to $200, $500 and $1000. Section 8.92.090. The slight increase in the enforcement fee should not act as a deterrent to any organization applying for a permit and, based on past practice, the fee will likely be paid by the fireworks wholesalers. This increase will generate approximately $3000 in fees, which equates to the "donation" made by fireworks wholesalers and prevented a deficit in 2011. The increased penalties should also act as a deterrent to persons violating the ordinance.

February 28, 2012

ORDINANCE AMENDING THE FIREWORKS ORDINANCE AND PUBLIC HEARING TO INCREASE THE ADMINISTRATIVE PENALTIES AND THE ENFORCEMENT FEE
(Page 5)

Respectfully submitted,

DAVID L. RUDAT
INTERIM FIRE CHIEF

APPROVED

for BOB DEIS
CITY MANAGER

DLR:MR:aa

Attachment A - Redlined Fireworks Ordinance
Attachment B - 2010 Fireworks Sale Gross Receipts Report
Attachment C - 2011 Fireworks Sale Gross Receipts Report
Attachment D - 2010 and 2011 Fireworks Sale Enforcement Program Comparison of Actual Revenue and Expenditures

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ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 007-10 AND CHAPTER 8.92 OF THE STOCKTON MUNICIPAL CODE CONCERNING ~~BY DELETING CHAPTER 8.92, SAFE AND SANE~~ FIREWORKS, ~~AND ADDING A NEW CHAPTER 8.92, FIREWORKS.~~ AND DECLARING THE URGENCY THEREOF TO TAKE EFFECT IMMEDIATELY UPON ITS ADOPTION

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

SECTION I. AMENDMENT OF CODE.

Ordinance No. 007-10 and Chapter 8.92, ~~Safe and Sane~~ Fireworks, of the ~~is hereby deleted from~~ the Stockton Municipal Code are hereby amended to read as follows.

~~**SECTION II. AMENDMENT OF CODE.**~~

~~Title 8 of the Stockton Municipal Code is hereby amended by adding Chapter 8.92 thereto and shall read, as follows:~~

~~**Chapter 8.92**~~

~~**FIREWORKS**~~

~~Sections:~~

~~8.92.010 Definitions~~
~~8.92.015 Sale and Discharge; Time Limit~~
~~8.92.020 Permit Required; Issuance; Limitations~~
~~8.92.030 Permit Application; Regulations; Limitations~~
~~8.92.040 Prerequisites to Issuance of Permit~~
~~8.92.050 Permit Applications; Notice of Acceptance or Rejection; Selection Procedure; Fee~~
~~8.92.060 Suspension of Permit; Appeal Procedure~~
~~8.92.070 Fireworks Sales Stand; Operation~~
~~8.92.080 Fireworks Sales Stands; Requirements~~
~~8.92.090 Fee Imposed Upon Permittees~~
~~8.92.100 Temporary Sales Tax Permit; Requirements~~
~~8.92.110 Reserved~~
~~8.92.120 Permissible Locations for Discharge~~
~~8.92.130 Prohibitions on Discharge~~
~~8.92.140 Reserved~~

~~8.92.150 Administrative Penalties; Appeals~~
~~8.92.160 Financial Reporting~~
~~8.92.170 Concurrent Authorities~~
~~8.92.180 Provisions Supplementary~~

CHAPTER 8.92

FIREWORKS

8.92.010 Definitions.

The following words and phrases, as used in this Cchapter, are defined as follows:

A. "Applicant" shall mean a non-profit organization that applies for a fireworks sales permit as provided in this Chapter.

BA. "City Manager" shall mean the City Manager of the City of Stockton and/or his or her designee or designees.

CB. Dangerous fireworks" means (1) dangerous fireworks as set forth in California State Fireworks Law (Sections 12505 and 12561 of the Health and Safety Code and the relevant sections of Title 19, Code of Regulations, Subchapter 6), as hereinafter may be amended from time to time, ~~,~~ which are hereby incorporated by reference or (2) safe and sane fireworks, as defined in subsection J below, that have been modified in any respect from their original design~~.~~

DC. "Fire Chief" shall mean the Fire Chief of the City of Stockton or the Fire Chief's designee~~and/or his or her designee or designees~~.

ED. "Nonprofit organization" means

1. any organization that (a) has been created for charitable, religious, philanthropic or educational purposes, (b) has obtained tax exempt status from the Internal Revenue Service or the State Franchise Tax Board, (c) has had a Stockton zip code mailing address for more than twelve consecutive months immediately prior to filing an application and (c) primarily serves City residents;

2. an organization that (a) itself has not obtained tax exempt status from the Internal Revenue Service or the State Franchise Tax Board but is an integral part of a recognized national organization that has obtained such tax exempt status, (b) has had a Stockton zip code mailing address for more than twelve consecutive months immediately prior to filing an application and (c) primarily serves City residents;

3. any organization that (a) has not obtained tax exempt status from the Internal Revenue Service or the State Franchise Tax Board but has been created for charitable, religious, philanthropic or educational purposes and the net proceeds of such organization are committed to the promotion of the objectives of the organization and not for private gain, (b) has had a Stockton zip code mailing address for more than twelve consecutive months immediately prior to filing an application and (c) primarily serves City residents, provided, however, that if more than one organization that meets

the requirements of this subsection is from or is affiliated with a particular school, church or similar entity intends to apply, only one such organization (as determined by the school, church or similar entity) may apply.

~~(1) any nonprofit association, charity, church, corporation, club, or society, organized primarily for veteran, patriotic, welfare, civic, benevolent, betterment, youth activities, or charitable purposes, and has obtained a nonprofit status with either the California Franchise Tax Board or the Internal Revenue Service or (2) a group which is an integral part of a recognized nonprofit national organization having such tax exempt status, or (3) an organization affiliated with and officially recognized by an elementary, junior high school, high school, school district, and/or college that serves, in whole or in part, the residents of Stockton, and which has a principal and permanent meeting place within the City limits of the City of Stockton.~~

F. "Permit" shall mean a fireworks sale permit.

G. "Permittee" shall mean an applicant to which the City has issued a permit.

H.~~E~~. "Person" means and includes any individual, firm, partnership, joint venture, association, concern, corporation, state, trust, business trust, receiver, syndicate, or any other group of combination acting as a unit.

~~F. "Principal and permanent meeting place" means and includes, but not be limited to, a permanent structure, playing field, geographic area, or service population which resides in or is located within the City of Stockton.~~

I.~~G~~. "Residents of the City" or "City residents" means and includes owners of businesses and/or property in the City as well as occupants of residential dwellings.

J.~~H~~. "Safe and sane fireworks" or "fireworks"~~(a.k.a. "state-approved fireworks")~~ means safe and sane fireworks as set forth in California State Fireworks Law (Sections 12529 and 12562 of the Health and Safety Code and the relevant sections of Title 19, Code of Regulations, Subchapter 6), as hereinafter may be amended from time to time, which are hereby incorporated by reference.

K. "Stockton zip code" means those zip codes as established from time to time by the Fire Chief.

~~I. "Stockton City Clerk" or "City Clerk" means the Stockton City Clerk and/or his or her designee or designees.~~

8.92.015 Sale and Discharge ~~-- Time Limit~~

A. Subject to ~~the provisions of~~ this Cchapter, the State Fireworks Law, Sections 12500 through 12726 of the Health and Safety Code of the state, and any

regulations promulgated thereunder, only safe and sane fireworks~~, as defined herein,~~ may be sold within the Stockton City limits ~~of the City of Stockton~~ and only as follows:
June 28: Noon to 8 p.m.
June 29: 9 a.m. to 8 p.m.
June 30: 9 a.m. to 8 p.m.
July 1: 9 a.m. to 8 p.m
July 2: 9 a.m. to 8 p.m
July 3: 9 a.m. to 8 p.m.
July 4: 9 a.m. to 9 p.m.
~~during the period beginning at 12:00 noon on June 28 and shall not continue after 9:00 p.m. on July 4 of the same year. The sale of fireworks shall be permitted only from 12:00 noon to 8:00 p.m. on June 28; from 9:00 a.m. to 8:00 p.m. daily from June 29 through July 3; and from 9:00 a.m. to 9:00 p.m. on July 4. No fireworks classified as "dangerous fireworks" by Section 12505 of the Health and Safety Code of the state of California may be sold within the City.~~

B. ~~B.~~ Subject to ~~the provisions of~~ this Cchapter, the State Fireworks Law, Sections 12500 through 12726 of the Health and Safety Code of the state, and any regulations promulgated thereunder, no person shall discharge any safe and sane fireworks~~, as defined herein, may be discharged~~ within the Stockton City limits except as follows:
June 28: Noon to 11 p.m.
June 29:: 9 a.m. to 11 p.m
June 30: 9 a.m. to 11 p.m.
July 1: 9 a.m. to 11 p.m.
July 2: 9 a.m. to 11 p.m.
July 3: 9 a.m. to 11 p.m.
July 4: 9 a.m. to 11 p.m.

C. No person shall discharge any safe and sane fireworks on public property nor in or on a public street except in those areas approved in writing by the Fire Chief.

D. No person shall ignite, explode, project or use, nor permit the ignition, explosion, projection or use, of any safe and sane fireworks:
1. upon or over the property of another person without that person's consent ;
2. within 10 feet of any residential dwelling or other structure used as a place of habitation; or
3. within 50 feet of any fireworks sales stand.

E. Except as provided in subsection F of this section, no person under 18 years of age shall purchase, sell, possess, use or discharge safe and sane fireworks.

F. No person having the care, custody or control of a person under 18 years of age shall allow such person to possess, use or discharge:
1. any dangerous fireworks; or

2. any safe and sane fireworks unless such person under the age of 18 does so under the direct supervision of a person of age 18 or older and otherwise in compliance with the other requirements of this section.

~~City limits of the City of Stockton only during the period beginning at 12:00 noon to 11:00 p.m. on June 28 and from 9:00 a.m. to 11:00 p.m., daily, from June 29 through July 4. No fireworks classified as "dangerous fireworks" by Section 12505 of the Health and Safety Code of the state of California may be discharged within the City.~~

G.. No person shall discharge dangerous fireworks within the Stockton City limits. For purposes of this section, where dangerous fireworks are discharged at or in the street in front of a residential structure, the resident(s) in possession of the residential structure shall be deemed the person who has discharged dangerous fireworks.

~~C. The use or discharge of fireworks within fifty (50) feet of any fireworks sales stand is prohibited.~~

8.92.020 Permit Required; Issuance; Limitations

A. Except as provided in this Cchapter, it is unlawful to offer for sale or sell at retail "safe and sane fireworks" without having ~~first applied for and~~ been issued a permit for such sales~~therefor, in the manner set forth in this chapter~~.

B. The City shall issue p~~P~~permits for the sale of safe and sane fireworks ~~shall be issued~~ only to nonprofit organizations, and such fireworks shall be sold only at the fireworks~~outdoor~~ sales stands, as more specifically set forth hereina~~fter~~.

C. The City shall issue p~~P~~permits ~~shall be issued~~ by lottery. Each applicant shall have one lot. The lottery shall take place at a time, place and manner determined by the Fire Chief in accordance with administrative rules and procedures adopted by the Fire Chief. ~~Each individual applicant and joint venture shall receive one lot.~~

D. The City shall issue n~~N~~o more than ~~thirty (30)~~ ~~such~~ permits annually.~~shall be issued and be outstanding at any time.~~

E. An applicant to whom the City intends to issue a permit may allow one or more other applicants which qualified for the lottery to be a co-permittee on the permit.

~~E. No nonprofit organization may receive more than one permit for fireworks sale during any one calendar year; one permit may be issued to two qualifying applicants as a joint venture. Only one application per school will be allowed. If an organization is affiliated with a recognized educational institution as defined in subsection D of Section 8.92.010, but maintains a separate tax-exempt status with the~~

~~Internal Revenue Service or the California Franchise Tax Board, said nonprofit organization shall be allowed a separate application.~~

F.~~F~~. A~~N~~o nonprofit organization, including a nonprofit organization that is a co-permittee, may obtain a permit only two years in a row and any nonprofit organization, including a nonprofit organization that is a co-permittee, that obtains a permit two years in a row must wait one application cycle before reapplying. A nonprofit organization cannot avoid this restriction by changing its name.~~be awarded a permit for more than two consecutive sales years.~~

G.~~G~~. Any nonprofit organization ~~applicant~~ that has had its~~a fireworks sales~~ permit suspended or revoked within the prior three years shall be eligible to submit an application ~~for a fireworks sales permit~~ only upon demonstrating to the Fire Chief's reasonable satisfaction that suitable arrangements have been made to preclude future violations.

8.92.030 Permit Application; Regulations; Limitations

A. All applications ~~for a permit to sell fireworks~~ must ~~may~~ be complete and filed with the Fire Department between the first business day in March and the last business day in March of each year or as otherwise determined by the Fire Chief~~, except that for the year 2010 applications must be submitted no later than June 1, 2010~~. All applications shall be accompanied by a non-refundable ~~n~~ application fee in an amount set by resolution of the City Council. Applications that are not complete or filed late shall not be processed.

~~B. All permit applications must be properly completed and submitted to the Stockton Fire Department before the close of business on the last business day in March, except that for the year 2010 applications must be submitted no later than June 1, 2010. Permit applications that are incomplete or filed late shall not be processed.~~

B~~C~~. All ~~permit~~ applications shall be made in writing on a form supplied by the City. A completed ~~permit~~ application shall be accompanied by an assurance that, if the applicant is issued a permit, the applicant shall, before receipt of such permit, deliver to the City the following items and/or information:

1. Proper identification and signature of the ~~permit~~ applicant;
2. The proposed location of the fireworks sales stand;
3. The dates and hours the applicant proposes to operate the stand;
4. A detailed description of the fireworks proposed to be sold;
5. The written consent of the owner of record and/or lessor in control of the property upon which the proposed fireworks sales stand will be located;
6. ~~The plan for staffing the stand during the proposed days and hours of operation;~~

6~~7~~. The fireworks distributor's business name, address, telephone number, and person that is the point of contact;

7~~8~~. Proof of a temporary sales tax permit from the State Board of Equalization or proof of application to the State Board of Equalization;

8~~9~~. Proof of insurance to include one million dollars public liability, property damage, and product liability coverage with riders attached to the policies designating the City as an additional insured;

9~~10~~. Proof of a State Fire Marshal Retail Fireworks License; and

10~~1~~. Such other information and documentation that the Fire Chief in his or her reasonable discretion may require.

~~D. Each applicant shall file with the City, at the time of filing the permit application, a nonrefundable application fee as may be established by resolution of the City Council, if selected in the lottery as a permittee, and a refundable cash deposit, certificate of deposit, or a surety bond made payable to the City in the amount as set by resolution of the City Council to assure compliance with the provisions of this chapter. Such deposit certificate or bond shall be refundable upon compliance with the provisions and requirements of this chapter, including but not limited to, the removal of the sales stand, cleaning of the site, and full passage of the City's final site inspection.~~

~~E. The Fire Chief is authorized to promulgate administrative regulations and procedures necessary for the successful and effective implementation of this chapter including rules and procedures governing the submission of applications for permits to sell safe and sane fireworks, inspections of fireworks stands, operation of fireworks stands, and such regulations relating to the sale of safe and sane fireworks as may be necessary for the protection of life and property. Said administrative regulations and procedures shall be set forth in writing and are subject to prior approval by the City Attorney.~~

~~8.92.040 Prerequisites to Issuance of Permit~~

~~Permits to sell fireworks shall only be issued to applicants that meet all of the following qualifications:~~

~~A. The applicant must be a nonprofit organization that conducts its activities primarily for the benefit of the City and its residents.~~

~~B. The applicant must have been organized and established in the City's corporate limits for a minimum of one year continuously preceding the filing of application for the permit, and must have a bona fide membership of at least ten members who are residents of the City.~~

8.92.0450 ~~Permit Applications;~~ Notice of Acceptance or Rejection of Applications; Appeals; Selection Procedure; Fee

A. The Fire Chief shall notify all applicants ~~thirty (30)~~ days after the final permit application deadline whether its application has been accepted or rejected.

B. Any applicant may appeal the Fire Chief's decision to the City Manager by filing a written appeal within five calendar days of the Fire Chief's decision. The City Manager will hear the appeal as soon as possible with the goal to have all appeals heard and decided by May 10 of each year. The City Manager shall affirm, modify or reverse the Fire Chief's decision. The City Manager's decision shall be final.

C. The Fire Chief shall conduct a lottery for those applicants whose applicants have been accepted on or about May 10 of each year, or when all appeals have been decided, whichever is later. Those applicants selected in the lottery are eligible to obtain a permit.

D. The Fire Chief shall notify all applicants regarding the results of the lottery, ~~and~~ the names of the applicants who are eligible to receive a ~~that have been granted~~ permits, and the names of the alternates who are eligible to receive a permit..., ~~except that for the year 2010 the Fire Chief shall make this notification by 5:30 p.m. on May 20 and said successful lottery/prospective permittees~~

E. Those applicants that are eligible to receive a permit will have until June 3 to submit their documents and information ~~final paperwork~~ required in subsection C of Section 8.92.030. If any applicant ~~successful lottery/prospective permittee~~ fails to submit its documents and information ~~paperwork~~ by the deadline, ~~in any given year,~~ the Fire Chief shall notify the requisite number of alternates~~substitute lottery selections~~ that they have until a date certain to submit their documents and information ~~paperwork~~ as required by subsection C of Section 8.92.030. ~~In 2010, the Fire Chief must notify these substitute lottery applicants by June 9 and they will have until June 17 to submit the required paperwork~~.

F.~~B~~. All applicants that are eligible to receive ~~have been granted~~ permits shall, prior to issuance of the permit, pay a permit fee, a refundable cash deposit (or other security in a form acceptable to the City), and a regulatory fee in ~~an~~ amounts set by resolution of the City Council. ~~The~~ The permit fee is intended to cover the cost of the first inspection of the fire works stand. Any necessary subsequent inspections shall be subject to a reinspection fee in an amount as set by resolution of the City Council. The refundable cash deposit~~, certificate of deposit or a surety bond made payable to the City and provided by the applicant pursuant to subsection D of section 8.92.030,~~ shall be held by the City ~~to be available~~ to cover the cost of removal of the fireworks sales stand, in accordance with subsection M~~,~~ of section 8.92.0780. The regulatory fee is to cover the cost of enforcement of this Chapter.

G.~~C~~. Each applicant that has been granted a permit shall have no less than two members of its sales staff attend an operator safety seminar administered by the City ~~of Stockton~~ Fire Department.

8.92.0560 Suspension of Permit; Appeal Procedure

A. The Fire Chief may suspend immediately and without notice or hearing a ~~the~~ permit ~~of any permittee~~ when the Fire Chief determines a permittee has ~~that~~

violateds any rule, regulation or ordinance while operating or preparing to operate a fireworks sales stand during or immediately preceding any period of sale. If the Fire Chief determines after the period of salereasonably believes that a violation has occurred during, immediately preceding, or immediately following the authorized period of sale, the Fire Chiefhe or she shall have power to may prohibit the permittee from applying for acquiring a fireworks sales permit in the future.

B. Any decision of the Fire Chief made pursuant to this section chapter shall be subject to appeal toreview by the City Manager. When the decision being appealed affects the current sales period, such appeal review shall be conducted held at the earliest possible time that the permittee, the City Manager and the Fire Chief can schedule the appeala hearing for such review. For decisions that do not affect the current sales period the appeal shall be filed within 10 days of the decision and hearing shall be conducted held within ten (10) City business days after the appeal has been filed.request for hearing, which request must be made within ten (10) calendar days after notice of the decision being appealed. The City Manager may set aside, modify or reverse the decision.; modify it or revoke in his or her reasonable discretion. The decision of the City Manager shall be final.

8.92.0670 Fireworks Sales Stand; Operation

A. It is unlawful for a permittee to allow any person other than the permitted applicant nonprofit organization, or its qualified nonprofit organization joint venture partner pursuant to subsection E of Section 8.92.020, to operate the fireworks sales stand for which athe permit has beenis issued, or to share otherwise participate in the proceeds profits of the operation of the sales stand.

B. It is unlawful for the permitee to allow any person other than individuals who are members of the permitted applicant and at least 18 years old nonprofit organization, or the spouses or adult children of such members who are at least 18 years old, to sell, be within the fireworks sales stand or otherwise participate in the sale of fireworks.

C. It is unlawful for the permittee to pay any consideration to any person for selling or otherwise participating in the sale of fireworks.

D. During the time fireworks are sold, eEach sales stand must have an adult present satisfying the requirements of subsection B above and satisfying the requirements of subsection G below..in attendance and in charge thereof while fireworks are stored therein.

E. No person may sleep in or remain in the sales stand after close of business.

F. All unsold fireworks must be securely stored at a designated central storage location, ~~in a locked container,~~ approved by the Fire Chief, during non-sale periods.

G. Each sales stand must have present ~~on duty~~ at all times during the sales period, ~~;~~ at least one ~~sales~~person who attended the ~~City of Stockton~~ Fire Department's operator safety seminar as required by section 8.92.040 G., ~~required pursuant to subsection C of section 8.92.050~~.

H. The sale of fireworks shall conform to restrictions of Section 8.92.015.

I. All unsold fireworks ~~stock~~ and any ~~accompanying~~ litter shall be removed from the sales location by 10~~5~~:00 p.m. on July 4~~5~~th ~~and the sales stand shall be removed by 12:00 noon on July 7 of each year~~.

J. Permittees shall require all persons who appear to be under the age of ~~thirty (30) years~~ to provide proof of age and shall make no sales of fireworks to persons younger than ~~eighteen (18) years of age~~.

K. The City's permit to sell fireworks and the temporary sales tax permit required by Section 8.92.080 of this Chapter shall be displayed in a prominent place in the sales stand.

L. The permittee shall display a poster measuring 18" x 32" notifying purchasers of applicable restrictions established by this Chapter. The City shall provide such posters that shall be returned to the City after the sales period.

8.92.0~~7~~80 Fireworks Sales Stands; Requirements

All retail sales of ~~"~~safe and sane fireworks~~"~~ shall be made only from within a temporary fireworks sales stand, and sales from any other building or structure is hereby prohibited. Fireworks sales stands are subject to the following requirements:

A. Fireworks sales stands shall be put in place by the permittee no earlier than 8:00 a.m. on June 23~~26~~ of each year.

B. No fireworks sales stand shall be located within ~~twenty-five (25)~~ feet of any other building or structure within five feet of any curb line, or within ~~one hundred (100)~~ feet of any gasoline pump.

C. No fireworks stand shall be located within ~~one hundred (100)~~ feet of any building used as a school, day care, hospital, place of detention, public garage or place of assembly that can accommodate ~~three hundred (300)~~ or more occupants.

D. A minimum of ~~twenty (20)~~ feet of separation shall be provided between the fireworks sales stand and any parked vehicle that is not under the immediate control of the permittee.

E. No weeds or other combustible materials are permitted within ~~twenty-five (25)~~ feet of the fireworks sales stand.

F. The locations of a~~A~~ll fireworks sales stands shall be ~~pre~~approved by the Fire Chief.

G. Within all fireworks sales stands the electrical wiring shall be in conduits and breaker boxes shall consist of GFI breakers.

H. All fireworks sales stands shall be built ~~and maintained~~ in accordance with the safety requirements of the City prior to opening for business and shall be maintained in accordance with such safety requirements during the sales period.

I. No generators shall be allowed within ~~twenty-five (25)~~ feet of any fireworks sales stand.

J. Smoking and the consumption of alcoholic beverages shall not be allowed within ~~fifty (50)~~ feet of any fireworks sales stand and "No Smoking" signs shall be displayed on and in the fireworks sales stand.

K. Permittees shall place no signs in the public right-of-way.

L. Each fireworks sales stand shall be provided with two, two-and-one-half gallon pressurized water type fire extinguishers, or two 2A10BC dry chemical/powder type fire extinguishers, in good working order, and easily accessible for use in case of fire.

M. The fireworks sales stand shall be removed from its ~~the temporary~~ location and the site cleaned by 12:00 p.m. on July 7~~ of each year and all accompanying litter shall be cleared from the location by 5:00 p.m. on July 5~~. If the permittee does not remove the stand and/or clean the ~~sales~~ site as required by this section~~chapter~~, the City may do so, or cause the same to be done, and the reasonable cost thereof shall be charged to ~~against~~ the permittee or deducted fro the permittee's security deposit~~, and his or her deposit, certificate or surety~~. In addition, any permittee found to be in violation of this section shall be subject to an administrative penalty imposed UNDER ~~in accordance with~~ section 8.92.090~~150~~.

~~N. The permit to sell fireworks shall be displayed in a prominent place in the fireworks sales stand.~~

~~O. In addition to any other administrative procedures set forth by the City, it shall be the responsibility of permittee under this chapter to display a poster measuring~~

~~18" x 32" that shall be posted at the point of sale of the fireworks to notify purchasers of all applicable restrictions established by this Code. The City shall provide the posters, which shall be returned to the City after use.~~

~~**8.92.090 Fee Imposed Upon Permittees**~~

~~A. In addition to any other fee imposed pursuant to this chapter, each permittee permitted under this chapter shall pay an annual regulatory fee to the City in an amount established by resolution of the City Council.~~

~~B. The fee required by this section shall be payable within five days from the date that the Fire Chief notifies applicants that their permit has been approved pursuant to Section 8.92.050.~~

~~C. No permittee may offer for sale or sell safe and sane fireworks, unless and until the permittee has paid to the City the fee imposed by this section.~~

~~D. The annual regulatory fee established pursuant to this section is not intended to generate excess revenue for the City, but rather to attempt to offset costs.~~

8.92.<u>080</u>~~100~~ Temporary Sales Tax Permit~~; Requirements~~

~~A.~~ Each permittee must obtain a temporary sales tax permit from the State Board of Equalization.

~~B. The temporary sales tax permit shall be displayed in a prominent place in the fireworks sales stand.~~

~~**8.92.110 Reserved**~~

~~**8.92.120 Permissible Locations for Discharge**~~

~~The discharge of fireworks in the City shall be limited to private property except as otherwise provided in this chapter. No fireworks shall be discharged on public, or semipublic properties, or in a public street or right-of-way except in those areas approved in writing by the Fire Chief.~~

~~**8.92.130 Prohibitions on Discharge**~~

~~A. It is unlawful for any person to ignite, explode, project, or otherwise fire or use any fireworks, or permit the ignition, explosion or projection thereof, upon or over onto the property of another without his consent, or to ignite, explode, project, or otherwise fire or make use of, any fireworks within ten (10) feet of any residential dwelling or other structure used as a place of habitation by human beings.~~

~~B. Except as provided in subsection C of this section 8.92.130, it is unlawful for individuals under eighteen years of age to sell, purchase, possess, use or discharge "safe and sane fireworks.~~

~~C. It is unlawful for any person having the care, custody or control of a minor under the age of eighteen years to permit such minor to discharge, explode, fire or set off any dangerous, illegal fireworks, at any time, or to permit such minor to discharge or set off any "safe and sane fireworks" unless such minor does so under the direct supervision of a person over eighteen years of age and during the hours and on the days permitted by this chapter.~~

~~8.92.140 Reserved~~

8.92.090~~150~~ Administrative Penalties; Appeals

In addition to any other remedy available at law, any person ~~or entity~~ who possesses, uses, stores, sells, and/or displays dangerous fireworks or any person ~~or entity~~ who sells, possesses, uses~~,~~ or discharges~~sells, and/or displays~~ safe and sane fireworks on or at dates, times, and/or locations other than those permitted by this C~~c~~hapter, or any permittee who violates any provision of this chapter, is subject to an administrative penalty, in an amount as provided below:

A. The amount of the administrative penalty shall be $250 ~~one hundred ($100)~~ dollars for the first violation, $500~~two hundred ($200) dollars~~ for a second violation within any twelve-month period, and $1000~~, and five hundred ($500) dollars~~ for any subsequent violations within any twelve-month period.

B. Appeals of administrative penalties shall be made and heard in accordance with ~~Title 1,~~ Chapter 1.44 ~~et. seq.,~~ of this Code.

8.92.100~~60~~ Financial Reporting

On or before September 1 each ~~of any year authorized pursuant to a permit, the~~ permittee shall submit to the Fire Chief~~City Clerk~~ a financial statement by the treasurer or financial officer of the permittee setting forth the total gross receipts from the sales of fireworks, ~~fireworks stand operated by the permittee~~; all expenses incurred and paid in connection with the purchase and sale of fireworks; ~~and the sale thereof; and~~ to whom and for what purpose the net proceeds of the fireworks sales were or will be disbursed; and a~~, along with the most recent~~ report filed by the permittee with ~~to~~ the State Board of Equalization that reflects the sales of the fireworks. Any permittee that files the written financial statement and/or the State Board of Equalization report after September 1 shall not be eligible to submit an application for the following year and will not be eligible to submit an application for any year after that until the statement and the report have been filed. ~~The filing of such statement shall be a condition precedent to the granting of any subsequent permit.~~

8.92.1170 Concurrent Authorities.

This Cchapter is not the exclusive regulation for fireworks within the City of Stockton. It shall supplement and be in addition to the other codes, statutes, regulations and ordinances heretofore and hereinafter enacted by the City of Stockton, the State of California or any other entity or agency having jurisdiction.

8.92.1280 Provisions Supplementary

The provisions of this Cchapter are supplementary to the provisions of the Fire Code of the City of Stockton. In case of direct conflict between the provisions of the Fire Code of the City, and the provisions of this Cchapter, the provisions of this Cchapter shall prevail. Except with respect to such direct conflict, the provisions of the Fire Code of City of Stockton shall remain in full force and effect.

8.92.130 Administrative Regulations

The Fire Chief may promulgate administrative regulations and procedures necessary to implement this Chapter, including rules and procedures governing the submissions of applications, inspections and operation of fireworks sales stands and such other regulations as may be necessary for the protection of life and property. Administrative regulations and procedures shall be in writing and shall be approved by the City Attorney.

SECTION III. SEVERABILITY.

If any part of this Ordinance is held invalid for any reason, such decision shall not affect the validity of the remaining portion of this Ordinance, and the City Council hereby declares that it would have passed the remainder of this Ordinance, if such invalid portion thereof had been deleted.

SECTION III~~IV~~. EFFECTIVE DATE.

~~This Ordinance shall become effective thirty (30) days from and after its adoption.~~ This Ordinance is adopted as an urgency ordinance to take effect immediately upon its adoption and the reason for its urgency is as follows: The sale and discharge of safe and sane fireworks poses health and safety risks to the community. In order for safe and sane fireworks to be sold in late June and early July in a manner that protects the community, applications for fireworks permits must be submitted to the City in March. In part, this ordinance adopts new rules and regulations that may affect the organizations that apply for a fireworks permit and the rules that will govern the sale of safe and sane fireworks. If this ordinance is not adopted as an urgency ordinance, the new rules will not have a practical effect until next year, meaning that the protections provided by the new ordinance will be delayed by a year, to the detriment of public health and safety. To avoid those risks, the ordinance needs to be adopted on an urgency basis.

ADOPTED: _____

EFFECTIVE: _____

_____
ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

_____
BONNIE PAIGE~~KATHERINE GONG MEISSNER~~
City Clerk of the City of Stockton

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ATTACHMENT B

2010 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for	Late Submittals
1	Calvary First Assemblies of God		No	$682.00		$18,699.85		Youth/kid programs	Per City Council Approved Submitted by 03/31/2011
2	Champion Gymnastics Booster	The profit from our fundraiser will help pay for our optional gymnastics team level 7-10, with travel cost for the 10-11 season.	Yes	$682.00	$27,743.45	$9,860.84	$17,882.61	The profit from our fundraiser will help pay for our optional gymnastics team level 7-10, with travel cost for the 1-11 season. We will be traveling to Pensylvania, Las Vegas, and Lost Angeles this year. There are some 30 optional level kid's competing this year.	
3	Club Stockton Volleyball		No	$682.00	$33,315.00	$19,299.89	$14,015.11	Volleyball equipment. Facility construction and improvements.	Per City Council Approved Submitted by 03/31/2011
4	Community Center 4 the Blind	Funds generated helps support programs and services of community center for the blind.	Yes	$682.00	$33,708.00	$23,574.04	$10,133.96	The funds generated are helping to support programs and services of Community Center for the Blind. Adaptive computer, Braille, Daily Living Skills orientation and Mobility.	
5	Dr Lewis D. Stallworth, Sr. Charter School, Inc.		No	$682.00	$25,240.00	$500.00	$24,740.00	All proceeds will benefit the students at Dr. L.D. Stallworth Charter School, grades K-12. We plan on purchasing educational equipment as well as keep some money in case of field trips or other student activities throughout 2010-11.	Per City Council Approved Submitted by 03/31/2011

2010 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for	Late Submittals
6	Friends of Walton School	Funds from the sale of fireworks will go towards the purchase and installation of a wheelchair accessible playground on the Walton campus.	Yes	$682.00	$30,592.77	$20,456.12	$10,136.65	Funds from the sale of fireworks will go toward the purchase and installation of a wheelchair accessable playground on the Walton Campus.	
7	Hoover Tyler Little League	Profits will be used for general operating expenses and to purchase uniforms and equipment as needed.	Yes	$682.00	$57,943.00	$37,857.00	$20,086.00	Profits will be used for general operations expenses and to purchase uniforms and equipment as needed.	
8	International Order of Rainbow for Girls, Stockton Assembly #9	Proceeds paid to the Masonic Temple Association for day to day expenses.	Yes	$682.00	$7,510.56	$2,464.00	$5,046.56	Proceeds paid to the Masonic Temple Association for day to day expenses.	
9	Kingdom Culture Ministries	Proceeds went to the non-profit organization for purposes of ministry and outreach. Planning to purchase a van for the need of the ministry.	Yes	$682.00	$42,852.00	$24,900.08	$17,951.92	The proceeds went to the non-profit organization for purposes of ministry and outreach. We plan to purchase a van to the needs of the ministry.	
10	Kiwans Club of El Dorado, Stockton		No	$682.00	$22,920.00	$16,072.00	$6,848.00	Scholarship for High School student at Franklin, Lincoln, and Weston Ranch High Schools. Reading program and Library books for Van Guren Elementary School.	Per City Council Approved Submitted by 03/31/2011
11	Lakeview Assembly or God	Lords Gym Youth Outreach Center, Lakeview Youth Camps, Lakeview Children's Ministry	Yes	$682.00	$35,580.00	$25,000.13	$10,579.87	Lords Gym Youth Outreach Center, Lakeview Youth Camps, Lakeview Children's Ministry	
12	Lincoln Presbyterian Church	Youth & Mission work	Yes	$682.00	$25,618.00	$18,600.13	$7,017.87	Youth & mission work @ Lincoln Presbyterian Church.	

2010 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for	Late Submittals
13	LTA / Wisdom Woods	Conducts a children's camp every year and take under privilege children who cannot afford to go.	Yes	$682.00	$34,869.51	$25,744.10	$9,125.41	We have a childrens camp every year and take undr-privilaged children who cannot afford to go with us. Most of these children have never been out of town. We also sponsered a Father/Son campout.	
14	Northern Little League		No	$682.00	$37,455.00	$24,775.09	$12,679.91	Central Stockton kids ages 4-16 will benefit greatly. Proceeds will be able to provide new equipment, uniforms, and better playing field's for these children.	Per City Council Approved Submitted by 03/31/2011
15	Parents By Choice	Proceeds are and will be used to aid our organization in its service to foster children and foster families.	Yes	$682.00	$41,800.84	$28,684.68	$13,116.16	Proceeds are and will be used to aid our organization in its service to foster children and foster families.	
16	San Joaquin Elementary PTA	Proceeds are being used to benefit the students and parents of San Joaquin Elementary School.	Yes	$682.00	$49,307.00	$32,093.40	$17,213.60	The proceeds are being used to benefit the students and parents of San Joaquin Elementary School. We donated $6651.00 to the Franklin High School Band students for entry fees competitions and travel expenses. San Joaquin's proceeds will be used to purchase library books and student rewards for academic achievement. Money has been earmaked, as our fundraising efforts continue towards the purchase of an electronic marquee ($60-$75,00) in order to inform and involve all students and parents ouf our school activities.	
17	Service First of Northern California		Yes	$682.00	$27,901.36	$22,398.38	$5,502.98	Net proceed to be used by all of our program to benefit our consumers.	

2010 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for	Late Submittals
18	South Stockton Lions	Net proceeds from this activity will be used, and is presently being used, to fund our clubs ongoing projects.	Yes	$682.00	$32,793.00	$22,489.37	$10,303.63	Net proceeds from this activity will be used, and is presently being used, to fund our clubs ongoing projects.	
19	South Stockton Vikings	All financial income go to the youth in the community.	Yes	$682.00	$42,100.00	$34,212.64	$7,887.36	We came home with $7887.36. All financial income go to our youth in the community. We make sure everyone child can pay or cheer with uniforms and equipment.	
20	Special Children's Sports Club	Proceeds will be used to fund the organization of seasonal baseball, soccer, bowling and basketball for children with disabilities in Stockton. It will also help recreational Sports Club of San Joaquin.	Yes	$682.00	$42,218.00	$26,506.24	$15,711.76	Proceeds will be used to fund the organization of seasonal baseball, soccer, bowling and basketball for children with disabilities in Stockton. It will also help recreational sports club of San Joaquin fund single day events for children and adults with disabilities such as Ports games and hockey games.	
21	St. Mary's High School Foundation	Balance for St. Mary's Athletics.	Yes	$682.00	$30,901.69	$21,808.72	$9,092.97	Sales Tax $1480.00 (Filed quarterly in Sept) Balance for St. Mary's Athletics.	
22	Stockton Black Family Day	Distributes to the following: Cost to COS, The Power Submit, Film Festival an African History, Our Children's Pavilion Activity, The Health Awareness Fair & Health Walk 2010, 2 Scholarship funds, and Security for the event.	Yes	$682.00	$35,849.00	$23,260.41	$12,588.59	We distributed towards the following: Cost to the City of Stockton: The Power Summit; Film Festival on African History; our children Pavilion Activity. The Health Awareness Faire and Health Walk 2010; 2 scholarship fund and security for the event. Other cost of providinga safe environment for the community to have a relaxed time.	

2010 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for	Late Submittals
23	Stockton Host Lions Club	Funds are helping Children Red Cross, United Way, and others as needs arise.	Yes	$682.00	$42,030.00	$25,782.00	$16,248.00	We are using the funds to help children (1st tee) Red Cross, United Way and others as needs arise. We support the attached organizations. Our net proceeds fro mthe sale of fireworks is $11267.00	
24	Stockton LULAC 2060	Proceeds will be used towards local scholarships, Christmas Food Basket Program, Youth Conference, and other community events.	Yes	$682.00	$30,956.00	$24,782.11	$6,173.89	Proceeds will be used for local scholarships, Christmas Food Basket Program, youth conference and other community events.	
25	Stockton Police Officers Benefit Associations	Proceeds were retained by the Stockton Police Officers Benefit Association for the purpose of assisting with charitable needs within the City of Stockton.	Yes	$682.00	$45,173.53	$24,926.13	$20,247.40	Proceeds were retained by the Stockton Police Officers Benefit Association for the purpose of assisting with charitable needs within the City of Stockton.	
26	Stockton Sister Cities	Student Exchange Programs , Teacher Exchange Programs, and Stockton Sister Cities Association	Yes	$682.00	$28,967.23	$21,174.04	$7,793.19	To finance student exchange programs, teacher exchange programs, fund Stockton Sister Cities Association official visits to foreign cities.	
27	Stockton Valley Sports		No	$682.00					
28	Sunflower Presents	Enrichment programs and arts programs for the seniors and disabled in rehab, hospitals, day care, and assists living care facilities.	Yes	$682.00	$42,545.00	$29,874.00	$12,671.00	Enrichment programs and arts programs for theseniors and disabled in Rehab, Hospitals, Day Care, and Assisted Living Care Facilities.	

2010 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for	Late Submittals
29	Swenson Park Men's Club	Venture Academy Athletics, Bear Creek HS Athletics, and Junior Golf Swenson Park Golf Club.	Yes	$682.00	$27,435.00	$20,231.81	$7,203.19	Venture Academy Athletics, Bear Creek H.S. Athletics Junior Golf Swenson Park Golf Club.	
30	Weston Ranch High School (Athletic Boosters)		No	$682.00	$60,661.00	$35,964.15	$24,696.85	The funds will be distributed to the various sports programs at Weston Ranch High School. These funds will purchase needed equipment, uniforms, supplies, etc. The funds will be distributed in April/May 2011, coaches will give us there request to consider.	Per City Council Approved Submitted by 03/31/2011
TOTAL					**$995,985.94**	**$661,991.35**	**$333,994.59**		
AVERAGE					**$35,495.43**	**$23,540.80**	**$11,954.63**		

ATTACHMENT C

2011 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for
1	Abundant Life Church		Yes	$697.00	$28,000.00	$5,330.03		Building Lease, Outreach Programs
2	American Assoc of Univ Women (AAUW)		Yes	$697.00	$23,739.00	$2,285.49		Delta College Scholarships-graduates continuing on to 4 yr university, 7th grade girls sent to math-science camp at Stanford. Monetary awards to H.S girls writing essays on the "most important woman in their lives" and speech contest.
3	Boys & Girls Clubs of Stockton		Yes	$697.00	$36,163.00	$25,734.00		Fund summer camp for children at Boys & Girls Club.
4	Delta College Foundation		Yes	$697.00	$28,337.92	$2,302.00		Split between First Baptist Church and Delta College
5	Ed Stewart Post 803			$697.00	$21,876.90	$1,779.95		The funds collected will be used to support Armed Forces veterans, families, and service-connected indivduals whom have rendered service in support of the Armed Forces.
6	Faith Fellowship Christian Center		Yes	$697.00	$31,301.00	$21,800.97		We are implenting foodbank distribution facilities for the local community. We also have a family resource center in the planning stages for implementation this year, and we will be conducting various outreach events for the homeless and underpriviledged.

2011 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for
7	Family Extension Foster Care		Yes	$697.00	$19,242.17	$17,859.36		We use the funds to assist the foster children to participate in extracurricular activies that provide outlets for emotional and physical aggressiveness, so real in the population of children we serve.
8	Greater Christ Temple Church			$697.00	$40,569.00	$19,429.27		Building Fund and Church Programs
9	Haven of Peace			$697.00	$37,897.19	$28,486.18		Haven of Peace invited RSC to partner with us: Haven of Peace (65%), and Recreational Sports Club (35%). Proceeds were used for the shelter's operating expenses.
10	Jane Frederick Continuation School / Port City Girls Softball League		Yes	$697.00	$12,000.00	$2,767.00		Our proceeds will be used for Movie and an assortment of Gift Certificates for students that have positive behavior, good attendance, a 3.00 or higher GPA and are positive role models. Prom for Junior and Seniors. End of the year celebration for all the students Brunch for students and families for recognition of students that pass the CA HSEE. Proceeds will be used to purchase uniforms and equipment such as safety gear, bats and balls.

2011 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for
11	Kingdom Culture Ministries	Proceeds went to the non-profit organization for purposes of ministry and outreach. Planning to purchase a van for the need of the ministry.		$697.00	$35,058.00	$20,559.62		Net proceeds will go to the purchase of sound and video equipment needed for the ministry.
12	Lakeview Assembly of God	Lords Gym Youth Outreach Center, Lakeview Youth Camps, Lakeview Children's Ministry	Yes	$697.00	$32,369.00	$25,770.00		Proceeds to be split between 3 ministries. Childrens camp, Youth camp, Helping Hands Outreach, Food & Clothing give away.
13	League of United Latin American Citizens Council 2060	local scholarships, Christmas Food Basket Program, Youth Conference, and other		$697.00	$36,725.00	$0.00		scholarships, youth conferences, food basket program and
14	Lincoln Lakers Swim Team LVW #6		Yes	$697.00	$26,909.00	$0.00		Swim team equipment (scoring system, lane lines, meter flags, speakers, outdoor signage, BBQ, sand/water play area. Tuition for swimmers in need & suits.
15	Lincoln Presbyterian Church	Youth & Mission work	Yes	$697.00	$26,637.00	$19,705.00		Lincoln Presbyterian College group & choir.
16	Parents By Choice	Proceeds are and will be used to aid our organization in its service to foster children and foster families.		$697.00	$40,301.32	$30,420.06		We will use the funds to pay for our upcoming special events (parents night out, Christmas, Spring Camp) and to support our student apprentice program.
17	Pixie Woods		Yes	$697.00	$28,391.00	$21,031.29		Park improvements
18	San Joaquin County Office of Ed. Educational Foundation			$697.00	$41,887.00	$32,001.00		Funds raised will be used to help local schools send students to science camp.

2011 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for
19	San Joaquin School PTA			$697.00	$61,451.85	$4,999.00		The proceeds are being used to benefit the students and parents of San Joaquin Elementary School. We donated $7000.00 to Franklin High School Band students for entry fees for competitions and travel expenses. San Joaquin's proceeds will be used to purchase library books and student rewards for academic achievement. Money has been earmarked for security cameras for our campus.
20	San Joaquin Valley Youth for Christ		Yes	$697.00	$17,429.00	$11,049.60		Scholarships to adolescents for prevention services; gang awareness, substance abuse and anger management
21	Service First of Northern California			$697.00	$24,378.28	$18,069.66		Net proceed to be used by all of our programs to benefit our consumers.
22	Stockton Baptist School		Yes	$697.00	$43,772.00	$30,316.00		School books for the year-$3999.00; Testing materials-$1026.00; AT&T yellow page advertisement-$3636.00; Net of $4795.00 to be distributed for school rent to help cover utilites and pro-rated loan costs for 4 months of school year.

2011 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for
23	Stockton California Striped Bass Association		Yes	$697.00	$37,321.00	$24,662.93		Christmas party for Stockton Childrens Home, TLC Donations for Christmas and other neccesities during the year, Fishin N Grinnen fishing day for Disabled Children, Donations for Disable Veterans Derbies, Donations to Deaf Sturgeon Derby.
24	Stockton Police Officers Benefit Association	Proceeds were retained by the Stockton Police Officers Benefit Association for the purpose of assisting with charitable needs within the City of Stockton.	Yes	$697.00	$36,412.12	$21,945.57		Proceeds were retained by the Stockton Police Officers Benefit Assn for the purpose of assisting with charitable needs within the City of Stockton.
25	Sunflower Presents	Enrichment programs and arts programs for the seniors and disabled in rehab, hospitals, day care, and assists living care facilities.	Yes	$697.00	$21,847.00	$9,552.23		Providing live entertainment to seniors and disabled in Stockton care facilities.
26	Swenson Park Golf Club	Venture Academy Athletics, Bear Creek HS Athletics, and Junior Golf Swenson Park Golf Club.		$697.00	$28,037.00	$2,278.00		Stockton Blind Center 1/3 net, First Tee of San Joaquin 1/3 net; Swenson Park Golf Club 1/3 net.
27	Tender Hands Safe Haven Inc			$697.00	$19,156.00	$15,188.22		THSH Office Rental - Paid to Joanne Cortez (Landlord); THSH Donation Storage Facility & extra space storage, Stockton, THSH Donation Pick-up Expenses. (Mountain View, CA)

2011 Fireworks Sale Gross Receipts Report

	Name of Non-Profit	Benefits	Submit	City of Stockton Fees	Gross Sales	Expenses	Nets	Used for
28	The Life Church			$697.00	$35,216.00	$2,657.00		$3500 to Calvary First Assembly (in Stockton) for youth & children's programs. The Life Church children's ministry building remodel & day camp program, supplies for kids, etc.
29	United Cerebral Palsy of San Joaquin		Yes	$697.00	$29,925.00	$20,061.00		Support of UCP programs.
30	United Christian Schools dba: Brookside Christian H.S. Football		Yes	$697.00	$51,469.80	$33,174.00		Brookside Christian High School Football Program; new uniforms, ball machine, additional helmets & shoulder pads, equipment bags, football & misc. equipment.
TOTAL					**$953,818.55**	**$471,214.43**		
AVERAGE								

2011 FIREWORKS SALES ENFORCEMENT PROGRAM (048-2634)
COMPARISON OF ACTUAL REVENUE AND EXPENDITURES
Source: GMBA on-line financial system
Page 1 of 3
10/18/11 RB

	July 4, 2011 Program		
	FY 2010-11	FY 2011-12	Total
Actual Revenues:			
342.23-14, Fireworks Sales Stand (30 x $147 each; all collected in June 2011)	$4,410.00	$0.00	$4,410.00
342.23-15, Fireworks Sales Stand Reinspection	$0.00	$0.00	$0.00
342.61-01, Fireworks Enforcement Fee (30 x $500 each + $700 (one time donation) + $2,300 (one time donation); all in June 2011)	$18,000.00	$0.00	$18,000.00
342.63-01, Fireworks Sales Application Fee (104 x $35 each; all collected in May & June 2011)	$3,640.00	$0.00	$3,640.00
Total Actual Revenue	$26,050.00	$0.00	**$26,050.00**
Actual Expenditures:			
10-10, Regular Salaries (covers time period from 2/16/11 through 7/15/11)	$3,570.32	$3,109.23	$6,679.55
10-13, Overtime Salaries (covers time period from 6/16/11 through 7/15/11)	$2,062.26	$11,126.93	$13,189.19
All 10-series benefit and insurance accounts related to Regular Salaries and Overtime Salaries above	$923.22	$4,666.83	$5,590.05
20-37, General Liability Insurance (related to Reg and Overtime Salaries above)	$171.83	$541.48	$713.31
30-50, Materials and Supplies (postings from June 2011 to August 1, 2011)	$73.48	$24.08	$97.56
Total Actual Expenditures	$6,801.11	$19,468.55	**$26,269.66**
Actual Revenues Over (Under) Actual Expenditures			**($219.66)**
Difference as a Percent of Total Expenditures			-0.8% *

* Less than a 1% variance.

2010 FIREWORKS SALES ENFORCEMENT PROGRAM (048-2634)
COMPARISON OF ACTUAL REVENUE AND EXPENDITURES
Source: GMBA on-line financial system

10/19/11 RB

	July 4, 2010 Program		
	FY 2009-10	FY 2010-11	Total
Actual Revenues:			
342.23-14, Fireworks Sales Stand (30 x $147 each; all collected in June 2010)	$4,410.00	$0.00	$4,410.00
342.23-15, Fireworks Sales Stand Reinspection	$0.00	$0.00	$0.00
342.61-01, Fireworks Enforcement Fee (FY 09-10: 30 x $500 each; all collected in June 2010) (FY 10-11: 12 x $100 each (administrative citations), + $2,032 (administrative citation BHOA), all in Sept & Oct 2010)	$15,000.00	$3,232.00	$18,232.00
342.63-01, Fireworks Sales Application Fee (118 x $35 each; all collected in May & June 2010)	$4,130.00	$0.00	$4,130.00
Total Actual Revenue	$23,540.00	$3,232.00	**$26,772.00**
Actual Expenditures:			
10-10, Regular Salaries (covers time period from 5/16/10 through 7/15/10)	$1,033.26	$6,151.03	$7,184.29
10-13, Overtime Salaries (covers time period from 6/1/10 through 8/15/10)	$2,520.91	$10,455.35	$12,976.26
All 10-series benefit and insurance accounts related to Regular Salaries and Overtime Salaries above	$200.85	$2,061.06	$2,261.91
20-37, General Liability Insurance (related to Reg and Overtime Salaries above)	$89.55	$321.24	$410.79
30-50, Materials and Supplies (postings from June 2011 to August 1, 2011)	$2,679.23	$323.07	$3,002.30
Total Actual Expenditures	$6,523.80	$19,311.75	**$25,835.55**
Actual Revenues Over (Under) Actual Expenditures			**$936.45**
Difference as a Percent of Total Expenditures			3.6%

2010 AND 2011 PROGRAMS COMBINED

Actual Total Revenue	$52,822.00
Less Actual Total Expenditures	($52,105.21)
Actual Revenue Over (Under) Actual Expenditures	**$716.79**
Variance as Percent of Actual Total Expenditures	1.4%

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 007-10 AND CHAPTER 8.92 OF THE STOCKTON MUNICIPAL CODE CONCERNING FIREWORKS AND DECLARING THE URGENCY THEREOF TO TAKE EFFECT IMMEDIATELY UPON ITS ADOPTION

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

SECTION I. AMENDMENT OF CODE.

Ordinance No. 007-10 and Chapter 8.92, Fireworks, of the Stockton Municipal Code are hereby amended to read as follows.

CHAPTER 8.92

FIREWORKS

8.92.010 Definitions.

The following words and phrases, as used in this Chapter, are defined as follows:

A. "Applicant" shall mean a non-profit organization that applies for a fireworks sales permit as provided in this Chapter.

B. "City Manager" shall mean the City Manager of the City of Stockton and/or his or her designee or designees.

C. "Dangerous fireworks" means (1) dangerous fireworks as set forth in California State Fireworks Law (Sections 12505 and 12561 of the Health and Safety Code and the relevant sections of Title 19, Code of Regulations, Subchapter 6), as hereinafter may be amended from time to time, which are hereby incorporated by reference or (2) safe and sane fireworks, as defined in subsection J below, that have been modified in any respect from their original design.

D. "Fire Chief" shall mean the Fire Chief of the City of Stockton or the Fire Chief's designee.

E. "Nonprofit organization" means

1. any organization that (a) has been created for charitable, religious, philanthropic or educational purposes, (b) has obtained tax exempt status from the Internal Revenue Service or the State Franchise Tax Board, (c) has had a Stockton zip code mailing address for more than twelve consecutive months immediately prior to filing an application and (c) primarily serves City residents;

CITY ATTY REVIEW _____

DATE FEB 2 2 2012

2. an organization that (a) itself has not obtained tax exempt status from the Internal Revenue Service or the State Franchise Tax Board but is an integral part of a recognized national organization that has obtained such tax exempt status, (b) has had a Stockton zip code mailing address for more than twelve consecutive months immediately prior to filing an application and (c) primarily serves City residents;

3. any organization that (a) has not obtained tax exempt status from the Internal Revenue Service or the State Franchise Tax Board but has been created for charitable, religious, philanthropic or educational purposes and the net proceeds of such organization are committed to the promotion of the objectives of the organization and not for private gain, (b) has had a Stockton zip code mailing address for more than twelve consecutive months immediately prior to filing an application and (c) primarily serves City residents, provided, however, that if more than one organization that meets the requirements of this subsection is from or is affiliated with a particular school, church or similar entity intends to apply, only one such organization (as determined by the school, church or similar entity) may apply.

F. "Permit" shall mean a fireworks sale permit.

G. "Permittee" shall mean an applicant to which the City has issued a permit.

H. "Person" means and includes any individual, firm, partnership, joint venture, association, concern, corporation, state, trust, business trust, receiver, syndicate, or any other group of combination acting as a unit.

I. "Residents of the City" or "City residents" means and includes owners of businesses and/or property in the City as well as occupants of residential dwellings.

J. "Safe and sane fireworks" or "fireworks" means safe and sane fireworks as set forth in California State Fireworks Law (Sections 12529 and 12562 of the Health and Safety Code and the relevant sections of Title 19, Code of Regulations, Subchapter 6), as hereinafter may be amended from time to time, which are hereby incorporated by reference.

K. "Stockton zip code" means those zip codes as established from time to time by the Fire Chief.

8.92.015 Sale and Discharge

A. Subject to this Chapter, the State Fireworks Law, Sections 12500 through 12726 of the Health and Safety Code of the state, and any regulations promulgated thereunder, only safe and sane fireworks may be sold within the Stockton City limits and only as follows:

June 28: Noon to 8 p.m.
June 29: 9 a.m. to 8 p.m.
June 30: 9 a.m. to 8 p.m.

July 1: 9 a.m. to 8 p.m
July 2: 9 a.m. to 8 p.m
July 3: 9 a.m. to 8 p.m.
July 4: 9 a.m. to 9 p.m.

B. Subject to this Chapter, the State Fireworks Law, Sections 12500 through 12726 of the Health and Safety Code of the state, and any regulations promulgated thereunder, no person shall discharge any safe and sane fireworks within the Stockton City limits except as follows:

June 28: Noon to 11 p.m.
June 29:: 9 a.m. to 11 p.m
June 30: 9 a.m. to 11 p.m.
July 1: 9 a.m. to 11 p.m.
July 2: 9 a.m. to 11 p.m.
July 3: 9 a.m. to 11 p.m.
July 4: 9 a.m. to 11 p.m.

C. No person shall discharge any safe and sane fireworks on public property nor in or on a public street except in those areas approved in writing by the Fire Chief.

D. No person shall ignite, explode, project or use, nor permit the ignition, explosion, projection or use, of any safe and sane fireworks:

1. upon or over the property of another person without that person's consent ;
2. within 10 feet of any residential dwelling or other structure used as a place of habitation; or
3. within 50 feet of any fireworks sales stand.

E. Except as provided in subsection F of this section, no person under 18 years of age shall purchase, sell, possess, use or discharge safe and sane fireworks.

F. No person having the care, custody or control of a person under 18 years of age shall allow such person to possess, use or discharge:

1. any dangerous fireworks; or
2. any safe and sane fireworks unless such person under the age of 18 does so under the direct supervision of a person of age 18 or older and otherwise in compliance with the other requirements of this section.

G. No person shall discharge dangerous fireworks within the Stockton City limits. For purposes of this section, where dangerous fireworks are discharged at or in the street in front of a residential structure, the resident(s) in possession of the

residential structure shall be deemed the person who has discharged dangerous fireworks.

8.92.020 Permit Required; Issuance; Limitations

A. Except as provided in this Chapter, it is unlawful to offer for sale or sell at retail safe and sane fireworks without having been issued a permit for such sales.

B. The City shall issue permits for the sale of safe and sane fireworks only to nonprofit organizations, and such fireworks shall be sold only at the fireworks sales stands, as more specifically set forth herein.

C. The City shall issue permits by lottery. Each applicant shall have one lot. The lottery shall take place at a time, place and manner determined by the Fire Chief in accordance with administrative rules and procedures adopted by the Fire Chief.

D. The City shall issue no more than 30 permits annually.

E. An applicant to whom the City intends to issue a permit may allow one or more other applicants which qualified for the lottery to be a co-permittee on the permit.

F. A nonprofit organization, including a nonprofit organization that is a co-permittee, may obtain a permit only two years in a row and any nonprofit organization, including a nonprofit organization that is a co-permittee, that obtains a permit two years in a row must wait one application cycle before reapplying. A nonprofit organization cannot avoid this restriction by changing its name.

G. Any nonprofit organization that has had its permit suspended or revoked within the prior three years shall be eligible to submit an application only upon demonstrating to the Fire Chief's reasonable satisfaction that suitable arrangements have been made to preclude future violations.

8.92.030 Permit Application; Regulations; Limitations

A. All applications must be complete and filed with the Fire Department between the first business day in March and the last business day in March of each year or as otherwise determined by the Fire Chief. All applications shall be accompanied by a non-refundable application fee in an amount set by resolution of the City Council. Applications that are not complete or filed late shall not be processed.

B. All applications shall be made in writing on a form supplied by the City. A completed application shall be accompanied by an assurance that, if the applicant is issued a permit, the applicant shall, before receipt of such permit, deliver to the City the following items and/or information:

1. Proper identification and signature of the applicant;

2. The proposed location of the fireworks sales stand;

3. The dates and hours the applicant proposes to operate the stand;

4. A detailed description of the fireworks proposed to be sold;

5. The written consent of the owner of record and/or lessor in control of the property upon which the proposed fireworks sales stand will be located;

6. The fireworks distributor's business name, address, telephone number, and person that is the point of contact;

7. Proof of a temporary sales tax permit from the State Board of Equalization or proof of application to the State Board of Equalization;

8. Proof of insurance to include one million dollars public liability, property damage, and product liability coverage with riders attached to the policies designating the City as an additional insured;

9. Proof of a State Fire Marshal Retail Fireworks License; and

10. Such other information and documentation that the Fire Chief in his or her reasonable discretion may require.

8.92.040 Notice of Acceptance or Rejection of Applications; Appeals; Selection Procedure; Fee

A. The Fire Chief shall notify all applicants 30 days after the final permit application deadline whether its application has been accepted or rejected.

B. Any applicant may appeal the Fire Chief's decision to the City Manager by filing a written appeal within five calendar days of the Fire Chief's decision. The City Manager will hear the appeal as soon as possible with the goal to have all appeals heard and decided by May 10 of each year. The City Manager shall affirm, modify or reverse the Fire Chief's decision. The City Manager's decision shall be final.

C. The Fire Chief shall conduct a lottery for those applicants whose applicants have been accepted on or about May 10 of each year, or when all appeals have been decided, whichever is later. Those applicants selected in the lottery are eligible to obtain a permit.

D. The Fire Chief shall notify all applicants regarding the results of the lottery, the names of the applicants who are eligible to receive a permit, and the names of the alternates who are eligible to receive a permit...

E. Those applicants that are eligible to receive a permit will have until June 3 to submit their documents and information required in subsection C of Section 8.92.030. If any applicant fails to submit its documents and information by the deadline, the Fire Chief shall notify the requisite number of alternates that they have until a date certain to submit their documents and information as required by subsection C of Section 8.92.030.

F. All applicants that are eligible to receive permits shall, prior to issuance of the permit, pay a permit fee, a refundable cash deposit (or other security in a form acceptable to the City), and a regulatory fee in amounts set by resolution of the City Council. The permit fee is intended to cover the cost of the first inspection of the fire works stand. Any necessary subsequent inspections shall be subject to a reinspection fee in an amount as set by resolution of the City Council. The refundable cash deposit

shall be held by the City to cover the cost of removal of the fireworks sales stand, in accordance with subsection M of section 8.92.070. The regulatory fee is to cover the cost of enforcement of this Chapter.

G. Each applicant that has been granted a permit shall have no less than two members of its sales staff attend an operator safety seminar administered by the City Fire Department.

8.92.050 Suspension of Permit; Appeal Procedure

A. The Fire Chief may suspend immediately and without notice or hearing a permit when the Fire Chief determines a permittee has violated any rule, regulation or ordinance while operating or preparing to operate a fireworks sales stand during or immediately preceding any period of sale. If the Fire Chief determines after the period of sale that a violation occurred during, immediately preceding, or immediately following the authorized period of sale, the Fire Chief may prohibit the permittee from applying for a permit in the future.

B. Any decision of the Fire Chief made pursuant to this section shall be subject to appeal to the City Manager. When the decision being appealed affects the current sales period, such appeal shall be conducted at the earliest possible time that the permittee, the City Manager and the Fire Chief can schedule the appeal. For decisions that do not affect the current sales period the appeal shall be filed within 10 days of the decision and shall be conducted within 10 business days after the appeal has been filed. The City Manager may set aside, modify or reverse the decision.. The decision of the City Manager shall be final.

8.92.060 Fireworks Sales Stand; Operation

A. It is unlawful for a permittee to allow any person other than the permitted applicant , to operate the fireworks sales stand for which a permit has been issued, or to share in the proceeds of the sales.

B. It is unlawful for the permitee to allow any person other than individuals who are members of the permitted applicant and at least 18 years old , or the spouses or children of such members who are at least 18 years old, to sell, be within the fireworks sales stand or otherwise participate in the sale of fireworks.

C. It is unlawful for the permittee to pay any consideration to any person for selling or otherwise participating in the sale of fireworks.

D. During the time fireworks are sold, each sales stand must have an adult present satisfying the requirements of subsection B above and satisfying the requirements of subsection G below...

E. No person may sleep in or remain in the sales stand after close of business.

F. All unsold fireworks must be securely stored at a designated central storage location, approved by the Fire Chief, during non-sale periods.

G. Each sales stand must have present at all times during the sales period at least one person who attended the Fire Department's operator safety seminar as required by section 8.92.040 G..

H. The sale of fireworks shall conform to restrictions of Section 8.92.015.

I. All unsold fireworks and any litter shall be removed from the sales location by 10:00 p.m. on July 4th.

J. Permittees shall require all persons who appear to be under the age of 30 to provide proof of age and shall make no sales of fireworks to persons younger than 18.

K. The City's permit to sell fireworks and the temporary sales tax permit required by Section 8.92.080 of this Chapter shall be displayed in a prominent place in the sales stand.

L. The permittee shall display a poster measuring 18" x 32" notifying purchasers of applicable restrictions established by this Chapter. The City shall provide such posters that shall be returned to the City after the sales period.

8.92.070 Fireworks Sales Stands; Requirements

All retail sales of safe and sane fireworks shall be made only from within a temporary fireworks sales stand, and sales from any other building or structure is hereby prohibited. Fireworks sales stands are subject to the following requirements:

A. Fireworks sales stands shall be put in place by the permittee no earlier than 8:00 a.m. on June 23 of each year.

B. No fireworks sales stand shall be located within 25 feet of any other building or structure within five feet of any curb line, or within 100 feet of any gasoline pump.

C. No fireworks stand shall be located within 100 feet of any building used as a school, day care, hospital, place of detention, public garage or place of assembly that can accommodate 300 or more occupants.

D. A minimum of 20 feet of separation shall be provided between the fireworks sales stand and any parked vehicle that is not under the immediate control of the permittee.

E. No weeds or other combustible materials are permitted within 25 feet of the fireworks sales stand.

F. The locations of all fireworks sales stands shall be approved by the Fire Chief.

G. Within all fireworks sales stands the electrical wiring shall be in conduits and breaker boxes shall consist of GFI breakers.

H. All fireworks sales stands shall be built in accordance with the safety requirements of the City prior to opening for business and shall be maintained in accordance with such safety requirements during the sales period.

I. No generators shall be allowed within 25 feet of any fireworks sales stand.

J. Smoking and the consumption of alcoholic beverages shall not be allowed within 50 feet of any fireworks sales stand and "No Smoking" signs shall be displayed on and in the fireworks sales stand.

K. Permittees shall place no signs in the public right-of-way.

L. Each fireworks sales stand shall be provided with two, two-and-one-half gallon pressurized water type fire extinguishers, or two 2A10BC dry chemical/powder type fire extinguishers, in good working order, and easily accessible for use in case of fire.

M. The fireworks sales stand shall be removed from its location and the site cleaned by 12:00 p.m. on July 7. If the permittee does not remove the stand and/or clean the site as required by this section, the City may do so, or cause the same to be done, and the reasonable cost thereof shall be charged to the permittee or deducted fro the permittee's security deposit. In addition, any permittee found to be in violation of this section shall be subject to an administrative penalty imposed under section 8.92.090.

8.92.080 Temporary Sales Tax Permit

Each permittee must obtain a temporary sales tax permit from the State Board of Equalization.

8.92.090 Administrative Penalties; Appeals

In addition to any other remedy available at law, any person who possesses, uses, stores, sells, and/or displays dangerous fireworks or any person who sells, possesses, uses or discharges safe and sane fireworks on or at dates, times, and/or locations other than those permitted by this Chapter, or any permittee who violates any provision of this chapter, is subject to an administrative penalty, in an amount as provided below:

A. The amount of the administrative penalty shall be $250 dollars for the first violation, $500 for a second violation within any twelve-month period, and $1000 for any subsequent violations within any twelve-month period.

B. Appeals of administrative penalties shall be made and heard in accordance with Chapter 1.44 of this Code.

8.92.100 Financial Reporting

On or before September 1 each permittee shall submit to the Fire Chief a financial statement by the treasurer or financial officer of the permittee setting forth the total gross receipts from the sales of fireworks, ; all expenses incurred and paid in connection with the purchase and sale of fireworks; to whom and for what purpose the net proceeds of the fireworks sales were or will be disbursed; and a report filed by the permittee with the State Board of Equalization that reflects the sales of the fireworks. Any permittee that files the written financial statement and/or the State Board of Equalization report after September 1 shall not be eligible to submit an application for the following year and will not be eligible to submit an application for any year after that until the statement and the report have been filed.

8.92.110 Concurrent Authorities.

This Chapter is not the exclusive regulation for fireworks within the City of Stockton. It shall supplement and be in addition to the other codes, statutes, regulations and ordinances heretofore and hereinafter enacted by the City of Stockton, the State of California or any other entity or agency having jurisdiction.

8.92.120 Provisions Supplementary

The provisions of this Chapter are supplementary to the provisions of the Fire Code of the City of Stockton. In case of direct conflict between the provisions of the Fire Code of the City, and the provisions of this Chapter, the provisions of this Chapter shall prevail. Except with respect to such direct conflict, the provisions of the Fire Code of City of Stockton shall remain in full force and effect.

8.92.130 Administrative Regulations

The Fire Chief may promulgate administrative regulations and procedures necessary to implement this Chapter, including rules and procedures governing the submissions of applications, inspections and operation of fireworks sales stands and

such other regulations as may be necessary for the protection of life and property. Administrative regulations and procedures shall be in writing and shall be approved by the City Attorney.

SECTION II. SEVERABILITY.

If any part of this Ordinance is held invalid for any reason, such decision shall not affect the validity of the remaining portion of this Ordinance, and the City Council hereby declares that it would have passed the remainder of this Ordinance, if such invalid portion thereof had been deleted.

SECTION III. EFFECTIVE DATE.

This Ordinance is adopted as an urgency ordinance to take effect immediately upon its adoption and the reason for its urgency is as follows: The sale and discharge of safe and sane fireworks poses health and safety risks to the community. In order for safe and sane fireworks to be sold in late June and early July in a manner that protects the community, applications for fireworks permits must be submitted to the City in March. In part, this ordinance adopts new rules and regulations that may affect the organizations that apply for a fireworks permit and the rules that will govern the sale of safe and sane fireworks. If this ordinance is not adopted as an urgency ordinance, the new rules will not have a practical effect until next year, meaning that the protections provided by the new ordinance will be delayed by a year, to the detriment of public health and safety. To avoid those risks, the ordinance needs to be adopted on an urgency basis.

ADOPTED: _____

EFFECTIVE: _____

_____
ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

_____
BONNIE PAIGE
City Clerk of the City of Stockton

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Resolution No. _____

STOCKTON CITY COUNCIL

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RESOLUTION INCREASING THE REGULATORY FEE FOR THE SALE OF SAFE AND SANE FIREWORKS

The City of Stockton's (City) Fireworks Ordinance, codified in Chapter 8.92 of the Stockton Municipal Code, provides that organizations that are to receive fireworks sales permits must first pay a regulatory fee to the City in order that the City have adequate funds to provide City personnel to enforce the provisions of the Ordinance; and

In 2010, the City Council set that fee at $500; and

Based on the cost of enforcement in 2010 and 2011, the $500 fee is inadequate to cover the full cost of enforcement; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON AS FOLLOWS:

1. The regulatory fee to cover the cost of enforcement of the Fireworks Ordinance (section 8.92.040 F, Stockton Municipal Code) is $600.

2. The City Manager is authorized to take such other actions as are appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED February 28, 2012.

_____
ANN JOHNSTON
Mayor of the City of Stockton

ATTEST:

_____
BONNIE PAGE
City Clerk of the City of Stockton

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City Atty:
Review AS
Date February 22, 2012