



Willows City Council Regular Meeting

January 28, 2020
Willows City Hall
7:00 p.m.

Agenda

201 North Lassen Street
Willows, CA 95988
(530) 934-7041

City Council
Kerri Warren, Mayor
Larry Domenighini, Vice Mayor
Gary Hansen, Council Member
Lawrence Mello, Council Member
Joe Flesher, Council Member

Interim City Manager
Wayne Peabody

City Clerk
Tara Rustenhoven

1. **CALL TO ORDER- 7:00 p.m.**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **CEREMONIAL MATTERS (Proclamations, Recognitions, Awards)**
 - a. Willows High School Robotics Club

5. **PUBLIC COMMENT/WRITTEN COMMUNICATIONS**

a. **Public Comments:**

Members of the public wishing to address the Council on any item(s) not on the agenda may do so at this time when recognized by the Mayor/Vice Mayor; however, no formal action will be taken unless a majority consensus of the Council directs staff to place the item on a future agenda. Public is advised to limit discussion to one presentation per individual. While not required, please state your name and address for the record. (Oral communications will be limited to three minutes)

6. **CONSENT AGENDA**

Consent items are considered to be routine by the City Council and will be enacted in one motion. There will be no separate discussion on these items unless a Council Member requests, in which event the item will be removed from the consent agenda. It is recommended that the Council:

- a. Approval of payroll & direct deposit check registers Z10494-Z10525, 38457-38477.
- b. Approval of minutes of the Special Meeting-Sewer Ad Hoc Committee Meeting held on January 14, 2020
- c. Approval of minutes of the Regular City Council Meeting held on January 14, 2020.

Comments from the public are welcome. The Mayor will allow an opportunity for comments related to Public Hearings or any item on the agenda. Please limit comments to three minutes per topic, and one comment per person per topic. Once comments conclude, please allow the Council the opportunity to continue its consideration of the item without interruption.

7. REGULAR BUSINESS AGENDA/ITEMS REQUIRING COUNCIL ACTION

- a. Discussion and possible adoption of the Resolution appointing Coastland Civil Engineering as the Engineer of Work for the City of Willows Landscaping and Lighting Special Assessment District and direct the preparation of the annual Engineer's Report for FY 2020-21.
 - i. **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS APPOINTING COASTLAND CIVIL ENGINEERING AS THE ENGINEER OF RECORD FOR THE CITY OF WILLOWS LANDSCAPING AND LIGHTING SPECIAL ASSESSMENT DISTRICT AND DIRECTING THE PREPARATION AND FILING OF THE ENGINEER'S REPORT FOR FISCAL YEAR 2020-2021 (PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972).**
- b. Direct staff to establish a date and time for 2019-20 Mid-Year Budget Review.
- c. Presentation and discussion of inhouse vs. contract wastewater treatment operations analysis.
- d. 1. Discussion and possible adoption of a Resolution, approving a Five-Year Rate Structure for Sewer Service Fees and Direct Staff to Commence the Proposition 218 process.
2. Establish dates and times for two Town Hall Meetings (separate and apart from the Proposition 218 Public Hearing). Preferable dates are February 13, 19, and March 5.
 - i. **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS APPROVING A FIVE-YEAR RATE STRUCTURE FOR SEWER SERVICE FEES AND DIRECTING STAFF TO COMMENCE THE PROPOSITION 218 PROCESS.**

8. COUNCIL/ STAFF REPORTS/COMMENTS

- a. Staff Reports/Comments:
- b. Council Reports/Comments:

9. RECESS TO CLOSED SESSION

- a. PUBLIC COMMENT-Pursuant to Government Code Section §54954.3, the public will have an opportunity to directly address the legislative body on the item below prior to the Council convening into closed session. Public Comments are generally restricted to three minutes.
- b. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Gov. Code Section §54956.9:
Number of cases: 4

10. ADJOURNMENT

This agenda was posted on January 24, 2020


Tara Rustenhoven, City Clerk

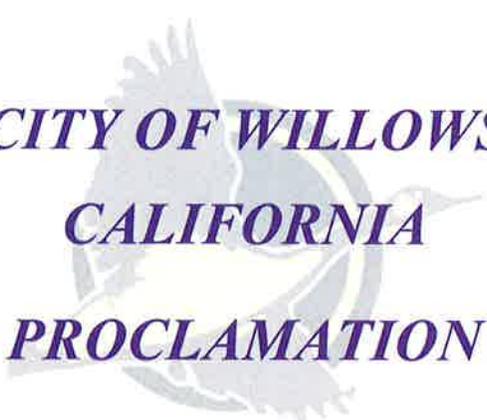
A complete agenda packet, including staff reports and back-up information, is available for public inspection during normal work hours at City Hall or the Willows Public Library at 201 North Lassen Street in Willows or on the City's website at www.cityofwillows.org.

In compliance with the Americans with Disabilities Act, the City of Willows will make available to members of the public any special assistance necessary to participate in this meeting. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132). The public should contact the City Clerk's office at 934-7041 to make such a request. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

The City of Willows is an Equal Opportunity Provider



CEREMONIAL MATTERS



**CITY OF WILLOWS
CALIFORNIA
PROCLAMATION**

Honoring the Willows High School Robotics Club

WHEREAS, Science, Technology, Engineering and Math (“STEM”) education plays a vital role in shaping the success of turning today’s students into tomorrow’s leaders, and

WHEREAS, it is even more important that STEM education be applied in a practical, learn-by-doing environment, and

WHEREAS, it takes a combination of teachers, mentors, parents, guardians, in fact, the whole community, to promote and apply STEM education, and

WHEREAS, Ms. Eloise Lengyel and other volunteers have provided tremendous leadership in forming and nurturing the Willows High School Robotics Club, and

WHEREAS, despite being a very young organization with very limited resources, through the hard work, dedication, and resourcefulness of the Club Members and Leaders of the Willows High School Robotics Club, they earned Second Place at a recent regional robotics competition, and

WHEREAS, this Second Place finish was against significantly more advanced competition, not only in terms of experience, but financial resources as well.

NOW, THEREFORE, I, Kerri Warren , as Mayor of the City of Willows, do hereby present this proclamation with the pride, appreciation, and thanks of the City Council and our Community for the outstanding achievement of the Willows High School Robotics Club members, leaders, and volunteers.

Kerri Warren, Mayor
January 28, 2020





CONSENT AGENDA



Period

1/11/2020 TO 1/24/2020

General Checking XXX TO XXX

Payroll Direct Deposit Z10494 TO Z10525

Payroll Checks 38457 TO 38477

APPROVAL DATE 1/28/2020

APPROVED _____



ACTION MINUTES OF THE SPECIAL MEETING-AD HOC SEWER RATE COMMITTEE MEETING HELD JANUARY 14, 2020

Meeting audio is available at the City of Willows website. This is not a live feature. Audio recordings are posted the succeeding business day following the scheduled City Council Meeting.

Please visit www.cityofwillows.org for free PodBean recordings.

Interim City Manager Wayne Peabody called the meeting to order at 5:30 p.m.

The meeting opened with the Pledge of Allegiance led by Vice Mayor Domenighini.

Roll Call:

Council Members Present: Vice Mayor Domenighini, Mayor Warren

Community Members Absent: RaeAnn Titus, Forest Sprague

Staff Present: Interim City Manager Wayne Peabody, Administrative Services Director Tim Sailsbery, City Clerk Tara Rustenhoven

Interim City Manager announced that this meeting will be continued to January 21, 2020 at 5:30 pm.

Public Comment/ Written Communications:

Jeff Williams, resident of Willows gave examples of the past sewer rate increases.

Adjournment:

The Meeting was adjourned at 5:33 p.m.

Dated: January 17, 2020

Tara Rustenhoven, City Clerk



ACTION MINUTES OF THE WILLOWS CITY COUNCIL REGULAR MEETING HELD JANUARY 14, 2020

Meeting audio is available at the City of Willows website. This is not a live feature. Audio recordings are posted the succeeding business day following the scheduled City Council Meeting.

Please visit www.cityofwillows.org for free PodBean recordings.

Mayor Warren called the meeting to order at 7:00 p.m.

The meeting opened with the Pledge of Allegiance led by Council member Hansen.

Roll Call:

Council Members Present: Council Members Flesher, Mello, Hansen, Vice Mayor Domenighini, Mayor Warren

Council Members Absent:

Staff Present: Interim City Manager Wayne Peabody, Administrative Services Director Tim Sailsbery, Community Services Director Steve Soeth, City Attorney Robert Hunt, City Clerk Tara Rustenhoven

Public Comment/ Written Communications:

Jeff Williams, resident of Willows-Wanted to thank former Mayor Hansen for reading his letter at the last City Council Meeting. He also wanted to thank Tim Sailsbery for taking the time to look at Reb Bluff's RFP for their operations of the Sewer Treatment Plant.

Scheduled Public and/or Staff Presentations:

- a. Presentation on County of Glenn tipping fees-
Scott De Moss, Glenn County Administrative Officer
Cole Grube, Glenn County Public Works Director
Talia Richardson, Glenn County Staff Services Manager

Consent Agenda:

- a. Approval of general checking, payroll & direct deposit check registers 37484-37543, Z10394-Z10493, 38407-38456.
- b. Approval of minutes of the Regular City Council Meeting held on December 10, 2019.
- c. Approval of minutes of the Public Safety Special Meeting held on December 27, 2019.

Action:

Motion: Council Member Hansen /Second: Council Member Flesher
Moved to approve the Consent Agenda as presented above and the following item(s).

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Mello, Hansen, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:
ABSTAIN:

Public Hearing:

- a. Conduct a public hearing for the 2019/2020 Appropriation Limit for the City of Willows and adopt a resolution establishing said limit.

Open public hearing at 7:25 p.m.

Closed Public hearing at 7:26 p.m.

Action:

Motion: Vice Mayor Domenighini/Second: Council Member Hansen

Moved to approve A Resolution of the City Council of the City of Willows establishing 2019/20 Appropriation limit be adopted, as amended.

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Mello, Hansen, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:

ABSTAIN:

Regular Business:

- a. By motion, Accept the Terms and Conditions of the Project Specific Supplemental Agreement Submitted by Coastland Civil Engineering, Inc. for design engineering and survey of the N. Lassen Street Rehabilitation Project, Direct the Interim City Manager to Sign the Agreement, and Appropriate an Additional \$7,516 Regional Surface Transportation Funds (310.7256.400)

Jeff Williams, wanted to know how the city determines which roads get repaired first.

Action:

Motion: Council Member Hansen/Second: Council Member Flesher

Moved to approve by motion, the Terms and Conditions of the Project Specific Supplemental Agreement Submitted by Coastland Civil Engineering, Inc. for design engineering and survey of the N. Lassen Street Rehabilitation Project, Direct the Interim City Manager to Sign the Agreement, and Appropriate an Additional \$7,516 Regional Surface Transportation Funds (310.7256.400)

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:

ABSTAIN:

- b. By motion, appoint members to the Willows Library Board in accordance with the recommendation of Vice Mayor Domenighini and Councilmember Flesher to the Willows Library Board of Trustees for terms ending on June 30, 2023.

Action:

Motion: Council Member Mello/Second: Vice Mayor Domenighini

Moved to appoint Robert Griffith, Lisa Kennedy, and Sunshine Kelly to the Willows Library Board in accordance with the recommendation of Vice Mayor Domenighini and Councilmember Flesher to the Willows Library Board of Trustees for terms ending on June 30, 2023.

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:

ABSTAIN:

Council/Staff Reports/Comments:

a. Staff Reports/Comments:

- Tim Sailsbery invited council and spouses to the Willows Fire Installation Dinner.
- Glenn County Sheriff Richard Warren presented the Law Enforcement Monthly Report for December 2019. Also announced that there are three new Deputies. There will be a swearing in ceremony on January 30th at 2 pm at the Willows Memorial Hall.
- Steve Soeth wanted to announce that the Leaf Season is officially over.

b. City Council Reports Comments: Council gave comments/reports on activities and various meeting they attended.

Recess to Closed Session

a. PUBLIC COMMENT-Pursuant to Government Code Section §54954.3, the public will have an opportunity to directly address the legislative body on the item below prior to the Council convening into closed session. Public Comments are generally restricted to three minutes.

b. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Gov. Code Section §54956.9

Number of cases: 4

Entered into closed session at 7:46 p.m.

Council reconvened into open session at 8:12 p.m.

Announcement of any action taken in closed session:

Mayor Warren reported no reportable action.

Adjournment:

The Meeting was adjourned at 8:12 p.m.

Dated: January 17, 2019

Tara Rustenhoven, City Clerk



REGULAR BUSINESS

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Landscaping and Lighting Special Assessment District.

RECOMMENDATION

Adopt the Resolution appointing Coastland Civil Engineering as the Engineer of Work for the City of Willows Landscaping and Lighting Special Assessment District; direct the preparation of the annual Engineer's Report for FY 2020-21.

SUMMARY:

The Willows Landscaping and Lighting Special Assessment District ("District") was initially formed by the City in 2005 to pay for costs associated with maintaining landscaping and maintenance in the Birch Street Village subdivision, this portion of the district is known as Zone A. In FY 2012-13, the Walmart parcel was annexed into the district and is known as Zone B. Zone B funds the street lights and traffic signals associated with the Walmart development in accordance with the Landscaping and Lighting Act of 1972 ("Act").

The Landscaping and Lighting Act requires that the City undertake certain proceeding for any fiscal year in which assessments are to be levied and collected. These proceedings are typically accomplished at three separate Council meetings with the following actions:

- 1) Adopt a resolution appointing the Engineer of Work and directing the preparation of the annual Engineer's Report.
- 2) Approve the Engineer's Report, declare the City Council's intent to levy assessments and set a date for a public hearing.
- 3) Conduct a public hearing and authorize the levying and collection of assessments for the upcoming fiscal year.

The attached resolution begins the proceeding for the FY 2020-21. The Engineer's Report will analyze the anticipated costs and determine the corresponding assessments amounts. The City Council can make changes to the Engineer's Report once it has been prepared and filed. The Engineer's Report should be approved by the City no later than the end of June of each year so that the information can be transmitted to the County for the inclusion on the tax rolls. The County needs to have all information transmitted and correct no later than August 10th of each year. In order to meet this schedule and comply with the regulations of the Streets and Highways code for this type of Assessment District, the assessment engineering process should begin now.

FINANCIAL CONSIDERATIONS:

None; costs associated with the Annual District Assessment Engineering Services are covered expenses within the assessments ultimately levied

NOTIFICATION:

None required at this time.

ALTERNATE ACTIONS

None recommended.

RECOMMENDATION

Adopt the Resolution appointing Coastland Civil Engineering as the Engineer of Work for the City of Willows Landscaping and Lighting Special Assessment District; direct the preparation of the annual Engineer's Report for FY 2020-21.

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachments:

- A- Resolution Appointing the Engineer of Record and directing the filing of the annual Engineer's Report.
- Engineer of Record Proposal



City of Willows
Resolution XX-2020

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS
APPOINTING COASTLAND CIVIL ENGINEERING AS THE ENGINEER OF
RECORD FOR THE CITY OF WILLOWS LANDSCAPING AND LIGHTING
SPECIAL ASSESSMENT DISTRICT AND DIRECTING THE
PREPARATION AND FILING OF THE ENGINEER'S REPORT FOR
FISCAL YEAR 2020-2021 (PURSUANT TO THE LANDSCAPING AND
LIGHTING ACT OF 1972)**

WHEREAS, on October 11, 2005 the City Council adopted Resolution #22-2005; authorizing the formation of the Assessment District to levy and collect assessments pursuant to the Landscaping and Lighting Act of 1972; and

WHEREAS, the City Council intends to levy and collect assessments within the Assessment District during FY 2020-21, located in the City of Willows, Glenn County; and

WHEREAS, pursuant to Section 22622 of the Streets and Highways Code, the City Council must annually appoint the Engineer of Record and direct the preparation and filing of the annual Engineer's Report in order to levy and collect assessments on any following fiscal year; and

WHEREAS, Coastland Civil Engineering, serves in the capacity of City Engineer and has demonstrated the expertise necessary to prepare the annual Engineer's Report.

NOW THEREFORE BE IT RESOLVED, that the City Council of the City of Willows does hereby appoint Coastland Civil Engineering as the Engineer of Work for the City of Willows Landscaping and Lighting Special Assessment District and is hereby directed to prepare and to file the Annual Engineer's Report showing any changes, pursuant to Section 22565 of the Streets and Highways Code.

PASSED AND ADOPTED by the City Council of the City of Willows this 28th day of January, 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:

ATTESTED:

Kerri Warren, Mayor

Tara Rustenhoven, City Clerk



COASTLAND

CIVIL ENGINEERING - CONSTRUCTION MANAGEMENT - BUILDING DEPARTMENT SERVICES

January 21, 2020

Mr. Steve Soeth
Community Development Services Director
201 N. Lassen Street
Willows, CA 95988

RE: Proposal for Assessment Engineering services for the City of Willows FY 2020-21
Landscaping and Lighting Assessment District

Dear Steve,

As we have done for the past several years, we have prepared this letter proposal for assessment engineering work associated with the City of Willows' FY 2020-21 Landscaping and Lighting Assessment District (LLAD). We have provided these services to the City for a number of years and are very familiar with the annual proceedings required by the Streets and Highways Code for this type of maintenance assessment district. All costs associated with these services are paid through the special assessment district and there are no impacts to the City's General Fund or other funds.

As background, the City authorized the formation of a Landscape and Lighting Assessment District for the Birch Street subdivision (consisting of 34 single family parcels) in 2005. This portion of the district is known as Zone A and it funds the annual operation and maintenance of the public improvements within that Zone. In FY 2012-13, the Walmart parcel was annexed into the district and is known as Zone B. Zone B funds the street lights and that portion of the traffic signal associated with the Walmart development. In FY 2020-21, the South Willows Commercial and Industrial Center parcels were annexed into the district as Zone C. Zone C funds the street lights and the annual operation and maintenance of the public improvements within that Zone. It is our understanding that there are no annexations into the assessment district anticipated this year.

In order to comply with the rules and regulations of the 1972 Act for this type of an assessment district as shown in the Streets and Highways Code, an annual engineer's report must be filed. The engineer's report will include the required information regarding special and general benefits for all maintained improvements within each zone. With each annual engineer's report, changes must be noted, budgets must be established, fund balances must be calculated and assessments must be determined. We will be double checking with the Public Works Department as to whether the monies collected are sufficient to cover the operation and maintenance costs of each existing zone.

Please note that the following scope of work assumes that budgets with this year's LLAD will not exceed the maximum allowed under the previous engineer's reports. If budgets increase assessments beyond the maximum allowed, tasks will have to be added to include a required public information meeting and for preparation and mailing of special ballots as required per California Constitution Article XIII D (sometimes referred to as Proposition 218), Section 4. We can provide

Santa Rosa
1400 Neotomas Avenue
Santa Rosa, CA 95405
Tel: 707.571.8005

Auburn
11641 Blocker Dr., Suite 170
Auburn, CA 95603
Tel: 530.888.9929

Pleasant Hill
3478 Buskirk Avenue, Ste. 1000
Pleasant Hill, CA 94523
Tel: 925.233.5333

www.coastlandcivil.com

this additional information to the City if, and when it is determined that budgets will cause an increase in the assessments above the maximum allowed.

In order to keep the cost of this project as low as possible, we have written this proposal with the understanding that City staff will assist as much as possible, and specifically in the various areas noted below.

Based on our understanding of your needs, the following is our proposed scope of work to complete FY 2020-21 proceedings to levy and collect assessments:

SCOPE OF WORK

Task 1 - Meet and Coordinate with City Staff

Both at the onset of our work, as well as throughout the proceedings, we anticipate meeting with City staff, either by phone or in person, to ensure full coordination of the project. In the initial meeting we will provide the budget worksheets for the appropriate City staff to complete. A timeline will be prepared identifying deadlines and the three council meeting dates. One City staff person will need to be identified as our liaison. We will coordinate with the City to help them address the necessary apportionment of general and special benefits for the maintained improvements within each zone. Coordination will become particularly important both with the City Council meetings and the timing of the Public Noticing as required by the provisions regulating the Landscaping and Lighting Act of 1972.

Task 2 - Preparation of Agenda Reports and Resolutions for Three City Council Meetings

In accordance with the provisions of the Landscaping and Lighting Act of 1972 of Streets and Highways Code, the annual proceedings to levy and collect assessments typically require three separate City Council actions. We will prepare the draft agenda reports and resolutions for the three City Council meetings. We ask that the City provide Coastland (CCE) electronic file copies and hardcopies of the final, signed agenda reports and final, signed resolutions after each of the three City Council meetings.

Task 3 - Background Information

During the development of the FY 2020-21 Engineer's Report, we will need to gather all the appropriate background information from the City liaison. This information is typically gathered from Public Works, the Finance Department and the County Assessor's office. This includes completing a FY 2020-21 budget worksheet for each of the items included to be maintained, an Assessor's Parcel Map identifying the parcels proposed for annexation, changes to parcels within the LLAD (the City should provide us with updated County Assessor roll information for all parcels) and any other pertinent information necessary for inclusion within the FY 2020-21 Engineer's Report.



Task 4 – Budgets

Once the background information is collected, we will establish the budgets necessary for maintaining the LLAD improvements. The budgets in the FY 2020-21 Engineer's Report will be shown both in summary form and in a line item budget format in order to provide as much detail as possible. The maintenance, water and utility costs may each have a separate line item, as well as City administrative effort necessary to administer the LLAD and maintenance oversight/staffing over the upcoming fiscal year.

Task 5 – FY 2020-21 Engineer's Report

We will use the methodology of apportionment described in the last year's Engineer's Report to equitably spread the FY 2020-21 LLAD costs to each of the parcels within the LLAD. Please note, if any changes to the budget result in an increase of the annual assessments above the maximum allowed, balloting to all impacted property owners will be required.

The existing maps (Assessment Diagrams) outlining those parcels included in the District for FY 2020-21 will be updated as necessary.

All the budgeting information as mentioned in Task 4 will be included within the Engineer's Report, as well as background on the formation of the LLAD, narrative descriptions of the Zones within the LLAD, the improvements maintained, any improvements or changes proposed for FY 2020-21 and a listing of the specific assessment that will be levied on each of the parcels within the LLAD. The FY 2020-21 Engineer's Report will include all items as required in Sections 22565 through 22574 of the Streets and Highways Code. For the second City Council meeting, a draft Engineer's Report in electronic PDF form will be forwarded to the City for review and comment. Once finalized, an electronic PDF of the Engineer's Report will be submitted to the City for copying and distribution in order to preliminarily approve at the second City Council's meeting. For the third City Council meeting (Public Hearing) the Final Engineer's Report in PDF format will be forwarded for copying and distribution for final approval at the third City Council meeting. In addition, four hardcopies of the final Engineer's Report will be sent following the third City Council meeting for three signature certifications, typically by the City Clerk. Three signed copies are for the City's files; the fourth is to be returned for our files. A certified copy of the final authorizing resolution to levy and collect assessments will also be needed from the City in order to forward the assessment rolls to the County.

Task 6 – Assistance at City Council Meetings

We have included the cost to attend one Council meeting. We will be available to attend additional Council meetings associated with processing the LLAD on an as-needed, time and materials basis. It should be noted that, per our experience with other districts, the first Council meeting to appoint the District Engineer is typically a consent item.



Task 7 - Information to County Assessor' Office

Once the City Council approves the FY 2020-21 Engineer's Report at the Public Hearing and authorizes the levy and collection of the annual assessments to parcels within the assessment LLAD, we will compile the necessary information in the format desired by the County Assessor's Office and transfer this information to the County Assessor's Office for inclusion on the tax rolls for FY 2020-21. As prescribed by law, this information will be transmitted prior to August 10 of this year.

Project Fee

Based upon our described scope of work, we propose to provide our professional engineering services on a time and materials basis for a not to exceed amount of \$6,400. The total amount we have specified is only for our described Scope of Work. If you request work to be performed outside the scope of work or if the scope of work changes, we reserve the right to negotiate the cost for the extra work. Please note that we have estimated a budget of \$240 for reimbursable costs (primarily for printing the engineer's report.) This amount is included in the above total and is for reimbursable costs that are typically billed on an as-incurred basis plus 15%.

Schedule

As prescribed by the Landscaping and Lighting Act of 1972, we will complete all work associated with the Engineer's Report for FY 2020-21 by the end of April (for the preliminary engineer's report.) Assuming no revisions are needed to this report, the report will also be used in at the Public Hearing in June. Once fully approved, we will transmit the required information to the County no later than August 10th.

We hope this proposal meets with your approval. If it meets with your approval, we have provided a Project Specific Supplemental Agreement for your consideration and signature. If you have any questions regarding this proposal, please let me know. We appreciate the opportunity to serve the City.

Sincerely,



John Wanger

CC Tim Sailsbery, Finance Director



PROJECT SPECIFIC SUPPLEMENTAL AGREEMENT

WHEREAS, the City of Willows (herein referred to as "Agency") entered into a Public Agency Agreement with Coastland Civil Engineering, Inc. (herein referred to as "Consultant") to provide City Engineering Services; and

WHEREAS, said Public Agency Agreement for City Engineering allows for additional project specific engineering services to be assigned by the Agency on an as-needed basis; and

WHEREAS, the Agency has determined that the Agency needs Professional Engineering Services for preparation of the annual Lighting and Landscaping Special Assessment District Engineer's Report (hereinafter referred to as "Project"); and

WHEREAS, the Agency does not have the current staff with expertise to provide these services and needs to retain a consultant with the appropriate experience for this work; and

WHEREAS, Consultant has experienced staff with the proper experience and background to carry out the duties involved for this work; and

WHEREAS, Agency wishes to retain Consultant for the performance of services associated with said Project, subject to all the terms and conditions as set for in the original Public Agency Agreement with Consultant.

THEREFORE, Agency and Consultant mutually agree to the scope of work and additional fee as follows:

Scope of Work

All work associated with the Project shall be per the scope of work attached as Exhibit "A".

Payment Terms

For Consultant Services associated with the Project, Agency agrees to pay Consultant in accordance with the payment terms provided on Exhibit "B" attached hereto and incorporated herein by this reference.

IN WITNESS HEREOF, the parties have caused their authorized representative to execute this amendment on _____, 2020.

CITY OF WILLOWS "AGENCY"

BY: _____

COASTLAND CIVIL ENGINEERING, INC. "CONSULTANTS"

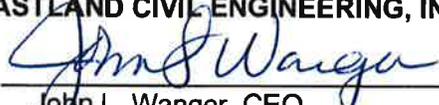
BY:  _____
John L. Wanger, CEO



Exhibit "A" **SCOPE OF WORK**

Task 1 - Meet and Coordinate with City Staff

Both at the onset of our work, as well as throughout the proceedings, we anticipate meeting with City staff, either by phone or in person, to ensure full coordination of the project. In the initial meeting we will provide the budget worksheets for the appropriate City staff to complete. A timeline will be prepared identifying deadlines and the three council meeting dates. One City staff person will need to be identified as our liaison. We will coordinate with the City to help them address the necessary apportionment of general and special benefits for the maintained improvements within each zone. Coordination will become particularly important both with the City Council meetings and the timing of the Public Noticing as required by the provisions regulating the Landscaping and Lighting Act of 1972.

Task 2 - Preparation of Agenda Reports and Resolutions for Three City Council Meetings

In accordance with the provisions of the Landscaping and Lighting Act of 1972 of Streets and Highways Code, the annual proceedings to levy and collect assessments typically require three separate City Council actions. We will prepare the draft agenda reports and resolutions for the three City Council meetings. We ask that the City provide Coastland (CCE) electronic file copies and hardcopies of the final, signed agenda reports and final, signed resolutions after each of the three City Council meetings.

Task 3 - Background Information

During the development of the FY 2020-21 Engineer's Report, we will need to gather all the appropriate background information from the City liaison. This information is typically gathered from Public Works, the Finance Department and the County Assessor's office. This includes completing a FY 2020-21 budget worksheet for each of the items included to be maintained, an Assessor's Parcel Map identifying the parcels proposed for annexation, changes to parcels within the LLAD (the City should provide us with updated County Assessor roll information for all parcels) and any other pertinent information necessary for inclusion within the FY 2020-21 Engineer's Report.

Task 4 - Budgets

Once the background information is collected, we will establish the budgets necessary for maintaining the LLAD improvements. The budgets in the FY 2020-21 Engineer's Report will be shown both in summary form and in a line item budget format in order to provide as much detail as possible. The maintenance, water and utility costs may each have a separate line item, as well as City administrative effort necessary to administer the LLAD and maintenance oversight/staffing over the upcoming fiscal year.



Task 5 – FY 2020-21 Engineer’s Report

We will use the methodology of apportionment described in the last year’s Engineer’s Report to equitably spread the FY 2020-21 LLAD costs to each of the parcels within the LLAD. Please note, if any changes to the budget result in an increase of the annual assessments above the maximum allowed, balloting to all impacted property owners will be required.

The existing maps (Assessment Diagrams) outlining those parcels included in the District for FY 2020-21 will be updated as necessary.

All the budgeting information as mentioned in Task 4 will be included within the Engineer’s Report, as well as background on the formation of the LLAD, narrative descriptions of the Zones within the LLAD, the improvements maintained, any improvements or changes proposed for FY 2020-21 and a listing of the specific assessment that will be levied on each of the parcels within the LLAD. The FY 2020-21 Engineer’s Report will include all items as required in Sections 22565 through 22574 of the Streets and Highways Code. For the second City Council meeting, a draft Engineer’s Report in electronic PDF form will be forwarded to the City for review and comment. Once finalized, an electronic PDF of the Engineer’s Report will be submitted to the City for copying and distribution in order to preliminarily approve at the second City Council’s meeting. For the third City Council meeting (Public Hearing) the Final Engineer’s Report in PDF format will be forwarded for copying and distribution for final approval at the third City Council meeting. In addition, four hardcopies of the final Engineer’s Report will be sent following the third City Council meeting for three signature certifications, typically by the City Clerk. Three signed copies are for the City’s files; the fourth is to be returned for our files. A certified copy of the final authorizing resolution to levy and collect assessments will also be needed from the City in order to forward the assessment rolls to the County.

Task 6 – Assistance at City Council Meetings

We have included the cost to attend one Council meeting. We will be available to attend additional Council meetings associated with processing the LLAD on an as-needed, time and materials basis. It should be noted that, per our experience with other districts, the first Council meeting to appoint the District Engineer is typically a consent item.

Task 7 - Information to County Assessor’s Office

Once the City Council approves the FY 2020-21 Engineer’s Report at the Public Hearing and authorizes the levy and collection of the annual assessments to parcels within the assessment LLAD, we will compile the necessary information in the format desired by the County Assessor’s Office and transfer this information to the County Assessor’s Office for inclusion on the tax rolls for FY 2020-21. As prescribed by law, this information will be transmitted prior to August 10 of this year.



Exhibit "B"
ESTIMATED COST

Based on our scope of work, we are proposing that the services associated with this project be completed for a not-to-exceed amount of \$6,400. The amount quoted is assuming that all work for this project will fall under the scope of work as previously described. If additional work is necessary that falls outside of this scope of work, we can either re-negotiate a new scope of work or provide these services on a time and materials basis per our adopted schedule of hourly rates.

Please note that in the not-to-exceed amount, we have included an estimated amount of \$240 for reimbursable expenses (i.e. printing, plotting, etc.) These reimbursable costs will be billed at cost plus 15%.



AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Establish Date and Time for Mid-Year Budget Review

RECOMMENDATION

Direct Staff to Establish a Date and Time for 2019-20 Mid-Year Budget Review.
Preference is for Week of February 24

SITUATION (or BACKGROUND):

Staff is requesting that Council set a date and time for a budget review session. It is at Council's discretion as to whether this workshop meeting is held during the day or in the evening. The week of February 24 is requested for the review session.

FINANCIAL CONSIDERATIONS:

None-Any action items arising from the Mid-Year Budget Review will be agendized for the next available, regularly scheduled meeting.

NOTIFICATION

Agenda to Be Posted in Accordance with the Brown Act

ALTERNATE ACTIONS

1. Decline to Conduct a Mid-Year Budget Review

RECOMMENDATION

Direct Staff to Establish a Date and Time for 2019-20 Mid-Year Budget Review.
Preference is for Week of February 24

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Analysis of Contract vs. In House Wastewater Treatment Plant Operations

RECOMMENDATION

Provided for Informational Purposes at this Time. To Be Utilized by Council and Staff as Decisions are Made Regarding Future Operation of the Wastewater Treatment Facility.

SITUATION (or BACKGROUND):

At Staff's request, Council authorized an analysis of contract services vs. in house staffing of the wastewater treatment facility, performed by our City engineering firm, Coastland. The analysis is attached for your review and comment.

While the analysis provides a thorough and comprehensive look at the situation from both financial and non-financial factors, several highlights/restatements will assist in your review-

-The current year contract total for Inframark, \$650,932, includes a repair and maintenance amount of just over \$56,000. We do not separate this in our accounting for the expenditures paid to Inframark. It is all classified as contract services. Again, the \$56K is part of the \$650,932 total. If we were to bring wastewater treatment in house, we would need to include this in the cost of doing so. It is included in the Preliminary Estimated Budget on Page 7 of the analysis in the amount of \$51,600.

-The preliminary budget for bringing the work in house was calculated by Coastland to be estimated at \$670,838 vs. this year's cost to Inframark of \$650,932. There may be disagreements over individual line items (Coastland provides a list of how they arrived at the various cost items), but, in general, the cost of either option is close to the same.

-It is important to review the other factors involved in contract vs. in house operations, not just the raw numbers.

As a reminder, the City will be taking WWTP services out to bid for services starting 11/1/20 (when the Inframark contract ends). Council and Staff should use this analysis as a tool in determining, once the bids are received, the pros and cons of each option. Council retains the right to reject all bids if the determination is ultimately to bring operations in house.

FINANCIAL CONSIDERATIONS:

None, at this time

NOTIFICATION

N/A

ALTERNATE ACTIONS

None, informational item

RECOMMENDATION

Provided for Informational Purposes at this Time. To Be Utilized by Council and Staff as Decisions are Made Regarding Future Operation of the Wastewater Treatment Facility

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachment-Analysis of Public Operations-City of Willows Wastewater Treatment Plant



**ANALYSIS OF PUBLIC OPERATIONS
CITY OF WILLOWS WASTEWATER TREATMENT PLANT**

Prepared for:

City of Willows

January 2020



1400 Neotomas Avenue
Santa Rosa, CA 95405

Analysis of Public Operations City of Willows Wastewater Treatment Plant

Background

The original wastewater treatment plant for the City of Willows was constructed in 1948 and upgraded in 1992. In 2007, the City completed construction on the current wastewater treatment plant (the "Plant"). This construction involved the upgrade of the treatment process from secondary to tertiary. The current Plant has a permitted average dry weather flow capacity of 1.2 million gallons per day and produces disinfected tertiary recycled water through extended aeration, clarification, filtration, chlorine disinfection and dechlorination. The Plant discharges year-round to surface waters via an agricultural drain which is tributary to Logan Creek.

The Plant is permitted by the State of California through the Central Valley Regional Water Quality Control Board (RWQCB). The most recent permit was issued by the RWQCB in 2016; Waste Discharge Requirements Order R5-2016-0090 - NPDES No. CA0078034 (Permit). The Plant is listed as a "Major" plant/discharger by the RWQCB. This is due primarily to the Plants discharge to surface waters, which has a greater potential impact on public health and the environment than land disposal. The Plants classification is a Class IV as defined in the California Code of Regulations, Title 23, Division 3, Chapter 26, section 3675.

The Plant has been operated under contract since its upgrade to tertiary in 2007. Contract operations of wastewater treatment plants is common, particularly in rural areas. The current contract operator is Inframark. Other companies providing wastewater contract operations services include Aqua Operations, Water Quality Specialists, Veolia, and Utility Partners.

Purpose of Report

The City's current contract for operations of the Plant expires in October 2020. The City is sensitive to the cost of providing its services. The City has therefore commissioned this report to evaluate the cost and other implications of potentially providing operations of the Plant in-house.

Plant Operator Staffing Requirements

The City's Plant is highly technical due to its discharge to surface waters. The complexity of the Plant and its operations is underscored by the 114-page Permit under which it operates. Under State regulations, the Plant must have a Chief Plant Operator (CPO) with a minimum State Certification level of a Grade IV WWTP Operator and a Designated Operator-in-Charge (DOIC) with a minimum Grade III WWTP Operator Certification. State Regulations also require that a lone operator be licensed at the same level as the DOIC unless the CPO can show that, despite due diligence, they have been unable to hire an appropriately licensed operator and a temporary, special approval is granted by the State.

The Plant operates continuously. Although the Plant does not need to be staffed continuously, the Permit requires daily sampling and testing, and the complexity of the system necessitates regular attention and warrants staffing daily. To minimize the exposure to Permit violations, the Plant requires 24/7 monitoring and on-call response by licensed wastewater (WW) operators. Due to the complexity of the Plant and the Permit requirements, it is important that staff be available to respond to alarms within one-hour during nights and evenings.

The Plant is currently staffed by three licensed operators; two licensed at the Grade V level and one licensed as a Grade III. To provide a shift-operator seven days per week, monitor and operate the Plant, perform all required preventative and corrective maintenance, collect all required samples, prepare and submit all required reports, and perform all other duties required to operate the Plant in compliance with the Permit, a staff of three operators is a reasonable minimum level. In order to meet the State requirements¹, the minimum licensing level for these operators should be as follows:

<u>Position</u>	<u>Minimum Certification</u>	<u>Number</u>
Chief Plant Operator (CPO)	Grade IV WW Operator	1
Designated Operator-in-Charge (DOIC)	Grade III WW Operator	1
Lone Operator	Grade III WW Operator	1

Other Staffing

The Plant is highly technical and utilizes biological, mechanical, and chemical treatments. These treatment processes rely on a broad range of equipment which must be maintained regularly. Much of this maintenance can be performed by the Plant operators. However, some of the preventative and corrective maintenance on pumps, motors, switch gear, instrumentation, and communication equipment require specialized personnel such as industrial mechanics, electricians, laboratory technicians, and IT specialists. The small size of the Plant does not generate enough work in these areas to warrant adding any of these specialized positions to staff. These services are most efficiently provided by outside vendors through contract.

Contract Operations

The Plant is currently operated through a contract with Inframark, which is a company providing contract operations for water and wastewater systems nation-wide. In order to be successful, contract operators must make a profit. This profit adds to the cost of operations and must be offset by reduced operations costs and efficiencies in order to result in the lowest cost of service for the City.

Contract operations with a company such as Inframark can provide these efficiencies and reduced costs to the City in several ways, including:

¹ TITLE 23. WATERS DIVISION 3. STATE WATER RESOURCES CONTROL BOARD AND REGIONAL WATER QUALITY CONTROL BOARDS CHAPTER 26. WASTEWATER TREATMENT PLANT CLASSIFICATION, OPERATOR CERTIFICATION, AND CONTRACT OPERATOR REGISTRATION

- A large pool of licensed operators,
- In-house maintenance specialists (industrial mechanic, electrician, lab tech, IT, etc.),
- In-house ELAP certified laboratory services,
- Bulk/volume pricing on chemicals and specialty laboratory services,
- Shift of financial responsibility for fines/penalties from the City to the operator.

City Operations

General Considerations

In considering the possibility of municipal operations of the Plant, there are a few key issues to consider. The first is the availability of qualified personnel. In general, there is a shortage of licensed wastewater operators in California. This shortage is driven by high retirement rates, low recruitment rates, increased State certification requirements, and a shortage of intern programs for operators-in-training. The shortage of licensed operators has been exacerbated in the public sector by recent reductions in public pension benefits.

Although this shortage is an industry-wide issue, the lack of availability of operators can be pronounced in rural areas. Many rural plants are simple, pond systems with land disposal. These plants only require a Grade I WW Operator certification for the CPO. The majority of the jobs requiring and compensating an operator for a higher-level license are in urban areas where municipal plants are larger and more complicated, and jobs are available in private industry.

The requirements to become a licensed wastewater treatment plant operator are substantial. In addition to passing a licensing examination, the minimum requirements to be certified at the levels required to operate the Willows Plant are as follows:

<u>WW License</u>	<u>Education</u>	<u>Experience</u>
Grade III	AS in Sciences High School or GED	Two years performing WW operator functions, or Four years performing WW operator functions, or Three years as a Grade II
Grade IV	BS in Sciences AS in Sciences High School or GED	Two years performing WW operator functions, or Four years performing WW operator functions, or Six years performing WW operator functions, or Four years as a Grade III

This shortage of licensed WW operators will potentially affect the City every time there is a vacancy. Since it is highly unlikely that there will be an appropriately licensed WW operator looking for work in the general area when a position is vacated, the City should expect to have to contract for a temporary licensed operator through a private company until a position can be permanently filled.

Municipal Operations Model

To help the City analyze and consider the costs and implications of municipal operations, we have prepared a draft budget for municipal operations of the Plant. The City's current agreement with Inframark for Plant operations is a partnership. While Inframark is responsible for the bulk of the services and supplies relating to operations of the Plant, the agreement was thoughtfully drafted and has the City providing some items directly. This approach minimizes City costs by eliminating contractor markup on high-cost items which have fixed costs. These items include utilities, solids disposal and Capital Improvements.

The City is also responsible for operations and maintenance of the sewer collection system. These sewer collection expenses and Plant operations are all funded out of the Sewer Enterprise Fund. To make the cost implications as clear as possible, our draft budget is intended to capture only those annual expenses the City would be expected to incur if they ceased contract operations.

A copy of the draft budget, entitled, "Preliminary Estimated Budget for Sewer Plant Operations" is attached. To aid in understanding this document, we have included brief explanations of each line item in the attachment.

Additional Considerations

As mentioned earlier in this report, there are several financial considerations that should be accounted for but were not included in the budget. These expenses are:

1. Periodic contract expenses to fill temporary vacancies in staffing, and
2. Fines and penalties.

We estimate the additional cost to hire a contract employee to help operate the Plant during the four to five months assumed to fill a vacancy would be between \$25,000 and \$45,000. This is based on salary savings based on an estimated average fully burdened hourly rate for a City employee of \$80 per hour and the cost of a contract operator at an estimated hourly rate of \$120 to \$150.

With the low salaries assumed for the "Preliminary Estimated Budget for Sewer Plant Operations", employee turnover would be expected to be high. We would estimate that the average operator at those salaries would turnover every two to ten years. Using an average turnover of six years and an average cost \$35,000 per cycle, the City should expect to pay an additional \$15,000 to \$20,000 every year in additional Contractual Services Costs above what we have estimated. If the City pursues public operations, we suggest they consider a higher, regionally competitive salary structure for operators. A slightly higher salary could greatly improve attraction and retention of employees and prove less expensive in the long term by reducing these periodic costs of contracting to backfill vacancies with licensed operators.

Fines and penalties are unfortunately common in wastewater plants and often become a regular part of the operations budget. The combination of increasing regulations, deferred maintenance, under investment, and complex permitting make it difficult for many plants to reliably meet permit requirements, especially as they age. Fines and penalties are typically assessed for all permit violations and can range from several thousand to several hundred thousand dollars per violation. Discharges to surface waters like the Willows Plant also carry Federal liability under the Clean Water Act (CWA) in addition to the State liabilities associated with all plants. Permit requirements are more complex, and fines and penalties tend to be higher with these types of facilities.

One benefit of contract operations is that the contract operator typically carries the responsibility for Permit compliance and is contractually responsible to pay all fines and penalties associated with Plant operations. This is the case with the current Willows contract. In the Permit, certain violations also trigger additional testing requirements and compliance plans. These can be very expensive to implement if triggered by a violation. The Contract appears to also make those items the responsibility of the contract operator. While an annual cost cannot be applied to these items, these contract provisions certainly have value and buffer the City from additional operations costs of the Plant. These items should be considered in analyzing the pros and cons of municipal operations.

Comparison of Alternatives

The majority of the cost to operate a wastewater treatment plant is embodied in three areas; personnel costs, power, and chemicals. Under its current contract with Inframark, the City pays all power costs directly so there is no change in these costs if the City chooses to assume municipal operations.

In the area of personnel costs, private operators tend to have lower personnel costs than public agencies. Private companies typically pay slightly higher salaries, but their benefit packages are substantially less than public agencies.

For chemical purchases, Inframark can purchase chemicals at a substantially lower price than the City would be able to. This is due to their large size and volume they purchase as a company. We have seen this illustrated in the public sector where several large water and wastewater plants in the same urban area have been able to form a consortium and buy chemicals collectively under a large, single contract. Willows remote, rural location would likely preclude their ability to participate in this type of bulk purchase.

Based on discussions with City staff, they expect the final cost of contracted services for Inframark to be \$651,000 for FY 19/20. The actual cost for these services in FY 18/19 was \$650,633. This annual cost includes approximately \$51,600 in contributions to the "Annual Repair and Maintenance" fund established by the contract. These funds are an allotment to cover non-routine maintenance and repair (i.e. capital expenses rather than operational costs).

As shown in the attached "Preliminary Estimated Budget for Sewer Plant Operations", we have estimated the annual cost for the City to perform the services in-house that are currently offered by Inframark to be \$670,838. This budget for municipal operations includes the \$51,600 in contributions to the "Annual Repair and Maintenance" fund. These contributions are for capital maintenance and replacement of equipment rather than operations. The funds are the property of the City under the contract and are returned if not utilized and accounted for. In order to ensure that the cost of municipal operations is calculated on the same basis as contract operations, this amount must be included in this budget for municipal operations. As discussed above, the City will also experience additional periodic expenses to cover hiring contract operators to fill positions during vacancies. The average annual cost of these services is estimated to be approximately \$17,500.

Summary

Based on our analysis, the costs for the City to operate its Plant through municipal operations would be \$670,838, which is approximately \$20,000 per year more than the cost of contract operations. Our analysis shows that the profit made by a contract operator is offset by their ability to provide chemicals, contract and laboratory services, and personnel at a lower overall cost in operating the Willows Plant.

Should the City wish to pursue contract operations, the liability to fines and penalties should be carefully considered. These are currently the responsibility of the contract operator and would shift to the City under municipal operations. This would increase the cost of municipal operations above what is represented in this report. Based on the current condition and history of the Plant, this additional cost is expected to be negligible in the near term. However, as the Plant equipment ages and its performance declines, these additional costs are expected to increase.

A final point for the City to consider if pursuing municipal operations is salaries. Our analysis assumed operator salaries would be set at the bottom of the regional market based on our limited survey. As outlined in this Report, these low salaries will increase turnover rates and require additional costs for contracting during periods of vacancies. It may prove more efficient and less expensive over time to set salaries closer to an average for the area. Due to the shortage of operators, setting salaries at a higher level may prove to be a necessity. The overall impact to operations costs for the facility if salaries were set at the average for the area would raise the total cost for municipal operations by approximately \$32,000. This amount is based on higher salary costs and assumes a reduction in the vacancy rate of 50%.

**PRELIMINARY ESTIMATED BUDGET
SEWER PLANT OPERATIONS**

DESCRIPTION	PROJECTED EXPENSE
1 Salaries (1 Grade IV and 2 Grade III Operators)	\$ 252,660
2 Overtime (Estimated at 10%)	\$ 25,266
3 PERS	\$ 117,041
4 Health Insurance	\$ 57,000
5 FICA (7.65% of Salary)	\$ 19,329
6 Workers Compensation (6.5% of Salary)	\$ 16,423
7 Life Insurance	\$ 200
8 Training and Certifications	\$ 500
9 Computer and Office Expense	\$ 760
10 Small Tools and Equipment	\$ 1,500
11 Lab Equipment, Supplies, Calibrations and Maintenance	\$ 1,500
12 Uniform Expense	\$ 2,100
13 Telephone	\$ 750
14 Chemicals (Hypochlorite and Bisulphate)	\$ 38,150
15 Vehicle Capital (annualized replacement costs)	\$ 6,250
16 Vehicle Maintenance	\$ 2,500
17 Vehicle - Tires	\$ 500
18 Vehicle - Fuel	\$ 3,250
19 Professional Services - BASIC Labs plus courier	\$ 50,559
20 Contractual Services (Instrumentation, Electrical, Mechanical)	\$ 4,000
21 Travel & Meetings	\$ 250
22 Dues and Memberships	\$ 1,000
23 First Aid & Safety	\$ 250
Subtotal - Estimated Annual Operations Expense:	\$ 601,738
25 Contract WW Operator - Average Annual Expense	\$ 17,500
26 Annual Repair and Maintenance ¹	\$ 51,600
Total Estimated Annual Operations Expense:	\$ 670,838

Notes:

- ¹ The City's payment to Inframark includes this amount which is to be used for non-routine repair and maintenance expenditures under section 3 of the contract. These funds are the property of the City and returned if not used. To provide a proper comparison, this amount must be included in this budget for municipal operations as well.

Budget Line Item Explanations

Salaries – As stated above, we estimate the minimum staffing for the Plant to be three licensed operators. For budget purposes, we assumed the staff would be licensed at the minimum required level of one Grade IV and two Grade III's. An informal salary survey is attached. For estimating purposes, the salary base for the Grade III Operator was set at the low based on the survey sample. The Shift Supervisor salary was set at 10% above the base operator. The salary for the CPO/Manager was at the minimum for the area based on our survey data.

Overtime – We have assumed that the plant will be staffed daily throughout the year for 8 hours per day. Due to the continuous monitoring and alarm system, the amount of overtime associated with Plant operations is expected to be higher than most other areas in the City. We have assumed an average after-hours alarm/callout rate of three per week at an average of two-hours per callout. In addition, we have also assumed a standard overtime rate of 2.5% for extended shifts to handle larger projects and needs that arise late in a shift. These two factors combine to an overtime rate of 10%.

PERS – PERS rates are a percentage of salary. Current PERS rates for the Sewer Maintenance Operations calculate to be 46.32% of salary. This rate was assumed for the draft Plant budget.

Health – Health care costs are irrespective of salary. The average cost per employee for health care for the City is approximately \$19,000 per year. This cost was assumed for each employee in the draft Plant budget.

Other Salary Costs – The costs in this category are either fixed or very small. This category includes FICA (7.65% of salary), Workers Compensation (6.5% of salary), and life insurance.

Training and Certifications – This category is intended to cover the training and certification costs required for the employees and plant operations and includes State licensing of employees and OSHA safety and other training required by employees in an industrial environment.

Computer and Office Expenses – This assumes the purchase of computers and software for three workstations and a common printer on a five-year cycle as well as miscellaneous office supplies.

Small Tools and Equipment – This line item represents the annualized cost of tools, equipment and consumables required to perform the basic preventative and corrective maintenance on the Plant equipment that would be performed in-house.

Lab Equipment, Supplies, Calibrations and Maintenance – This line item captures the costs associated with the monitoring and reporting items that are required by the Permit that would be handled in-house (flow, temperature, turbidity, temperature, and groundwater depth)

Uniform Expense – These costs were estimated based on the actual costs for this line item in the Sewer Maintenance Operations budget.

Telephone - These costs were estimated based on the actual costs for this line item in the Sewer Maintenance Operations budget.

Chemicals – Annually the Plant uses approximately 14,000 gallons of 12.5% sodium hypochlorite for disinfection and 9,000 gallons of 38% sodium bisulphate per year. The costs for these chemicals delivered the plant in bulk deliveries was estimated at \$1.15 per gallon for sodium hypochlorite and \$2.45 per gallon for sodium bisulphate. The costs for these chemicals vary and is dependent on trucking and fuel costs. These costs are believed to be accurate average costs based on quantities and delivery location.

Vehicle Capital – This line item assumes the annualized expense to purchase and equip three light duty trucks. A price to purchase and equip each vehicle of \$32,500 was used along with a service life of 12 years and a salvage value of \$7,500.

Vehicle Maintenance – This is an estimated annual amount to cover preventative and corrective maintenance on all three light trucks over their life span.

Vehicle Tires – This assumes tire replacement on each vehicle at years four and eight.

Vehicles Fuel – Estimated annual fuel costs assuming 10,000 miles per year for one on-call vehicle and 5,000 miles per year for the other two light trucks.

Professional Services – This represents the cost to have all the testing required by the Permit performed by a certified laboratory. The budget figure used was based on quotes from two certified contract laboratories. A summary sheet of these quotes is attached. An expense of \$100 per week was also added to cover the cost of a courier service or packaging and express mailing of the samples to the labs.

Contractual Services – This line item covers the cost of hiring electricians, industrial mechanics, instrumentation technicians, IT and communications consultants to perform routine maintenance and calibrations on Plant equipment. We have assumed a total of 40 hours at a rate of \$100/hour for these services.

Travel and Meetings – This reflects the estimated cost for travel and expenses associated with attending RWQCB and other meetings related to Plant operations.

Dues and Memberships – This reflects the estimated cost for dues and memberships in agency organizations such as CWEA, NACWA, etc.

First Aid & Safety - This reflects the estimated cost for safety and first aid supplies.

Regional Wastewater Operator Salary Information

Agency	Position	Job Title	Mo. Salary
Chico	CPO, WW Grade IV	WW Treatment Manager	\$ 9,071
	DOIC, WW Grade III	WW Treatment Lead Operator	\$ 6,533
	WW Operator III	WWTP Operator III	\$ 6,117
Woodland	CPO, WW Grade V	WPC Facility Superintendent	\$ 10,945
	DOIC, WW Grade IV	WPC Operator IV	\$ 8,209
	WW Operator III	WPC Operator III	\$ 7,437
Yuba City	CPO, WW Grade IV	WWTF Facility Supervisor	\$ 10,144
	DOIC, WW Grade IV	WWTF CPO	\$ 8,454
	WW Operator III	WWTF Operator III	\$ 7,350
SCOR	CPO	Manager/Superintendent	\$ 9,786
	DOIC	Plant Supervisor/Foreman	\$ 7,509
	WW Operator II	Operator III	\$ 6,238

SCOR: Sewage Commission - Oroville Region

Data Summary

Grade IV, CPO	High \$ 9,786
	Average \$ 8,880
	Low \$ 8,209
Grade III, DOIC	High \$ 7,509
	Average \$ 7,207
	Low \$ 6,533
Grade III	High \$ 7,437
	Average \$ 6,968
	Low \$ 6,117

Willows - Proposed

CPO, WW Grade IV	Plant Manager/CPO, Grade IV	\$ 8,209
DOIC, WW Grade III	Shift Supervisor, Grade III	\$ 6,729
WW Operator III	WWTP Operator, Grade III	\$ 6,117

Note: The proposed salaries for Willows are based off of the duty operator, which must be a Grade III. Although it may be prove more cost effective in the long run to utilize more regionally competitive salaries for Willows, we used the low salary found for the region as the base for this exercise. The Shift Supervisor (or DOIC) salary was set at 10% above the base based on general salary structure benchmarking. The Plant Manager/CPO salary was set at the minimum for the region.

**Summary of Estimated Costs
Contract Laboratory Services
Willows Wastewater Treatment Plant**

Test Location	Test Description	Quantity per year	Basic Laboratory		Eurofins TestAmerica		Minimum Cost
			Unit Cost	Annual Cost	Unit Cost	Annual Cost	
INF-001	pH	52	\$ 21.25	\$ 1,105.00	\$ 12.00	\$ 624.00	\$ 624.00
	Biochemical Oxygen Demand (5-day @ 20°C)	12	\$ 55.20	\$ 662.40	\$ 40.00	\$ 480.00	\$ 480.00
	Total Suspended Solids	12	\$ 29.75	\$ 357.00	\$ 18.00	\$ 216.00	\$ 216.00
	Hardness, Total (as CaCO ₃)	4	\$ 25.50	\$ 102.00	\$ 36.00	\$ 144.00	\$ 102.00
EFF-001	Biochemical Oxygen Demand (5-day @ 20°C) 24-hour composite	52	\$ 55.20	\$ 2,870.40	\$ 40.00	\$ 2,080.00	\$ 2,080.00
	Total Suspended Solids, 24-hour composite	52	\$ 29.75	\$ 1,547.00	\$ 18.00	\$ 936.00	\$ 936.00
	pH	52	\$ 21.25	\$ 1,105.00	\$ 12.00	\$ 624.00	\$ 624.00
	Electrical Conductivity @25°C	52	\$ 17.00	\$ 884.00	\$ 18.00	\$ 936.00	\$ 884.00
	Total Dissolved Solids	4	\$ 29.75	\$ 119.00	\$ 18.00	\$ 72.00	\$ 72.00
	Total Coliform Organisms	52	\$ 51.00	\$ 2,652.00	N/A	N/A	\$ 2,652.00
	Hardness, Total (as CaCO ₃)	12	\$ 25.50	\$ 306.00	\$ 36.00	\$ 432.00	\$ 306.00
	Ammonia Nitrogen, Total (as N)	12	\$ 42.50	\$ 510.00	\$ 23.00	\$ 276.00	\$ 276.00
	Standard Minerals	1	\$ 248.20	\$ 248.20	\$ 138.00	\$ 138.00	\$ 138.00
	Acute Toxicity	4	\$ 425.00	\$ 1,700.00	\$ 780.00	\$ 3,120.00	\$ 1,700.00
Chronic Toxicity	1	\$ 6,375.00	\$ 6,375.00	\$ 4,315.00	\$ 4,315.00	\$ 4,315.00	
RSW-001 and RSW-002	Ammonia Nitrogen, Total (as N)	24	\$ 42.50	\$ 1,020.00	\$ 23.00	\$ 552.00	\$ 552.00
	Hardness, Total (as CaCO ₃)	24	\$ 25.50	\$ 612.00	\$ 36.00	\$ 864.00	\$ 612.00
	Dissolved Oxygen	48	\$ 25.50	\$ 1,224.00	\$ 30.00	\$ 1,440.00	\$ 1,224.00
	pH	48	\$ 21.25	\$ 1,020.00	\$ 12.00	\$ 576.00	\$ 576.00
	Temperature*	48	\$ -	\$ -	\$ -	\$ -	\$ -
	Turbidity	48	\$ 25.50	\$ 1,224.00	\$ 18.00	\$ 864.00	\$ 864.00
	Electrical Conductivity @25°C	48	\$ 17.00	\$ 816.00	\$ 18.00	\$ 864.00	\$ 816.00
MW-1, MW-2, and MW-3	Electrical Conductivity @25°C	12	\$ 17.00	\$ 204.00	\$ 18.00	\$ 216.00	\$ 204.00
	pH	12	\$ 21.25	\$ 255.00	\$ 12.00	\$ 144.00	\$ 144.00
	Nitrate Nitrogen, Total (as N)	12	\$ 34.00	\$ 408.00	\$ 17.00	\$ 204.00	\$ 204.00
	Chemical Oxygen Demand (COD)	12	\$ 59.50	\$ 714.00	\$ 22.00	\$ 264.00	\$ 264.00
SPL-001	Total Dissolved Solids	1	\$ 29.75	\$ 29.75	\$ 18.00	\$ 18.00	\$ 18.00
	Electrical Conductivity @25°C	1	\$ 17.00	\$ 17.00	\$ 18.00	\$ 18.00	\$ 17.00
	Standard Minerals	1	\$ 248.00	\$ 248.00	\$ 141.00	\$ 141.00	\$ 141.00
EEF-001 and RSW-001	Effluent Water Characteristics Quarterly Monitoring	4	\$ 4,503.35	\$ 18,013.40	\$ 2,971.00	\$ 11,884.00	\$ 11,884.00
	Receiving Water Characteristics Quarterly Monitoring	4	\$ 4,279.90	\$ 17,119.60	\$ 2,971.00	\$ 11,884.00	\$ 11,884.00
Varies	Sample Handling and Disposal Fee						\$ 549.50

* Temperature not included in quote for Basic Laboratory; TestAmerica includes temp with pH test so no additional cost.

Subtotal - Laboratory Analysis: \$ 45,358.50

Packaging and Mailing/Carrier: \$ 5,200.00

TOTAL LAB COSTS: \$ 50,559

Denotes lowest cost quoted for each test.

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Sewer Rate Proposal

RECOMMENDATION

1. By Resolution, Approve the Five-Year Rate Structure for Sewer Service Fees and Direct Staff to Commence the Process to Comply with Proposition 218
2. Establish dates and times for two Town Hall Meetings (separate and apart from the Proposition 218 Hearing). Preferable dates are February 13 or 19, and March 5

SITUATION (or BACKGROUND):

What are We Doing?

The Sewer Enterprise Fund (sewer collection and treatment) is a stand-alone enterprise fund of the City of Willows. As an enterprise fund, it must be self-sustaining. Sufficient revenue must be collected to cover the cost of operations, debt services and capital and equipment needs of the enterprise. We have reached the point where sewer service rates are not covering operations, debt service, and capital needs.

Why are We Doing This?

As noted, current rates no longer sustain sewer operations. As operational cost have steadily increased, particularly in the areas of contract services, utilities, and personnel, funds are no longer available to cover operations and debt service, let alone apply to capital needs. We are digging into Sewer Enterprise Reserves and have been doing so the last 4 years. Current rates are 35% too low to provide the necessary revenue to sustain operations, debt service, and capital programs. Further, it is projected that the rates need to be adjusted further over the next five years to cover these costs by 2024-25.

Rates have not been adjusted since July 2007. Our rate payers have not experienced a rate increase for 12 years.

What has Happened thus Far?

In 2019, the City worked with the Rural Communities Assistance Corporation to develop a rate study and recommendation. That study provided three options of rate recommendations, and the rate structure that ranged from 9.3% to 9.5% per year over 5 years was selected.

The Proposition 218 process was commenced, and, while the number of valid protests did not reach 50%+1, Council recognized that the community concern was very significant and declined to impose the recommended rate structure. Council further directed staff to come back during the 2019-20 fiscal year with a revised proposal. That revision is before you this evening.

How are We Proposing to Get There?

The revised rate structure proposal is as follows-

2020-21	5.0%
2021-22	5.0%
2022-23	5.0%
2023-24	5.0%
2024-25	5.0%

Based upon current rates, the rate structure means the following monthly increase to a residential user-

	For the Year Noted	Compounded from Current Rates
2020-2021	\$2.01/month	\$2.01/month
2021-2022	2.11/month	4.12/month
2022-2023	2.21/month	6.33/month
2023-2024	2.33/month	8.66/month
2024-2025	2.44/month	11.10/month

As noted previously, current rates are about 35% below what is needed to sustain operations, cover debt service, and make contributions to capital improvement. This plan falls short of getting to that 35% (5% per year for 5 years compounds to 27.6%), but it starts the process of getting the Sewer Enterprise Fund back to fiscal health.

Capital Needs?

As noted last year, the original rate structure proposal was designed to provide \$200,000-\$250,000 to meet these needs, but, as noted, over time, the line replacement needs alone are in excess of \$4 million. The current proposed structure will fall short of providing the same level of capital, but, again, it will start us back towards providing some funding for capital improvement. Under the current rates, cash flow is not enough to pay for operations and debt service, so no funds are being provided for capital/infrastructure.

FINANCIAL CONSIDERATIONS:

If approved, first year additional revenue for the Sewer Enterprise Fund is estimated to be \$80,000.

NOTIFICATION

Once rate plan is approved by Council, 2 town hall meetings will be conducted. Then, the Proposition 218 process will commence, which consists of-

- Establishing a public hearing date and time for presentation of rates and public input/protest
- Notification, by mail of all rate payers
- Public notification of rate structure and public hearing in newspaper
- Public Hearing

ALTERNATE ACTION

- Approve Recommended Rate Structure
- Reject Proposal For Rate Adjustment

RECOMMENDATION

By Resolution, Approve the Five-Year Rate Structure for Sewer Service Fees and Direct Staff to Commence the Process to Comply with Proposition 218

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachments

Resolution
Exhibit A-Attachment to Resolution

RESOLUTION NO. 03-2020

Resolution of the City Council of the City of Willows Approving a Five Year Rate Structure for Sewer Service Fees and Directing Staff to Commence the Process to Comply with Proposition 218

WHEREAS, the City recognizes that the Sewer Enterprise Fund must be financially self-sustaining; and

WHEREAS, the City has not increased rates since July 2007; and

WHEREAS, the City engaged the Rural Community Assistance Corporation to assist the City via performance of a cost analysis and rate study; and

WHEREAS, the cost analysis and rate study supported a 5-year rate structure supporting fee increases ranging from 9.3% to 9.5% per year; and

WHEREAS, Council declined to adopt the rate structure as recommended; and

WHEREAS, the City Council nonetheless recognizes the need to balance the financial necessity of maintaining the Sewer Enterprise System with the financial burden on the Users of the system,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Willows that:

1. The City Council hereby approves increases in the rate structure for Sewer Service Fees as follows-

July 1, 2020-5.0%
July 1, 2021-5.0%
July 1, 2022-5.0%
July 1, 2023-5.0%
July 1, 2024-5.0%.

2. The approved rate structure is detailed in EXHIBIT A attached hereto and incorporated herein.

3. The City Council directs Staff to commence procedures in accordance with Proposition 218 including, but not limited to, public notification, public hearing, and public protest processes.

PASSED AND ADOPTED by the Willows City Council, this 28th day of January 2020, by the following vote:

AYES:
NOES:
ABSENT:

Kerri Warren, Mayor

ATTEST:

Tara Rustenhoven, City Clerk

City of Willows **ATTACHMENT B**
Rate Schedule as Proposed in Resolution No. 03-2020

Note: **Residential rates are flat rates per dwelling unit. Commercial rates are per CCF of water used subject to the monthly minimum charge.**

		5.00%	5.00%	5.00%	5.00%	5.00%
	Current	July to June 2020-2021	July to June 2021-2022	July to June 2022-2023	July to June 2023-2024	July to June 2024-2025
Residential and Minimum Commercial (Monthly)	\$ 40.19	\$ 42.20	\$ 44.31	\$ 46.52	\$ 48.85	\$ 51.29
Residential Annualized (Per Dwelling Unit)	\$ 482.28	\$ 506.39	\$ 531.71	\$ 558.30	\$ 586.21	\$ 615.53
Motel/Hotel	\$ 3.22	\$ 3.38	\$ 3.55	\$ 3.73	\$ 3.91	\$ 4.11
Hospital/Rest Home	\$ 3.17	\$ 3.33	\$ 3.49	\$ 3.67	\$ 3.85	\$ 4.05
Restaurant/Bakery	\$ 4.18	\$ 4.39	\$ 4.61	\$ 4.84	\$ 5.08	\$ 5.33
Market/Morgue	\$ 3.94	\$ 4.14	\$ 4.34	\$ 4.56	\$ 4.79	\$ 5.03
Laundry	\$ 3.42	\$ 3.59	\$ 3.77	\$ 3.96	\$ 4.16	\$ 4.36
Car Wash	\$ 3.05	\$ 3.20	\$ 3.36	\$ 3.53	\$ 3.71	\$ 3.89
Jail	\$ 3.54	\$ 3.72	\$ 3.90	\$ 4.10	\$ 4.30	\$ 4.52
Other Commercial	\$ 3.01	\$ 3.16	\$ 3.32	\$ 3.48	\$ 3.66	\$ 3.84