



Willows City Council Regular Meeting

June 23, 2020
Willows City Hall
7:00 p.m.

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

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

Agenda

NOTICE:

Pursuant to N-25-20 issued by Governor Gavin Newsom suspending portions of the Brown Act, the June 23, 2020 Willows City Council meeting will be OPEN to the public. We will be limiting the number of members of the public physically present in Council chambers at City Hall in order to observe recommended social distancing practices. Members of the public who choose to attend in person are mandated to wear a mask or other face covering, and to wash their hands and use hand sanitizer frequently, in addition to maintaining at least six feet of distance between themselves and any others who are not members of their household to minimize the possibility of transmission of the COVID-19 virus. For those members of the public who are at high-risk or prefer not to attend in-person, the City is also providing a mechanism through which they may attend the meeting telephonically by following the instructions below.

Dial in Number: (605) 313-5611

Access Number: 404150

1. **CALL TO ORDER- 7:00 p.m.**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **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 by stating your name and address. Then please wait until you are recognized by the Mayor or Vice Mayor. No formal action will be taken unless the matter is placed on a future agenda. Each member of the public attending in person or caller will be limited to three (3) minutes. If you are calling in to provide public comment, use the call-in information below:

Dial in Number: (605) 313-5611

Access Number: 404150

5. 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 general checking, payroll & direct deposit check registers, ACH13-50331, Z10798-Z10822, 38638-38653.
- b. Consider reading by title only, passage of the second reading and possible adoption of the attached two Ordinances amending sections of chapter eighteen of the zoning ordinance of the City of Willows.
 - i. **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS AMENDING WILLOWS MUNICIPAL CODE CHAPTER 18.50.030 (USES PERMITTED WITH A CONDITIONAL USE PERMIT) WITH OTHER TEXT TO REMAIN UNCHANGED.**
 - ii. **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS AMENDING WILLOWS MUNICIPAL CODE CHAPTER 18.110.090 (NON-CONFORMING USES) WITH OTHER TEXT TO REMAIN UNCHANGED.**

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.

6. PUBLIC HEARING

- a. Conduct a public hearing and adopt a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS AUTHORIZING APPLICATION FOR, AND RECEIPT OF, PERMANENT LOCAL HOUSING ALLOCATION PROGRAM FUNDS.**
- b. Conduct a public hearing and adopt a resolution entitled; **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS ADOPTING THE 2020/21 CITY OF WILLOWS ANNUAL BUDGET.**

7. REGULAR BUSINESS AGENDA/ITEMS REQUIRING COUNCIL ACTION

- a. By motion, appoint Members to the Willows Library Board of Trustees, with the recommendation of Council Member Mello and Council Member Flesher.
- b. By motion, approve the Request for Proposal for Wastewater Treatment Plant Contract Operations and direct staff to proceed according to the timeline.

8. COUNCIL/ STAFF REPORTS/COMMENTS

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

9. ADJOURNMENT

9. ADJOURNMENT

This agenda was posted on June 18, 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



CONSENT AGENDA



Period

6/4/2020 TO 6/17/2020

General Checking ACH13 TO 50331

Payroll Direct Deposit Z10798 TO Z10822

Payroll Checks 38638 TO 38653

APPROVAL DATE 6/23/2020

APPROVED _____

CITY OF WILLOWS
 Cash Disbursement Detail Report
 Check Listing for 06-20 Bank Account.: 1045

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Description
AC113	06/03/20	BCI00	BCI CAPITAL	6559.10	.00	6559.10	C00603H	INTEREST FIRE ENGINE LEAS
050315	06/04/20	ABF01	CERTIFIED/FORTRESS SECURI	78.00	.00	78.00	5751685	ALARM MONITORING 4/1-6/30
050316	06/04/20	ABO00	STEVE ABOLD	200.00	.00	200.00	C00603	PUB. WKS. TOOL PARKS/PUB.
050317	06/04/20	COA00	COASTLAND CIVIL ENGINEERI	23178.18	.00	23178.18	48141	N LASSEN REHABTHROUGH 2/2
				243.75	.00	243.75	48160	RFP FOR WWTP SERVICES THR
				48.75	.00	48.75	48161	WWTP CONTRACT VS IN HOUSE
				46.25	.00	46.25	48163	STARKWEATHER DEVELOPMENT
				1575.00	.00	1575.00	48164	EDA GRANT THROUGH 2/29/20
				3581.25	.00	3581.25	48165	MCDONALD'S THROUGH 2/29/2
				1286.25	.00	1286.25	48166	WILLOWS CITY ENGINEERING
				3283.75	.00	3283.75	48167	RUMIANO CHEESE THROUGH 2/
				540.00	.00	540.00	48168	LLAD THROUGH 2/29/20
				306.25	.00	306.25	48377	MALIGNAGGI DEVELOPMENT TH
				13033.75	.00	13033.75	48402	N LASSEN ST REHAB THROUGH
				5707.50	.00	5707.50	48406	SYCAMORE RIDGE THROUGH 3/
				48.75	.00	48.75	48413	RFP FOR WWTP SERVICES THR
				875.00	.00	875.00	48414	EDA GRANT THROUGH 3/31/20
				806.25	.00	806.25	48415	MCDONALD'S THROUGH 3/31/2
				260.00	.00	260.00	48416	WILLOWS CITY ENGINEERING
				415.00	.00	415.00	48417	RUMIANO CHEESE THROUGH 3/
				873.75	.00	873.75	48418	LLAD THROUGH 3/31/20
				926.75	.00	926.75	48596	SYCAMORE RIDGE THROUGH 4/
				218.75	.00	218.75	48611	251 S TEHAMA DEVELOPMENT
				3456.25	.00	3456.25	48708	EDA GRANT THROUGH 4/30/20
				1217.50	.00	1217.50	48709	WILLOWS CITY ENGINEERING
				73.27	.00	73.27	48710	RUMIANO CHEESE THROUGH 4/
				1538.75	.00	1538.75	48711	LLAD THROUGH 4/30/20
				7476.31	.00	7476.31	48742	N LASSEN ST REHAB THROUGH
			Check Total.....:	71017.01	.00	71017.01		
050318	06/04/20	COM16	COMCAST CABLE	145.94	.00	145.94	C00603	ADMIN INTERNET 5/29-6/28/
050319	06/04/20	COR10	CORNING LUMBER CO., INC.	25.61	.00	25.61	019771	CONCRETE
050320	06/04/20	HIN02	HINDERLITER DELLAMAS & AS	488.97	.00	488.97	SIN001397	AUDIT SERVICES Q4/2019
050321	06/04/20	HUN02	ROBERT W HUNT	9652.50	.00	9652.50	20-06	GENERAL LEGAL SERVICES TH
050322	06/04/20	PEA00	WAYNE PEABODY	200.00	.00	200.00	C00603	TECHNOLOGY ALLOWANCE JUNE
050323	06/04/20	PGE01	PG & E	9610.06	.00	9610.06	C00603	UTILITY-ELECTRICITY 4/15-
050324	06/04/20	POR00	PORTER SCOTT	464.00	.00	464.00	136407	CITY OF WILLOWS VS SPP
050325	06/04/20	SAI02	TIMOTHY L. SAILSBERY	200.00	.00	200.00	C00603	VEHICLE ALLOW. FINANCEJUN
050326	06/04/20	SEV00	INFRAMARK, LLC	54219.41	.00	54219.41	51973	WILLOWS OPERATION JUNE 20
050327	06/04/20	STO01	STONY CREEK UNIFIED SCHOO	100.00	.00	100.00	C00603	EC LIBRARY RENT JUNE 2020
050328	06/04/20	SUN07	SUN LIFE FINANCIAL	2411.16	.00	2411.16	C00603	GAP PREMIUM MAY 2020
050329	06/04/20	USB02	US BANK	308.06	.00	308.06	415371285	EQUIP. LEASE 5/20-6/20/20
050330	06/04/20	VER02	VERIZON WIRELESS	210.35	.00	210.35	985545369	TELEPHONE EXP.4/27-5/26/2
050331	06/04/20	WILL17	WILLDAN	50.00	.00	50.00	2-22712	PLAN CHECK SERVICES THROU
				74.71	.00	74.71	2-22713	PLAN CHECK SERVICES THROU
				74.71	.00	74.71	2-22714	PLAN CHECK SERVICES THROU
				815.35	.00	815.35	2-22715	PLAN CHECK SERVICES THROU
				1286.39	.00	1286.39	2-22716	PLAN CHECK SERVICES THROU
				261.00	.00	261.00	2-22717	PLAN CHECK SERVICES THROU
			Check Total.....:	2562.16	.00	2562.16		
			Cash Account Total.....:	158452.33	.00	158452.33		
			Total Disbursements.....:	158452.33	.00	158452.33		

AGENDA ITEM

June 23, 2020

TO: Honorable Mayor Warren and Members of City Council

FROM: Karen Mantele, Principal Planner

SUBJECT: Zoning Text Amendments to the City's Municipal Code/Zoning Ordinance Chapter 18.50.030 (Uses permitted with a conditional use permit) and 18.110.090 (Non-conforming uses)

RECOMMENDATION

- (1) Consider reading by title only and passage of the second reading of the attached two Ordinances
AMENDING SECTIONS OF CHAPTER EIGHTEEN OF THE ZONING ORDINANCE OF THE CITY OF WILLOWS

Project Description

Staff is proposing to make text amendments to the City's Municipal Code/Zoning Ordinance, Chapter 18 regarding residential use within the Entryway zoning district. The Planning Commission at their regular May 20, 2020 regular meeting reviewed and discussed the proposed text amendments and have recommended to the City Council adoption of the changes. All proposed Ordinance Text Amendments are in **bold and yellow highlighted**.

Background

The Entryway Zone was established in June of 2000 and encompasses 80 parcels on both sides of Wood Street. Prior to the Entryway zoning district, Wood Street was a combination of three separate zoning districts. The District runs on the north side of Wood Street from Pacific Avenue to Tehama, and on the south side of the street begins at the car wash and extends down to the alleyway just east of Shasta Street, with two breaks in between to accommodate the Glenn County Hospital and Willows High School, which are in the Public Facilities and Services District.

The purpose of the district reads; *The Entryway or E district is intended to apply to arterial streets leading into downtown, where a mix of commercial, office, and residential uses is appropriate in an aesthetically appealing corridor, in which new developments and modifications to existing developments shall occur in accordance with design guidelines. Permitted uses and uses permitted with a conditional use permit are intended to be compatible with residential uses within and adjacent to the E district.*

This purpose statement does mention "residential uses" as being appropriate in this corridor, in accordance with design guidelines for the Entryway District. Any development is also subject to the Architectural Board of Review Code Section. It appears that the intent of creating this zoning district was to incorporate residential uses, as there are several existing residential structures within this zoning district that were built prior to this zone change, and the requirement for any new commercial buildings is to have a residential look to the design. Section 18.50.030(1) states *Permitted uses in the R-2 district, as set forth in WMC 18.35.030*. However, Section 18.35.030 does not list any residential uses. Furthermore, within Section 18.50.050(1) Other regulations, it states Residential Uses. Minimum lot area, front, side, and rear setbacks, maximum building height, maximum lot coverage and parking requirements for residential uses shall be subject to the regulations of the residential zone(s) in which the use is considered a principally permitted use. It appears the intent was to regulate residential uses; however, none are listed as either permitted or conditionally permitted within the Entryway zoning district.

Over the past several years Staff has been approached regarding use of vacant lots for residential uses within the Entryway zone. As was discussed prior, any proposals for such a residential land use had to be turned down

because the code did not allow such a use. Therefore, because of recent requests for residential uses in the Entryway zone, Staff has contemplated how to accommodate a request for residential use in the future. In reviewing the current zoning map, it appears there are 39 parcels which sit behind Wood Street that could be affected, and four (4) are vacant parcels included within that figure. Allowing for residential use within this zoning district will benefit the property owners and the City, as these new units will be added to the current housing stock.

At the June 9, 2020 regular meeting the City Council read by title only and passage of the first reading of the attached two ordinances.

Environmental Review

Staff has determined that the project, Text Amendments to the Zoning Ordinance, is exempt from CEQA per Section 15061(3). A Notice of Exemption will be filed upon City Council review, second reading, and approval of text amendments.

NOTIFICATION

No notification required for a second reading.

ALTERNATE ACTION

None are recommended for consideration by the City Council.

STAFF RECOMMENDATION

Consider reading by title only and passage of the second reading of the attached two Ordinances **AMENDING SECTIONS OF CHAPTER EIGHTEEN OF THE ZONING ORDINANCE OF THE CITY OF WILLOWS.**

Respectfully submitted,



Karen Mantele
Principal Planner

Approved by



Wayne Peabody
Interim City Manager

Attachments:

- 1) Ordinances Exhibits A-1 through A-2

EXHIBIT A-1

ORDINANCE NO. 2020-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS AMENDING WILLOWS MUNICIPAL CODE CHAPTER 18.50.030 (USES PERMITTED WITH A CONDITIONAL USE PERMIT) WITH OTHER TEXT TO REMAIN UNCHANGED

Adopted by the City Council of the

City of Willows

On Date of _____, 2020

WHEREAS, the City Council of the City of Willows adopted Ordinance 664-00 on June 27, 2000, regulating the uses allowed within the Entryway district with a conditional use permit; and

WHEREAS, the City Council desires to modify the uses within this District by allowing residential use, with criteria, within the Entryway zone by way of a conditional use permit.

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

Section 1. The above recitals are true and correct, and incorporated herein.

Section 2. The City Council does hereby amend Chapter 18.50.030 (Entryway District) of the Willows Municipal Code, adding a residential use to the code with a conditional use permit by adding subparagraph (9) to read:

“(9) Residential use as authorized under WMC 18.110.090(10)”

Section 3: The City Council of the City of Willows finds that the foregoing amendment and adoption of Ordinance No. _____ is consistent with the General Plan, all applicable specific plans and the City of Willows Zoning Ordinance.

Section 4: The City Council of the City of Willows further finds that the project is exempt from the California Environmental Quality Act pursuant to Section 15061(b)(3). and Planning Commission Resolution No.04-2020 passed prior to the adoption of this amendment.

Section 5. Severability. Should any provision of this ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this ordinance or the application of this ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

Section 6. Judicial Review. The time within which judicial review must be sought is governed by California Code of Civil Procedure Section 1094.6.

Section 7. Effective Date. This ordinance shall take effect and be in force thirty (30) days after its adoption as provided by Government Code Section 36937.

Section 8. Posting. The City Clerk shall cause this Ordinance to be published and/or posted within fifteen days after its adoption.

This ordinance was introduced and passed first reading at a regular meeting of the City Council of the City of Willows, held on the 9th of June, 2020, and passed and adopted at a regular meeting of the City of Willows, held on the 23rd of June, 2020, by the following vote, to wit:

AYES:
NOES:
ABSENT:

KERRI WARREN, MAYOR

APPROVED AS TO FORM:

THE CITY ATTORNEYS OFFICE

DAVID RITCHIE, CITY ATTORNEY

ATTEST:

TARA RUSTENHOVEN, CITY CLERK

EXHIBIT A-2

ORDINANCE NO. 2020-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS AMENDING WILLOWS MUNICIPAL CODE CHAPTER 18.110.090 (NONCONFORMING USES) WITH OTHER TEXT TO REMAIN UNCHANGED

Adopted by the City Council of the

City of Willows

On Date of _____, 2020

WHEREAS, the City Council of the City of Willows adopted Ordinance 632-91 on October 22, 1991, which established protective regulations which are consistent with the general plan for the uses of land, and

WHEREAS, the City Council desires to modify the uses within the Entryway District by allowing an exemption within the Entryway District for residential use, with criteria, by way of a conditional use permit.

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

Section 1. The above recitals are true and correct, and incorporated herein.

Section 2. The City Council does hereby amend Chapter 18.110-090 (Nonconforming Uses) of the Willows Municipal Code, adding an exception to the code allowing residential with criteria by adding subparagraph (10) to read:

(10) Residential Use Exemption: Existing vacant property located within the Entryway zoning district may be allowed for use as a single-family residential unit by way of a conditional use permit from the planning commission; subject to the following criteria: (a) the parcel shall not abut Wood Street; (b) the parcel shall abut another residential use; (c) the parcel shall comply with WMC Section 18.50.050(1) The planning commission is authorized to approve, conditionally approve or deny a request subject to appeal provisions of WMC 18.135.060.

Section 3: The City Council of the City of Willows finds that the foregoing amendment and adoption of Ordinance No. _____ is consistent with the General Plan, all applicable specific plans and the City of Willows Zoning Ordinance.

Section 4: The City Council of the City of Willows further finds that the project is exempt from the California Environmental Quality Act pursuant to Section 15061(b)(3) and Planning Commission Resolution No.04-2020 passed prior to the adoption of this amendment.

Section 5. Severability. Should any provision of this ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this ordinance or the application of this ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

Section 6. Judicial Review. The time within which judicial review must be sought is governed by California Code of Civil Procedure Section 1094.6.

Section 7. Effective Date. This ordinance shall take effect and be in force thirty (30) days after its adoption as provided by Government Code Section 36937.

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This ordinance was introduced and passed first reading at a regular meeting of the City Council of the City of Willows, held on the 9th of June, 2020, and passed and adopted at a regular meeting of the City of Willows, held on the 23rd of June, 2020, by the following vote, to wit:

AYES:
NOES:
ABSENT:

KERRI WARREN, MAYOR

APPROVED AS TO FORM:

THE CITY ATTORNEYS OFFICE

DAVID RITCHIE, CITY ATTORNEY

ATTEST:

TARA RUSTENHOVEN, CITY CLERK



PUBLIC HEARING

AGENDA ITEM

TO: Honorable Mayor Warren and Members of City Council

FROM: Karen Mantele, Principal Planner

SUBJECT: California Department of Housing & Community Development/PLHA (Permanent Local Housing Allocation) Grant and Joint Agreement for the PLHA Program

RECOMMENDATION

Adopt the attached resolution authorizing a grant application for Permanent Local Housing Allocation Program Funds (PLHA) from the California Department of Housing and Community Development (HCD) and authorize the Interim City Manager to execute the Agreement for the joint PLHA Program.

SUMMARY

On February 26, 2020, the California Department of Housing and Community Development (Department) announced the release of Entitlement and Non-entitlement Local government formula component Notice of Funding Availability for approximately \$195 million for the Permanent Local Housing Allocation (PLHA) program. This funding provides grants to Entitlement and Non-entitlement Local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities.

BACKGROUND

City staff began meeting in February 2020 with staff from the County of Glenn, the City of Orland, and the County's consultant, Housing Tools, to discuss the possibility of pooling the three jurisdictions' PLHA formula funds and designating the County to administer the funds, as allowed in the PLHA Guidelines. There are several benefits to this approach, given the need for affordable housing throughout Glenn County:

- **Timeliness of housing production:** No single jurisdiction's annual allocation is enough to make a meaningful contribution to a project within that jurisdiction. However, by pooling the allocations, the potential contribution to a project is nearly three times what it would be otherwise. This increases the likelihood of projects being completed on a timely basis to meet the housing needs of the greater community and meet RHNA targets.
- **Meeting funding commitment requirements:** The PLHA Guidelines require that local jurisdictions formally commit their funds to projects within a timeframe that ensures they do not have more than 4 times each pending year's allocation uncommitted. If funds are not committed within this timeframe, the subsequent year's allocation is withheld. The pooled funds approach also will facilitate each jurisdiction's ability to comply with the program's commitment requirements.
- **Efficient administration:** By designating the County to administer the funds on behalf of the three jurisdictions, it reduces the administrative burden that each jurisdiction would otherwise bear to administer the funding, and provides more resources for administrative coordination and project planning.

Through these conversations, the parties have agreed that utilizing the PLHA formula funds during this first cycle for multi-family rental housing will most appropriately address the needs of those with an income of 60% AMI or less and most closely aligns with the goals of each jurisdiction's Housing Element.

The County's consultant, Housing Tools, is completing the Plan and Applications forms, which will be submitted by the County on behalf of the three jurisdictions.

While the Plan does not need to identify specific projects, it must identify the planned number of units to be constructed and the income targeting for those units. Housing Tools' staff have discussed planned projects in Willows and Orland with affordable housing developers and will complete the Plan based upon this data. In Willows, it is anticipated that PLHA funds could be used to support the development of a multi-family project with up to 60 units to be developed by Community Housing Improvement Program (CHIP) in the Basin Street development, with the majority of units targeted to those with incomes at 30%-60% AMI. The use of this data to complete the Plan is not, however, a formal commitment of funds to these projects. PLHA formula funding commitments will be made via a separate process that is managed by the County as the administrator of the PLHA funds.

In order for Willows and Orland to designate the County to administer the formula funds on their behalf, the State requires that the parties enter into a binding agreement for this purpose, which covers the five-year period of the PLHA Plan. This agreement has been prepared and is attached to this report as Attachment 2. In order to ensure there is an objective process for decisions regarding the investment of pooled PLHA funds throughout the county, a set of criteria for this process is included in Section IV.D. of the Agreement.

The PLHA was established by the State of California through the Building Homes and Jobs Act (SB2) of 2017. The PLHA will be a broad, ongoing affordable housing program funded by fees collected from real estate transaction recordings. The State's preliminary annual revenue estimates for the PLHA fund are \$250 million statewide, but this is subject to fluctuation based upon the activity of the real estate market. The eligible recipients are each County and all incorporated cities and towns, subject to meeting threshold requirements of an HCD-approved Housing Element and being current on the submission of the Housing Element APR. The funds can be accessed through two mechanisms:

- Formula (Non-competitive) annual allocation: These funds will be provided to eligible entities on an annual basis, subject to the submittal of an HCD-approved Five-Year Expenditure Plan and Application. The Year 1 (2020) estimate of funding for Willows is \$93,631. Annual funding amounts are subject to the amount of revenue collected by the State. The County of Glenn and the City of Orland will also receive an annual allocation, estimated at \$106,856 and \$92,529 respectively, in the first year. The State will allow local jurisdictions to combine and pool their funds for common projects and can designate one local jurisdiction to administer the funds on their behalf, in five-year cycles. The combined estimated allocation for the three jurisdictions over the first five-year cycle is \$1,758,108.
- Competitive allocation: Local jurisdictions that do not receive CDBG entitlement funds (i.e. Funds directly from HUD) can also apply for competitive funds which will be made available via a NOFA process on an annual basis. Priority points will be given to jurisdictions proposing to use competitive funds for providing assistance to those experiencing homelessness and who have an unincorporated population of less than 200,000. Competitive funds will be awarded to specific projects and are not subject to being combined and pooled by various jurisdictions.

For 2020, the State issued the Formula allocation NOFA in late February, with A Five-Year Plan and Funding Application due no later than July 27, 2020. There will be another opportunity to submit the required Plan and Application next year, likely in the spring/summer. The competitive NOFA is tentatively scheduled to be released in August, with applications due in October. After that, there will be an annual NOFA funding opportunity.

PLHA funds are designed to be flexible to address each jurisdiction's greatest housing needs, especially for those households who earn 60% of Area Median Income or less, and to support the jurisdiction's progress on meeting its RHNA goals.

Eligible uses of the formula funds are:

1. Predevelopment, development, acquisition, rehabilitation and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low, very-low, low- and moderate-income households, including necessary operating subsidies. Accessory Dwelling Units (ADUs) are eligible for assistance, so long as they are available for occupancy for a term of no less than 30 days,
2. Affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120% of Area Median Income or 150% of AMI in high-cost areas.
3. Matching portions of funds placed into local or regional housing trust funds.
4. Matching portions of funds available through the Low- and Moderate-Income Housing Asset fund pursuant to subdivision(d) of the Section 34176 of the Health and Safety Code.
5. Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Bond Act of 2014.
6. Assisting persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and new construction, rehabilitation and preservation of permanent and transitional housing. This activity may include using PLHA funds for continued assistance to households assisted with California Emergency Solutions and Housing (CESH) Program funds.
7. Accessibility modifications.
8. Efforts to acquire and rehabilitate foreclosed or vacant homes.
9. Homeownership opportunities, including down payment assistance.
10. Fiscal incentives or matching funds to local agencies that approve new housing for extremely low, very-low, low- and moderate-income households.

Eligible uses of the competitive funds are:

1. Development of new multifamily rental housing that is affordable to households at or below 60-percent of AMI or substantial rehabilitation of multifamily rental housing that will be affordable to households at or below 60-percent of AMI, but which is not currently restricted as affordable housing; or
2. Assistance to persons who are experiencing or at risk of homelessness, including, but not limited to, through rapid rehousing, or rental assistance, supportive services and case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers, or new construction, rehabilitation, or preservation of permanent or transitional rental housing.

In order to apply for competitive funding, the local jurisdiction must have a project which can demonstrate readiness as evidenced by site control, planning entitlements, environmental review and

commitment of other funding. Applications for competitive funding are to be completed and submitted jointly by the jurisdiction and the development sponsor.

FINANCIAL CONSIDERATIONS

None at this time, funding is contingent upon successful application for PLHA program funds made available through the State Department of Housing & Community Development (HCD).

RECOMMENDATION

Adopt the attached resolution authorizing a grant application for Permanent Local Housing Allocation Program Funds (PLHA) from the California Department of Housing and Community Development (HCD) and authorize the Interim City Manager to execute the Agreement for the joint PLHA Program

Respectfully submitted,



Karen Mantele
Principal Planner

Approved by:



Wayne Peabody
Interim City Manager

Attachment:

1. Draft Resolution
2. Joint Agreement

DRAFT RESOLUTION**CITY OF WILLOWS
CITY COUNCIL RESOLUTION NO. _____ -2020****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS AUTHORIZING APPLICATION FOR, AND RECEIPT OF, PERMANENT LOCAL HOUSING ALLOCATION PROGRAM FUNDS**

The City Council of the City of Willows ("Applicant") hereby consents to, adopts, and ratifies the following resolution:

- A. WHEREAS**, the State of California, Department of Housing and Community Development, is authorized to provide up to \$195 million under the SB 2 Permanent Local Housing Allocation Program Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)).
- B. WHEREAS** the State of California (the "State"), Department of Housing and Community Development ("Department") issued a Notice of Funding Availability ("NOFA") dated 02/26/2020 under the Permanent Local Housing Allocation (PLHA) Program;
- C. WHEREAS** Applicant is an eligible Local government applying for the program to administer one or more eligible activities, or a Local or Regional Housing Trust Fund to whom an eligible Local government delegated its PLHA formula allocation.
- D. WHEREAS** the Department may approve funding allocations for PLHA Program, subject to the terms and conditions of the Guidelines, NOFA, Program requirements, the Standard Agreement, and other contracts between the Department and PLHA grant recipients.

NOW THEREFORE BE IT RESOLVED THAT:

1. If Applicant receives a grant of PLHA funds from the Department pursuant to the above referenced PLHA NOFA, it represents and certifies that it will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws regarding the PLHA Program, as well as any and all contracts Applicant may have with the Department.
2. Applicant is hereby authorized and directed to receive a PLHA grant, in an amount not to exceed the five-year estimate of the PLHA formula allocations, as stated in Appendix C of the current NOFA, of **\$561,792**, in accordance with all applicable rules and laws.
3. Applicant hereby agrees to use the PLHA funds for eligible activities as approved by the Department and in accordance with all Program requirements, Guidelines, other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreement and other contracts between the Applicant and the Department.

4. Applicant certifies that it has delegated the **County of Glenn** to submit an application on its behalf, and administer the PLHA grant award for the formula allocation of PLHA funds. Applicant authorizes **Christine Zoppi**, Community Action Department Director for the County of Glenn, to execute the PLHA Program Application, the PLHA Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the PLHA grant awarded to Applicant, as the Department may deem appropriate.
5. Applicant has entered into a legally binding agreement with the **County of Glenn**, attached hereto as Exhibit A.
6. Pursuant to Applicant's certification in this resolution, the PLHA funds will be expended only for eligible Activities and consistent with all program requirements.
7. Applicant certifies that, if funds are used for the acquisition, construction or rehabilitation of for-sale housing projects or units within for-sale housing projects, the grantee shall record a deed restriction against the property that will ensure compliance with one of the requirements stated in Guidelines Section 302(c)(6)(A),(B) and (C).
8. Applicant certifies that, if funds are used for the development of an Affordable Rental Housing Development, the Local government shall make PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the Project, and such loan shall be evidenced through a Promissory Note secured by a Deed of Trust and a Regulatory Agreement shall restrict occupancy and rents in accordance with a Local government-approved underwriting of the Project for a term of at least 55 years.
9. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, the PLHA Program Guidelines and any other applicable SB 2 Guidelines published by the Department.

PASSED AND ADOPTED ON this 23rd day of June, 2020, by the City Council of the City of Willows by the following vote count:

AYES:
 NOES:
 ABSENT:
 ABSTAIN:

 ATTEST: Tara Rustenhoven, City Clerk
 [Signature of Attesting Officer]

 APPROVED: Kerri Warren, Mayor

AGREEMENT

AN AGREEMENT BETWEEN THE COUNTY OF GLENN, THE CITY OF WILLOWS, AND THE CITY OF ORLAND FOR JOINT PARTICIPATION IN THE PERMANENT LOCAL HOUSING ALLOCATION FUNDING PROGRAM FOR FISCAL YEARS 2020-2025, AND TO DESIGNATE THE COUNTY OF GLENN AS THE ADMINISTERING LOCAL GOVERNMENT FOR THE PROGRAM

THIS AGREEMENT is made and entered into this ____ day of _____, 2020, by and between the County of Glenn, a political subdivision of the State of California, hereinafter called "County"; the City of Willows, a municipal corporation of the State of California, located in the County of Glenn, hereinafter referred to as "Willows"; and the City of Orland, a municipal corporation of the State of California, located in the County of Glenn, hereinafter called "Orland", jointly referred to as "Parties".

WITNESSETH

WHEREAS, the State of California Department of Housing and Community Development ("State") is authorized to provide up to \$195 million to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation Program ("PLHA Program") Entitlement Jurisdiction Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB2)));

WHEREAS, the State issued Permanent Local Housing Allocation Final Guidelines ("PLHA Program Guidelines") in October 2019;

WHEREAS, the State issued a Notice of Funding Availability ("NOFA") dated February 26, 2020, under the Permanent Local Housing Allocation ("PLHA");

WHEREAS, each of the Parties is eligible to submit an application for and administer Permanent Local Housing Allocation funds;

WHEREAS, Section 300(c) of the PLHA Program Guidelines allows a local government to delegate another local government to submit an application and administer on its behalf its formula allocation of Program funds, provided that the local governments enter into a legally binding agreement and the funds are expended for eligible activities consistent with Program requirements;

WHEREAS, Willows and Orland each desire to participate jointly with the County and each other in said Program;

WHEREAS, the County desires to participate jointly with Willows and Orland in said Program, and whereas the County agrees to administer the receipt of formula allocation Program funds on behalf of all Parties and act as the Applicant to the State for the funding;

NOW THEREFORE, in consideration of the mutual promises, recitals and other provisions hereof, the Parties agree as follows:

SECTION I. GENERAL

- A. Responsible Officers.** The Director of the County of Glenn Health and Human Services Agency (hereinafter referred to as "Director") is hereby authorized to act as applicant for the PLHA Program and to administer funding and activities under the Program. The City Manager of Willows and the City Manager of Orland are hereby authorized to act as the responsible officers for each City under the Program.

- B. Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible programs or projects as defined in Section 301 of PLHA Program Guidelines, including but not limited to the development of affordable rental housing.
- C. Threshold Requirements for Participation.** Parties understand and agree to comply with State's threshold requirements for participation in the formula allocation program as follows:
 - a. Housing Element compliance:** The County as Applicant and each of the delegating cities must have a Housing Element that has been adopted by the local government's governing body and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585.
 - b. Housing Element APR compliance:** The County as Applicant and each of the delegating cities must submit to the State the APR required by GC Section 65400 for the current or prior year.
- D. Term of Agreement—Automatic Renewal Provision.** The term of this Agreement shall be for a period of five (5) years commencing July 1, 2020 through June 30, 2025, to coincide with the term of the five-year planning period required by the State. In addition, this Agreement provides for automatic renewal for participation in successive five-year periods, unless any of the Parties provides written notice of at least 60 days prior to the end of the term that it elects not to participate in a new five-year period. Before the end of the first five-year term, the County will notify all Parties in writing of its right not to participate in the joint Program for a successive five-year term. This Agreement remains in effect until the PLHA Program funds received with respect to the five-year planning period are fully committed.
- E. Scope of Agreement.** This agreement covers the PLHA formula program funding administered by the State where each of the Parties is awarded and accepts funding from the State.

SECTION II. PREPARATION AND SUBMITTAL OF PLHA FUNDING APPLICATION AND PLAN

- A. Inclusion of Willows and Orland as Applicants.** The Parties agree that Willows and Orland shall be included in the five-year plan and application the County shall submit to State for formula funding under the PLHA Program.
- B. PLHA Application and Plan.** Pursuant to the requirements listed in Section 302(c) of the PLHA Program Guidelines, the County shall prepare an application requesting the formula funds for Parties, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in the Parties' Housing Elements. The County will also prepare evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Glenn and that the public had an adequate opportunity to review and comment on its content.
- C. Application Submittal.** The County agrees to commit sufficient resources to completing and submitting the PLHA Application and Plan to State in time for the Parties to be eligible to receiving funding beginning in 2020, dependent upon State's execution of a Standard Agreement with County.

SECTION III. PROGRAM ADMINISTRATION

- A. Responsibilities of Parties.** The Parties agree, in the designation of the County as the administering local government for the PLHA Program, that the County shall be responsible for execution of the Standard Agreement with State and the proper performance of the PLHA Plan. County agrees to perform necessary administrative tasks such as, but not limited to,

environmental clearance under CEQA or NEPA, establishment of loan underwriting policies and terms, execution and management of any loans made using PLHA funds, monitoring of programs and projects as needed to fulfill PLHA requirements, and submittal of annual reports to State on PLHA-funded activities. Willows and Orland agree to fully cooperate with the County in all things required and appropriate to comply with the provisions of the Standard Agreement with State and to execute the PLHA Plan, as approved by State. During the first year of the five-year Plan term, the Parties agree to meet on a quarterly basis to discuss the plans for the use of PLHA funds and progress being made. Beginning in the second year of the five-year Plan term, through the end of the fifth year, Parties will agree to a meeting schedule which will provide adequate opportunity for communication and decision-making.

- B. Program Administration Funding.** In consideration of the County's agreement to be the administering local government for the PLHA Program and its assumption of the responsibilities inherent in this role, the Parties agree that the allowable Program Administration for the funding, which is equal to a maximum of 5% of each year's allocation for each local government jurisdiction, shall be retained exclusively by the County of Glenn for these administrative purposes.
- C. Maintenance of Records.** The County shall maintain records of activities for any projects undertaken pursuant to the PLHA Program, and said records shall be available for inspection by staff and/or auditors representing Willows and Orland, on reasonable notice during the normal business hours of County.

SECTION IV. USE OF PLHA FUNDS

- A. Joint Participation in Funding of Projects.** The Parties agree it is in the best interest of the public that the allocations made available to each local government jurisdiction be combined into a pool of funds to be used throughout the County, pursuant to the criteria described in Section IV. D. of this Agreement. The Parties agree this method will allow for more timely development of the housing units assisted by the funding, and therefore address the current shortage of affordable housing throughout Glenn County, which is of vital importance and a high priority to all Parties.
- B. Use of Funding During the First Five-Year Term.** Given the importance of the existence of critical public infrastructure (water, sewer, storm drainage) to the development of multi-family housing, and due to the general lack of such infrastructure in much of the unincorporated areas of Glenn County, the Parties agree that funding received during the first five-year term will be focused on projects in Willows and Orland, where such infrastructure is typically available. County agrees to the use of its funding allocations for projects within Willows and Orland, understanding that it may not be able to count the units developed towards its RHNA progress. County intends to pursue funding opportunities, as appropriate, for the development of public infrastructure in unincorporated communities, such as Hamilton City, so that future PLHA funding may be allocated to projects in those areas.
- C. Projects Included in PLHA Plan.** In order to develop the PLHA Plan, the Parties have agreed upon the need for multi-family, affordable housing units throughout Glenn County. In accordance with this need, the Parties have shared the status of potential projects in Willows and Orland which may be targeted for PLHA funding. These potential projects have been used to develop the unit count and affordability targeting required to be described in the PLHA Plan. Due to the preliminary nature of the potential projects, the Parties agree that these are subject to change.
- D. Project Assistance Criteria.** As the Parties have agreed to combine their allocations into a pool of funds to be used throughout the County, the following criteria shall be considered by the County as funding decisions are made for the use of the PLHA funds.

- a. **Meeting PLHA Commitment Requirements:** Pursuant to Section 300(e) of the PLHA Program Guidelines, the County shall consider how individual project readiness and project funding needs will impact the County's ability to remain in compliance with the commitment requirements of PLHA.
 - b. **Project Readiness:** Projects will be prioritized for funding within the following tiers of readiness:
 - i. High Readiness: Project Sponsor has site control, has been awarded any needed planning entitlements, has completed environmental review/clearance, and has developed a neighborhood outreach strategy.
 - ii. Medium Readiness: Project Sponsor has site control, planning entitlements and environmental clearance are under way, and is actively working on a neighborhood outreach strategy.
 - iii. Low Readiness: Project Sponsor is in negotiations for site control and has inquired of each jurisdiction what will be needed for planning entitlements and environmental review, as well as neighborhood outreach.
 - c. **Project Funding Needs:** In addition to consideration of Project Readiness, projects with a demonstrated need for the PLHA funding to ensure or enhance project viability will be prioritized.
 - d. **Targeting to the Lowest Income Households:** PLHA funds can be used for households at a variety of income levels, but are especially intended to be used to meet the housing needs of households at or below 60% of Area Median Income. Projects which have units targeted for affordability for these households will be prioritized for funding.
- E. Minimum Project Assistance by Jurisdiction.** Notwithstanding the criteria described above, the Parties agree to make every reasonable effort to ensure that during the five-year term of the agreement, a minimum of one project is funded in Willows and a minimum of one project is funded in Orland.
- F. Funding Assistance in the Form of Loans.** The Parties agree that any funding provided to a housing developer for a project will be provided in the form of a low-interest deferred loan, with the loan amount and loan terms (including conditions for the payment of accrued interest and principal from residual receipts), delineated at the time the loan commitment is approved by the Glenn County Board of Supervisors. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust in favor of the County of Glenn. A recorded Regulatory Agreement shall restrict occupancy and rents for a term of at least 55 years.
- G. Use of Program Income.** The Parties agree that program income generated as a result of the receipt of PLHA funds will be retained by the County and utilized to fund future PLHA-eligible activities. Program income will include payments from residual receipts, accrued interest and any monitoring fees the County chooses to charge.

NOW THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized and their official seals to be hereunto affixed, all as of the day first above written.

County Counsel Certification

The Office of the County Counsel hereby certifies that the terms and provisions of this Agreement are fully authorized under State and local laws, and that this Agreement provides full legal authority for the County to undertake all responsibilities as the delegated local government to administer the PLHA funding.

COUNTY OF GLENN:

APPROVED AS TO FORM:

By: _____

Christine Zoppi, Director
Community Action Department

By: _____

William J. Vanasek
County Counsel, Glenn County

CITY OF WILLOWS:

APPROVED AS TO FORM:

By: _____

Wayne Peabody
Interim City Manager, Willows

By: _____

David G. Ritchie
City Attorney, Willows

CITY OF ORLAND:

APPROVED AS TO FORM:

By: _____

James Paschall, Sr.
Mayor, Orland

By: _____

Greg Einhorn
City Attorney, Orland

AGENDA ITEM

TO: Wayne Peabody, Interim City Manager
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Adoption of 2019/20 City of Willows Budget

RECOMMENDATION

Conduct a public hearing and adopt the Resolution of the City Council of the City of Willows Adopting the 2020/21 City of Willows Budget.

SITUATION (or BACKGROUND):

The City Council conducted budget review and analysis session workshops on June 1 and 11, 2020, as well as an update of General Fund revenues as a result of COVID 19 on April 28, 2020. As part of the budget workshop sessions, the Council received input from staff in open sessions subject to the Governor’s Executive Order No. N-25-20. As a result, Council, by consensus, directed Staff to implement a number of cuts discussed at the June 11 meeting, and then bring the preliminary 2020/21 budget forward to a June 23 public hearing for adoption.

The budget, as presented for adoption, includes the following expenditure levels:

	2020/21
General Fund	\$ 3,916,841
Special Revenue Funds	\$ 686,446
Sewer Enterprise Fund	\$ 1,715,271
Water Enterprise Fund	\$ <u>6,192</u>
 Total Expenditures	 \$ <u>6,324,750</u>

The proposed budget carries a General Fund operating deficit 2020/21 of \$521,465 to be covered by General Fund Reserves currently estimated to be at a range of \$1,031,633 to \$1,136,633.

This Budget is presented for adoption without consideration of actions recently taken by the State of California or yet to be taken by the County of Glenn regarding their respective 2020/21 budgets. Should actions taken by these agencies, or the City of Willows, have an impact on the financial status of the City of Willows, Staff will return to

the City Council for further budgetary action. Further, Staff recommends review of the City's fiscal status on a quarterly, rather than semi-annual, basis during fiscal year 2020-21, given the ongoing fiscal uncertainty facing the organization.

Access to the 2020/21 Proposed budget (up for consideration in this public hearing) is available as part of the June 11, 2020 budget workshop at:
<https://www.cityofwillows.org/assets/resources/meetings/agendas/06-11-2020-Agenda-Packet-Special-Budget-Meeting.pdf> .

FINANCIAL CONSIDERATION

As noted, total appropriation of \$6,324,750 for 2020/21.

NOTIFICATION

- Notice of Public Hearing posted in newspaper of general circulation

ALTERNATE ACTIONS

1. Adopt by Resolution
2. Reject staff recommendation and/or direct item to be returned at later date.

RECOMMENDATION

Conduct a public hearing and adopt the Resolution of the City Council of the City of Willows Adopting the 2020/21 City of Willows Budget

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachments:

- Resolution of the City Council of the City of Willows Adopting the 2020/21 City of Willows Budget



City of Willows
Resolution xx-2020

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS ADOPTING THE 2020/21 CITY OF WILLOWS ANNUAL BUDGET

WHEREAS, the Willows City Council has reviewed and analyzed the preliminary budget for fiscal year 2020/21 with opportunity for input from the City Staff and interested citizens; and

WHEREAS, the Willows City Council recognizes that the City is facing very uncertain times in providing services to the Community, and

WHEREAS, as a result of this review and evaluation the City Council has established the fiscal policy for the 2020/21 budget; and

WHEREAS, these policies will be reflected in the document entitled 2020/21 Adopted Budget with 2021/22 Projections: and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Willows hereby adopts the 2020/21 annual budget in the amount of \$6,324,750

BE IT FURTHER RESOLVED that the budget as detailed is a guide to the annual revenue and expenditures, and the City Manager may exceed the expenditures from a particular line item account when, at the City Manager's discretion, it is deemed prudent and efficient for the general operation of the City. However, in no event is the City Manager authorized to exceed the total amount of budget without approval of the City Council.

PASSED AND ADOPTED by the City Council of the City of Willows this 25th day of June, 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:

ATTEST:

KERRI WARREN, MAYOR

TARA RUSTENHOVEN, CITY CLERK



REGULAR BUSINESS

June 23, 2020

AGENDA ITEM

TO: Honorable Mayor Kerri Warren and Members of the City Council

FROM: Tara Rustenhoven, City Clerk

SUBJECT: Library Board of Trustees Appointments

RECOMMENDATION:

By Motion, appoint two Members to the Willows Library Board of Trustees in accordance with the recommendation of Councilmember Mello and Councilmember Flesher.

SUMMARY:

As directed by council at the May 12th meeting, procedures were followed, and city staff received two applications for the two-seats that expire on June 30, 2020.

Council Member Mello and Council Member Flesher held interviews of the applicants and directed staff to place an item on the agenda of the June 23, 2020 City Council meeting, in which they will make their recommendation to the Council to appoint Lynn Soeth and Andrezej Kubak to the open seats of the Library Board of Trustees, set to expire on June 30, 2024.

FINANCIAL CONSIDERATIONS:

N/A

NOTIFICATION:

All applicants have been notified.

ALTERNATE ACTIONS:

No Alternatives are recommended.

June 23, 2020

RECOMMENDATION:

By Motion, appoint two Members to the Willows Library Board of Trustees in accordance with the recommendation of Councilmember Mello and Councilmember Flesher.

Respectfully Submitted,

/s/ Tara Rustenhoven

Tara Rustenhoven
City Clerk

Approved by:

/s/ Wayne Peabody

Wayne Peabody
Interim City Manager/Fire Chief

AGENDA ITEM

TO: Honorable Mayor Warren and Members of the City Council
FROM: Tim Sailsbery, Administrative Services Director
SUBJECT: Request for Proposal-Wastewater Treatment Plant Contract Operations

RECOMMENDATION

By Motion, Approve the Request for Proposal for Wastewater Treatment Plant Contract Operations and Direct Staff to Proceed According to the Timeline

SITUATION (or BACKGROUND):

With the completion of the Wastewater Treatment Plant renovations and upgrades to required tertiary treatment in 2007, the City of Willows has contracted for wastewater plant operations due to the complexity, regulations, and licensure requirements of operations of the facility. While the company name of the vendor has changed over time (Ecologic, Southwest Water, Inframark), the City has been with the same vendor during this period. The existing contract is set to expire Oct. 31, 2020, and the City notified Inframark of non-renewal.

With the assistance of Coastland Engineering, a Request for Proposal was developed for distribution to interested parties. If approved, the RFP will be distributed on 6/24. A mandatory pre-bid meeting and site visit is scheduled for July 8, and the proposals are to be submitted by July 23. Staff will then evaluate the proposals and return to Council with a recommendation at either the August 11 or 25 meeting.

FINANCIAL CONSIDERATIONS:

TBD

NOTIFICATION

Various Firms upon Approval of RFP

ALTERNATE ACTION

- Approve as Recommended
- Reject Request for Proposal
- Request Further Information

June 23, 2020

RECOMMENDATION

By Motion, Approve the Request for Proposal for Wastewater Treatment Plant Contract Operations and Direct Staff to Proceed According to the Timeline

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery
Administrative Services Director

Attachments

- Request for Proposal
- Draft Contract (for reference purposes only)



REQUEST FOR PROPOSALS
for
WASTEWATER TREATMENT PLANT CONTRACT OPERATIONS

ISSUE DATE: June 24, 2020

MANDATORY PRE-PROPOSAL FACILITIES REVIEW: July 8, 2020 at 10:00 am

RESPONSES DUE: (July 23, 2020) at 2:00 PM

**City of Willows
201 N. Lassen
Willows, CA 95988**

INQUIRIES: Direct questions or clarifications on Request for Proposal documents to:

**Steve Soeth, Community Development Services Director
(530) 934-7041
ssoeth@cityofwillows.org**

Request for Proposals
Wastewater Treatment Plant Contract Operations
City of Willows

TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
1.	Introduction	1
2.	Background	1
3.	Scope of Services to be Provided	1, 2
4.	Contract Term	2
5.	Submittal Requirements	2-4
6.	Submittal and Selection Process Dates	4
7.	Evaluation of Proposals	5
8.	General Terms and Conditions	6
9.	Communication and Questions	6
10.	Mandatory Pre-proposal Review of Facilities	6

Attachments

Attachment A – **Draft** Professional Services Contract

Section 1 - INTRODUCTION

The City has operated its wastewater treatment plant (WWTP) through contract operations since converting to advanced treatment in 2007. The contract operations model has been successful, but the change to advanced treatment has increased the cost of wastewater service and the community is very sensitive to rates. The City also maintains the sewer collection system, including pump stations, and plans to continue to provide these services with City personnel. The current operations contract for the WWTP will expire on October 31, 2020. The City would like to receive proposals from well-qualified proposers to continue to successfully operate the treatment plant through contract-operations. The City requests professional, qualified firms to submit a proposal as described herein. To be seriously considered, respondents and their team members should have successful experience in contract operations of advanced, municipal wastewater treatment plants. Experience in California is preferred.

Section 2 - BACKGROUND

The City completed construction on the current wastewater treatment plant (the "Plant") in 2007. 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 includes flow equalization as well as two sludge drying lagoons. 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 (i.e. "Permit", see Schedule 4 of Attachment A). The Plant's classification is a Class IV as defined in the California Code of Regulations, Title 23, Division 3, Chapter 26, section 3675.

Section 3 - SCOPE OF SERVICES TO BE PROVIDED

The expectations of the successful Contract Operator are summarized as follows:

- Supply appropriately certified, highly qualified and professional staff.
- Operate the City's wastewater treatment plant (WWTP) in compliance with all applicable state and federal requirements, including the Permit.
- Respond with qualified and certified staff within 45 minutes of notification or realization of operational interference, upset, power outage, regulatory inspection, or other emergency, 24 hours/day, 365 days/year.
- Purchase and maintain inventories for all chemicals and materials required for plant operations including, but not limited to, sodium hypochlorite, sodium bisulfite, and laboratory chemicals.
- Purchase outside services, if required, for all plant operations, maintenance, or other contractual obligations.
- Maintain the WWTP and associated facilities as required to keep the facility in excellent condition.
- Perform all field and laboratory analyses required by the Permit in conformance with State

requirements for laboratory quality assurance, quality control, detection levels, and certifications/licenses.

- Present technical reports to the RWQCB and City staff.
- Provide technical expertise on various plant performance, operation, and compliance issues as may be required for operation in compliance with Permit.
- Represent the City before the RWQCB and their staff during inspections and meetings.
- Perform equipment maintenance activities at the WWTP.
- Sample, test and report on stormwater samples.
- Maintain required records on site for inspection by City staff and State regulators.
- Complete and submit all reports described in the Permit in a timely manner.
- Notify and provide written reports to State regulators and City officials as requested in the event of Permit violation.
- Represent the City professionally in dealing with the public and regulators.

For a more complete listing of services required, please see the Draft Contract attached as Attachment A. Please note that this Draft Contract is for reference purposes only and should not be considered as the contract to be negotiated. As outlined in section 4.1 b) of the Draft Contract, the City will be responsible for payment of utility and property-related charges.

Section 4 – CONTRACT TERM

The City intends to contract for a base-term as outlined below with provision for extension of an additional contract term upon mutual agreement of the parties. The City would like proposals for two options.

- Option 1 - A base term of five years with provisions for a single, five-year extension.
- Option 2 – A base term of ten years with provisions for up to two, five-year extensions.

Section 5 – SUBMITTAL REQUIREMENTS

To be considered, respondents' proposals shall include the following items:

Transmittal Letter – Proposals shall include a transmittal letter, not exceeding two-pages which provides an overview of their proposal, their team members, their experience/qualifications, and any other information relevant to the solicitation.

Approach – The proposal should provide a narrative describing the anticipated approach to the elements described in the Scope of Services section of this request and Draft Contract. The proposal should be presented in sufficient detail to convey a clear understanding of the tasks and services included.

Staffing – Proposals must include a staffing plan and organizational chart which includes the specific positions proposed for the contract and their duties/role on the team. The licensing and minimum qualifications for each position shall be included. The City recognizes it may not be possible to definitively identify every member of the team. However, the quality of the personnel provided is a key consideration of the City. Therefore, if respondents cannot commit to specific team members, they are encouraged to provide a listing of staff from which the Willows plant staff will be chosen.

Relevant licenses and certificates shall be presented in the submittal.

Work Plan – Proposals shall include a work plan that outlines the services proposed and contains the staffing levels, positions and responsibilities for each member of the proposed team. The work plan should identify all tasks to be performed by the team members and the relative time each would be expected to spend on various tasks. The work plan must also identify all services anticipated to be provided by third-party vendors. Any deviations from the services outlined in the attached Draft Professional Services Contract should be clearly stated.

Cost Proposal – While proposals will be evaluated based on their overall value, the cost of the services will be a major factor in determining the preferred Contract Operator. Proposals shall contain the respondents best-price offer to provide the requested contract services for both contract term options identified in Section 4. For the purpose of preparing their cost proposal, respondents should assume the provisions outlined in the attached Draft Professional Services Contract are in place, including but not limited to the City’s payment of all property-related charges (Section 4.1 a)), the City’s annual contribution towards repair and maintenance (Schedule 5, section 1), and the City’s payment for all facility-related permits and licenses.

Through the term of an operations contract, additional fees may be negotiated for services required outside the scope described herein. The proposal must include a rate sheet for all professional and technical personnel and any associated services that may be utilized in the course of providing additional contract operation services. The company mark-up on subcontracted services shall also be included. The rates submitted are intended to be attached to the contract and used as a basis to negotiate fees for work which may be performed outside the scope of the work originally agreed.

Experience – Proposals shall include an overview of the experience of the company and the proposed team providing the requested services. This shall include the identification of all subconsultants/subcontractors and the respondents experience working with each of these subs. Resumes and other material may be included as an attachment to the proposal, however the page limit for such items related to experience shall be limited to a maximum of twelve pages.

Respondents should demonstrate knowledge and experience in the following areas to be considered qualified:

- Understanding of wastewater treatment processes and technologies,
- Wastewater treatment process control, analysis, and management,
- NPDES permit compliance,
- Federal and State environmental quality and wastewater regulations,
- Operation of similar wastewater treatment plants,
- Wastewater sampling, monitoring, analysis, and reporting,
- Laboratory practices, quality assurance, quality control, and detection level requirements.

References – Proposals shall include references. The name, position, contact information, and relationship with each reference shall be included. At a minimum, three references shall be provided for each of the following:

- Corporate references - Municipal wastewater treatment clients with small, advanced treatment and surface water discharge, preferably in California.
- Proposed Plant Manager/Chief Plant Operator – References should be from independent clients and for the position of CPO if possible.
- Proposed Shift Supervisor - References should be from independent clients and for the position of shift supervisor if possible.

Exceptions – Proposals shall include an identification of any and all exceptions taken to this RFP and/or the contract language, including insurance provisions. All exceptions should be explained and propose alternative language for the City’s consideration. The City reserves the right to reject any proposals which contains exceptions.

Responsibility – Each proposal must contain the following questions and clear, concise responses:

- a) Have you ever defaulted on a contract? If yes, please provide the year(s), entity(s), and reasons.
- b) In the past five years, has any claim or legal action been filed in court or arbitration against your company by a client you have provided similar services to? If yes, please explain.
- c) Has your firm ever been suspended or debarred by any government agency? If yes, please explain.

Financial Information – Proposals shall include a current credit rating from Dun & Bradstreet, Supplier Qualifier Report.

Section 6 – SUBMITTAL, SELECTION PROCESS AND DATES

Proposals shall conform to the requirements of this RFQ&P, with special attention given to the requirements of Sections 4 and 5. The proposal shall be signed by someone authorized by the proposer to execute a contract between the City and proposer. Proposal packages shall consist of:

- One signed, unbound original,
- One electronic version (in PDF format), and
- Three (3) bound copies of the proposal.

Proposals must be received and date-stamped by the City no later than **2:00 pm, Thursday, July 23, 2020**. Proposals shall be clearly marked “Request for Qualifications and Proposals, Wastewater Treatment Plant Contract Operations, City of Willows” and submitted to:

**City of Willows
Public Works
201 N. Lassen
Willows, CA 95988**

Submittals received after this time will not be considered.

Section 7 – EVALUATION OF PROPOSALS

It is the City's intent to enter into an agreement with a single firm to perform the services described in this RFQ&P. Submittals will be evaluated by a panel appointed by the City Manager. Evaluators will review each submittal independently and rank them in consideration of the following criteria:

- Completeness and responsiveness of the submittal package,
- Demonstrated understanding of the services required,
- Quality, experience and ability of the proposed staff,
- Understanding of discharge, monitoring, and reporting requirements included in the Permit,
- Ability and experience of the company and team operating similar municipal facilities,
- Fee for services,
- Expertise evaluating wastewater treatment and disposal options and costs,
- Demonstrated success transitioning into and out of contract plant operations,
- Knowledge of wastewater/environmental regulations,
- Success communicating with governmental agencies and general public,
- Ability to complete and present quality reports,
- Ability and experience performing the work requested in this RFP.

It is the intent of the City to contract with the firm that, in the City's opinion, best meets the needs of the community at the lowest cost. Though the fee to perform the work is very important, it is not required for the City to contract with the firm having the lowest fee. The work described in this RFQ&P requires certain expertise and qualifications which will be considered in addition to the cost of services.

Once submittal evaluation has been completed, the City *may* invite the highest- ranking firm or firms to interview with the panel and present their proposal and qualifications. Final ranking by the evaluation panel may be made upon completion of the interview process, if any.

City staff will recommend to the City Council that the City enter into an agreement for contract services with the highest ranked firm. The successful firm may be asked to present their qualifications and proposal to the City Council when the recommendation is made. The final selection will be made by the City Council. If an agreement with the first ranked firm cannot be finalized, the City may elect to proceed to negotiate an agreement with the next highest ranked firm.

This RFQ&P does not commit the City to award a contract, to enter into an agreement, or to pay any cost incurred in the preparation of a proposal from any respondent. The City reserves the right, at its sole discretion, to reject any and all responses to this RFQ&P for any reason and to waive irregularities.

Please note that in order to have their proposal considered, each respondent must have an employee of the firm submitting the proposal attend the mandatory pre-proposal meeting and site review outlined in Section 10 below and sign the attendance sheet.

Section 8 – GENERAL TERMS AND CONDITIONS

Limitation - The RFP does not commit the City to award a contract, to pay any cost incurred in the preparation of the Consultant's proposal, or to procure or contract for services or supplies. The City is not responsible for proposals that are delinquent, lost, mis-marked, and sent to an address other than that given above, or sent by mail or courier service. The City reserves the right to accept or reject any or all RFP responses received as a result of this request or to cancel all or part of this RFP.

Public Records - All proposals shall become the property of the City and will become public records and, as such, may be subject to public review.

Contract Agreement - The contents of the submitted proposal will be relied upon by the City and may be and incorporated into the awarded contract and, if so, shall become a contractual obligation. Failure of the Consultant to agree to include the proposal as part of the contractual agreement will result in cancellation of the award. The City reserves the right to reject those parts that do not meet with the approval of the City, or to modify the Scope of Services, as agreed by Consultant, in the final negotiated contract.

Compliance with Applicable Laws - All services provided under this proposal shall comply with all applicable laws and regulations, including current safety orders of the California Department of Industrial Relations and CAL/O.S.H.A.

Insurance - Contractors providing services to the City are required to furnish evidence of insurance coverage as detailed in Attachment A.

Section 9 – COMMUNICATION AND QUESTIONS

Any questions regarding this RFQ&P shall be directed to Steve Soeth, Community Development Services Director, ssoeth@cityofwillows.org, 201 North Lassen Street, Willows, CA 95988, 530-934-7041.. All questions shall be made in writing via letter or email. All questions must be received no later than July 13 to be considered. Responses to questions, if any, will be made by posting to the City's website no later than 7 days before the posted submittal deadline.

Section 10 – MANDATORY PRE-PROPOSAL REVIEW OF FACILITIES

In order to have their proposal considered, all respondents must have an employee of the firm submitting the proposal attend the Mandatory Pre-Proposal Review of Facilities and sign the attendance sheet provided at the review. The review will be held at Willows City Hall at 10:00 a.m. on July 8, 2020. The purpose of this site review is to allow respondents to examine the site and facilities. Please note that the City does not have staff with background wastewater operations or experience operating the facilities. Therefore, attendees should not expect the City to answer operational questions related to the facility. The City's current contract operator will not be available to answer any questions from attendees. All attendees will be responsible for supplying their own COVID-19 related personal protective equipment if/as required by the Glenn County Health Department. Also, all attendees who wish to tour the treatment plant will be required to have Cal-OSHA approved hard hats and vests.

DRAFT PROFESSIONAL SERVICES CONTRACT

THIS WASTEWATER OPERATION AND MAINTENANCE AGREEMENT (the "Agreement") is made this _____ day of _____, between:

THE CITY OF WILLOWS, the "Municipality"; and

_____, (hereinafter the "Operator").

BACKGROUND

The Municipality desires to retain the Operator to operate and maintain the Municipality's wastewater treatment plant and all associated facilities as described in Schedule 2 of this Agreement ("Facilities") and the Operator desires to provide said operations and maintenance services to the Municipality.

AGREEMENT

In consideration of the mutual promises in this Agreement, the parties agree as follows:

1) **TERM**

1.1 This Agreement shall commence on _____ ("Commencement Date") and shall remain in full force and effect for five (5) years from the Commencement Date ("Initial Term") unless terminated earlier under clause 6 below. After the Initial Term, the Agreement shall be automatically renewed for successive five (5) year periods unless cancelled in writing by either party at least one hundred and twenty (120) days prior to the expiration of the then current term.

2) **SERVICES**

2.1 The services to be provided by the Operator as more fully set out in Schedule I (the "Services").

2.2 The Operator shall:

2.2.1 Perform the Services in accordance with the provisions of this Agreement, Applicable Law, and all permits, licenses, and specifications applicable to the operation and maintenance of the Facilities; exercising the degree of skill and care ordinarily exercised by members of Operator's profession in the geographic region of the Facilities;

2.2.2 Use qualified (and where required, certified) personnel to operate and maintain the Facilities and all its equipment and processes in accordance with relevant operation and, if available, maintenance manuals for the Facilities, Applicable Law, and the Discharge Permits;

2.2.3 Perform (or contract with a laboratory certified by the appropriate regulatory body to perform) all sampling, and laboratory analysis required by the Municipality's Discharge Permits. laboratory procedures and analysis shall conform to the then current edition of Standard Methods for the Examination of Water and Wastewater, or shall be in accordance with testing requirements of the Municipality's Discharge Permits;

2.2.4 Purchase and maintain an inventory of chemicals routinely used in the operation of the Facility. Chemical inventories will be stored at the Facility in compliance with all state and federal standards and in quantities sufficient to ensure continuous operation of the Facility;

2.2.5 Subject to the limitations in clauses 3 and 5, below, perform the routine maintenance tasks in Schedule 1 as part of the annual "Base Fee";

2.2.6 Maintain necessary records of operations, maintenance, repair and improvement activities at the Facilities and shall prepare and submit to the Municipality a monthly report, delivered to the Municipality the following month, including a narrative and summary of operations, maintenance, repair and replacement activities (including the draw-down against the Annual Repair and Maintenance Limit) and data required for monthly reporting to local, state and federal agencies;

2.2.7 Prepare a summary report of operations, if requested by the Municipality, at the conclusion of each agreement year and present to Municipality within thirty (30) days after the conclusion thereof;

2.2.8 Prepare and submit all operations and compliance reports as may be required by state and federal regulatory agencies;

2.2.9 Attend scheduled meetings with Municipality as required and promptly respond to all correspondence and/or inquiries from Municipality in a professional manner;

2.2.10 Collect stormwater discharge samples and arrange for laboratory testing and report the results from such testing in accordance with the current NPDES permit;

2.2.11 Ensure that general housekeeping and building and grounds appearance is maintained to acceptable standards;

2.2.12 Provide emergency response and respond to such emergency calls within one (1) hour from the time of receiving notification or as reasonable under the particular circumstances of the Emergency. Emergency services are to be provided 'twenty-four (24) hours per day; seven (7) days per week.

2.3 For the duration of this Agreement, the Municipality hereby grants the Operator, free of charge, a license to use the Facilities, including all equipment, structures, and ancillary items under Municipality's ownership and which have been assigned by Municipality to the Facilities.

2.4 At the City's request and at the option of Operator, Operator shall provide additional services for Municipality. Compensation for such services shall be negotiated on a case-by-case

basis.

3) REPAIRS AND MAINTENANCE

3.1 The Operator shall be responsible for all Annual Maintenance Expenditures up to the aggregate Annual Repair and Maintenance Limit. Any and all costs in excess of the Annual Repair and Maintenance Limit shall be the responsibility of the Municipality.

3.2 Except in the case of an Emergency Event, the Operator shall obtain the prior written approval of the Municipality for any single maintenance-related expense which shall cost more than two thousand dollars (\$2,000). When the Operator determines that an Emergency Event exists, it may begin immediately taking any necessary action, without the Municipality's prior approval. However, in the event of an Emergency Event, Operator shall notify Municipality as soon as possible and provide information on the nature of the Emergency Event and an estimate of the maximum anticipated expense to remedy the Emergency Event". Any costs incurred during the Emergency shall be included in the Annual Maintenance Expenditures, subject to the Municipality's subsequent review and approval.

3.3 Operator shall maintain up-to-date financial and accounting records as they apply to the Annual Maintenance Expenditures. The records must be kept in accordance with the Operator's standard accounting practices and made available to the Municipality within thirty (30) working days of Municipality's written request.

3.4 The Operator will track Annual Maintenance Expenditures incurred against the Annual Repair and Maintenance Limit. Any portion of the Annual Repair and Maintenance Limit that has not been spent at the end of the Agreement Year will either be credited, based on direction from the Municipality, against the following year's Base Fee or reimbursed to the Municipality within thirty (30) days of the end of the Agreement Year.

3.5 Operator will provide annually, based on a schedule and time frame provided by the Municipality, a recommended list of capital improvements for the Facility.

3.6 Extraordinary Costs. If at any time during the course of this Agreement, storms, earthquakes, tornados, unusual floods, or other uncommon natural disasters occur which adversely affect the Facilities, and which cause extraordinary expenditures to be incurred by Operator to ensure, to the best of its ability, the continued operation of the Facilities in compliance with the Discharge Permit, Operator shall submit a detailed invoice of any such Extraordinary Costs to Municipality. Municipality shall pay to Operator such invoiced amount within thirty (30) days of receipt and approval of such invoice.

4) MUNICIPALITY OBLIGATIONS

4.1 The Municipality shall:

a) Obtain and maintain all state, federal, and local permits and licenses required for ownership, operation and maintenance of the Facilities, including without limitation, the Municipality's

Discharge Permits;

b) Arrange for and pay: i) all costs related to delivery to and consumption of utilities to the Facility, including electricity, water, gas usage at the Facilities; ii) all property, value-related, franchise, sales, use, excise, gross receipts, transaction privilege or other taxes associated with the Services and the ownership, operation and maintenance of the Facilities, other than taxes imposed on Operator's net income or payroll; iii) expenses resulting from hydraulic or organic loads exceeding the Baseline Conditions; iv) all costs attributable to the transportation and disposal of Process Residue if any; and, v) all Capital Improvements;

c) Comply with Applicable Law relating to the management, ownership, operation, maintenance, repair and replacement of the Facilities (to the extent that the responsibility of complying with those laws is not specifically assumed by the Operator under this Agreement). The Operator shall not be responsible for Municipality's failure to comply with any provision of Applicable Law that is not otherwise specifically assumed by the Operator hereunder;

d) During visits to the Facilities, comply and shall require its agents, licensees or invitees to comply with all reasonable safety rules and regulations adopted by the Operator;

e) Maintain all sewer lines, pipes, force mains, and all other wastewater transportation lines ("Municipality Lines"), that are not part of the Facilities under Operator's control, in a manner that will prevent, to the extent practicable, any damage to the operation of the Facilities due to leakage of wastewater or infiltration or inflow of storm water from such Municipality Lines;

f) Perform all duties and discharge all responsibilities and obligations relating to the operation and maintenance of the Facilities not expressly assumed by the Operator pursuant to the terms of this Agreement.

5) FEES AND PAYMENT

5.1 For the period beginning on the Commencement Date, the Municipality shall pay the Operator an annual fee (the "Base Fee") as set out in Schedule 5. The amount of the Base Fee shall be increased on each Adjustment Date in accordance with the formula set forth in Schedule 5. In no event shall the Base Fee be reduced.

5.2 Any and all late payments due to either party from the other party shall accrue interest at the rate of one and one-half percent (1 ½ %) per month or the maximum rate permitted by Applicable Law, whichever is less, from the original due date and until payment is received.

5.3 In the event of a change in the Services or Applicable law or other factor beyond the reasonable control of the Operator which causes an increase in the Operator's cost of providing the Services, the Operator may provide notice to the Municipality and the parties shall negotiate in good faith to adjust the Base Fee to account for such change in Operator's costs. If the parties are unable to reach a negotiated agreement within thirty (30) days of the date of notice, then the contract may be terminated by the Operator with one hundred twenty (120) days prior written notice to Municipality. The Parties agree that this Agreement is based on the Facility being rated

at a maximum daily annual average flow 2.0 MGD and its ability to treat 2,400 lbs./day BOD and 3,400 lbs./day of TSS. Should the actual annual dry-weather flows or loadings treated change from either of these levels by more than ten percent (10%), the price differential for such treatment shall be agreed to by the Parties pursuant to this Section

5.4 Reduction of the overall scope of Services performed by the Operator under this Agreement may not, over the entire term of this Agreement, reduce the Base Fee by an amount greater than twenty five percent (25%) of the Base Fee as of the Commencement Date.

6) TERMINATION

6.1 Either party may terminate this Agreement by written notice if the other has failed to comply with a material term, provided that the non-defaulting party has first given the defaulting party written notice to cure their default within forty five (45) days ("Cure Period") and the defaulting party has not done so. If the default cannot be cured within the Cure Period days, the parties may agree to an extension if the defaulting party provides evidence within the Cure Period that it has commenced a cure and is pursuing it diligently. If the default has not been cured within the Cure Period or mutually agreed extension, either party may serve upon the other written Notice of Termination. The termination date shall be included in the Notice of Termination, but in no case shall the termination date be less than one hundred and twenty (120) days from the issuance of the Notice of Termination.

6.2 In the event of the termination of this Agreement under 6.1 above, the Municipality shall pay the Operator for the Services provided and invoiced by Operator up to the effective date of termination plus the unamortized balance of any Capital Improvements financed or paid for by the Operator as reflected on Operator's financial statements. Payment shall be made within thirty (30) days of the date of termination.

6.3 In the event that the facility is issued an enforcement order or fined for violation of the Municipality's Discharge Permit or other applicable law and such order and/or fines include provisions that require capital improvements be made to the Facilities as a result of said order and/or fines, Municipality shall have the right to terminate this Agreement upon issuance of one hundred and twenty (120) days written notice to Operator.

7) FINES, INDEMNIFICATION AND LIMITATION

7.1 In the event that water quality violations occur following the Commencement Date, subject to Sections 2.3 and 13.6, the Operator shall, in respect of violations that may be imposed by Applicable Law, be responsible for payment without cost to Municipality all fines, penalties, and/or damages. Prior to settlement or payment of any such fines, penalties or damages, the Operator reserves the right to contest government or private actions, suits or proceedings for violations through administrative procedures or otherwise.

7.2 If the Facilities loadings exceed its design parameters or if influent contains: i) abnormal substances which cannot be removed or treated by the existing Facilities; or ii) discharges which violate applicable sewage ordinances, the Operator will use its best efforts to maximize

performance of the Facilities but shall not be responsible for associated effluent characteristics or damages, fines or penalties which result.

7.3 To the maximum extent permitted by law, during the term of this Agreement, Operator shall defend, indemnify and hold Municipality harmless against any and all liability for damages, costs, losses, and expenses, including reasonable attorney's fees, resulting from any claim asserted by a third party against the Municipality for wrongful death, bodily injury and/or property damage, but only to the extent caused by the willful or negligent acts or omissions of the Indemnifying Party.

7.4 Notwithstanding any provision to the contrary contained in this Agreement, in no event shall either party be liable, either directly or indirectly, for any special, punitive, indirect and/or consequential damages, including damages attributable to loss of use, loss of income or loss of profit even if such party has been advised of the possibility of such damages.

7.5 Unless prohibited by law, the Contractor's liability shall be limited as set out in this clause 7.5. Except for indemnified claims, the Contractor's maximum liability under this Agreement shall not exceed an amount equal to the annual Base Fee for the year in which the claim arises. In respect of indemnified claims, the Contractor's maximum liability shall be \$3 million. This limitation of liability shall not apply to third party claims asserted directly against Operator or claims arising from Operator's Gross Negligence or willful misconduct.

8) INSURANCE

8.1 The Operator shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Operator, his agents, representatives, employees, or subcontractors. With respect to General Liability, Errors & Omissions, Contractors Pollution Liability, and/or Asbestos Pollution Liability, coverage shall be maintained for a minimum of five (5) years after Agreement completion.

8.2 Operator shall provide and maintain insurance provided by California admitted surety insurers with a current A.M. Best rating of no less than A:VII. Insurance coverages and levels shall be as follows:

8.2.1 Commercial General Liability (CGL) Insurance on an "occurrence" basis, including products and completed operations, contractual liability, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this Agreement (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit; and

8.2.2 Workers Compensation Insurance as required by the State that has jurisdiction over Operator's employees engaged in the performance of Services hereunder, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease; and

8.2.3 Automobile Liability Insurance Services Office Form Number CA 0001 covering any auto (Code 1), hired (Code 8) and non-owned (Code 9) autos, with limit no less than **\$1,000,000** per accident for bodily injury and property damage; and

8.2.4 Contractor's pollution liability insurance with a minimum limit of four million dollars (\$4,000,000) per claim and aggregate.

8.3 If the Operator maintains broader coverage and/or higher limits than the minimums shown above, the Municipality requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Municipality.

8.4 Self-insured retentions must be declared to and approved by the Municipality. At the option of the Municipality, the Operator shall provide coverage to reduce or eliminate such self-insured retentions as respects the Municipality, its officers, officials, employees, and volunteers; or the Operator shall provide evidence satisfactory to the Municipality guaranteeing payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or Municipality.

8.5 Other insurance provisions shall include the following:

8.5.1 The General Liability, Automobile Liability, Contractors Pollution Liability, and/or Asbestos Pollution policies are to contain, or be endorsed to contain, the following provisions:

8.5.1.1 The Municipality, its officers, officials, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of work or operations performed by or on behalf of the Operator including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10, CG 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used).

8.5.1.2 For any claims related to this project, the Contractor's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the Municipality, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the Municipality, its officers, officials, employees, agents, or volunteers shall be in excess of the Contractor's insurance and shall not contribute with it.

8.5.1.3 Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the Municipality.

8.5.2 The Automobile Liability policy shall be endorsed to include Transportation Pollution Liability insurance, covering materials to be transported by Operator pursuant to the contract. This coverage may also be provided on the Contractors Pollution Liability policy.

8.5.3 If General Liability, Contractors Pollution Liability and/or Asbestos Pollution Liability and/or Errors & Omissions coverages are written on a claims-made form:

8.5.3.1 The retroactive date must be shown, and must be before the date of the Agreement.

8.5.3.2 Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the Agreement of work.

8.5.3.3 If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Agreement effective date, the Operator must purchase an extended period coverage for a minimum of five (5) years after completion of Agreement work.

8.5.3.4 A copy of the claims reporting requirements must be submitted to the Municipality for review.

8.6 The Operator shall name the Municipality, its officers, agents, and employees as an additional insured on the general liability policy and automobile liability policy with respect to the Services during the term of this Agreement, except for any claim against or loss suffered by the Municipality arising as a result of Municipality's negligence or fault and, in circumstances of joint fault or negligence, except to the extent of the loss attributable to the Municipality's proportionate degree of negligence or fault.

8.7 Operator agrees to provide the Municipality with thirty (30) days' notice prior to cancellation of any policy hereunder. The Operator will provide the Municipality with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements to Municipality before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the Operator's obligation to provide them. The Municipality reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

8.8 Operator hereby grants to Municipality a waiver of subrogation which any insurer may acquire against Entity, its officers, officials, employees, and volunteers, from Operator by virtue of the payment of any loss. Operator agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Municipality has received a waiver of subrogation endorsement from the insurer. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the Municipality for all work performed by the Operator, its employees, agents, and subcontractors.

8.9 Operator shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Operator shall ensure that Municipality is an additional insured on insurance required from subcontractors. For CGL coverage subcontractors shall provide coverage with a format least as broad as CG 20 38 04 13.

8.10 Municipality reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

8.11 The Municipality warrants that it maintains and will continue to maintain, during the term of this Agreement, appropriate property insurance in relation to the Facilities.

9) DISPUTES

9.1 In the event of any disputes, the parties shall first attempt to resolve the situation by good faith discussions which shall take place in a timely manner. If the dispute cannot be resolved within sixty (60) days, the parties shall mediate their dispute before a mediator acceptable to both parties, if the parties cannot agree on a mediator, they shall ask the Director of the Federal Mediation and Conciliation Service to nominate a mediator. The parties shall bear their own costs of the mediation, but the parties shall share equally the costs of the mediator and the mediation facilities.

10) MISCELLANEOUS

10.1 The relationship of the Operator to the Municipality is that of independent contractor for all purposes under this Agreement. This Agreement is not intended to create, and shall not be construed as creating, between Operator and Municipality, the relationship of principal and agent, joint ventures, co-partners or any other similar relationship, the existence of which is hereby expressly denied.

10.2 This Agreement contains the entire agreement between the Municipality and the Operator and supersedes all prior or contemporaneous communications, representations, understandings or agreements. This Agreement may be modified only by a written amendment signed by both parties.

10.3 The failure on the part of either party to enforce its rights as to any provision of this Agreement shall not be construed as a waiver of its rights to enforce such provisions in the future.

10.4 Neither party may actively solicit, for hire, the employees of the other party during the term of this agreement.

10.5 Neither party shall assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld.

10.6 A party's performance of any obligation under this Agreement shall be excused if, and to the extent that, the party is unable to perform because of any event of Force Majeure. In any such event, the party unable to perform shall be required to resume performance of its obligations under this Agreement upon the termination of the event or because that excused performance hereunder.

10.7 The Agreement shall be governed by and construed in accordance with the laws of the State. The parties agree that the venue of any action arising from this Agreement shall be in the appropriate State court having competent jurisdiction located in the judicial district in which the

Municipality is located.

10.8 In the event that the Municipality receives notice of or undertakes the defense or prosecution of any legal or administrative action or proceeding in connection with the ownership, operation and/or maintenance of the Facilities and/or this Agreement, the Municipality shall give the Operator prompt notice of such proceedings and shall inform the Operator in advance of all hearings. In the event the Operator receives notice of any action, claim, suit, administrative or arbitration proceeding or investigation in connection with the ownership, operation and/or maintenance of the Facilities and/or this Agreement, the Operator shall give Municipality prompt notice of such proceedings.

10.9 All notices will be in writing and shall be deemed given when mailed by first class mail or delivered in person. Notices required to be given to the parties by each other will be addressed to:

Operator

Municipality

10.10 Defined terms in this Agreement are set out in Schedule 3 or within the main body of this Agreement, within quotation marks.

10.11 Should any part of this Agreement for any reason be declared invalid or void, such declaration will not affect the remaining parts of this Agreement, which will remain in full force and effect as if the Agreement had been executed with the invalid portion eliminated.

10.12 This Agreement may be executed in more than one counterpart, each of which shall be deemed an original.

10.13 Both parties warrant and represent to the other that they have full power and authority to enter into and perform this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of the date at the top of this Agreement.

Operator

Municipality

Schedule 1: The Services

The Services include:

- (a) treatment of wastewater influent delivered to the Facilities;
- (b) routine preventive and corrective maintenance of the Facilities;
- (c) Repair and replacement of the Facilities' equipment;
- (d) Laboratory testing and analysis; and
- (e) Preparation and prompt delivery of all applicable and required filings, including discharge reports, to Municipality and to regulatory agencies as prescribed by Applicable Law.

Unless otherwise agreed in writing, the Operator shall provide labor, tools, utilities and materials, including an on-site routine stock of chemicals necessary for the operation and maintenance of the Facilities.

Routine Preventive and Corrective Maintenance: Routine preventative and corrective maintenance, including but not limited to the following, are included as part of the Base Fee.

- (i) routine preventive and corrective maintenance in accordance with the operator's experience, acceptable industry practice and approved operating and maintenance procedures developed for equipment and processes of the Facilities;
- (ii) routine preventive maintenance in accordance with manufacturers' specifications and approved operating and maintenance procedures developed for equipment and processes of the Facilities;
- (iii) clean and lubricate equipment;
- (iv) make equipment inspections and needed adjustments;
- (v) perform building and grounds janitorial services for the Facilities and cleaning of all equipment and vehicles;
- (vi) perform plumbing maintenance;
- (vii) maintain vehicles and light duty service trucks necessary for daily operations;
- (viii) maintain all the Facilities' instrumentation, including instrumentation provided to the Operator by the Municipality under this Agreement;
- (ix) schedule and track all preventive and corrective maintenance; and, perform spare parts inventory control in accordance with standard industry practice.

Repair and replacement - Repair and replacement of facility equipment is to be performed and funded as outlined in section "3) Repairs and Maintenance" of the Contract.

Schedule 2: The Facilities

The Municipality owns and has a National Pollution Discharge Elimination System (NPDES) Permit No. CA 0078034 for a wastewater treatment plant ("Facility") located at 1600 South Tehama Street, Willows, California.

The Facility is a conventional biological tertiary treatment system which includes the following unit processes:

- i) Influent Screening
- ii) Extended aeration activated sludge
- iii) Secondary clarification
- iv) Tertiary filters
- v) Sodium hypochlorite disinfection Sodium bisulfite de-chlorination
- vi) One equalization pond
- vii) One emergency pond
- viii) Two sludge retention lagoons

Effluent from the facility is discharged into the Glenn-Colusa Irrigation District or Agriculture Drain C, a tributary to Logan Creek.

Schedule 3: Definitions

"Adjustment Date" means each anniversary of the Commencement Date.

"Agreement Year" means any consecutive twelve (12) month period during the term of the Agreement (including the renewal options) that begins on the Commencement Date and subsequently ends on each anniversary of that date.

"Annual Maintenance Expenditures" means the total of all expenses incurred annually by the Operator in connection with the performance of its maintenance responsibilities under this Agreement. The Annual Maintenance Expenditures shall: i) exclude Operator's direct labor expenses and related benefits for its personnel assigned exclusively to the operations and maintenance of the Facilities and whose cost is included in the Base Fee; ii) include, but not be limited to, all materials, supplies, parts, tools, outside subcontractors, specialized services, rental equipment and all of the Operator's overtime costs and related benefits, as well as the cost of Operator's personnel not exclusively assigned to the operation and maintenance of the Facilities at an agreed hourly billing rate.

"Annual Repair and Maintenance Limit" means the total of all Annual Maintenance Expenditures in an amount up to a maximum of the amount in Schedule 5 for the first Agreement Year. For each Agreement Year thereafter, the Annual Repair and Maintenance Limit shall be increased on each Adjustment Date by the Price Index Increase.

"Applicable Law" means laws, rules, regulations, codes, administrative and judicial orders, directives, guidelines, judgments, rulings, interpretations or similar requirements or actions of any federal, state, local government, agency or executive or administrative body of any of the above, in each case that relate to the (a) parties' respective responsibilities under this Agreement; (b) operation or maintenance of the Facilities; (c) health and welfare of individuals working at or visiting the Facilities; and (d) the collection, delivery, treatment and disposal of the Municipality's Process Residue and/or related wastes.

"Baseline Conditions" means the hydraulic influent flow of wastewater received and/or processed at the Facilities and the maximum wastewater influent loading limits contained in such influent wastewater, as outlined in Schedule 6. The Baseline Conditions shall be reset and adjusted on each and every Adjustment Date to reflect the actual influent hydraulic flows and loadings processed at the Facilities during the Agreement Year just ended.

"Capital Improvements" means any modifications, additions or upgrades to the Facilities made by or on behalf of the Municipality or with its prior approval.

"Capital Maintenance and Repair" shall mean any non -preventive maintenance, repair or replacement that costs two thousand dollars (\$2,000) or more, or which is caused by a Force Majeure event.

"Corrective Maintenance" shall mean any non -preventive maintenance, repair or replacement that

costs more than two thousand (\$2,000) dollars.

"Emergency Event" means an event which threatens the immediate shutdown of (or the substantial reduction in the operational capacity of, any of the Facilities, or the life, health or property of the Municipality and/or the Operator, their employees and/or agents or others.

"Force Majeure" means an event which is beyond the reasonable control of a party, including without limitation: (a) acts of God; (b) flood, fire, earthquake, hurricane or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order or law; (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority; (g) national or regional emergency; (h) strikes, labor stoppages or slowdowns or other industrial disturbances, other than those involving the affected parties employees; (i) shortage of adequate power or transportation facilities.

"Municipality's Discharge Permit(s)" and/or *"Discharge Permit(s)"* means all permits and licenses issued to Municipality and required for the discharge of wastewater from the Facilities. Copies of all Discharge Permits are attached as Schedule 4 of this Agreement.

"Price Index" means the Consumer Price Index for all Urban Consumers (CPI-U) for the San Francisco- Oakland- San Jose Local Area for all Items, 1982-84=100 as published monthly by the U.S. Department of Commerce, Bureau of Labor Statistics, or any replacement to that index from time to time.

"Price Index Increase" means the percentage increase between the Price Index in effect as of the month of each and every Adjustment Date over the Price Index in effect as of the month of the Commencement Date. The Price Index Increase shall be calculated as of each and every Adjustment Date for the purpose of adjusting the Base Compensation and the Annual Repair and Maintenance Limit.

Schedule 4: Municipality's Discharge Permits

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Schedule 5: Annual Base Fee and Compensation Formula

1) Repair and Maintenance Limits and Baselines for First Agreement Year:

Annual Repair and Maintenance Limit to be determined.

2) Annual Base Fee:

The Annual Base Fee in the first year of this agreement shall be:
_____ (\$_____).

The Base Fee shall be payable in twelve (12) equal monthly installments of
_____, (\$_____), due and payable upon receipt of invoice, as adjusted
under clause 5 of this Agreement.

3) Annual Adjustment:

The Annual Base Fee and the Repair and Maintenance Limit shall be reviewed annually for compensation increase based on the San Francisco-Oakland-San Jose CPI Index as published by the Bureau of Labor Statistics. The annual average increase reported will be utilized to increase the compensation of the year following the reported year. The CPI Index published for the period February to February of each subsequent year shall be utilized to establish the new compensation rate. Rate increase shall become effective in accordance with the CITY fiscal year period commencing on July 1st of each subsequent Agreement Year. The first adjustment shall take place on July 1, 2021. There shall be no decrease in the Annual Base Compensation.

Schedule 6: Baseline Conditions

2,400 lbs. per day- *BODs* (5 Day Biochemical Oxygen Demand)

3,400 lbs. per day- TSS (Total Suspended Solids)