CITY OF RIVERBANK

REGULAR CITY COUNCIL AND THE

LOCAL REDEVELOPMENT AUTHORITY MEETINGS

(The City Council also serves as the LRA Board)

City Hall North • Council Chambers

6707 Third Street • Suite B• Riverbank • CA • 95367

AGENDA

TUESDAY, AUGUST 25, 2015 – 6:00 P.M.

(THE AGENDA PACKET IS POSTED AT THE CITY CLERK'S OFFICE AND AT WWW.RIVERBANK.ORG)

CALL TO ORDER: Mayor/Chair Richard D. O'Brien

FLAG SALUTE: Mayor/Chair Richard D. O'Brien

INVOCATION: Riverbank Ministerial Association

ROLL CALL: Mayor/Chair Richard D. O'Brien
Vice Mayor/Chair Darlene Barber-Martinez
Council/Authority Member Cal Campbell
Council/Authority Member Leanne Jones Cruz
Council/Authority Member Jeanine Tucker

CONFLICT OF INTEREST
Any Council/Authority Member or Staff who has a direct Conflict of Interest on any scheduled agenda item to be considered is to declare their conflict at this time.

1. PRESENTATIONS **There are no presentations.**

2. PUBLIC COMMENTS (No Action Can Be Taken)

At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the City Council/LRA Board. Individual comments will be limited to a **maximum of 5 minutes** per person and each person may speak once during this time; time cannot be yielded to another person. Under State Law, matters presented during the public comment period cannot be discussed or acted upon. For record purposes, state your name and City of residence. Please make your comments directly to the City Council/LRA Board.

3. CONSENT CALENDAR

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council/LRA Board unless otherwise requested by an individual Council/Authority Member for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

Item 3.A: Waive Readings. All Readings of ordinances and resolutions, except by title, are waived.

Item 3.B: Approval of the April 16, 2015, Special City Council Minutes.

Item 3.B-1: Approval of the August 11, 2015, City Council and Local Redevelopment Authority Minutes.

Item 3.C: Response to the Findings of the 2015 Stanislaus County Civil Grand Jury.

Recommendation: It is recommended that City Council/LRA Board approve the Consent Calendar items by roll call vote.

4. UNFINISHED BUSINESS

There are no items to consider.

5. PUBLIC HEARINGS

The Public Hearing Notices for the following Items were published in the local newspaper of general circulation or mailed out to each property owner and each water and sewer service customer as required by law. The Notice for Item 5.1 was published on July 1, 2015. The Notice for Continuance of the item was posted within 24 hours of July 28, 2015, and within 24 hours of August 11, 2015 as required by the Brown Act. The Notice for Item 5.2 was mailed via U.S.P.S. to each property owner and tenant of property receiving water and sewer services pursuant to Proposition 218 on July 8, 2015. The Notice for Item 5.3 was published on August 5 and August 12, 2015.

Item 5.1: **Consideration of a Resolution of the City Council of the City of Riverbank, California, Accepting and Closing the Proposition 218 Public Notification and Protest Process as it Relates to Proposed Rate Increases for Sewer and Water Services** – It is recommended that the City Council receive a presentation regarding the proposed Sewer and Water Rates and consider the following requests:

1. Open the Proposition 218 Public Hearing and Receive Written Protests to the Proposed Rate Increases for Water and Sewer Services, and

2. Adopt a Resolution Accepting and Closing the Proposition 218 Public Notification and Protest Process as it relates to the Proposed Rate Increases for Sewer and Water Services, and

3. Authorize staff to bring forward the Introduction of two (2) Ordinances to adopt the new Sewer and Water Rates at the September 22, 2015, City Council meeting if it is declared that less than a majority of protests were received.

Item 5.2: **A Resolution of the City Council of the City of Riverbank, California, Approving and Adopting a 5-Year Capital Improvement Plan (CIP) for Fiscal Years 2015-2020** – It is recommended that the City Council review and adopt the 5–Year Capital Improvement Plan (CIP) for Fiscal Years 2015-2020.

Item 5.3: **A Resolution of the City Council of the City of Riverbank, California, to Establish, Amend, or Authorize Fees for the City of Riverbank Recreation Programs, Parks and Facility Use** – It is recommended that the City Council consider and adopt the Resolution to Establish, Amend, or Authorize Fees for the Fall/Winter 2015 City of Riverbank Recreation Programs, Parks and Facility Use.

6. NEW BUSINESS

Item 6.1: **Facility Rental Fee Waiver Request** – It is recommended that the City Council review the request presented and provide direction to staff.

Item 6.2: **A Resolution of the City Council of the City of Riverbank, California, Supporting the Passage of Assembly Bill 700 California Disclose Act** – It is recommended that Council review the information provided with this report regarding Assembly Bill 700, and if in agreement, adopt the Resolution Supporting the Passage of Assembly Bill 700 California Disclose Act.

Item 6.3: **Consideration of a Resolution of the City Council of the City of Riverbank, California, Urging the State to Provide New Sustainable Funding for State and Local Transportation Infrastructure** – It is recommended that the City Council review and consider adoption of the attached resolution, which includes recommended priorities for funding California's streets and roads, in a response to a request from the League of California Cities.

7. COMMENTS (Information only – No action)

Item 7.1: Staff Comments

Item 7.2: Council/Authority Member Comments

Item 7.3: Mayor/Chair Comments

8. CLOSED SESSION

The public will have a limit of 5 minutes to comment on Closed Session item(s) as set forth on the agenda prior to the City Council/LRA Board recessing into Closed Session.

LRA Item 8.1: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Government Code Section 54956.8
Property: APN #062-031-005
Agency Negotiator: Jill Anderson, City Manager and Debbie Olson, LRA Executive Director
Property Negotiator: Sean Walsh, AQH
Under Negotiation: Price, terms of payment, or both

Item 8.2: **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code § 54956.9(a)
Name of Case: Barham Construction, Inc. v. City of Riverbank
Court of Appeals of California, Fifth District
Case No. F058692 and Case No. F059499

Recommendation: It is recommended that City Council /LRA Board provide direction to Staff on the Closed Session item(s).

9. REPORT FROM CLOSED SESSION

LRA Item 9.1: Report on Closed Session LRA Item 8.1: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Item 9.2: Report on Closed Session Item 8.2: **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

ADJOURNMENT **(The regular City Council meeting on September 8, 2015 is cancelled; the next regular City Council meeting is on Tuesday, September 22, at 6:00 p.m.)**

AFFIDAVIT OF POSTING

I, Annabelle Aguilar, do hereby certify under penalty of perjury, under the laws of the State of California that the foregoing agenda was posted 72 hours prior to the meeting in accordance to the Brown Act.

Posted this 20th day of August, 2015
/s/Annabelle H. Aguilar, CMC, City Clerk /LRA Recorder

Notice Regarding Americans with Disabilities Act: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (209) 863-7122 or cityclerk@riverbank.org. Notification 72-hours before the meeting will enable the City to make reasonable arrangements to ensure any special needs are met. [28 CFR 35.102-35.104 ADA Title II].

Notice Regarding Non-English Speakers: Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Riverbank City Council/LRA Board shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

GENERAL INFORMATION

Meeting Schedule	The City Council Members also serve as the LRA Board Members. The Riverbank City Council/LRA Board meets in the City Hall North Council Chambers. Regular City Council meetings are held on the 2nd and 4th Tuesdays of each month at 6:00 p.m. The Local Redevelopment Authority Board meets on an "as needed" basis. Meetings are held as indicated, unless otherwise noticed.
City Council / LRA Agenda & Reports	The City Council/LRA Board agenda is posted pursuant to the California Brown Act, which only requires these agenda title pages to be posted near the entrance of the location where the meeting is to be held and,when available, on the City's website. Additional documents may be provided by the City in its efforts of transparency to keep the public well informed. **The agenda packet (agenda plus supporting documents) are posted for public review at the City Clerk's Office**, **6707 Third Street, Riverbank, CA and at www.riverbank.org upon distribution to a majority of the City Council/LRA Board.** A subscription to receive the agenda can be purchased for a nominal fee through the City Clerk's Office.
Public Hearings	In general, a public hearing is an open consideration within a regular meeting of the City Council or a meeting of the LRA, for which special notice has been given and may be required. During a specified portion of the hearing, any resident or concerned individual is invited to present protests or offer support for the subject under consideration.
Televised / Video of Meetings	City Council/LRA meetings are televised on Charter Channel 2 and AT&T Uverse Channel 99. Video of the meeting and the schedule of replays may be seen on the City's website, under the "Action 2" Icon. (Note: Technical difficulty occurs on occasion preventing the televising or recording of the meeting.)
Questions	Contact the City Clerk at (209) 863-7122 or aaguilar@riverbank.org

Any documents that are not privileged or part of a Closed Session provided to a majority of the City Council/LRA Board after distribution of the agenda packet, regarding any item on this agenda, will be made available for public inspection at North City Hall, 6707 Third Street, Riverbank, CA, during normal business hours.

UPCOMING EVENTS:

Open Until Filled	▪ **Budget Advisory Committee** Applications are currently being accepted. Visit www.riverbank.org or Contact Marisela Garcia at 863-7110.
OCTOBER 14, 24, & 29	▪ **Public Forums - Proposed District Electoral System** o October 14 – Riverbank Language Academy; 6:00-7:30 pm o October 24 – City Hall Council Chambers; 1:00-3:00 pm o October 29 – Crossroads Elementary School; 6:00-7:30 pm For more information contact the City Clerk's Office at (209) 863-7198 or cityclerk@riverbank.org
Friday Closures	▪ **City Offices are Closed Alternating Fridays** o Friday, August 28 and September 11: **CLOSED** o Friday, August 21 and September 4 : Hours 8:am – 5:pm
Cancelled 2015 Regular City Council Meetings	▪ **Tuesday, May 26, 2015; Tuesday, July 14, 2015; Tuesday, September 8, 2015; and Tuesday, December 22, 2015.**

RIVERBANK CITY COUNCIL / LRA AGENDA ITEM NO. 3.A

SECTION 3: CONSENT CALENDAR

Meeting Date:	August 25, 2015
Subject:	Waiver of Readings
From:	Jill Anderson, City Manager
Submitted by:	Annabelle Aguilar, CMC, City Clerk / LRA Recorder

RECOMMENDATION

It is recommended that the City Council / LRA Board approve the waiver of readings of Ordinances and Resolutions, except by title.

SUMMARY

The approval of the waiver of readings will allow Ordinances and Resolutions to be introduced by title only and acted upon without the need to read the entire text of the item into the public record. The documents related to proposed Ordinances and Resolutions are available for review by the public on the City's website and in the City Clerk's office at City Hall (North).

FINANCIAL IMPACT

There is no financial impact to this item.

ATTACHMENTS

There are no attachments to this report.

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 3.B

SECTION 3: CONSENT CALENDAR

Meeting Date:	August 25, 2015
Subject:	Approval of the April 16, 2015, Special City Council Minutes
From:	Jill Anderson, City Manager
Submitted by:	Annabelle Aguilar, CMC, City Clerk

RECOMMENDATION

It is recommended that the City Council approve the special City Council meeting minutes as presented.

SUMMARY

The draft minutes of the April 16, 2015, special City Council meeting have been prepared for review and approval.

FINANCIAL IMPACT

There is no financial impact to this item.

ATTACHMENT

1. April 16, 2015, Special City Council Minutes

CITY OF RIVERBANK
SPECIAL CITY COUNCIL MEETINGS
MINUTES
THURSDAY, APRIL 16, 2015

The following minutes reflect action minutes, with added clarification for the record. A copy of the verbatim recording may be obtained, for a fee, by contacting the Administration Department at (209) 863-7122.

CALL TO ORDER:

The City Council of the City of Riverbank met in a special session at 9:00 a.m. on this date at the Riverbank Industrial Complex Conference Room, 5200 Claus Road, Modesto, California, with Mayor Richard D. O'Brien presiding.

ROLL CALL:

Present: **Mayor Richard D. O'Brien; Vice Mayor Darlene Barber-Martinez Councilmembers: Cal Campbell, Leanne Jones Cruz, and Jeanine Tucker**

CONFLICT OF INTEREST
Council Members and Staff who would have a direct Conflict of Interest on any scheduled agenda item to be considered are to declare their conflict at this time.

No one declared a conflict.

1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken)

Pursuant to Government Code 54954.3, in reference to a special meeting, the public has the opportunity to address the City Council only on items appearing on this special meeting notice. Individual comments are limited to a **maximum of 5 minutes** per person and each person may speak once during this time. Time cannot be yielded to another person.

No one spoke.

2. INTRODUCTION OF FACILITATOR AND RECORDER

Human Resources Manager Katie Lemons served as the facilitator and recorder of the Public Employee Performance Evaluation in the absence of the contracted facilitator and recorder.

3. CLOSED SESSION

Mayor O'Brien announced the Item and recessed the special meeting to Closed Session at 9:12 a.m.

Item 3.1: **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Pursuant to Government Code Section 54957
Title: City Manager

4. REPORT FROM CLOSED SESSION

Mayor O'Brien reconvened the special meeting at 11:47 a.m.

Item 4.1: Report from Closed Session Item 3.1: **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

No reportable action was taken.

5. BUSINESS

Item 5.1: **City Council Team Building Session** – Discussion session on how to continue to build collegial relationships and work together towards achieving effective and efficient public policies and processes.

City Council Team Building Session insued .

6. CLOSING COMMENTS

Mayor O'Brien spoke in regards to revisting the [feral] cat issue, amending the ordinance, conducting more research, and contacting the County about the issue.

Vice Mayor Barber-Martinez commented on the postive affects of the Strategic Planning meetings and being proud of what the Council is accomplishing.

Councilmember Campbell commented on the professionalism of the City Council and appreciation of each other.

Councilmember Jones Cruz commented that the actions of the City Council sends a clear message to the citizens of Riverbank that the City is Council's priority; commending the Mayor for a great job that he is doing.

City Manager Jill Anderson commented on City Council's mutual respect for each other and expressed her appreciation for their trust.

<u>ADJOURNMENT</u>

There being no further business, Mayor O'Brien adjourned the meeting at 12:45 p.m.

ATTEST:	**APPROVED:**
____________________________	____________________________
T. Jill Anderson	**Richard D. O'Brien**
City Manager	**Mayor**

RIVERBANK CITY COUNCIL / LOCAL REDEVELOPMENT AUTHORITY
AGENDA ITEM NO. 3.B-1

SECTION 3: CONSENT CALENDAR

Meeting Date:	August 25, 2015
Subject:	Approval of the August 11, 2015, City Council and Local Redevelopment Authority Minutes
From:	Jill Anderson, City Manager
Submitted by:	Annabelle Aguilar, CMC, City Clerk / LRA Recorder

RECOMMENDATION

It is recommended that the City Council / Local Redevelopment Authority Board approve the City Council /LRA Meeting Minutes as presented.

SUMMARY

The Draft Minutes of the August 11, 2015, regular City Council and the Local Redevelopment Authority Board meetings have been prepared for review and approval.

FINANCIAL IMPACT

There is no financial impact to this item.

ATTACHMENT

1. August 11, 2015, City Council and LRA Minutes

City of Riverbank
REGULAR CITY COUNCIL AN
LOCAL REDEVELOPMENT AUTHORITY MEETINGS
(The City Council also serves as the LRA Board)

MINUTES

TUESDAY, AUGUST 11, 2015

choose civility

The following minutes reflect action minutes, which may contain added clarification for the record. A copy of the verbatim recording may be obtained for a fee, by contacting the Administration Department at (209) 863-7122.

CALL TO ORDER:

The City Council and Local Redevelopment Authority Board of the City of Riverbank met at 6:00 p.m. on this date at the Riverbank City Council Chambers, 6707 Third Street, Suite B, Riverbank, California, with Mayor/Chair Richard D. O'Brien presiding.

FLAG SALUTE: **Mayor Richard D. O'Brien**

INVOCATION: **Reverend Charles Neal**

ROLL CALL:
Present **Mayor/Chair Richard D. O'Brien**
Vice Mayor/Chair Darlene Barber-Martinez
Council/Authority Members: Cal Campbell, Leanne Jones Cruz, and Jeanine Tucker

CONFLICT OF INTEREST
Any Council/Authority Member and Staff who would have a direct Conflict of Interest on any scheduled agenda item to be considered are to declare their conflict.

No one declared a conflict.

1. PRESENTATIONS

There were no presentations.

2. PUBLIC COMMENTS (No Action Can Be Taken)

At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the City Council/LRA Board. Individual comments will be limited to a **maximum of 5 minutes** per person and each person may speak once during this time; time cannot be yielded to another person. Under State Law, matters presented during the public comment period cannot be discussed or acted upon. For record purposes, state your name and City of residence. Please make your comments directly to the City Council/LRA Board.

Ramon Bermudez, Riverbank, spoke in regards to the lack of progress over the past year from the business owners of the burnt businesses at the corner of Highway 108 and Third Street, requesting that the City take action on getting it cleaned up.

City Manager Jill Anderson responded to the comments.

City Manager Anderson introduced Acting City Attorney, Mike Lyons, who was in attendance for City Attorney Tom Hallinan.

3. CONSENT CALENDAR

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council/LRA Board unless otherwise requested by an individual Council/Authority Member for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

Item 3.A: Waive Readings. All Readings of ordinances and resolutions, except by title, are waived.

Item 3.B: Approval of the July 28, 2015, City Council and Local Redevelopment Authority Minutes.

Item 3.C: A **Resolution (No. 2015-073)** of the City Council of the City of Riverbank, California, Endorsing the Designation of SR 132 (Yosemite Boulevard) as The John Muir Highway and an Alternate Scenic Route to Yosemite National Park.

Item 3.D: Acceptance of the Morrill Road Pavement Resurfacing and Rehabilitation Project and Authorization to File a Notice of Completion.

Item 3.E: A **Resolution (No. 2015-074)** of the City Council of the City of Riverbank, California, Authorizing the City Manager to Enter into a Purchase Agreement for the Acquisition of Real Property and Appropriating Up to $10,500 in General Fund Reserves for Said Purchase.

Item 3.F: A **Resolution (No. 2015-075)** of the City Council of the City of Riverbank, California, Adopting Pay Schedules (Compensation Plans) for January 5, 2015, January 8, 2016, and July 8, 2016.

Recommendation: It is recommended that City Council/LRA Board approve the Consent Calendar items by roll call vote.

Item 3.D: Councilmember Jones Cruz recalled having to remove herself from voting on this project when previously considered and therefore declared a conflict of interest. Acting City Attorney Lyons recommended she do so. Note for the Record: Although it was clarified that Councilmember Jones Cruz would abstain from [voting on] Item 3.D due to declaring a conflict *of interest, the record will reflect that Councilmember Jones Cruz is considered to have recused herself from the proceedings of Item 3.D; as a result, there is no vote of abstention indicated.*

Public Comment: *Mr. Ramon Bermudez spoke in regards to Item 3.D and lighting needs, of which he was informed it was not the subject under consideration.*

ACTION: *By motion moved/seconded (Tucker / Barber-Martinez / passed 5-0) to approve Items 3.A, through 3.C and Items 3.E and 3.F as presented, and (Passed 4-0; Jones Cruz – recused) to approve Item 3.D as presented.*

Motion carried by unanimous City Council and LRA Board roll call vote.

AYES:	*Barber-Martinez, *Jones Cruz, Tucker, Campbell, and Mayor/Chair O'Brien*
NAYS:	*None*
ABSENT:	*None*
ABSTAINED:	*None*

**Recused from Item 3.D; Votes are 4-0-0-0, respectively.*

Mayor O'Brien requested that the City Council proceed to Item 6.1 for consideration; all Council Members consented.

4. UNFINISHED BUSINESS

Item 4.1: **Second Reading by Title Only and Adoption of Proposed Ordinance No. 2015-013 of the City Council of the City of Riverbank, California, Amending Title III: Administration; By Repealing Chapter 37: Emergency Services, Organization and Functions in its Entirety and Replacing it with a New Chapter 37 of the City of Riverbank Code of Ordinances** – It is recommended that the City Council conduct the second reading by title only of the proposed Ordinance and consider its adoption by roll call vote.

City Manager Jill Anderson presented the staff report; there were no public comments.

ACTION: *By motion moved/seconded (Barber-Martinez / Jones Cruz / passed 5-0) to approve Ordinance No. 2015-013 of the City Council of the City of Riverbank, California, Amending Title III: Administration; By Repealing Chapter 37: Emergency Services, Organization and Functions in its Entirety and Replacing it with a New Chapter 37 of the City of Riverbank Code of Ordinances as presented.*

Motion carried by unanimous City Council roll call vote.

AYES:	*Campbell, Jones Cruz, Tucker, Barber-Martinez, and Mayor O'Brien*
NAYS:	*None*
ABSENT:	*None*
ABSTAINED:	*None*

5. PUBLIC HEARINGS

Item 5.1: **Continuance of the Public Hearing to Consider a Resolution of the City Council of the City of Riverbank, California, Approving and Adopting a 5-Year Capital Improvement Plan (CIP) For Fiscal Years 2015-2020 of the City Of Riverbank** – Due to needed consideration of ADA improvement projects to be included in the CIP, it is recommended that the City Council continue the public hearing to consider the 5-year Capital Improvement Plan for Fiscal Years 2015-2020 by:

1. Opening the public hearing
2. Receive comments
3. Close the Public Hearing, and
4. By roll call vote, continue the public hearing to the next regular City Council meeting on August 25, 2015.

City Manager Jill Anderson presented the staff report.

Mayor O'Brien opened the public hearing at 7:14 p.m.

- *Mr. Daryl Daniels, Riverbank, spoke in regards to fulfilling the ADA requirements on Highway 108 and the City's communication with Caltrans on these needs, which affected the completion of his driveway. City Manager Anderson and Mayor O'Brien responded to the comments.*

Mayor O'Brien closed the public hearing at 7:15 p.m.

ACTION: *By motion moved/seconded (Tucker / Campbell / passed 5-0) to approve the continuance of the public hearing item to the regular City Council meeting on August 25, 2015.*

Motion carried by unanimous City Council roll call vote.

AYES:	*Campbell, Jones Cruz, Tucker, Barber-Martinez, and Mayor O'Brien*
NAYS:	*None*
ABSENT:	*None*
ABSTAINED:	*None*

Mayor O'Brien proceeded to Item 7.

6. NEW BUSINESS

Item 6.1: **Status Report And Update on the Steps Necessary to Expand the Sphere of Influence for the City of Riverbank Including Processing an Application with Stanislaus County LAFCO** – It is recommended that the City Council provide direction to staff after a review of expansion options and a briefing on the steps necessary to expand the Sphere of Influence ("SOI") and gain its approval by the Stanislaus County LAFCO.

John Anderson, Consultant of J.P. Anderson Land Use Planning, presented the report. Mr. Anderson clarified that there was a last minute addition of Option F to the report.

Former Mayor and Councilmember Charles Neal explained LAFCO's actions of the City's request for expansion of the SOI in 1988 and 1989, and LAFCO's commitment made to the City of Riverbank. He also spoke in favor of extending the SOI to the Eastside of the City, in consideration of the Riverbank School District.

City Council and Staff discussed the item presented; each Member of the Council stated their reasons of favored option(s) and the importance of taking action on this matter.

<u>*Public Comments:*</u>

- *Riverbank School District Superintendent Dr. Daryl Camp thanked City Council for including the District in discussions of the City's expansion.*
- *Mr. Daryl Daniels, Riverbank, spoke in regards to the numerous planning meetings conducted on the subject, the discussions of maintaining buffers between cities, and spoke in favor of slow growth and living in an agricultural area.*
- *Mrs. Evelyn Halbert, Riverbank, inquired of the Riverbank Planning Commission's involvement on this matter, requested more town hall meetings as previously done on the issue of growth, and stated that the people of Riverbank wanted to keep buffers, agriculture, and the small town character.*
- *Mr. Ramon Bermudez, Riverbank, spoke in regards to a published article in the Modesto Bee on the SOI matter, his opposition to destroying agricultural land, and the need for attention to other City matters.*
- *Mr. Sanchez, Riverbank, spoke in favor of the SOI, the opportunities that growth provides, and commended the City Council.*

City Manager Jill Anderson and Mr. John Anderson responded to the question of the Planning Commission's involvement.

ACTION: City Council directed Staff to return with a more focused view of considering SOI to Coffee Road, further review of the Eleanor Avenue boundaries and options, and also look at annexation of County areas surrounding the City, which are affecting Riverbank.

Mayor O'Brien proceeded to Item 4.1.

<u>7. COMMENTS (Information only – No action)</u>

<u>Item 7.1:</u> Staff Comments

City Manager Anderson announced that there was no need to conduct the Closed Session and that there was nothing to report on the matter. She also stated that there were no further comments to be made about the Serv-All [liquor store] Building [on the corner of Third and Atchisons].

Finance Director Marisela Garcia announced the scheduled Budget Advisory Committee meeting and the current Committee vacancy.

Parks and Recreation Director Sue Fitzpatrick announced the availability of the swimming pool for public use.

Item 7.2: Council/Authority Member Comments

Council/Authority Member Jones Cruz: 1) thanked all of the volunteers who participated in the National Night Out event, stating it was a great event, and 2) encouraged everyone to be cautious of the presence of children and families out and about since the school year has begun.

Council/Authority Member Campbell encouraged everyone to be mindful of the very dry season and the potential of fires.

Council/Authority Member Tucker thanked Mr. John Anderson for his great work and presentation.

Vice Mayor/Chair Barber-Martinez: 1) reminded everyone that school is back in session and asked that everyone please drive safely, and 2) looked forward to planning the third citywide annual Walk to School Day, which is part of the Safe Routes to School.

Item 7.3: Mayor/Chair Comments

Mayor/Chair O'Brien: 1) requested that City Manager Anderson begin to consider obtaining a reliable phone system and to provid a plan for replacement before the mid-year budget, 2) asked for a member of the City Council to consider attending the Prevention of Human Trafficing Conference in his absence, 3) announced a current Planning Commission vacancy and encouraged everyone to provide their input on the Commission's projects, and 4) spoke in regards to a subject of discussion by the Environmental Committee Review on the great strides made in recycling and reducing solid waste, which has resulted in the need to contest increased tipping fees by Calrecycling due to their loss of revenue, and stated he is recommending that the [operations of] recycling and decisions of recycling be locally done by the County, thereby making the policy decision-making local.

8. CLOSED SESSION

The public will have a limit of 5 minutes to comment on Closed Session item(s) as set forth on the agenda prior to the City Council/LRA Board recessing into Closed Session.

THIS ITEM WOULD NOT BE CONSIDERED, MAYOR/CHAIR O'BRIEN READ THE ITEM AND OPENED THE ITEM FOR PUBLIC COMMENT; NO ONE SPOKE.

Item 8.1: **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code § 54956.9(a)
Name of Case: Barham Construction, Inc. v. City of Riverbank
Court of Appeals of California, Fifth District
Case No. F058692 and Case No. F059499

Recommendation: It is recommended that City Council /LRA Board provide direction to Staff on the Closed Session item(s).

9. REPORT FROM CLOSED SESSION

This item was not considered.

Item 9.1: Report on Closed Session Item 8.1: **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

ADJOURNMENT

There being no further business, Mayor/Chair O'Brien adjourned the meetings at 7:29 p.m.

ATTEST:	**APPROVED:**
______________________________	______________________________
Annabelle H. Aguilar, CMC **City Clerk / LRA Recorder**	**Richard D. O'Brien** **Mayor / Chair**

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 3.C

SECTION 3: CONSENT CALENDAR

Meeting Date:	August 25, 2015
Subject:	Response to the Findings of the 2015 Stanislaus County Civil Grand Jury
From:	Tom Hallinan, City Attorney Jill Anderson, City Manager

RECOMMENDATION

It is recommended that the City Council review and approve the submittal of the attached responses to the 2015 Stanislaus County Civil Grand Jury Report.

SUMMARY

The City's draft letter of reply to the Stanislaus County Civil Grand Jury request for responses to their findings and recommendations regarding AB 109 and Proposition 47 have been prepared for City Council consideration. If approved, the draft will be prepared for the Mayor's signature.

BACKGROUND

Each year the Presiding Judge of the Superior Court of Stanislaus convenes a grand jury to investigate matters of civil concern in the County. The 2015 report includes an overview of the impacts of AB 109 and Proposition 47. The City of Riverbank has been directed along with the other 8 cities and the county to respond to a few of the findings and recommendations related to this subject.

A draft letter of response has been prepared to specifically address each of the findings and recommendations that required comment by the City of Riverbank. The letter is attached for review and comment prior to submittal to the Presiding Judge.

FINANCIAL IMPACT

There is no fiscal impact associated with action on this report.

ATTACHMENTS

The draft letters of response is attached for review.

Draft

August ___, 2015

The Honorable Marie Sovey Silveira
Presiding Judge
Superior Court – Stanislaus County
P.O. Box 3488
Modesto, CA 95353

Subject: Response to the Stanislaus County Civil Grand Jury Report

Dear Judge Silveira,

The City of Riverbank has reviewed the findings and recommendations of the 2014-2015 Stanislaus County Grand Jury Report concerning the Local Effects of Prison Realignment (AB 109) and Proposition 47, and has provided its response below.

RESPONSE TO FINDINGS

F1. AB 109 has affected County Sheriff and Probation Departments most, and there have been some effects to other county departments.

Respondent agrees with this finding in its entirety.

F2. The State provides funding for the implementation of AB 109 through a formula that has been developed and amended several times since AB 109 passed.

Respondent agrees with this finding in its entirety.

F3. The Community Corrections Partnership, particularly the CCP Executive Committee, is responsible to allocate funds provided by the State for the implementation of AB 109.

Respondent agrees with this finding in its entirety.

F4. The CCP meetings are public, but are not widely publicized, and the current location of the CCP meetings would not be able to accommodate a large number of public participants.

Respondent agrees with this finding in its entirety.

F5. AB 109 may have some effects to local public safety in the County, which may be compounded by budget cuts that have occurred to local law enforcement agencies.

Respondent agrees with this finding in its entirety.

RESPONSE TO RECOMMENDATIONS

R1. None.

Respondent agrees with the recommendation.

R2. The Stanislaus County Sheriff and Chief Probation Officer should continue to be active, both individually and through their statewide organizations, to ensure that Stanislaus County receives its fair share of funding for the implementation of AB 109.

Respondent agrees with this recommendation.

R3. None.

Respondent agrees with this recommendation.

R4. The CCP should develop strategies to increase public awareness of its mission and to encourage more public participation at meetings.

Respondent agrees with this recommendation.

R5. The Stanislaus County Board of Supervisors and the City Councils of all nine incorporated cities within the County should take action to restore budgets and expand police services, particularly community-oriented and problem-oriented policing, to respond to the potential challenges of AB 109.

Respondent agrees with this recommendation and plans to take all responsible actions to implement it as financial resources allow.

If you have any questions regarding the City's response or would like additional information, please contact the City of Riverbank's City Attorney, Tom Hallinan, or City Manager, Jill Anderson, at 209-863-7122.

Sincerely,

Richard D. O'Brien
Mayor

cc: Tom Hallinan, City Attorney, City of Riverbank
Jill Anderson, City Manager, City of Riverbank

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 5.1

SECTION 5: PUBLIC HEARING

Meeting Date:	August 25, 2015
Subject:	Consideration of a **Resolution** of the City Council of the City of Riverbank, California, Accepting and Closing the Proposition 218 Public Notification and Protest Process as it Relates to Proposed Rate Increases for Sewer and Water Services
From:	Jill Anderson, City Manager
Submitted by:	Marisela H. Garcia, Director of Finance Michael Riddell, Public Works Superintendent

RECOMMENDATION

It is recommended that the City Council receive a presentation regarding the proposed Sewer and Water Rates and consider the following requests:

1. Open the Proposition 218 Public Hearing and Receive Written Protests to the Proposed Rate Increases for Water and Sewer Services, and

2. Adopt a Resolution Accepting and Closing the Proposition 218 Public Notification and Protest Process as it relates to the Proposed Rate Increases for Sewer and Water Services, and

3. Authorize staff to bring forward the Introduction of two (2) Ordinances to adopt the new Sewer and Water Rates at the September 22, 2015, City Council meeting if it is declared that less than a majority of protests were received.

SUMMARY

On June 6, 2015 the City Council received a report of proposed Sewer and Water rate increases for Fiscal Years 2016-2020 which were developed pursuant to Proposition 218. A Sewer and Water Rate Study focused on reviewing the rates proposed which would allow our Sewer and Water Enterprise Funds to fund: (1) Operations and Maintenance, (2) Capital Improvements, (3) Debt Service, and (4) Emergency Reserves.

At the June 6, 2015 meeting, the City Council authorized the initiation of the Proposition 218 process. Tonight's Public Hearing is the conclusion of the Proposition 218 process.

BACKGROUND

As enterprise funds, both Sewer and Water services are funded almost 100% by user fees charged to residential, commercial, and industrial customers located within the City of Riverbank. Over the past several years, the Sewer and Water Enterprise Funds have been suffering from structural deficits where revenues collected are not sufficient to cover necessary day-to-day operations and maintenance and capital improvements to aging infrastructure. A historical view of the surplus/deficits for both funds is as follows:

Fiscal Year	Sewer Fund	Water Fund
2010-11	+$785	+$2,913
2011-12	+$126,684	-$28,182
2012-13	-$78,375	-$341,042
2013-14	-$165,663	-$41,664
2014-15 (Est)	-$220,650	+$27,350

The Sewer Fund last experienced a rate increase in July 2008 as a result of an annual Consumer Price Index adjustment. Two subsequent attempts to raise rates in 2010 and 2011 were not successful.

The Water Fund last received a rate increase in July 2010 also as a result of an annual Consumer Price Index increase that was approved by the City Council. Since that time, no increase has been made to water rates. An official rate study for the Water Fund has not been performed in over 15 years.

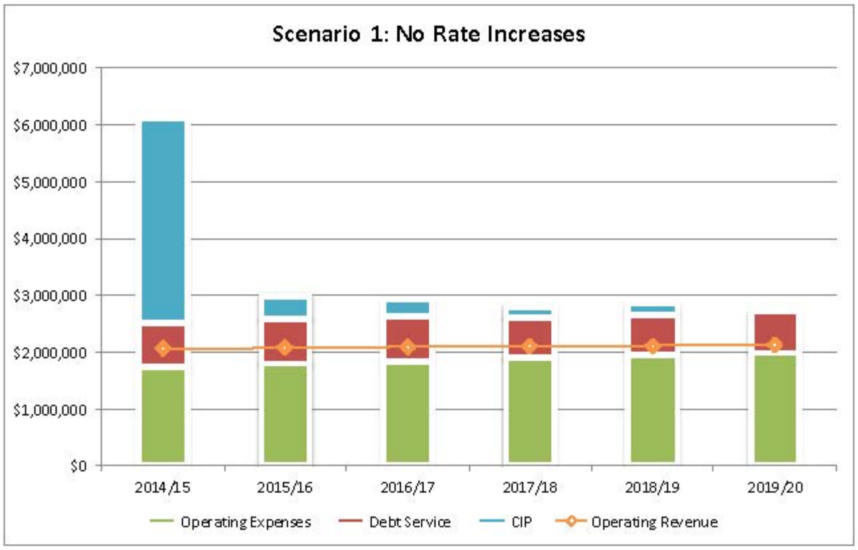
The continuance of a structural deficit in either fund will significantly deplete the operating reserves and will leave little to no funds available for emergency repairs and for on-going maintenance that is required for the City's sewer and water systems.

SEWER & WATER RATE STUDY FINDINGS

Thorough rate studies that would take into consideration not only current maintenance needs but also future capital needs have been prepared in order for the City to have the necessary documentation to perform a Proposition 218 protest vote for rate increases. The assistance of Bartle Wells Associates was essential in developing user rates that would be fair and equitable and that would provide sufficient funding for necessary improvements.

SEWER RATE STUDY

In preparing the proposed Sewer Rates, Bartle Wells Associated projected the financial status of the Sewer Fund over the next five years. This analysis took into consideration rising costs of operations and maintenance as well as the need to address future capital needs. A projection of revenues (at the current rate level) revealed that over the five-year period, the Sewer Fund would continue to run a deficit (expenditures exceeding revenues) and would eventually deplete all reserve fund balances by 2016-2017. The figure below, reflects the Sewer Fund shortfall under the assumption that no rate increase is adopted:



Bartle Wells Associates has suggested that in addition to our Residential class, the City divide its volume-based users (i.e. commercial, retail, and schools) into four categories based on strength factors. The four recommended categories (and the users to be included within them) are as follows:

Class	***Commercial Grouping***
Low	Schools w/o Cafeterias Offices
Domestic	Commercial Hospitals Extended Care Facilities Markets (w/o Delicatessens) Automobile Service Facilities Commercial Laundromats
Medium	Schools w/ Cafeterias Restaurants Short Order Facilities Markets (w/ Delicatessens)
High	Restaurants (w/ Full Kitchens)

The rate study also takes into consideration the City's five-year capital improvement program that is to be funded through the proposed rates in the study. The projects included provide the benefit of being able to upgrade aging infrastructure and include the following:

Sanitary Sewer Utility	Project #	0 FY 2014/15	1 FY 2015/16	2 FY 2016/17	3 FY 2017/18	4 FY 2018/19	5 FY 2019/20	Total Projected Capital Cost FY 2011-2020
Project Name								
High Priority Projects								
Utility Service Seperation	SS-013	36,000						36,000
Cross Connection Reduction	SS-012		200,000	200,000	200,000	200,000		800,000
Biolac System	WWTP-020	3,549,843						3,549,843
Equipment Protection -Overhead Structure	WWTP-023		10,000					10,000
Road Improvements Entering WWTP	WWTP-024		100,000					100,000
Resurface Entry Road to WWTP [1]			110,000					110,000
Finish Pond 9 at WWTP [1]				98,000				98,000
Total High Priority Projected Capital Cost		**3,585,843**	**420,000**	**298,000**	**200,000**	**200,000**	**-**	**4,703,843**
Additional CIP								
6" SS, Stanislaus - Sierra Alley from 1st to 3rd			75,000					75,000
6" SS, Sierra - Patterson Alley from 1st to 8th			275,000					275,000
6" SS, Topeka - 108 Alley 4th to 5th			50,000					50,000
6" SS, Topeka - Santa Fe Alley 7th to 8th			50,000					50,000
6" SS, Santa Fe - Stanislaus Alley 7th to 8th			50,000					50,000
6" SS, Terminal from Kentucky to Castle Park Drive				85,000				85,000
6" SS, Texas - Kansas Alley from 8th to Chief Tucker				80,000				80,000
8" SS, Galaxy to Jackson Ave.					50,000			50,000
6" & 8" SS, 7 State Streets from Terminal to 8th						1,000,000		1,000,000
8" SS, Oakdale Road from Patterson to Cedarwood						150,000		150,000
6" SS in Cedarwood from Oakdale Road to Wood Haven						125,000		125,000
6" SS, Orange Ave from Bruneyville to 2nd St.							1,000,000	1,000,000
Crawford Lift Station project upgrades and force main							250,000	250,000
CCTV all sanitary sewer lines city wide							250,000	250,000
Upgrade all electrical panes on SS lift stations							1,000,000	1,000,000
Survey all lift stations							50,000	50,000
Total Additional CIP		**-**	**500,000**	**165,000**	**50,000**	**1,275,000**	**2,550,000**	**4,540,000**
Total Capital Projects		**3,585,843**	**920,000**	**463,000**	**250,000**	**1,475,000**	**2,550,000**	**9,243,843**

Source: City of Riverbank 2014-2019 Capital Improvement Plan
[1] E-mail from Staff, 10.6.2014

Eliminated CIP

6" & 8" SS, Riverside from 108 to 7th					250,000			250,000
6" SS, Morrill Ave from Jackson to Roselle						250,000		250,000
6" SS, Jackson Ave Ross to Morrill						250,000		250,000
6" SS, Stanislaus - Sierra Alley from 4th to 8th				250,000				250,000

The table below shows the recommended rate changes to the Sewer services. This projection reflects the City Council accepted scenario to fund the Full Capital Improvement Program. The sewer rates have been modified to increase gradually over the 5-year projection, which required the elimination of several projects. The 5-year projection still meets the debt service coverage from FY17 to FY20. The minimum reserve requirement will be exceeded from FY19 to FY20.

Rate Proposal	Current Rate	Nov. 21, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
Monthly Base Rate	$20.15	$25.79	$33.01	$40.28	$47.12	$49.48
% Increase		28%	28%	22%	17%	5$
$ Increase/month		$5.64	$7.22	$7.27	$6.84	$2.36

Commercial businesses pay a monthly variable rate, based on water usage, in addition to the monthly base rates. Rates were developed based on class, as recommended by the State Water Resources Control Board. The recommended five-year variable rate for commercial customers is as follows:

Commercial Classification	Class	Current Variable Rate	Nov. 21, 2015
Group 1 **Schools w/o Cafeterias, Offices**	Low	$0.01325	$0.01119
Group 2 **Commercial, Hospitals, Extended Care Facilities, Markets (w/o Deli's), Automobile Service, Laundromats**	Domestic	$0.01492	$0.01492
Group 3 **Schools w/ Cafeterias, Restaurants, Short Order Facilities, Markets (w/ Deli's)**	Medium	$0.01624	$0.02014
Group 4 **Restaurants (w/ Full Kitchens)**	High	$0.02353	$0.03282

Future commercial rates for July 1, 2016-July 1, 2019 are proposed as follows and will be the subject of a Proposition 218 Public Hearing in April 2016:

Commercial Classification	Class	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
Group 1 **Schools w/o Cafeterias, Offices**	Low	$0.01432	$0.01833	$0.02237	$0.02617
Group 2 **Commercial, Hospitals, Extended Care Facilities, Markets (w/o Deli's), Automobile Service, Laundromats**	Domestic	$0.01910	$0.02444	$0.02982	$0.03489
Group 3 **Schools w/ Cafeterias, Restaurants, Short Order Facilities, Markets (w/ Deli's)**	Medium	$0.02578	$0.03300	$0.04026	$0.04711
Group 4 **Restaurants (w/ Full Kitchens)**	High	$0.04201	$0.05378	$0.06561	$0.07676

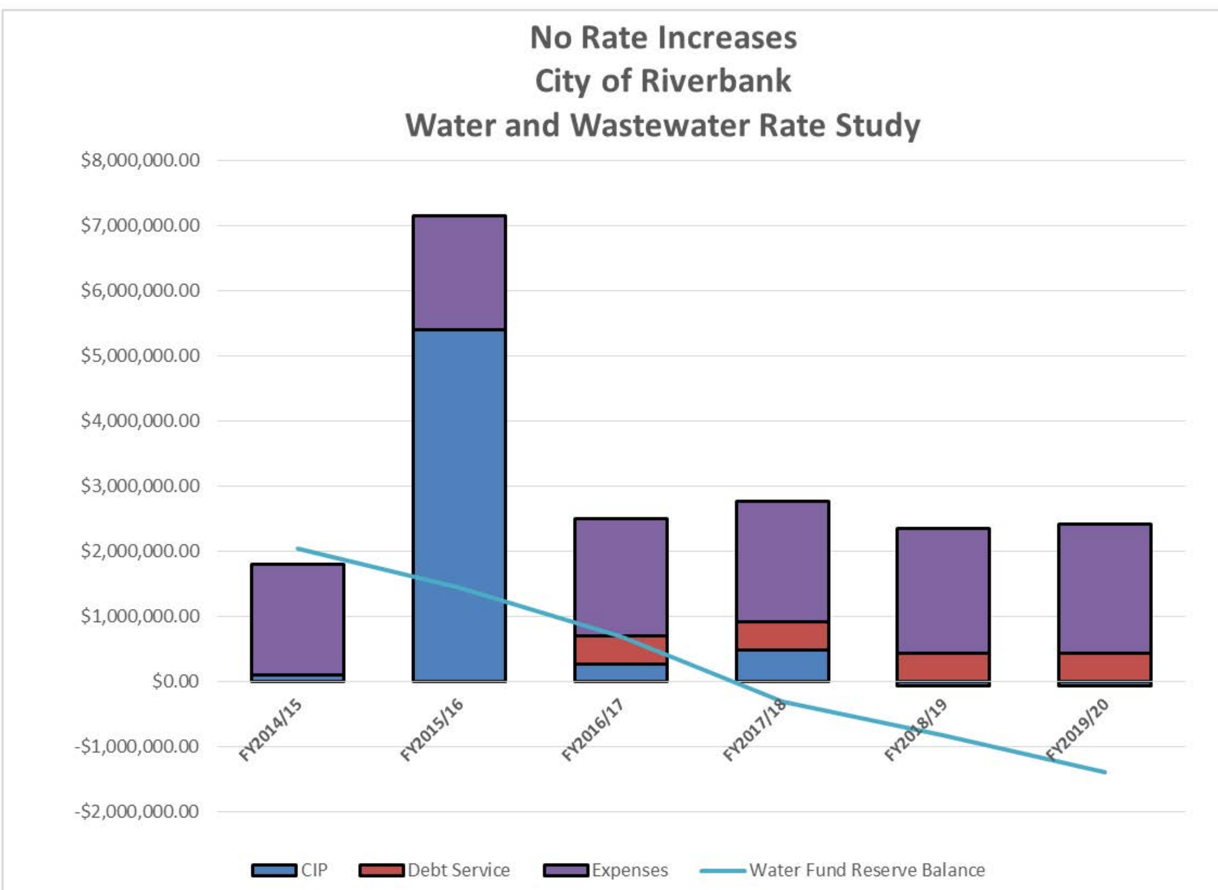
WATER RATE STUDY

The City of Riverbank currently charges customers a bimonthly flat fee for the first 1,000 cubic feet of water used. After 1,000 cubic feet of water usage, customers are charged on a variable basis. Customers are charged $0.34 per 100 cubic feet for the next 4,000 cubic feet, $0.33 for the next 34,000 cubic feet, and $0.30 for the next 40,000 cubic feet. As you can see, the variable rate decreases over the tiers and as water usage increases, which is not a conservation-oriented billing structure. In light of the ongoing

California Drought and recent water rate litigation, BWA recommends updating this structure to a uniform volumetric rate moving forward.

Service revenue accounts for nearly 97% of all operating revenues. The other 3% is derived from backflow inspections, fines/forfeitures/penalties, interest income, and misc. A 1% increase year over year is assumed for fines/forfeitures/penalties as revenues increase. Additionally, a 0.5% increase in revenue for meter charges and volumetric charges is assumed due to growth. Fixed charges account for 70% of revenue while variable charges account for 30% of revenue.

In their rate study Bartle Wells Associated projected the financial status of the Water Fund over the next five years. This analysis took into consideration rising costs of operations and maintenance as well as the need to address future capital needs. A projection of revenues (at the current rate level) revealed that over the five-year period, the Water Fund would run a deficit (expenditures exceeding revenues) by fiscal year 2017-18 (two years). The figure below reflects the Water Fund shortfall under the assumption that no rate increase is adopted:



The City of Riverbank has two water projects that are to be financed through loans and/or bonds. The water meter system has priority over all other project and totals $4,700,000. This project will be financed in FY2015-16 through a 15 year loan. Other projects, known as ‘high priority CIP’ total $1,786,000 and will be financed through loans and/or bonds. CIP projects in the ‘full’ range total $12,438,000. The table below reflects the proposed CIP projects.

Water Utility	Project #	0 FY 2014/15	1 FY 2015/16	2 FY 2016/17	3 FY 2017/18	4 FY 2018/19	5 FY 2019/20	Total Projected Capital Cost FY2015-2020
Project Name								
High-Priority CIP								
Water Projects (Fund 116)								
Central Avenue Water Line Installation	WTR-087	113,000						113,000
Line Replacement Third St. Alley Sierra/Patterson	WTR-075		89,000					89,000
Main Replacement Alley between 3rd and 8th	WTR-063		389,000					389,000
Water Conservation -Implementation of DMMs	WTR-078		25,000	25,000	25,000			75,000
Line Replacement Prospector's to Claribel/Roselle	WTR-074		105,000					105,000
Water Main - Oakdale Road	WTR-022		150,000					150,000
Novi Drive Well Site - Enclosure	WTR-077			300,000				300,000
Talbot/Kentucky Connection (1,330 LF of 12-in pipe)	WTR-079				515,000			515,000
Water Meters [1]		50,000						50,000
Fund 116 Capital Cost		**163,000**	**758,000**	**325,000**	**540,000**	**-**		**1,786,000**
Water Connection Projects (Fund 157)								
Water Meter Reading System [2]			4,700,000					4,700,000
Fund 157 Capital Cost		**-**	**4,700,000**	**-**	**-**	**-**		**4,700,000**
Total High Priority CIP		**163,000**	**5,458,000**	**325,000**	**540,000**	**-**	**-**	**6,486,000**
Additional Water CIP								
Mechanic shop with parts & equipment			500,000					500,000
Novi well enclosure for equipment and sound control			75,000					75,000
Water line replaced on Sierra from Patterson to SR 108			75,000					75,000
Water line installation 2800 Block to Santa Fe			50,000					50,000
Water line on 8th Topeka to SR 108			60,000					60,000
Water line on Claus from SR 108 to Santa Fe			75,000					75,000
12 in water line on Santa Fe from 8th to 4th Streets				325,000				325,000
12 in water line in Sierra Alley from 3rd to 8th Street				350,000				350,000
Water line in alley on Riverside from Corp yard to 4th St				325,000				325,000
Water line in Topeka Alley from 1st to Cannery Site				150,000				150,000
Water line on 7th to dead end.					75,000			75,000
Water line in alley on Orange from 2nd to Burneyville					100,000			100,000
Replace all transite water lines					1,250,000			1,250,000
Waterline on 7th from Nevada to Arizona					40,000			40,000
Loop all dead end waterline in Crossroads					500,000			500,000
Install pump to waste on 8th, River Heights & Jackson Wells					150,000			150,000
Install covers on 2nd St. storage tank motors						25,000		25,000
Install SCADA system antenna for 2nd St. storage tank						50,000		50,000
Paint 2nd St. Storage tank						50,000		50,000
Install covers on Crossroads storage tank motors						25,000		25,000
New block wall fences at Crossroads, Jackson & Pioneer wells						200,000		200,000
Install flushing valve on Lane Avenue							2,000	2,000
New chlorine pumps & analyzers at well sites							1,000,000	1,000,000
Install flushing valves or hydrants at all dead end systems							500,000	500,000
Total Additional Water CIP		**-**	**835,000**	**1,150,000**	**2,115,000**	**350,000**	**1,502,000**	**5,952,000**
Total of all Capital Projects (Full CIP)								**12,438,000**

Source: City of Riverbank 2014-2019 Capital Improvement Plan
[1] From City of Riverbank FY2014/15 Water Annual Budget, (Fund 114; Dept. 433; Account 707.119)
[2] Phone call with City Staff, 8/21/2014. Funding TBD.

Eliminated CIP

Water line on 6th St from Sierra Alley to Santa Fe				125,000				125,000
Water line in Sierra Alleyto High Street				125,000				125,000
Paint Crossroads storage tank						50,000		50,000
Replace BFP on Vandusen, Minniear & Davis subdivisions						150,000		150,000
Water line in alley between Stanislaus & Sierra from 3rd to 4th					75,000			75,000
Water line loop on 3rd from Patterson to Sierra					75,000			75,000

The table below shows the recommended rate changes to the Water enterprise, per the City Council’s request. This projection reflects the City Council accepted scenario of Full CIP. The water rates have been modified to increase gradually over the 5-year projection. The 5 year projection still meets the debt service coverage each projected fiscal year. The minimum reserve requirement will be exceeded from FY2016/17 to FY2019/20.

Rate Proposal	Current Rate	Nov. 21, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
1.5” and below	$14.65	$19.77	$22.73	$24.55	$25.78	$27.07
2”	$18.35	$31.63	$36.37	$39.29	$41.24	$43.31
3”	$27.58	$63.27	$72.74	$78.57	$82.49	$86.62
4” and above	$38.12	$98.85	$113.65	$122.77	$128.89	$135.34
Variable Charge (water usage)	$0.34	$0.46	$0.53	$0.57	$0.60	$0.63
Drought Surcharge	$0.00	$0.00	$0.07	$0.16	$0.28	$0.30

PROPOSITION 218 PUBLIC NOTIFICATION AND PROTEST PROCESS

As authorized by the City Council at the June 6, 2015 meeting, staff began the Proposition 218 public notification and protest process. This process requires a minimum protest period of 45 days. In order to comply with all the requirements, the following process was followed:

- Public Notification was processed and delivered to the US Postal Services on July 8, 2015, 48 days prior to tonight’s public hearing date. Mailing was sent to both the property address and the mailing address of property owner’s (if different). A total of 8,326 public notifications were mailed. Of the total notices mailed 7,210 parcels would be eligible to protest the rate.
- Public Notification highlighted the date of the Public Hearing.
- Public Notification described the rates to be considered and the services to be provided.
- Public Notification explained to residents the protest process. All protests must be received in writing by the City Clerk and include the property owner’s name, address or APN, state that their intent is to protest the rates, and include the property owner’s signature.

Under Proposition 218 if written protests against the proposed fee or charge are presented to the City by a majority of owners of the identified parcels prior to the close of the public hearing, the agency shall not impose the fee or charge. As of the writing of this report, the following protests had been received:

Sewer Rate 106
Water Rate 107

In order for the rate to not be able to be considered by the City Council at least 50% +1 of the parcels must protest the rate. In this case, the City would need 3,606 protests.

Should the City receive less than the required amount of protests, the City Council may proceed with the first reading and introduction of the Sewer and Water Rate Ordinances at the September 22, 2015 meeting, with a second reading occurring on October 13, 2015. The Ordinance would then take effect no less than 30 days after the reading, therefore it is recommended that the new rates would be placed in effect as of November 21, 2015.

FINANCIAL IMPACT

Should the protest hearing reveal that a majority of the property owners did not protest the proposed rate increase, the City Council may consider Introducing by Title Only Ordinances for Sewer and Water to establish the new rates at the September 22, 2015 City Council meeting. Rates would then be effective as of November 21, 2015.

Sewer and Water rates are paid by the customers that receive service, therefore residents and commercial customers will note the increase in rates in the January 2016 billing.

STRATEGIC PLAN

This report has been prepared to accomplish the following Three Year Goal established during the March 31, 2015 Strategic Planning Session:

"Achieve and Maintain Financial Stability and Sustainability"

ATTACHMENT

1. Final Sewer Rate Study
2. Final Water Rate Study
3. Resolution

City of Riverbank

Sewer Rate Study

June 18, 2015

Bartle Wells Associates
Independent Public Finance Consultants
1889 Alcatraz Avenue
Berkeley, California 94703
www.bartlewells.com
Tel: 510-653-3399

FINAL

Historical & Current Sewer Service Rates

The City of Riverbank has not raised sewer rates since 2008. The City had a cost of service study performed in 2009 by ECO:LOGIC consultants which recommended rate increases from FY 2010 to FY 2012, however the increases were never implemented. The historical and current (2008) sewer rates are shown in **Table 1**.

Table 1: Historical Wastewater Service Charges
City of Riverbank
Water and Wastewater Rate Study

Sewer Rates (Monthly)	2004	2005	2006	2007	2008
Residential in Riverbank	14.91	18.72	19.13	19.59	20.15
Commercial in Riverbank (plus volume charge for use over 1,000 cf)	14.91	18.72	19.13	19.59	20.15
Year-to-year Change		20.4%	2.1%	2.3%	2.8%
Residential Outside of Riverbank	15.93	19.76	20.19	20.67	21.26
Commercial Outside of Riverbank	15.93	19.76	20.19	20.67	21.26
Year-to-year change		19.4%	2.1%	2.3%	2.8%

Rates per CF for usage exceeding 1,000 cubic feet per month [1]	
Commericial	0.01492
Hospitals	0.01492
Extended Care Facilities	0.01492
Markets (Without Delicatessens)	0.01492
Automobile Service Facilities	0.01492
Commercial Laundromats	0.01492
Offices	0.01325
Restaurants	0.01624
Short Order Facilities	0.01624
Markets (With Delicatessens)	0.01624
Restaurants (With Full Kitchens)	0.02353

Total Annual Charges [2]	
Industrial Rate	C=96.209V + 10B
Riverbank Unified School District [3]	C=.34749P
	C=1.30891P

[1] Per cubic foot
[2] C=Annual Operation and Maintenance Costs, V=Annual Volume (MG), B = Annual BOD Loading (lbs.), P= student and staff pop.
[3] .34749 is for facilities without a cafeteria. 1.30891 is for facilities with a cafeteria

Sewer charges are shown monthly and annually, however bills are sent out on a bimonthly schedule.

Residential & Commercial Rates

The rate for churches, single-family dwellings, each unit in a duplex, triplex or multiple-family units, each space in a mobile home park located inside the City, and hotels and motels is **$20.15** per month per church, dwelling unit, rental room or space. For customers located outside of the City, the rate is **$21.26** per month.

In addition to the monthly charge, commercial customers pay an amount based on customer classification for each cubic foot of water they consume over 1,000 cubic feet per month.

Special Rates – Industrial & Schools

Industrial customer service charges are calculated based on a formula which takes into account biochemical oxygen demand (BOD) and million gallons (MG) of water used in one year. Industrial charges may be adjusted up or down at the end of the fiscal year according to actual costs, flows, and BODs for that year as calculated by the Public Works Department.

Schools pay a separate charge based on student and staff population and whether or not they have a cafeteria.

Recommended Sewer Service Rates

BWA recommends the City divide the volumetric charges into four categories based on strength factors to ensure rate equity between customers. These strength classifications were developed based on State Water Resources Control Board recommended flow factors and a standard strength factor formula. A strength factor of 1 is used for domestic use (200 BOD/MGL and 200 SS/MGL) which is the estimated residential strength.

The four recommended categories include: Low, Domestic, Medium, and High. Schools without cafeterias are recommended to be billed in the Low classification, and schools with cafeterias are recommended to be billed in the Medium category. **Table 2** shows the recommended structure (without taking into account required rate increases).

Table 2: Variable Charge Cost Attribution
City of Riverbank
Water and Wastewater Rate Study

Cost Recovery Attribution		
Flow	BOD	SS
50%	20%	30%

Commercial Grouping	Class	GPD	BOD/MGL	SS/MGL	Strength Factor	Old Rate	New Rate*	% Change
Group 1	Low	250	130	80	0.75			
Schools w/o Cafeteria						-	0.01119	
Offices						0.01325	0.01119	-16%
Group 2	Domestic	250	200	200	1.00			
Commercial						0.01492	0.01492	0%
Hospitals						0.01492	0.01492	0%
Extended Care Facilities						0.01492	0.01492	0%
Markets (Without Delicatessens)						0.01492	0.01492	0%
Automobile Service Facilities						0.01492	0.01492	0%
Commercial Laundromats						0.01492	0.01492	0%
Group 3	Medium	250	400	300	1.35			
Schools w/ Cafeteria						-	0.02014	
Restaurants						0.01624	0.02014	24%
Short Order Facilities						0.01624	0.02014	24%
Markets (With Delicatessens)						0.01624	0.02014	24%
Group 4	High	250	800	600	2.20			
Restaurants (With Full Kitchens)						0.02353	0.03282	39%

Commercial Rates
*Rates per CF for usage exceeding 1,000 cubic feet per month
Source: Strength factors based on guidelines from the State Water Resources Control Board
Strength Factor = [0.5 + (0.2) BOD (mg/l)/200 + (0.3) SS (mg/l)/200]
Industrial customers are billed based on annual flow and BOD

BWA analyzed the sewer billing data provided by the City. There are currently a total of approximately 6,375 sewer accounts and 7,074 billing units, as shown in **Table 3**. Under current rates, annual cost recovery from fixed charges alone account for an estimated $1,710,500 per year.

Commercial customers are estimated to use 11,127,000 cubic feet of water annually above the 1,000 CF threshold, translating into approximately $167,000 per year in volumetric charges.

Table 3: Estimated Wastewater Service Charges
City of Riverbank
Water and Wastewater Rate Study

Customer Type	# of Accounts	# of Billing Units	Annual Base Rate	Annual Cost Recovery
Residential				
Single Family Residential (inside City)	6,031	6,031	$242	$1,458,296
Single Family Residential (outside City)	2	2	255	510
Multi-Family Residential	108	482	242	116,548
Mobile Home Parks	6	263	242	63,593
Subtotal Residential	**6,147**	**6,778**		**1,638,947**
Commercial				
Hotels/Motel	1	8	242	1,934
Commercial Boarding Houses	0	0	242	0
Commercial Retail, Hospitals, auto shops, etc	154	210	242	50,778
Offices	15	15	242	3,627
Small Restaurants & Markets w/ Delicatessens	12	15	242	3,627
Restaurants with Full Kitchens	23	25	242	6,045
Governmental	9	9	242	2,176
Industrial	9	9	242	2,176
Schools	5	5	242	1,209
Subototal Commercial	**228**	**296**		**71,573**
Total	**6,375**	**7,074**		**1,710,520**
Estimated Annual Commercial Use (Above 1,000 CF)				**11,127,000**
Estimated Commercial Revenue				**$166,905**
Total Estimated Service Charges				**$1,877,425**

Source: City of Riverbank, 2009; Customer Usage Data 2013

Sewer Enterprise Funds

The sewer enterprise controls four funds, which combined hold a total of $5.2 million as of July 1, 2014.

1. **Fund 106: Sewer Fund:** Net revenues from operations are deposited into this fund.
2. **Fund 107: Debt Service Fund:** The debt service fund is used to pay semi-annual debt payments and provides a cushion in case of emergency.
3. **Fund 108: Capital Improvement Fund:** Provides funds for capital improvements.
4. **Fund 158: Sewer Connection Fund:** Connection fees are deposited into this fund.

Table 4: Wastewater Fund Balances FY 2014/15
City of Riverbank
Water and Wastewater Rate Study

Reserve	Amount
Fund 106: Sewer Fund	$318,694
Fund 107: Sewer Debt Service	924,834
Fund 108: Sewer Capital Improvement Fund [1]	3,788,173
Fund 158: Sewer Connection	240,128
Total Reserves	$5,271,829

Note: Fund balances as of July 1, 2014
[1] Includes Emergency Reserves and Schneider Electric Reserve
Source: City of Riverbank Annual Operating Budget, FY 2014/15

Capital Improvement Program

The City has identified a five-year capital improvement program to be funded by the rates proposed in this study. The capital program is shown below in **Table 5**.

Major projects include a Biolac System for the Wastewater Treatment Plant (WWTP) funded in FY 2015, a sewer line improvement and cross connection reduction program to be completed from FY 2016 to FY 2020, and an SS lift station electrical pane upgrade in FY 2020.

Table 5: Sewer Enterprise Capital Projects
City of Riverbank
Water and Wastewater Rate Study

		0	1	2	3	4	5	
Sanitary Sewer Utility	**Project #**	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	Total Projected Capital Cost FY 2011-2020
Project Name								
High Priority Projects								
Utility Service Seperation	SS-013	36,000						36,000
Cross Connection Reduction	SS-012		200,000	200,000	200,000	200,000		800,000
Biolac System	WWTP-020	3,549,843						3,549,843
Equipment Protection -Overhead Structure	WWTP-023		10,000					10,000
Resurface Entry Road to WWTP (Demo, prep, resurface) [1]			110,000					110,000
Finish Pond 9 at WWTP [2]				98,000				98,000
Total High Priority Projected Capital Cost		**3,585,843**	**320,000**	**298,000**	**200,000**	**200,000**		**4,603,843**
Additional CIP								
6" SS, Stanislaus - Sierra Alley from 1st to 3rd			75,000					75,000
6" SS, Sierra - Patterson Alley from 1st to 8th			275,000					275,000
6" SS, Topeka - 108 Alley 4th to 5th			50,000					50,000
6" SS, Topeka - Santa Fe Alley 7th to 8th			50,000					50,000
6" SS, Santa Fe - Stanislaus Alley 7th to 8th			50,000					50,000
6" SS, Terminal from Kentucky to Castle Park Drive				85,000				85,000
6" SS, Texas - Kansas Alley from 8th to Chief Tucker				80,000				80,000
8" SS, Galaxy to Jackson Ave.					50,000			50,000
6" & 8" SS, 7 State Streets from Terminal to 8th						1,000,000		1,000,000
8" SS, Oakdale Road from Patterson to Cedarwood						150,000		150,000
6" SS in Cedarwood from Oakdale Road to Wood Haven						125,000		125,000
6" SS, Orange Ave from Bruneyville to 2nd St.							1,000,000	1,000,000
Crawford Lift Station project upgrades and force main							250,000	250,000
CCTV all sanitary sewer lines city wide							250,000	250,000
Upgrade all electrical panes on SS lift stations							1,000,000	1,000,000
Survey all lift stations							50,000	50,000
Total Additional CIP			**500,000**	**165,000**	**50,000**	**1,275,000**	**2,550,000**	**4,540,000**
Total Capital Projects		**3,585,843**	**820,000**	**463,000**	**250,000**	**1,475,000**	**2,550,000**	**9,143,843**

Source: City of Riverbank 2014-2019 Capital Improvement Plan
[1] E-mail from Staff, 5-19-15
[2] E-mail from Staff, 10.6.2014

Debt Service Schedule

The Sewer Enterprise currently has five separate outstanding obligations: two 2014 loans which refinanced a $1.71 million outstanding 2005 Sewer Bond and provided $4 million for a Waste Water Treatment Plant Upgrade. A 2001 interfund loan with a balance of $289,614, a 2001 CSWRCB loan with a balance of $355,912, and a 2002 CSWRCB loan with a balance of $111,710.

Table 6: Wastewater Enterprise Debt Service
City of Riverbank
Water and Wastewater Rate Study

Long-Term Debt: Wastewater	Budget	Five Year Projection (Prop 218)				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
2014 Loans [1]	643,000	643,000	643,000	643,000	643,000	643,000
2001 Interfund Loan [2]	75,000	75,000	75,000	4,000		
2001-2 CSWRCB Loans [3]	66,000	66,000	66,000	66,000	66,000	66,000
Total Annual Wastewater Debt Service	**$784,000**	**$784,000**	**$784,000**	**$713,000**	**$709,000**	**$709,000**

Source: City of Riverbank Audit for FYE 2011, FYE 2012, and FYE 2013; City of Riverbank Budget FY2014/15

Note: Payments for FY 2014-2024 are based on the debt schedules found in the City Audit and on assumption that there is no new debt issued and no debt refinanced.

[1] $1.71 million refinancing loan for 2005 Sewer Bonds and $4 million loan for a Waste Water Treatment Plant upgrade.

[2] As of June 30, 2014, the balance payable was $289,614 with an interest rate of 2.00%. The final maturity date is June 30, 2018.

[3] As of June 30, 2014, the balance payable for the 2001 CSWRCB Loan was $355,912 with an interest rate of 2.6% and a final maturity date of October 25, 2021. The balance payable for the 2002 CSWRCB Loan is $111,710 with an interest rate of 2.7% and a final maturity date of October 25, 2021.

Scenario Summary

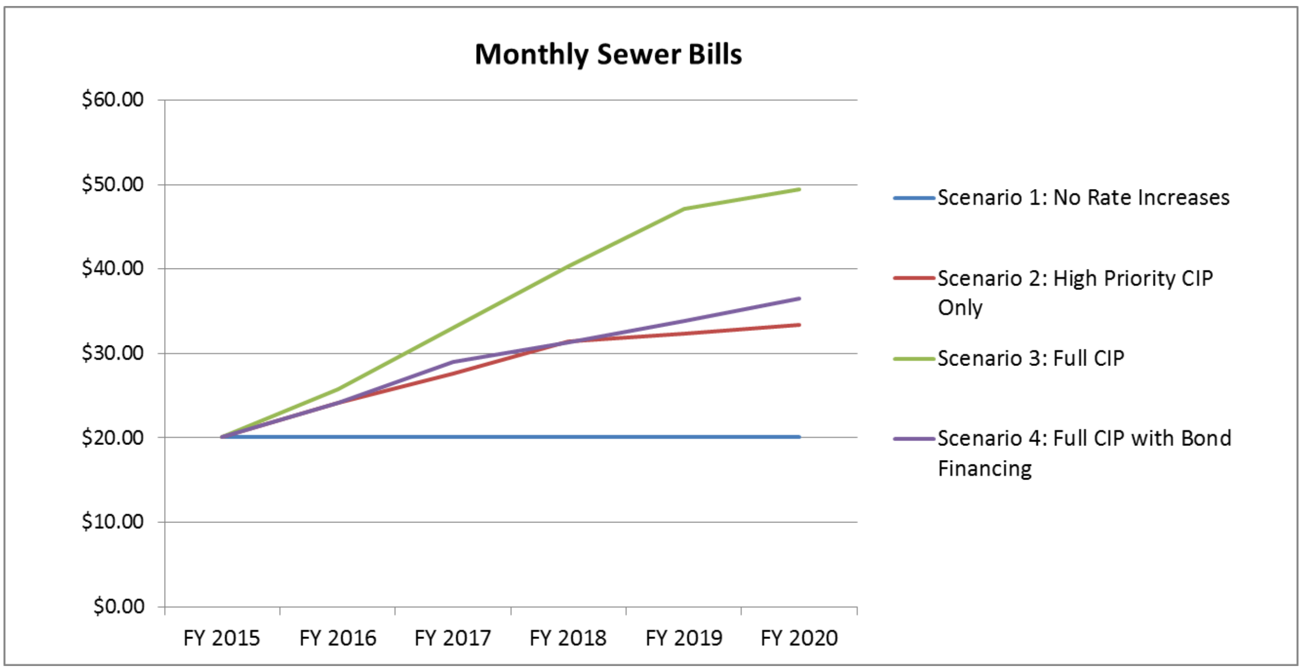
BWA analyzed four scenarios for City consideration:

Scenario 1: No Rate Increase – Shows the Sewer Enterprise financial condition under a no increase "status quo" scenario with only high priority capital projects initiated. (**Not Recommended**).

Scenario 2: High Priority CIP Only – Funds high priority capital projects only for the next five years. Funds all Sewer Enterprise costs from rate increases only.

Scenario 3: Full CIP – Funds all capital projects for the next five years. Funds all Sewer Enterprise costs from rate increases only.

Scenario 4: Full CIP with Bond Financing – Funds all capital projects for the next five years. Funds Sewer Enterprise costs from a combination of bond issues and rate increases.



Scenario Description	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5-Yr Bill Increase
Scenario 1: No Rate Increases		0%	0%	0%	0%	0%	
Monthly Bill	**$20.15**	**$20.15**	**$20.15**	**$20.15**	**$20.15**	**$20.15**	**$0.00**
Scenario 2: High Priority CIP Only		20%	14%	14%	3%	3%	
Monthly Bill	**$20.15**	**$24.18**	**$27.57**	**$31.42**	**$32.37**	**$33.34**	**$13.19**
Scenario 3: Full CIP		28%	28%	22%	17%	5%	
Monthly Bill	**$20.15**	**$25.79**	**$33.01**	**$40.28**	**$47.12**	**$49.48**	**$29.33**
Scenario 4: Full CIP with Bond Financing		20%	20%	8%	8%	8%	
Monthly Bill	**$20.15**	**$24.18**	**$29.02**	**$31.34**	**$33.84**	**$36.55**	**$16.40**

Scenario 1: No Rate Increases

Figure 1 and **Table 7** show the Sewer Enterprise's financial position under a No Rate Increase scenario. Under current rates, the Sewer Enterprise is projected to deplete all fund balances in FY 2017. By FY 2020, the Sewer enterprise would build up a deficit of approximately $2.5 million.

The Sewer Enterprise is projected to have a debt service coverage ratio of .4 in FY 2015. Debt service coverage is calculated as Operating Revenues less Operating Expenses divided by total debt service payments. BWA typically recommends agencies maintain a debt service coverage ratio of at least 1.15.

Additionally, BWA recommends the Sewer Enterprise maintain a total fund balance of at least 50% of annual O&M and $1,000,000 for capital projects as a buffer in case of emergency and to maintain creditworthiness.

Figure 1

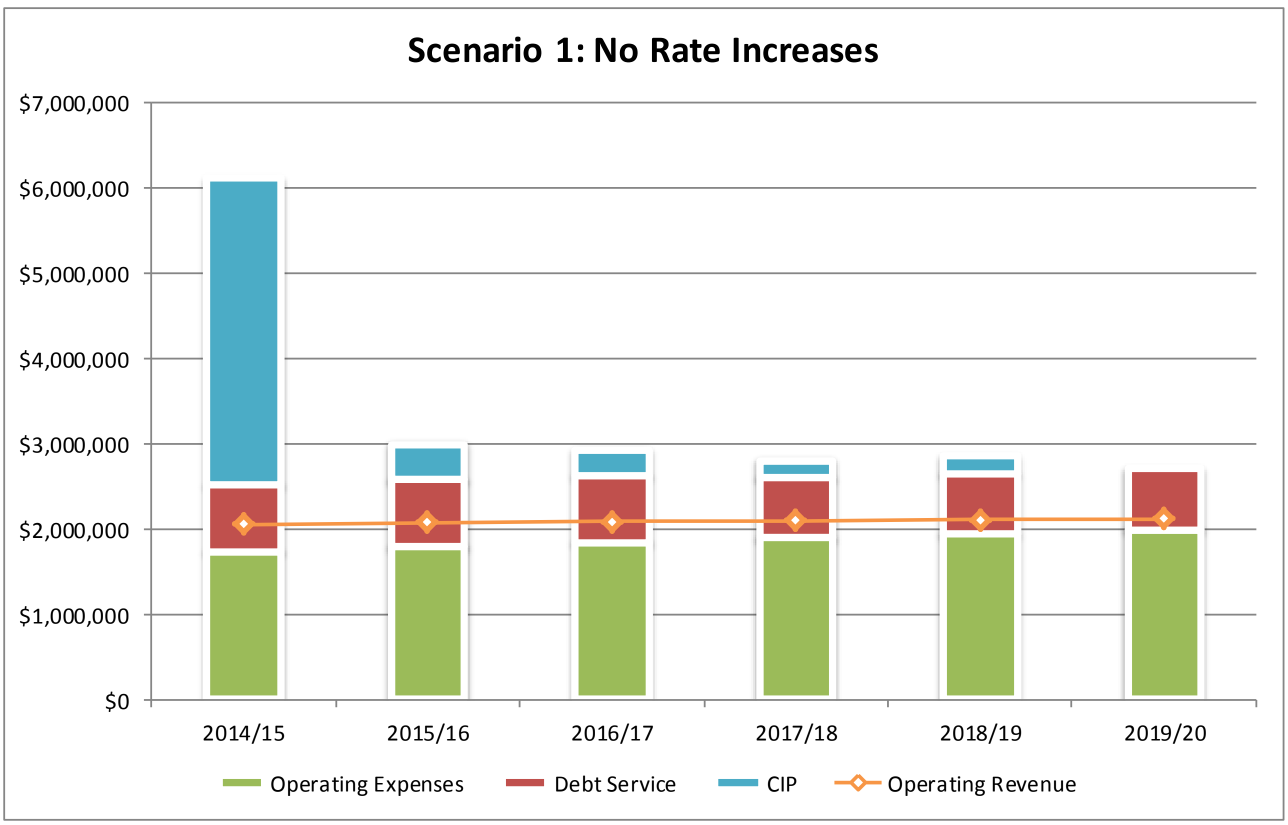


Table 7: Scenario 1: No Rate Increases
City of Riverbank
Water and Wastewater Rate Study

	Budget 2014/15	Annual % Increase	Five Year Projection (Prop 218) 2015/16	2016/17	2017/18	2018/19	2019/20
BEGINNING BALANCE							
Fund 106 (Operations)	$318,694		$634,000	$910,000	$1,150,100	$1,352,601	$1,515,127
Fund 107 (Debt)	924,834		141,000	(643,000)	(1,427,000)	(2,140,000)	(2,849,000)
Fund 108 (Projects)	3,788,173		202,000	(218,000)	(516,000)	(716,000)	(916,000)
Fund 158 (Connection)	240,128		270,000	285,000	300,000	315,000	330,000
Wastewater Fund Total	5,271,829		1,247,000	334,000	(492,900)	(1,188,399)	(1,919,873)
Monthly Service Charge	20.15		20.15	20.15	20.15	20.15	20.15
Revenues							
Sewer Service Charges	1,871,900	0.5%	1,881,000	1,890,000	1,899,000	1,908,000	1,918,000
Fines, Forfeitures, Penalties	34,500	1.0%	35,000	35,000	35,000	35,000	35,000
Interest Income [1]	3,000		6,000	9,100	11,501	13,526	15,151
Industrial Permits	34,300	1.0%	35,000	35,000	35,000	35,000	35,000
Misc. Revenues	250		1,000	1,000	1,000	1,000	1,000
Transfers In	117,700		120,000	120,000	120,000	120,000	120,000
Total Revenues	**$2,061,650**		**$2,078,000**	**$2,090,100**	**$2,101,501**	**$2,112,526**	**$2,124,151**
Expenses							
Wastewater Collection							
Employee Compensation	$147,500	3.0%	$152,000	$157,000	$162,000	$167,000	$172,000
Supplies and Materials	9,250	3.0%	10,000	10,000	10,000	10,000	10,000
Utilities	25,000	5.0%	26,000	27,000	28,000	29,000	30,000
Services	85,000	3.0%	88,000	91,000	94,000	97,000	100,000
Communications	2,000		2,000	2,000	2,000	2,000	2,000
Misc. Expenses and Allowances	14,550	4.0%	15,000	16,000	17,000	18,000	19,000
Transfers Out Management Fee	539,900		550,000	550,000	550,000	550,000	550,000
Total Wastewater Collection	$823,200		$843,000	$853,000	$863,000	$873,000	$883,000
Wastewater Treatment							
Employee Salries	201,900	3.0%	208,000	214,000	220,000	227,000	234,000
Employee Benfits	118,900	3.0%	122,000	126,000	130,000	134,000	138,000
Supplies and Materials	6,500		7,000	7,000	7,000	7,000	7,000
Utilities	400,000	5.0%	420,000	441,000	463,000	486,000	510,000
Communications	850		1,000	1,000	1,000	1,000	1,000
Services	132,500	3.0%	136,000	140,000	144,000	148,000	152,000
Misc. Expenses and Allowances	62,550	4.0%	65,000	68,000	71,000	74,000	77,000
Total Wastewater Treatment	$923,200		$959,000	$997,000	$1,036,000	$1,077,000	$1,119,000
Total Wastewater Operations	**$1,746,400**		**$1,802,000**	**$1,850,000**	**$1,899,000**	**$1,950,000**	**$2,002,000**
Net Operating Revenues	**$315,250**		**$276,000**	**$240,100**	**$202,501**	**$162,526**	**$122,151**
Wastewater Debt Service							
Existing Long-Term Debt	$784,000		$784,000	$784,000	$713,000	$709,000	$709,000
Total Annual Debt Service	$784,000		$784,000	$784,000	$713,000	$709,000	$709,000
Debt Service Coverage	**0.40**		**0.35**	**0.31**	**0.28**	**0.23**	**0.17**
Wastewater Capital							
Wastewater	$3,585,843		$420,000	$298,000	$200,000	$200,000	$0
Total Capital Expenditures	**$3,585,843**		**$420,000**	**$298,000**	**$200,000**	**$200,000**	**$0**
ENDING BALANCE							
Fund 106 [2]	$633,944		910,000	1,150,100	1,352,601	1,515,127	1,637,278
Fund 107 [3]	140,834		(643,000)	(1,427,000)	(2,140,000)	(2,849,000)	(3,558,000)
Fund 108 [4]	202,330		(218,000)	(516,000)	(716,000)	(916,000)	(916,000)
Fund 158 [5]	270,128		285,000	300,000	315,000	330,000	345,000
Wastewater Fund Total	1,247,236		334,000	(492,900)	(1,188,399)	(1,919,873)	(2,491,722)
Change from prior fund balance			*(913,236)*	*(826,900)*	*(695,499)*	*(731,474)*	*(571,849)*
Target Balance [6]	1,873,000		1,901,000	1,925,000	1,950,000	1,975,000	2,001,000
	no		no	no	no	no	no

Source: Budget FY2014/15, Audit FYE 2013, and Capital Improvement Program FY2011/12-FY2020/21
[1] Interest Income is 1% of the Beginning Fund 106 Balance if fund balance is positive.
[2] Fund 106 Ending Balance equals Beginning Balance plus Total Operating Revenues less Total Wastewater Operations
[3] Fund 107 Ending Balance equals Beginning Balance plus Total Fund 107 (Debt) Revenue less Total Annual Debt Service
[4] Fund 108 Ending Balance equals Beginning Balance less Total Capital Expenditures
[5] Fund 158 Ending Balance assumes $30,000 in revenues from Sewer Connection Fees in FY2014/15 and $15,000 for each subsequent fiscal
[6] Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects

Scenario 2: High Priority CIP Only

Figure 2 and **Table 8** show the Sewer Enterprise's financial position under a High Priority CIP Only scenario. Recommended rate increases under Scenario 2 are: **20%** in FY 2016, **14%** in FY 2017, **14%** in FY 2018 and **3%** adjustments thereafter.

Under Scenario 2, Sewer Service Charges would be increased from $1.9 million in FY 2015 to about $3 million by FY 2018. The Sewer Enterprise would build up funds to meet target reserves in FY 2020. Debt service coverage would meet BWA's recommended 1.15x debt service in FY 2017.

Scenario Advantages

1. Results in the lowest possible rate increases of all the scenarios.

2. Does not require the Sewer Enterprise to take on additional debt, thereby reducing the burden on future users.

Scenario Disadvantages

1. Does not fully fund the Sewer Enterprise's capital needs.

2. Existing rate payers take on the burden of paying for needed capital improvements from rate revenues.

3. Fund balances are built up over the 5-year period and are project to dip to a low of $580,000 in FY 2017.

Figure 2

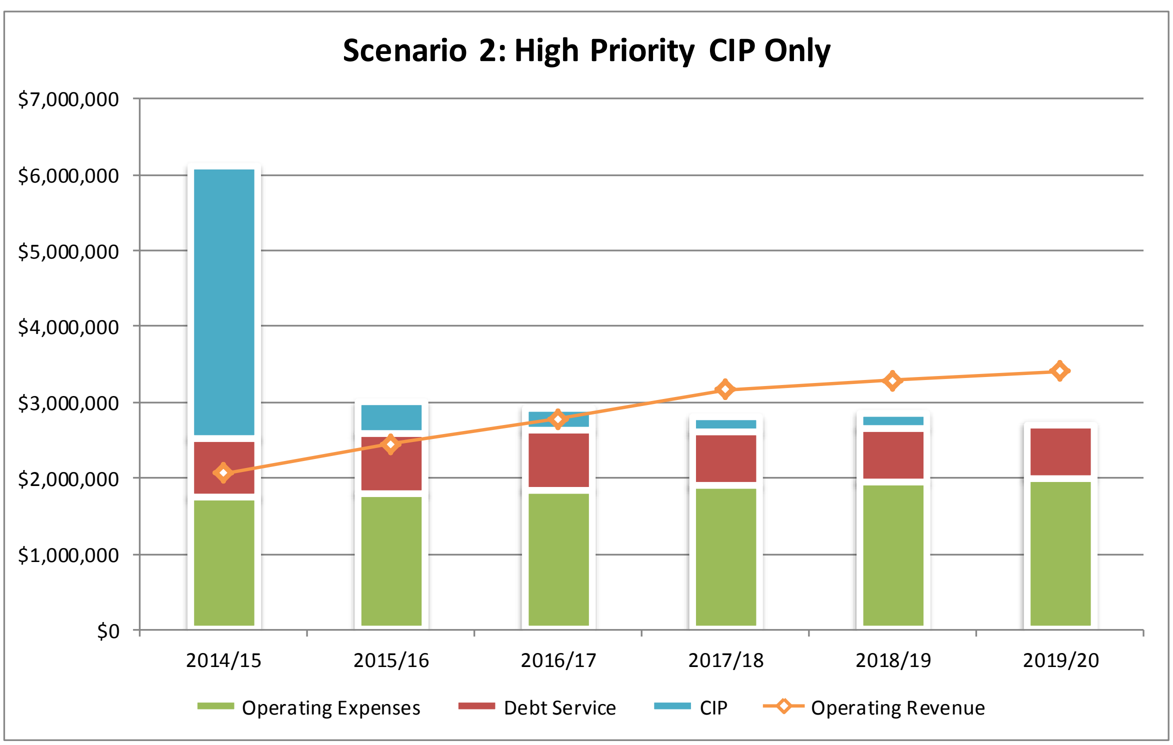


Table 8: Scenario 2: High Priority CIP Only
City of Riverbank
Water and Wastewater Rate Study

	Budget 2014/15	Annual % Increase	Five Year Projection (Prop 218) 2015/16	2016/17	2017/18	2018/19	2019/20
BEGINNING BALANCES							
Fund 106 (Operations)	$318,694		$634,000	$1,285,000	$2,222,000	$3,494,000	$4,832,000
Fund 107 (Debt)	924,834		141,000	(643,000)	(1,427,000)	(2,140,000)	(2,849,000)
Fund 108 (Projects)	3,788,173		202,000	(218,000)	(516,000)	(716,000)	(916,000)
Fund 158 (Connection)	240,128		270,000	285,000	300,000	315,000	330,000
Wastewater Fund Total	5,271,829		1,247,000	709,000	579,000	953,000	1,397,000
Monthly Service Charge	20.15		24.18	27.57	31.42	32.37	33.34
% Change			20%	14%	14%	3%	3%
Revenues							
Sewer Service Charges	1,871,900	0.5%	2,256,000	2,583,000	2,958,000	3,062,000	3,169,000
Fines, Forfeitures, Penalties	34,500	1.0%	35,000	35,000	35,000	35,000	35,000
Interest Income [1]	3,000		6,000	13,000	22,000	35,000	48,000
Industrial Permits	34,300	1.0%	35,000	35,000	35,000	35,000	35,000
Misc. Revenues	250		1,000	1,000	1,000	1,000	1,000
Transfers In	117,700		120,000	120,000	120,000	120,000	120,000
Total Revenues	**$2,061,650**		**$2,453,000**	**$2,787,000**	**$3,171,000**	**$3,288,000**	**$3,408,000**
Expenses							
Wastewater Collection							
Employee Compensation	$147,500	3.0%	$152,000	$157,000	$162,000	$167,000	$172,000
Supplies and Materials	9,250	3.0%	10,000	10,000	10,000	10,000	10,000
Utilities	25,000	5.0%	26,000	27,000	28,000	29,000	30,000
Services	85,000	3.0%	88,000	91,000	94,000	97,000	100,000
Communications	2,000		2,000	2,000	2,000	2,000	2,000
Misc. Expenses and Allowances	14,550	4.0%	15,000	16,000	17,000	18,000	19,000
Transfers Out Management Fee	539,900		550,000	550,000	550,000	550,000	550,000
Total Wastewater Collection	$823,200		$843,000	$853,000	$863,000	$873,000	$883,000
Wastewater Treatment							
Employee Salaries	201,900	3.0%	208,000	214,000	220,000	227,000	234,000
Employee Benefits	118,900	3.0%	122,000	126,000	130,000	134,000	138,000
Supplies and Materials	6,500		7,000	7,000	7,000	7,000	7,000
Utilities	400,000	5.0%	420,000	441,000	463,000	486,000	510,000
Communications	850		1,000	1,000	1,000	1,000	1,000
Services	132,500	3.0%	136,000	140,000	144,000	148,000	152,000
Misc. Expenses and Allowances	62,550	4.0%	65,000	68,000	71,000	74,000	77,000
Total Wastewater Treatment	$923,200		$959,000	$997,000	$1,036,000	$1,077,000	$1,119,000
Total Wastewater Operations	**$1,746,400**		**$1,802,000**	**$1,850,000**	**$1,899,000**	**$1,950,000**	**$2,002,000**
Net Operating Revenues	**$315,250**		**$651,000**	**$937,000**	**$1,272,000**	**$1,338,000**	**$1,406,000**
Wastewater Debt Service							
Existing Long-Term Debt	$784,000		$784,000	$784,000	$713,000	$709,000	$709,000
Total Annual Debt Service	$784,000		$784,000	$784,000	$713,000	$709,000	$709,000
Debt Service Coverage	**0.40**		**0.83**	**1.20**	**1.78**	**1.89**	**1.98**
Wastewater Capital [2]							
Wastewater	$3,585,843		$420,000	$298,000	$200,000	$200,000	$0
Total Capital Expenditures	**$3,585,843**		**$420,000**	**$298,000**	**$200,000**	**$200,000**	**$0**
ENDING BALANCES							
Fund 106 [3]	$633,944		1,285,000	2,222,000	3,494,000	4,832,000	6,238,000
Fund 107 [4]	140,834		(643,000)	(1,427,000)	(2,140,000)	(2,849,000)	(3,558,000)
Fund 108 [5]	202,330		(218,000)	(516,000)	(716,000)	(916,000)	(916,000)
Fund 158 [6]	270,128		285,000	300,000	315,000	330,000	345,000
Wastewater Fund Total	1,247,236		709,000	579,000	953,000	1,397,000	2,109,000
Change from prior fund balance			*(538,236)*	*(130,000)*	*374,000*	*444,000*	*712,000*
Target Balance [7]	1,873,000		1,901,000	1,925,000	1,950,000	1,975,000	2,001,000
	no		no	no	no	no	yes

Source: Budget FY2014/15, Audit FYE 2013, and Capital Improvement Program FY2011/12-FY2020/21
[1] Interest Income is 1% of the Beginning Fund 106 Balance if fund balance is positive.
[2] Assumes that the City will only complete Pay-As-You-Go Sewer Projects
[3] Fund 106 Ending Balance equals Beginning Balance plus Total Operating Revenues less Total Wastewater Operations
[4] Fund 107 Ending Balance equals Beginning Balance plus Total Fund 107 (Debt) Revenue less Total Annual Debt Service
[5] Fund 108 Ending Balance equals Beginning Balance less Total Capital Expenditures
[6] Fund 158 Ending Balance assumes $30,000 in revenues from Sewer Connection Fees in FY2014/15 and $15,000 for each subsequent fiscal year.
[7] Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects

Scenario 3: Full CIP

Figure 3 and **Table 9** show the Sewer Enterprise's financial position under a Full CIP scenario. Recommended rate increases under this scenario are: **28%** in FY 2016, **28%** in FY 2017, **22%** in FY 2018, **17%** in FY 2019 and **5%** in FY2020 adjustments thereafter.

Under Scenario 3, Sewer Service Charges would be increased from $1.9 million in FY 2015 to about $4.5 million by FY 2020. The Sewer Enterprise would build up funds to meet target reserves in FY 2019. Debt service coverage would meet BWA's recommended 1.15x debt service by FY 2017.

Scenario Advantages

1. Does not require the Sewer Enterprise to take on additional debt, thereby reducing the burden on future rate payers.

2. Fully funds the Sewer Enterprise's capital needs.

3. Provides a high level of net operating revenue to fund continuing capital needs beyond the projection period.

Scenario Disadvantages

1. Results in the highest rate increases of all scenarios.

2. Existing rate payers take on the burden of paying for needed capital improvements from rate revenues.

3. The high level of revenues may not be needed should the Sewer Enterprise not have a high level of continuing capital needs beyond the five year projection period.

Figure 3

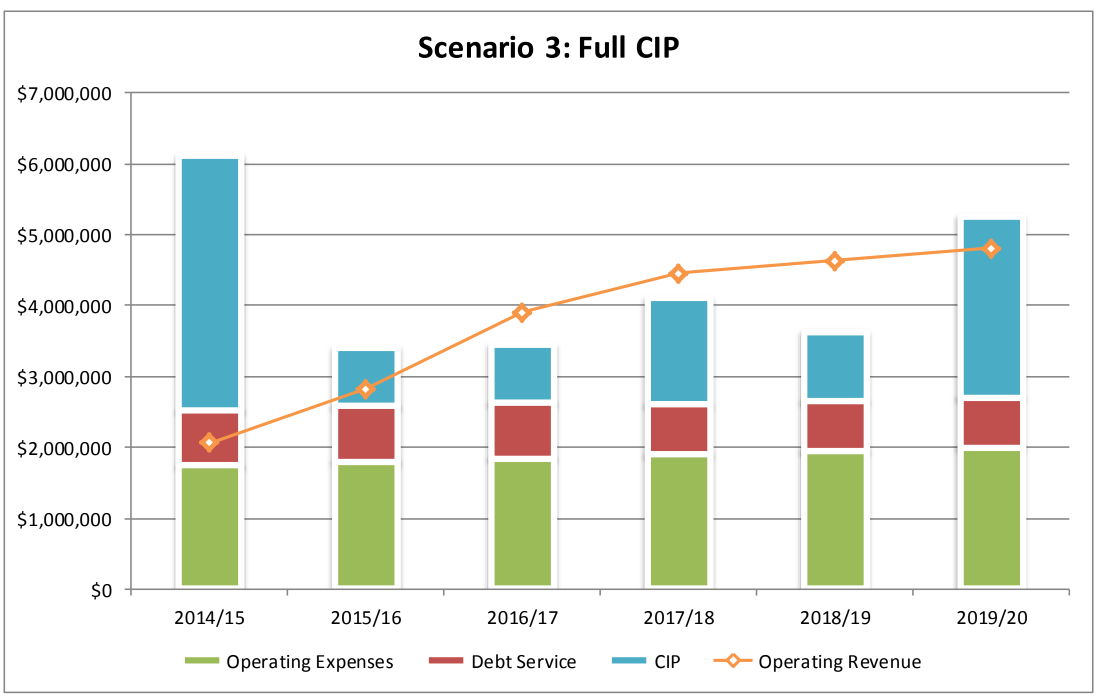


Table 9: Scenario 3: Full CIP
City of Riverbank
Water and Wastewater Rate Study

	Budget 2014/15	Annual % Increase	Five Year Projection (Prop 218) 2015/16	2016/17	2017/18	2018/19	2019/20
BEGINNING BALANCE							
Fund 106 (Operations)	$318,694		$634,000	$1,434,000	$2,879,000	$4,985,000	$7,723,000
Fund 107 (Debt)	924,834		141,000	(643,000)	(1,427,000)	(2,140,000)	(2,849,000)
Fund 108 (Projects)	3,788,173		202,000	(618,000)	(1,081,000)	(1,331,000)	(2,806,000)
Fund 158 (Connection)	240,128		270,000	285,000	300,000	315,000	330,000
Wastewater Fund Total	5,271,829		1,247,000	458,000	671,000	1,829,000	2,398,000
Monthly Service Charge	20.15		25.79	33.01	40.28	47.12	49.48
% Change			28%	28%	22%	17%	5%
Revenues							
Sewer Service Charges	1,871,900	0.5%	2,405,000	3,090,000	3,785,000	4,447,000	4,692,000
Fines, Forfeitures, Penalties	34,500	1.0%	35,000	35,000	35,000	35,000	35,000
Interest Income [1]	3,000		6,000	14,000	29,000	50,000	77,000
Industrial Permits	34,300	1.0%	35,000	35,000	35,000	35,000	35,000
Misc. Revenues	250		1,000	1,000	1,000	1,000	1,000
Transfers In	117,700		120,000	120,000	120,000	120,000	120,000
Total Revenues	**$2,061,650**		**$2,602,000**	**$3,295,000**	**$4,005,000**	**$4,688,000**	**$4,960,000**
Expenses							
Wastewater Collection							
Employee Compensation	$147,500	3.0%	$152,000	$157,000	$162,000	$167,000	$172,000
Supplies and Materials	9,250	3.0%	10,000	10,000	10,000	10,000	10,000
Utilities	25,000	5.0%	26,000	27,000	28,000	29,000	30,000
Services	85,000	3.0%	88,000	91,000	94,000	97,000	100,000
Communications	2,000		2,000	2,000	2,000	2,000	2,000
Misc. Expenses and Allowances	14,550	4.0%	15,000	16,000	17,000	18,000	19,000
Transfers Out Management Fee	539,900		550,000	550,000	550,000	550,000	550,000
Total Wastewater Collection	$823,200		$843,000	$853,000	$863,000	$873,000	$883,000
Wastewater Treatment							
Employee Salries	201,900	3.0%	208,000	214,000	220,000	227,000	234,000
Employee Benfits	118,900	3.0%	122,000	126,000	130,000	134,000	138,000
Supplies and Materials	6,500		7,000	7,000	7,000	7,000	7,000
Utilities	400,000	5.0%	420,000	441,000	463,000	486,000	510,000
Communications	850		1,000	1,000	1,000	1,000	1,000
Services	132,500	3.0%	136,000	140,000	144,000	148,000	152,000
Misc. Expenses and Allowances	62,550	4.0%	65,000	68,000	71,000	74,000	77,000
Total Wastewater Treatment	$923,200		$959,000	$997,000	$1,036,000	$1,077,000	$1,119,000
Total Wastewater Operations	**$1,746,400**		**$1,802,000**	**$1,850,000**	**$1,899,000**	**$1,950,000**	**$2,002,000**
Net Operating Revenues	**$315,250**		**$800,000**	**$1,445,000**	**$2,106,000**	**$2,738,000**	**$2,958,000**
Wastewater Debt Service							
Existing Long-Term Debt	$784,000		$784,000	$784,000	$713,000	$709,000	$709,000
Total Annual Debt Service	$784,000		$784,000	$784,000	$713,000	$709,000	$709,000
Debt Service Coverage	**0.40**		**1.02**	**1.84**	**2.95**	**3.86**	**4.17**
Wastewater Capital [2]							
Wastewater	$3,585,843		$320,000	$298,000	$200,000	$200,000	$0
Sewer Division CIP	0		500,000	165,000	50,000	1,275,000	2,550,000
Total Capital Expenditures	**$3,585,843**		**$820,000**	**$463,000**	**$250,000**	**$1,475,000**	**$2,550,000**
ENDING BALANCE							
Fund 106 [3]	$633,944		1,434,000	2,879,000	4,985,000	7,723,000	10,681,000
Fund 107 [4]	140,834		(643,000)	(1,427,000)	(2,140,000)	(2,849,000)	(3,558,000)
Fund 108 [5]	202,330		(618,000)	(1,081,000)	(1,331,000)	(2,806,000)	(5,356,000)
Fund 158 [6]	270,128		285,000	300,000	315,000	330,000	345,000
Wastewater Fund Total	1,247,236		458,000	671,000	1,829,000	2,398,000	2,112,000
Change from prior fund balance			*(789,236)*	*213,000*	*1,158,000*	*569,000*	*(286,000)*
Target Balance [7]	1,873,000		1,901,000	1,925,000	1,950,000	1,975,000	2,001,000
	no		no	no	no	yes	yes

Source: Budget FY2014/15, Audit FYE 2013, and Capital Improvement Program FY2011/12-FY2020/21
[1] Interest Income is 1% of the Beginning Fund 106 Balance if fund balance is positive.
[2] Assumes that the City will complete all Sewer projects
[3] Fund 106 Ending Balance equals Beginning Balance plus Total Operating Revenues less Total Wastewater Operations
[4] Fund 107 Ending Balance equals Beginning Balance plus Total Fund 107 (Debt) Revenue less Total Annual Debt Service
[5] Fund 108 Ending Balance equals Beginning Balance less Total Capital Expenditures
[6] Fund 158 Ending Balance assumes $30,000 in revenues from Sewer Connection Fees in FY2014/15 and $15,000 for each subsequent fiscal year.
[7] Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects

Scenario 4: Full CIP with Bond Financing

Figure 4 and **Table 10** show the Sewer Enterprise's financial position under a Full CIP Bond Financing scenario. Recommended rate increases under this scenario are: **20%** in FY 2016, **20%** in FY 2017, and **8%** in FY 2018, FY 2019, and FY 2020.

Under Scenario 4, Sewer Service Charges would be increased from $1.9 million in FY 2015 to about $3 million by FY 2018 and $3.5 million by FY 2020. BWA recommends a bond Issue of $2.4 million in FY 2016 to fund three years of capital improvements from FY 2016 to FY 2018 and a bond issue of $3.5 million in FY 2019 to fund two years of capital improvements in FY 2019 and FY 2020.

The Sewer Enterprise would immediately meet fund reserve targets for all years with the exception of FY 2018, where they would be spent down to $1 million. Debt service coverage would meet BWA's recommended 1.15x debt service in FY 2017.

Scenario Advantages

1. Spreads required rate increases across the five year period.

2. Fully funds the Sewer Enterprise's capital needs.

3. Meets reserve targets immediately rather than building them up over time.

4. Results in lower rates than fully funding capital projects through rate revenue.

Scenario Disadvantages

1. Future rate payers take on the burden of paying for needed capital improvements due to continuing debt service (est. to be an additional $380,000 per year for 30 years.)

Figure 4

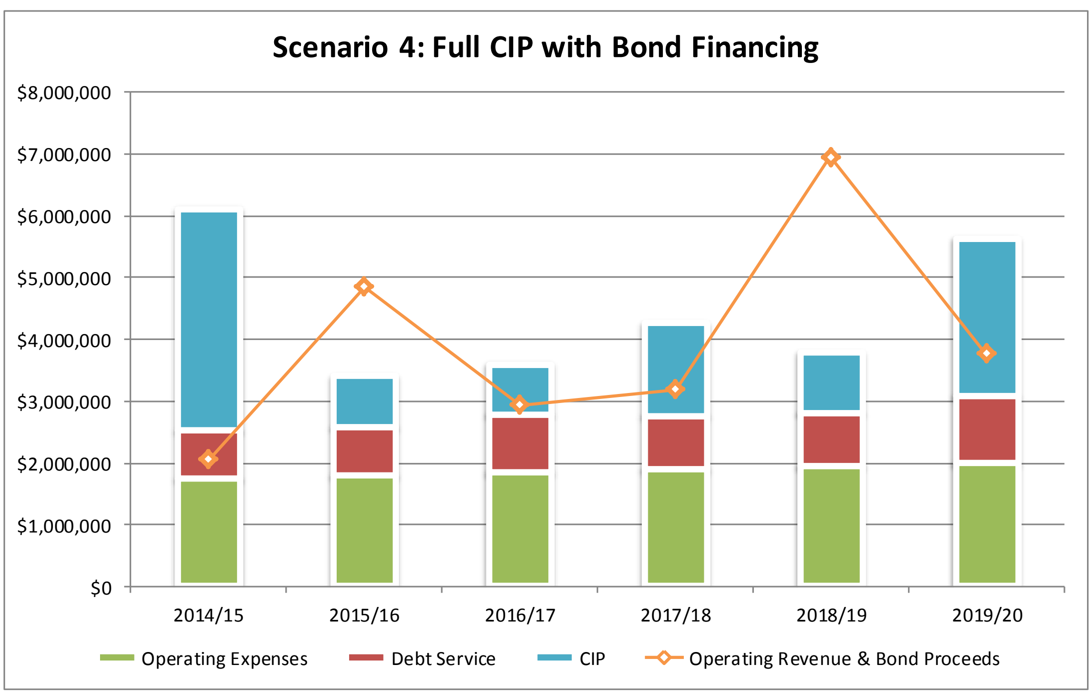


Table 10: Scenario 4: Full CIP with Bond Financing
City of Riverbank
Water and Wastewater Rate Study

	Budget 2014/15	Annual % Increase	Five Year Projection (Prop 218) 2015/16	2016/17	2017/18	2018/19	2019/20
BEGINNING BALANCES							
Fund 106 (Operations)	$318,694		$634,000	$3,685,000	$4,781,000	$6,070,000	$11,072,000
Fund 107 (Debt)	924,834		141,000	(643,000)	(1,582,000)	(2,450,000)	(3,314,000)
Fund 108 (Projects)	3,788,173		202,000	(618,000)	(1,431,000)	(2,931,000)	(3,906,000)
Fund 158 (Connection)	240,128		270,000	285,000	300,000	315,000	330,000
Wastewater Fund Total	5,271,829		1,247,000	2,709,000	2,068,000	1,004,000	4,182,000
Monthly Service Charge	20.15		24.18	29.02	31.34	33.84	36.55
% Change			20.0%	20.0%	8.0%	8.0%	8.0%
Revenues							
Sewer Service Charges	1,871,900	0.5%	2,256,000	2,718,000	2,949,000	3,200,000	3,472,000
Fines, Forfeitures, Penalties	34,500	1.0%	35,000	35,000	35,000	35,000	35,000
Interest Income [1]	3,000		6,000	37,000	48,000	61,000	111,000
Industrial Permits	34,300	1.0%	35,000	35,000	35,000	35,000	35,000
Misc. Revenues	250		1,000	1,000	1,000	1,000	1,000
Transfers In	117,700		120,000	120,000	120,000	120,000	120,000
Total Operating Revenues	2,061,650		2,453,000	2,946,000	3,188,000	3,452,000	3,774,000
Debt Proceeds							
Bond Issue FY2016	0		2,400,000	0	0	0	0
Bond Issue FY2019	0		0	0	0	3,500,000	0
Total Financing Revenue	0		2,400,000	0	0	3,500,000	0
Total Revenues	**$2,061,650**		**$4,853,000**	**$2,946,000**	**$3,188,000**	**$6,952,000**	**$3,774,000**
Expenses							
Wastewater Collection							
Employee Compensation	$147,500	3.0%	$152,000	$157,000	$162,000	$167,000	$172,000
Supplies and Materials	9,250	3.0%	10,000	10,000	10,000	10,000	10,000
Utilities	25,000	5.0%	26,000	27,000	28,000	29,000	30,000
Services	85,000	3.0%	88,000	91,000	94,000	97,000	100,000
Communications	2,000		2,000	2,000	2,000	2,000	2,000
Misc. Expenses and Allowances	14,550	4.0%	15,000	16,000	17,000	18,000	19,000
Transfers Out Management Fee	539,900		550,000	550,000	550,000	550,000	550,000
Total Wastewater Collection	$823,200		$843,000	$853,000	$863,000	$873,000	$883,000
Wastewater Treatment							
Employee Salries	201,900	3.0%	208,000	214,000	220,000	227,000	234,000
Employee Benfits	118,900	3.0%	122,000	126,000	130,000	134,000	138,000
Supplies and Materials	6,500		7,000	7,000	7,000	7,000	7,000
Utilities	400,000	5.0%	420,000	441,000	463,000	486,000	510,000
Communications	850		1,000	1,000	1,000	1,000	1,000
Services	132,500	3.0%	136,000	140,000	144,000	148,000	152,000
Misc. Expenses and Allowances	62,550	4.0%	65,000	68,000	71,000	74,000	77,000
Total Wastewater Treatment	$923,200		$959,000	$997,000	$1,036,000	$1,077,000	$1,119,000
Total Wastewater Operations	**$1,746,400**		**$1,802,000**	**$1,850,000**	**$1,899,000**	**$1,950,000**	**$2,002,000**
Net Operating Revenues	**$315,250**		**$3,051,000**	**$1,096,000**	**$1,289,000**	**$5,002,000**	**$1,772,000**
Wastewater Debt Service							
Existing Long-Term Debt	$784,000		$784,000	$784,000	$713,000	$709,000	$709,000
Bond Issue FY2016 [2]	0		0	155,000	155,000	155,000	155,000
Bond Issue FY2019 [3]	0		0	0	0	0	226,000
Total Annual Debt Service	$784,000		$784,000	$939,000	$868,000	$864,000	$1,090,000
Debt Service Coverage	**0.40**		**0.83**	**1.17**	**1.49**	**1.74**	**1.63**
Wastewater Capital [4]							
Wastewater	$3,585,843		$420,000	$298,000	$200,000	$200,000	$0
Sewer Division CIP	0		400,000	515,000	1,300,000	775,000	2,550,000
Total Capital Expenditures	**$3,585,843**		**$820,000**	**$813,000**	**$1,500,000**	**$975,000**	**$2,550,000**
ENDING BALANCE							
Fund 106 [5]	$633,944		3,685,000	4,781,000	6,070,000	11,072,000	12,844,000
Fund 107 [6]	140,834		(643,000)	(1,582,000)	(2,450,000)	(3,314,000)	(4,404,000)
Fund 108 [7]	202,330		(618,000)	(1,431,000)	(2,931,000)	(3,906,000)	(6,456,000)
Fund 158 [8]	270,128		285,000	300,000	315,000	330,000	345,000
Wastewater Fund Total	1,247,236		2,709,000	2,068,000	1,004,000	4,182,000	2,329,000
Change from prior fund balance			*1,461,764*	*(641,000)*	*(1,064,000)*	*3,178,000*	*(1,853,000)*
Target Balance [9]	1,873,000		1,901,000	1,925,000	1,950,000	1,975,000	2,001,000
	no		yes	yes	no	yes	yes

Source: Budget FY2014/15, Audit FYE 2013, and Capital Improvement Program FY2011/12-FY2020/21
[1] Interest Income is 1% of the Beginning Fund 106 Balance if fund balance is positive.
[2] $2,400,000, 30-year bond with semi-annual payments and an interest rate of 5%. Funds all capital projects from FY2016 to FY2018.
[3] $3,500,000, 30-year bond with semi-annual payments and an interest rate of 5%. Funds all capital projects for FY2019 & FY2020.
[4] Assumes that the City will complete all Sewer Projects
[5] Fund 106 Ending Balance equals Beginning Balance plus Total Operating Revenues less Total Wastewater Operations
[6] Fund 107 Ending Balance equals Beginning Balance plus Total Fund 107 (Debt) Revenue less Total Annual Debt Service
[7] Fund 108 Ending Balance equals Beginning Balance less Total Capital Expenditures
[8] Fund 158 Ending Balance assumes $30,000 in revenues from Sewer Connection Fees in FY2014/15 and $15,000 for each subsequent fiscal year.
[9] Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects

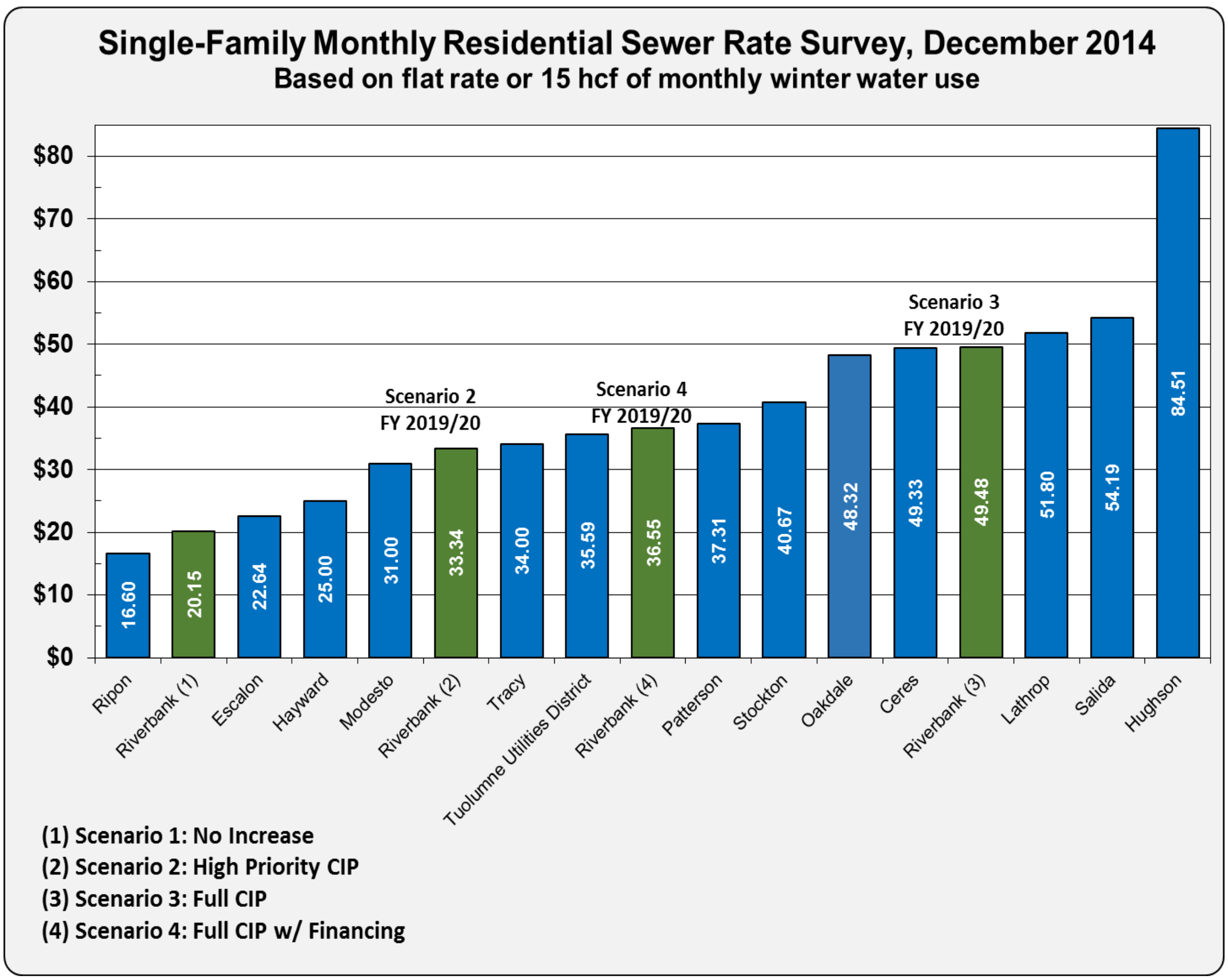
Summary and Recommendations

BWA recommends the wastewater enterprise raise rates in order to complete its scheduled capital projects and maintain financial health. As shown below, the city currently has one of the lowest rates in the area and has not increases rates since 2009.

After much deliberation with city council and staff, the city has elected to pursue scenario 3: Full CIP. This scenario will raise rates enough to cover all planned capital projects in the five year projection and provide financial health within the enterprise.

Sewer Rate Survey

Figure 5



Appendix A: Commercial & Industrial Rate Increase Schedules

Table 1: Scenario 1: Commercial Charges
City of Riverbank
Water and Wastewater Rate Study

Commercial Grouping	Old Rate*	New Rate**	FY 2016**	FY 2017**	FY 2018**	FY 2019**	FY 2020**
Group 1							
Schools w/o Cafeteria	-	0.01119	0.01119	0.01119	0.01119	0.01119	0.01119
Offices	0.01325	0.01119	0.01119	0.01119	0.01119	0.01119	0.01119
% Change		**-16%**	**0%**	**0%**	**0%**	**0%**	**0%**
Group 2							
Commercial	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492
Hospitals	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492
Extended Care Facilities	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492
Markets (Without Delicatessens)	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492
Automobile Service Facilities	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492
Commercial Laundromats	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492	0.01492
% Change		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Group 3							
Schools w/ Cafeteria	-	0.02014	0.02014	0.02014	0.02014	0.02014	0.02014
Restaurants	0.01624	0.02014	0.02014	0.02014	0.02014	0.02014	0.02014
Short Order Facilities	0.01624	0.02014	0.02014	0.02014	0.02014	0.02014	0.02014
Markets (With Delicatessens)	0.01624	0.02014	0.02014	0.02014	0.02014	0.02014	0.02014
% Change		**24%**	**0%**	**0%**	**0%**	**0%**	**0%**
Group 4							
Restaurants (With Full Kitchens)	0.02353	0.03282	0.03282	0.03282	0.03282	0.03282	0.03282
% Change		**39%**	**0%**	**0%**	**0%**	**0%**	**0%**

*Rates per CF for usage exceeding 1,000 cubic feet per month
**Rates per CF (subject to minimum monthly charge)

Table 2: Scenario 2: Commercial Charges
City of Riverbank
Water and Wastewater Rate Study

Commercial Grouping	Old Rate*	New Rate**	FY 2016**	FY 2017**	FY 2018**	FY 2019**	FY 2020**
Group 1							
Schools w/o Cafeteria	-	0.01119	0.01343	0.01531	0.01745	0.01797	0.01851
Offices	0.01325	0.01119	0.01343	0.01531	0.01745	0.01797	0.01851
% Change		**-16%**	**20%**	**14%**	**14%**	**3%**	**3%**
Group 2							
Commercial	0.01492	0.01492	0.01790	0.02041	0.02327	0.02397	0.02469
Hospitals	0.01492	0.01492	0.01790	0.02041	0.02327	0.02397	0.02469
Extended Care Facilities	0.01492	0.01492	0.01790	0.02041	0.02327	0.02397	0.02469
Markets (Without Delicatessens)	0.01492	0.01492	0.01790	0.02041	0.02327	0.02397	0.02469
Automobile Service Facilities	0.01492	0.01492	0.01790	0.02041	0.02327	0.02397	0.02469
Commercial Laundromats	0.01492	0.01492	0.01790	0.02041	0.02327	0.02397	0.02469
% Change		**0%**	**20%**	**14%**	**14%**	**3%**	**3%**
Group 3							
Schools w/ Cafeteria	-	0.02014	0.02417	0.02755	0.03141	0.03235	0.03332
Restaurants	0.01624	0.02014	0.02417	0.02755	0.03141	0.03235	0.03332
Short Order Facilities	0.01624	0.02014	0.02417	0.02755	0.03141	0.03235	0.03332
Markets (With Delicatessens)	0.01624	0.02014	0.02417	0.02755	0.03141	0.03235	0.03332
% Change		**24%**	**20%**	**14%**	**14%**	**3%**	**3%**
Group 4							
Restaurants (With Full Kitchens)	0.02353	0.03282	0.03939	0.04490	0.05119	0.05273	0.05431
% Change		**39%**	**20%**	**14%**	**14%**	**3%**	**3%**

*Rates per CF for usage exceeding 1,000 cubic feet per month
**Rates per CF (subject to minimum monthly charge)

Table 3: Scenario 3: Commercial Charges
City of Riverbank
Water and Wastewater Rate Study

Commercial Grouping	Old Rate*	New Rate**	FY 2016**	FY 2017**	FY 2018**	FY 2019**	FY 2020**
Group 1							
Schools w/o Cafeteria	-	0.01119	0.01432	0.01833	0.02237	0.02617	0.02748
Offices	0.01325	0.01119	0.01432	0.01833	0.02237	0.02617	0.02748
% Change		**-16%**	**28%**	**28%**	**22%**	**17%**	**5%**
Group 2							
Commercial	0.01492	0.01492	0.01910	0.02444	0.02982	0.03489	0.03664
Hospitals	0.01492	0.01492	0.01910	0.02444	0.02982	0.03489	0.03664
Extended Care Facilities	0.01492	0.01492	0.01910	0.02444	0.02982	0.03489	0.03664
Markets (Without Delicatessens)	0.01492	0.01492	0.01910	0.02444	0.02982	0.03489	0.03664
Automobile Service Facilities	0.01492	0.01492	0.01910	0.02444	0.02982	0.03489	0.03664
Commercial Laundromats	0.01492	0.01492	0.01910	0.02444	0.02982	0.03489	0.03664
% Change		**0%**	**28%**	**28%**	**22%**	**17%**	**5%**
Group 3							
Schools w/ Cafeteria	-	0.02014	0.02578	0.03300	0.04026	0.04711	0.04946
Restaurants	0.01624	0.02014	0.02578	0.03300	0.04026	0.04711	0.04946
Short Order Facilities	0.01624	0.02014	0.02578	0.03300	0.04026	0.04711	0.04946
Markets (With Delicatessens)	0.01624	0.02014	0.02578	0.03300	0.04026	0.04711	0.04946
% Change		**24%**	**28%**	**28%**	**22%**	**17%**	**5%**
Group 4							
Restaurants (With Full Kitchens)	0.02353	0.03282	0.04201	0.05378	0.06561	0.07676	0.08060
% Change		**39%**	**28%**	**28%**	**22%**	**17%**	**5%**

*Rates per CF for usage exceeding 1,000 cubic feet per month
**Rates per CF (subject to minimum monthly charge)

Table 4: Scenario 4: Commercial Charges
City of Riverbank
Water and Wastewater Rate Study

Commercial Grouping	Old Rate*	New Rate**	FY 2016**	FY 2017**	FY 2018**	FY 2019**	FY 2020**
Group 1							
Schools w/o Cafeteria	-	0.01119	0.01343	0.01611	0.01740	0.01879	0.02030
Offices	0.01325	0.01119	0.01343	0.01611	0.01740	0.01879	0.02030
% Change		**-16%**	**20%**	**20%**	**8%**	**8%**	**8%**
Group 2							
Commercial	0.01492	0.01492	0.01790	0.02148	0.02320	0.02506	0.02706
Hospitals	0.01492	0.01492	0.01790	0.02148	0.02320	0.02506	0.02706
Extended Care Facilities	0.01492	0.01492	0.01790	0.02148	0.02320	0.02506	0.02706
Markets (Without Delicatessens)	0.01492	0.01492	0.01790	0.02148	0.02320	0.02506	0.02706
Automobile Service Facilities	0.01492	0.01492	0.01790	0.02148	0.02320	0.02506	0.02706
Commercial Laundromats	0.01492	0.01492	0.01790	0.02148	0.02320	0.02506	0.02706
% Change		**0%**	**20%**	**20%**	**8%**	**8%**	**8%**
Group 3							
Schools w/ Cafeteria	-	0.02014	0.02417	0.02900	0.03132	0.03383	0.03654
Restaurants	0.01624	0.02014	0.02417	0.02900	0.03132	0.03383	0.03654
Short Order Facilities	0.01624	0.02014	0.02417	0.02900	0.03132	0.03383	0.03654
Markets (With Delicatessens)	0.01624	0.02014	0.02417	0.02900	0.03132	0.03383	0.03654
% Change		**24%**	**20%**	**20%**	**8%**	**8%**	**8%**
Group 4							
Restaurants (With Full Kitchens)	0.02353	0.03282	0.03939	0.04727	0.05105	0.05513	0.05954
% Change		**39%**	**20%**	**20%**	**8%**	**8%**	**8%**

*Rates per CF for usage exceeding 1,000 cubic feet per month
**Rates per CF (subject to minimum monthly charge)

Table 5: Industrial Charges
City of Riverbank
Water and Wastewater Rate Study

Scenario 1	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Annual Volume (Per MG)	$96.209	$96.209	$96.209	$96.209	$96.209	$96.209
% Change		**0%**	**0%**	**0%**	**0%**	**0%**
Annual BOD (Per LB)	$10	$10	$10	$10	$10	$10
% Change		**0%**	**0%**	**0%**	**0%**	**0%**
Scenario 2						
Annual Volume (Per MG)	$96.209	$115.451	$131.614	$150.040	$154.541	$159.177
% Change		**20%**	**14%**	**14%**	**3%**	**3%**
Annual BOD (Per LB)	$10	$12	$14	$16	$16	$17
% Change		**20%**	**14%**	**14%**	**3%**	**3%**
Scenario 3						
Annual Volume (Per MG)	$96.209	$123.148	$157.629	$192.307	$224.999	$236.249
% Change		**28%**	**28%**	**22%**	**17%**	**5%**
Annual BOD (Per LB)	$10	$13	$16	$20	$23	$25
% Change		**28%**	**28%**	**22%**	**17%**	**5%**
Scenario 4						
Annual Volume (Per MG)	$96.209	$115.451	$138.541	$149.624	$161.594	$174.522
% Change		**20%**	**20%**	**8%**	**8%**	**8%**
Annual BOD (Per LB)	$10	$12	$14	$16	$17	$18
% Change		**20%**	**20%**	**8%**	**8%**	**8%**

Industrial charges calculated based on the following formula: �=Volume Charge*(Annual MG) + BOD Charge*(Annual BOD/lbs)

City of Riverbank

Water Rate Study

FINAL 6/18/2015

Bartle Wells Associates
Independent Public Finance Consultants
1889 Alcatraz Avenue
Berkeley, California 94703
www.bartlewells.com
Tel: 510-653-3399

June 18, 2015

City of Riverbank
6707 Third Street
Riverbank, CA 95367

Attention: Michael Riddell, Deputy Development Services Director / Operations

Re: Water and Sewer Rate Study

Bartle Wells Associates is pleased to submit to the City of Riverbank the attached Water and Wastewater Rate Study. The report presents BWA's analysis of the capital and operating costs of the water utility. It lists the assumptions and rate design objectives used in BWA's analysis.

The report recommends updating rates to more accurately recover the costs of providing service to the City's water customers. Recommendations were developed with substantial input from City staff.

BWA finds that the water rates and charges proposed in our report to be based on the cost of service, follow generally accepted rate design criteria, and adhere to the substantive requirements of Proposition 218. BWA believes that the proposed rates are fair and reasonable to the City's customers.

We enjoyed working with you on the rate study and appreciate the assistance and cooperation of City staff throughout the project. Please contact us if you ever have any future questions about this study and the rate recommendations.

Sincerely,

BARTLE WELLS ASSOCIATES

Douglas Dove, PE, CIPFA
President/Principal

Rate Setting Legislation and Principles

In conducting this water rate study, Bartle Wells Associates (BWA) adheres to the Proposition 218 requirements as described in this section. Subsequent sections provide the detailed, cost of service basis for BWA's rate recommendations.

Proposition 218

Proposition 218, the "Right to Vote on Taxes Act", was approved by California voters in November 1996 and is codified as Articles XIIIC and XIIID of the California Constitution. Proposition 218 establishes requirements for imposing or increasing property related taxes, assessments, fees and charges. For many years, there was no legal consensus on whether water and sewer rates met the definition of "property related fees". In July 2006, the California Supreme Court essentially confirmed that Proposition 218 applies to water rates.

BWA recommends that the City of Riverbank follow the procedural requirements of Proposition 218 for all water rate changes. These requirements include:

- **Noticing Requirement: -** The City must mail a notice of proposed rate increases to all affected property owners. The notice must specify the basis of the fee, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.
- **Public Hearing:** - The City must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
- **Rate Increases Subject to Majority Protest**: - At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 also established a number of substantive requirements that are generally deemed to apply to utility service charges, including:

- **Cost of Service** - Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the "cost of service".
- **Intended Purpose** - Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
- **Proportional Cost Recovery** - The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.
- No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property. Standby charges shall be classified as "assessments" which are governed by Article 13D Section 4.

Charges for water, wastewater, and refuse collection are exempt from the additional voting requirements of Proposition 218 provided the charges do not exceed the cost of providing service and are adopted pursuant to procedural requirements of Proposition 218.

Rate Development Principles

In reviewing the City's current water rates and finances, BWA used the following criteria in developing our recommendations:

1. *Revenue Sufficiency:* Rates should recover the annual cost of service and provide revenue stability.
2. *Rate Impact:* While rates are calculated to generate sufficient revenue to cover operating and capital costs, they should be designed to minimize, as much as possible, the impacts on ratepayers.
3. *Equitable:* Rates should be fairly allocated among all customer classes based on their estimated demand characteristics. Each user class only pays its proportionate share.
4. *Practical:* Rates should be simple in form and, therefore, adaptable to changing conditions, easy to administer and easy to understand.
5. *Provide Incentive:* Rates provide price signals which serve as indicators to conserve water and to use water efficiently.

Background:

The City of Riverbank is located in Stanislaus County with a population of 23,149. The water division of the city is currently having to deal with one of the most severe droughts in the state of California's history. The city is mandated by the state to reduce water usage, thus affecting the revenues of the department. In addition, the city is planning to complete multiple capital improvement projects that will upgrade its current water system.

The city contracted with BWA to conduct a water rate analysis to determine a rate structure that fits the water division's financial needs.

Current Water Service Rates:

The City of Riverbank currently charges customers a bimonthly flat fee based on meter size for up to 1,000 cubic feet (cf) of water use. If usage exceeds 1,000 cf in a bi-monthly period, a declining-block volumetric rate is applied. Customers are charged $0.34 per 100 cf for the next 4,000 cf, $0.33 for the next 34,000 cf, and $.30 for all use above these levels. As you can see, the variable rate decreases as water usage increases, which is not considered a conservation-oriented billing structure. In light of the ongoing California Drought and recent water rate litigation, BWA recommends updating the current volumetric structure to a uniform volumetric rate moving forward. See **table 1** for the current water service charges.

Table 1

Current and Historical Water Service Charges
City of Riverbank
Water and Wastewater Rate Study

Minimum charge for 1,000 cubic feet for two months (bimonthly)								
Meter-Size	2002	2003	2004	2005	2006	2007	2008	2009
Residential								
5/8'"	25.58	25.79	26.27	26.88	27.46	28.12	28.92	29.29
3/4"	25.58	25.79	26.27	26.88	27.46	28.12	28.92	29.29
1"	25.58	25.79	26.27	26.88	27.46	28.12	28.92	29.29
Apartments, Commercial, and Industrial								
1-1/2"	25.58	25.79	26.27	26.88	27.46	28.12	28.92	29.29
2"	32.03	32.30	32.91	33.68	34.41	35.24	36.24	36.70
3"	48.16	48.56	49.47	50.62	51.72	52.96	54.47	55.16
4"	66.54	67.09	68.35	69.94	71.46	73.18	75.27	76.23
8"	126.46	127.51	129.91	132.94	135.83	139.09	143.05	144.87
Outside City Limits								
1"	29.59	29.84	30.40	31.11	31.79	32.55	33.48	33.91
2"	43.49	43.85	44.67	45.71	46.70	47.82	49.18	49.81

Year-to-year-increase		0.8%	1.8%	2.3%	2.1%	2.3%	2.8%	1.3%

Volume rates for usage exceeding 1,000 cubic feet for two months (bimonthly)								
	2002	2003	2004	2005	2006	2007	2008	2009
Rates for water exceeding the 1,000 cubic foot minimum charge for the particular meter size (per 100 cubic feet)								
Next 4,000 cubic feet	0.29	0.29	0.30	0.31	0.31	0.32	0.33	0.34
Next 34,000 cubic feet	0.27	0.27	0.28	0.29	0.30	0.31	0.32	0.33
All additional Use in Period	0.25	0.25	0.25	0.26	0.27	0.28	0.29	0.30

Proposed Water Rate Structure

The Proposed water rate structure is shown in **table 2**. This structure follows a uniform rate that charges customers based on consumption and meter size. The calculated base charges for each meter were derived using guidelines from the American Water Works Association. It is proposed that all customer classes move to this uniform rate structure.

Table 2

Proposed Water Rates
City of Riverbank
Water and Wastewater Rate Study

Monthly Base Charge by Meter Size	Flow Capacity (GPM) [1]	Meter Ratio	Projected Monthly Rate with Increases ($)				
			FY2016	FY2017	FY2018	FY2019	FY2020
Scenario: Drought Full CIP [2]							
1 1/2 Inch and below	100	1.0	$19.77	$22.73	$24.55	$25.78	$27.07
2 Inch	160	1.6	$31.63	$36.37	$39.29	$41.24	$43.31
3 Inch	320	3.2	$63.27	$72.74	$78.57	$82.49	$86.62
4 Inch and above	500	5.0	$98.85	$113.65	$122.77	$128.89	$135.34
Volume Charge (per 100 cubic feet)							
Base			0.46	0.53	0.57	0.60	0.63
Drought Surcharge (Conservation Mandate)			-	0.07	0.16	0.28	0.30
Total Variable Charge			0.46	0.60	0.73	0.88	0.92

[1] Source: AWWA Manual M22, 2nd Edition, 2004
[2] Scenario 4: Drought Full CIP selected by city council

Current Water Service Revenue:

As shown in **table 3**, water service charge revenue accounts for nearly 97% of all operating revenues. The other 3% is derived from backflow inspections, fines/forfeitures/penalties, interest income, and miscellaneous. A 1% increase year over year is assumed for fines/forfeitures/penalties as revenues increase. Additionally, a 0.5% increase in revenue for meter charges and volumetric charges is assumed due to growth. Revenue is projected to total $1.72MM for FY2014/15.

Table 3

Budget FY2014/15
City of Riverbank
Water and Wastewater Rate Study

Budget FY2014/15		
Revenues		
Water Service Charges		
Meter Charge Revenue Estimate	1,149,000	67%
Volumetric Revenue Estimate	523,000	30%
Backflow Inspections	300	<1%
Fines, Forfeitures, Penalties	46,100	3%
Interest Income	2,400	0%
Misc. Revenues	500	<1%
Total Operating Revenues	1,721,300	100%

Minimum Reserves

The water enterprise beginning fund balance for FY2014/15 totals about $2,072,000. Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects. In order to reach these targets the City of Riverbank must increase rates. See **Table 4** for current fund balances for 2014/15.

Table 4

Water Fund Balances FY2014/15
City of Riverbank
Water and Wastewater Rate Study

Reserve	Amount
Fund 114: Water Fund	$697,581
Fund 116: Capital Improvement Fund	395,475
Fund 158: Water Connection Fund	979,339
Total Reserves	$2,072,395

Note: These are the fund balances as of July 1, 2014
Source: City of Riverbank Annual Operating Budget, FY2014/15

Capital Improvements

As summarized in **table 5**, the City of Riverbank has a number of water projects scheduled in the next five years. The Fund 116 and 157 water projects totaling $6,486,000 are labeled as High Priority CIP and are funded in all rate scenarios analyzed. The full Water Division CIP totals $13,038,000. Rate increases will help recoup the initial cost of the capital projects and their scheduled loan/bond payments.

Table 5

Water Capital Projects
City of Riverbank
Water and Wastewater Rate Study

Water Utility	Project #	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	Total Projected Capital Cost FY2015-2020
		0	1	2	3	4	5	
Project Name								
High-Priority CIP								
Water Projects (Fund 116)								
Central Avenue Water Line Installation	WTR-087	113,000						113,000
Line Replacement Third St. Alley Sierra/Patterson	WTR-075		89,000					89,000
Main Replacement Alley between 3rd and 8th	WTR-063		389,000					389,000
Water Conservation -Implementation of DMMs	WTR-078		25,000	25,000	25,000			75,000
Line Replacement Prospector's to Claribel/Roselle	WTR-074		105,000					105,000
Water Main - Oakdale Road	WTR-022		150,000					150,000
Novi Drive Well Site - Enclosure	WTR-077			300,000				300,000
Talbot/Kentucky Connection (1,330 LF of 12-in pipe)	WTR-079				515,000			515,000
Water Meters [1]		50,000						50,000
Fund 116 Capital Cost		**163,000**	**758,000**	**325,000**	**540,000**	**-**		**1,786,000**
Water Connection Projects (Fund 157)								
Water Meter Reading System [2]			4,700,000					4,700,000
Fund 157 Capital Cost		**-**	**4,700,000**	**-**	**-**	**-**		**4,700,000**
Total High Priority CIP		**163,000**	**5,458,000**	**325,000**	**540,000**	**-**	**-**	**6,486,000**
Additional Water CIP								
Mechanic shop with parts & equipment			500,000					500,000
Novi well enclosure for equipment and sound control			75,000					75,000
Water line replaced on Sierra from Patterson to SR 108			75,000					75,000
Water line installation 2800 Block to Santa Fe			50,000					50,000
Water line on 8th Topeka to SR 108			60,000					60,000
Water line on Claus from SR 108 to Santa Fe			75,000					75,000
12 in water line on Santa Fe from 8th to 4th Streets				325,000				325,000
12 in water line in Sierra Alley from 3rd to 8th Street				350,000				350,000
Water line in alley on Riverside from Corp yard to 4th St				325,000				325,000
Water line in Topeka Alley from 1st to Cannery Site				150,000				150,000
Water line on 7th to dead end.					75,000			75,000
Water line in alley on Orange from 2nd to Burneyville					100,000			100,000
Replace all transite water lines					1,250,000			1,250,000
Waterline on 7th from Nevada to Arizona					40,000			40,000
Loop all dead end waterline in Crossroads					500,000			500,000
Install pump to waste on 8th, River Heights & Jackson Wells					150,000			150,000
Install covers on 2nd St. storage tank motors						25,000		25,000
Install SCADA system antenna for 2nd St. storage tank						50,000		50,000
Paint 2nd St. Storage tank						50,000		50,000
Install covers on Crossroads storage tank motors						25,000		25,000
New block wall fences at Crossroads, Jackson & Pioneer wells						200,000		200,000
Install flushing valve on Lane Avenue							2,000	2,000
New chlorine pumps & analyzers at well sites							1,000,000	1,000,000
Install flushing valves or hydrants at all dead end systems							500,000	500,000
Total Additional Water CIP		**-**	**835,000**	**1,150,000**	**2,115,000**	**350,000**	**1,502,000**	**5,952,000**
Total of all Capital Projects (Full CIP)								**12,438,000**

Source: City of Riverbank 2014-2019 Capital Improvement Plan
[1] From City of Riverbank FY2014/15 Water Annual Budget, (Fund 114; Dept. 433; Account 707.119)
[2] Phone call with City Staff, 8/21/2014. Funding TBD.

Projected Revenue and Expenses Without Rate Increases.

Table 6 and **figure 1** project the revenue and expenses for the next five years under the status quo (No rate increases). Without making any changes in the rates, the City of Riverbank will run a deficit towards the end of FY2017/18 and will miss its reserve fund target by the end of FY2015/16. In order to further fund any capital projects, the city must raise rates.

Figure 1

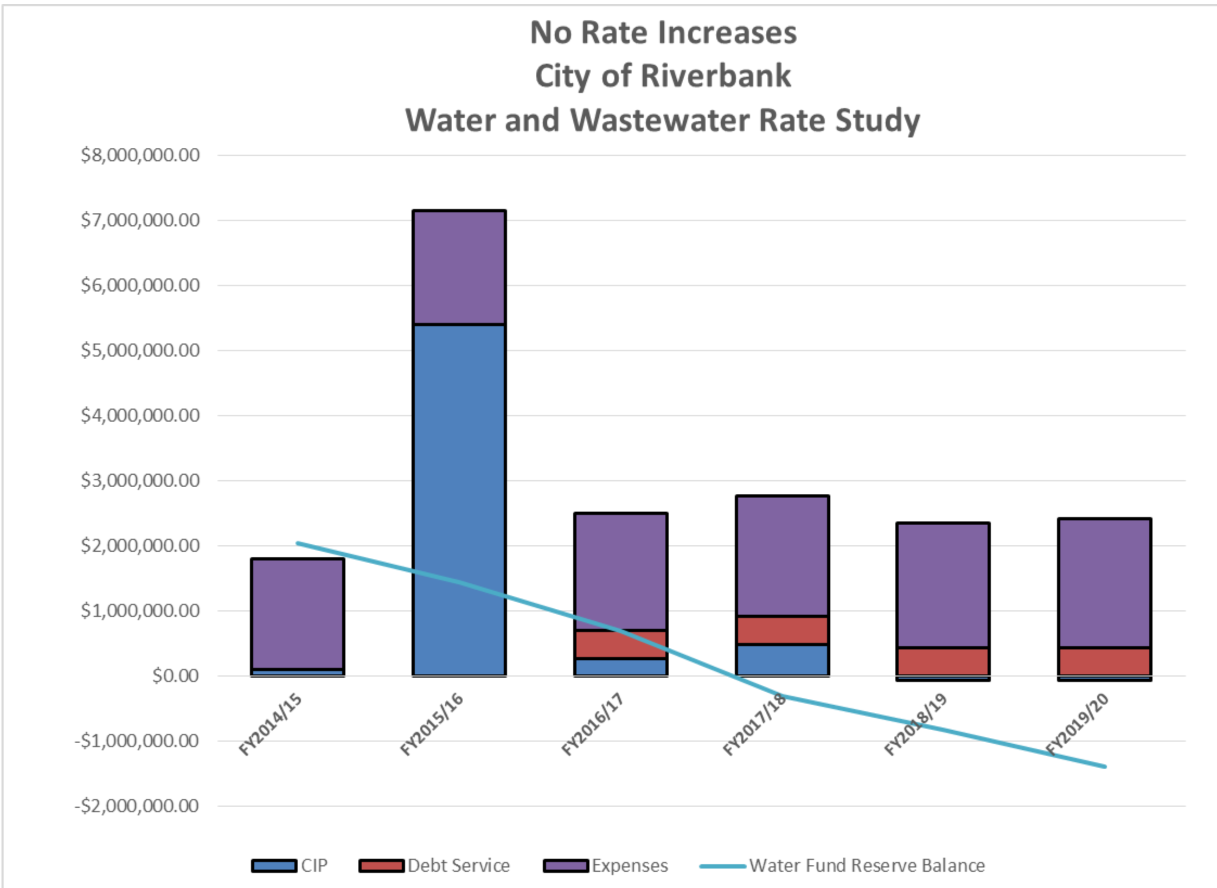


Table 6 — No Rate Increases

	Budget 2014/15	Annual % Increase	Five Year Projection (Prop 218) 2015/16	2016/17	2017/18	2018/19	2019/20
BEGINNING BALANCE							
Water Fund Total	2,072,395		2,040,000	1,442,000	700,000	(307,000)	(824,000)
Typical SFR Bill (17 ccf (12,700 gal) per month)	19.75		19.75	19.75	19.75	19.75	19.75
Fixed Charge (for 1,000 ccf of water) [1]	**14.65**		**14.65**	**14.65**	**14.65**	**14.65**	**14.65**
Base Variable Charge (per 100 ccf in excess) [2]	**0.34**		**0.34**	**0.34**	**0.34**	**0.34**	**0.34**
Revenues							
Water Service Charges							
Meter Charge Revenue Estimate	1,149,000	0.5%	1,155,000	1,161,000	1,167,000	1,173,000	1,179,000
Volumetric Revenue Estimate	523,000	0.5%	526,000	529,000	532,000	535,000	538,000
Backflow Inspections	300		1,000	1,000	1,000	1,000	1,000
Fines, Forfeitures, Penalties	46,100	1%	47,000	48,000	49,000	50,000	51,000
Interest Income [3]	2,400		3,000				
Misc. Revenues	500		1,000	1,000	1,000	1,000	1,000
Total Operating Revenues	1,721,000		1,733,000	1,740,000	1,750,000	1,760,000	1,770,000
Debt Proceeds							
Loan Issue FY2016			4,800,000				
Total Financing Revenue			4,800,000				
Total Revenue	**$1,721,000**		**$6,533,000**	**$1,740,000**	**$1,750,000**	**$1,760,000**	**$1,770,000**
Expenses							
Water Collection							
Employee Salaries	300,900	3%	310,000	319,000	329,000	339,000	349,000
Employee Benefits	158,400	3%	163,000	168,000	173,000	178,000	183,000
Supplies and Materials	37,250	4%	39,000	41,000	43,000	45,000	47,000
Utilities	300,000	5%	315,000	331,000	348,000	365,000	383,000
Services	193,000	3%	199,000	205,000	211,000	217,000	224,000
Communications	1,000		1,000	1,000	1,000	1,000	1,000
Misc. Expenses and Allowances	60,000	4%	62,000	64,000	67,000	70,000	73,000
Meter Replacments	55,000		55,000	55,000	55,000	55,000	55,000
Transfers Out Management Fee	530,900	3%	547,000	563,000	580,000	597,000	615,000
Transfers Out Misc.	51,500		52,000	52,000	52,000	52,000	52,000
Total Water Operations	**1,688,000**		**$1,743,000**	**$1,799,000**	**$1,859,000**	**$1,919,000**	**$1,982,000**
Net Operating Revenues	**33,000**		**($10,000)**	**($59,000)**	**($109,000)**	**($159,000)**	**($212,000)**
Water Debt Service							
Loan Issue FY 2016 [4]				429,000	429,000	429,000	429,000
Total Annual Debt Service				**$429,000**	**$429,000**	**$429,000**	**$429,000**
Debt Service Coverage [5]				**(0.14)**	**(0.25)**	**(0.37)**	**(0.49)**
Water Capital							
Fund 116 Expenditures	163,000		758,000	325,000	540,000		
Fund 157 Expenditures			4,700,000				
Transfers In [6]	(51,700)		(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Total Capital Expenditures	**$111,000**		**$5,403,000**	**$270,000**	**$485,000**	**($55,000)**	**($55,000)**
ENDING BALANCE							
Water Fund Total	**$2,040,000**		**$1,442,000**	**$700,000**	**($307,000)**	**($824,000)**	**($1,394,000)**
Target Balance [6]	**$1,844,000**		**$1,872,000**	**$1,900,000**	**$1,930,000**	**$1,960,000**	**$1,991,000**
	yes		no	no	no	no	no

Source: Budget FY2014/15, Audit FYE 2013, and Capital Improvement Program FY2014-2019

[1] Minimum charge for 1,000 cubic feet for 2 months (bi-monthly) for 5/8"-1" residential meters is $29.29. Water usage exceeding 1,000 cubic feet is $.34 per 100 cubic ft.

[2] Assumes same rate structure for all years.

[3] Interest Income is 1% of the Beginning Fund 116 Balance if fund balance is positive.

[4] $4,800,000, 15-year loan with semi-annual payments and an interest rate of 4%

[5] Net operating revenue (less financing revenue) must equal at least 1.2x total annual debt service to fulfill Debt Service Coverage

[6] Includes 'Transfers In' and 'Interest Income' revenue. Assumes $51,700 for FY2014/15 and $55,000 for FY2015-2017.

[7] Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects

Consumption

Table 7 outlines the historical and projected consumption with and without the Governor's mandated reduction (32% from Riverbank's FY2012-FY2014 consumption levels). With the mandated reduction, significant rate increases are required to make up for the drop in usage to maintain funding for operations and capital improvement projects.

Table 7

Historical and Projected Consumption (ccf)
City of Riverbank
Water and Wastewater Rate Study

Projection **with** Governor's mandate **(32% Reduction)**									
	Historical			Budget	Projection				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Variable[1]	1,448,366	1,456,305	1,711,369	1,538,680	1,046,302	1,051,534	1,056,792	1,062,076	1,067,386
Fixed (under 1000 ccf)	344,202	340,733	376,389	390,180	392,131	394,092	396,062	398,042	400,033
Total[2]	1,792,568	1,797,038	2,087,758	1,928,860	1,438,433	1,445,625	1,452,854	1,460,118	1,467,418

Projection **without** Governor's mandate									
	Historical			Budget	Projection				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Variable	1,448,366	1,456,305	1,711,369	1,538,680	1,546,373	1,554,105	1,561,876	1,569,685	1,577,534
Fixed (under 1000 ccf)	344,202	340,733	376,389	390,180	392,131	394,092	396,062	398,042	400,033
Total[2]	1,792,568	1,797,038	2,087,758	1,928,860	1,938,504	1,948,197	1,957,938	1,967,727	1,977,566

[1] Projected consumption is based on the Governor's mandated 32% reduction.
[2] A 0.5% increase in growth is assumed for both fixed and variable consumption.

Cash Flow Projections and Scenarios

Detailed below are four rate scenarios based on the level of capital improvement projects the city selects and the drought impacts. See **table 8** and **figure 2** for an overview of the variable rates among the 4 scenarios:

Scenario 1: High Priority CIP Only: Funds the Fund 116 and 157 projects with rate increases, a loan and a bond issuance. Does not factor in the Governor's 32% conservation mandate.

Scenario 2: Full CIP: Funds all capital improvement projects through rate increases, a loan, and multiple bond issuances. Does not factor in the Governor's 32% conservation mandate.

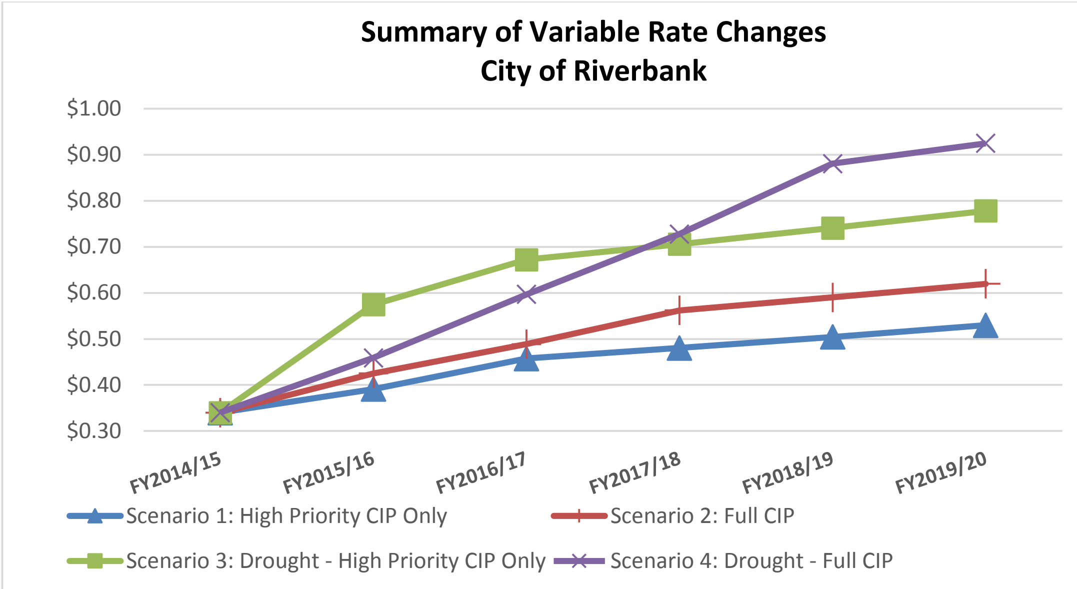
Scenario 3: Drought – High Priority CIP Only: Funds the Fund 116 and 157 projects with rate increases, a loan and a bond issuance. A drought surcharge is initiated to recoup lost revenue due to Governor's conservation mandate of 32%.

Scenario 4: Drought – Full CIP: Funds all capital improvement projects through rate increases, a loan, and multiple bond issuances. A drought surcharge is initiated to recoup lost revenue due to Governor's conservation mandate of 32%.

Table 8

Summary of Variable Rate Changes ($)						
	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Scenario 1: High Priority CIP Only	**$ 0.34**	**$ 0.39**	**$ 0.46**	**$ 0.48**	**$ 0.50**	**$ 0.53**
Scenario 2: Full CIP	**$ 0.34**	**$ 0.43**	**$ 0.49**	**$ 0.56**	**$ 0.59**	**$ 0.62**
Scenario 3: Drought - High Priority CIP Only	$ 0.34	$ 0.39	$ 0.46	$ 0.48	$ 0.50	$ 0.53
Drought Surcharge	-	$ 0.18	$ 0.21	$ 0.23	$ 0.24	$ 0.25
Total	**$ 0.34**	**$ 0.57**	**$ 0.67**	**$ 0.71**	**$ 0.74**	**$ 0.78**
Scenario 4: Drought - Full CIP	$ 0.34	$ 0.43	$ 0.49	$ 0.56	$ 0.59	$ 0.62
Drought Surcharge	-	$ 0.03	$ 0.11	$ 0.17	$ 0.29	$ 0.31
Total	**$ 0.34**	**$ 0.46**	**$ 0.60**	**$ 0.73**	**$ 0.88**	**$ 0.92**

Figure 2

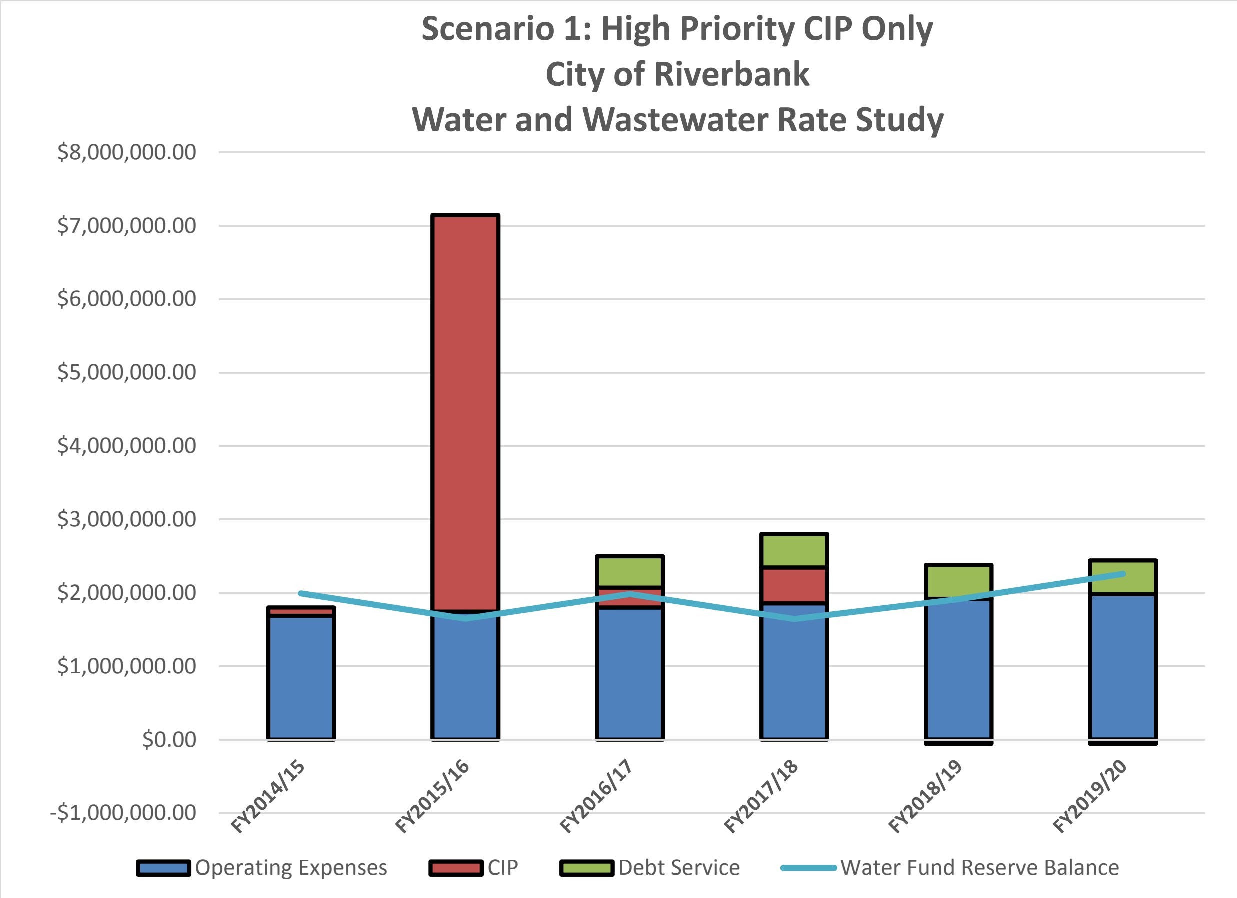


Scenario 1: High Priority CIP Only:

This scenario involves completing the Fund 116 and 157 High Priority water projects. The expenditures for the Fund 116 and 157 water projects will occur from FY2014/15 to FY2017/18 and will total $6,486,000. As shown in **table 9**, rates will increase from the current $0.34 per 100 cubic feet in 2015/16 to $0.53 per 100 cubic feet in 2019/20. The fixed charge for the first 1,000 cubic feet of water will also increase starting from $14.65 in FY14/15 to $22.81 in FY2019/20.

This rate increase will fund the High Priority water projects and bring the city's water fund balance above the reserve fund targets by FY2019/20. The Fund 157 Water Connection Project will be financed through a 15-year loan issued in FY2015/16. Semi-annual payments for that loan will begin in FY2016/17 and will total $429,000 each year.

Figure 3



Scenario 1: High Priority CIP Only
City of Riverbank
Water and Wastewater Rate Study
$8,000,000.00
$7,000,000.00
$6,000,000.00
$5,000,000.00
$4,000,000.00
$3,000,000.00
$2,000,000.00
$1,000,000.00
$0.00
-$1,000,000.00
FY2014/15
FY2015/16
FY2016/17
FY2017/18
FY2018/19
FY2019/20
Operating Expenses
CIP
Debt Service
Water Fund Reserve Balance

Table 9

Scenario 1

	Budget 2014/15	Annual % Increase	Five Year Projection (Prop 218) 2015/16	2016/17	2017/18	2018/19	2019/20
Typical SFR Bill (17 ccf (12,700 gal) per month)	**19.75**		**21.94**	**24.80**	**25.79**	**26.82**	**27.91**
Year Over Year % Increase to SFR Bill			**11%**	**13%**	**4%**	**4%**	**4%**
Fixed Charge (for 1,000 ccf of water) [1]	**14.65**		**16.84**	**19.70**	**20.69**	**21.72**	**22.81**
Base Variable Charge (per 100 cubic feet) [2]	**0.34**		**0.39**	**0.46**	**0.48**	**0.50**	**0.53**
% Change in Total Variable Charge			**15.0%**	**17.0%**	**5.0%**	**5.0%**	**5.0%**
Projected Water Consumption (ccf)			**1,546,373**	**1,554,105**	**1,561,876**	**1,569,685**	**1,577,534**
Revenues							
Water Service Charges							
Meter Charge Revenue Estimate	1,149,000	0.5%	1,327,000	1,559,000	1,645,000	1,735,000	1,830,000
Volumetric Revenue Estimate	523,000	0.5%	604,000	710,000	749,000	790,000	833,000
Backflow Inspections	300		1,000	1,000	1,000	1,000	1,000
Fines, Forfeitures, Penalties	46,100	1%	47,000	48,000	49,000	50,000	51,000
Interest Income [3]	2,400		20,000	16,000	20,000	16,000	19,000
Misc. Revenues	500		1,000	1,000	1,000	1,000	1,000
Total Operating Revenues	1,721,300		2,000,000	2,335,000	2,465,000	2,593,000	2,735,000
Debt Proceeds							
Loan Issue FY2016			4,800,000				
Bond Issue FY2016				500,000			
Total Financing Revenue			4,800,000	500,000			
Total Revenue	**$1,721,300**		**$6,800,000**	**$2,835,000**	**$2,465,000**	**$2,593,000**	**$2,735,000**
Expenses							
Water Collection							
Employee Salaries	300,900	3%	310,000	319,000	329,000	339,000	349,000
Employee Benefits	158,400	3%	163,000	168,000	173,000	178,000	183,000
Supplies and Materials	37,250	4%	39,000	41,000	43,000	45,000	47,000
Utilities	300,000	5%	315,000	331,000	348,000	365,000	383,000
Services	193,000	3%	199,000	205,000	211,000	217,000	224,000
Communications	1,000		1,000	1,000	1,000	1,000	1,000
Misc. Expenses and Allowances	60,000	4%	62,000	64,000	67,000	70,000	73,000
Meter Replacments	55,000		55,000	55,000	55,000	55,000	55,000
Transfers Out Management Fee	530,900	3%	547,000	563,000	580,000	597,000	615,000
Transfers Out Misc.	51,500		52,000	52,000	52,000	52,000	52,000
Total Water Operations	**$1,687,950**		**$1,743,000**	**$1,799,000**	**$1,859,000**	**$1,919,000**	**$1,982,000**
Net Operating Revenues	**$33,350**		**$257,000**	**$1,036,000**	**$606,000**	**$674,000**	**$753,000**
Water Debt Service							
Loan Issue FY 2016 [4]				429,000	429,000	429,000	429,000
Bond Issue FY 2017 [5]					32,000	32,000	32,000
Total Annual Debt Service				**$429,000**	**$461,000**	**$461,000**	**$461,000**
Debt Service Coverage [6]				**1.25**	**1.41**	**1.57**	**1.76**
Water Capital							
Fund 116 Expenditures	163,000		758,000	325,000	540,000		
Fund 157 Expenditures			4,700,000				
Transfers In [7]	(51,700)		(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Total Capital Expenditures	**$111,300**		**$5,403,000**	**$270,000**	**$485,000**	**-$55,000**	**-$55,000**
ENDING BALANCE							
Water Fund Total	**$1,994,445**		**$1,648,000**	**$1,985,000**	**$1,645,000**	**$1,913,000**	**$2,260,000**
Target Balance [8]	**$1,844,000**		**$1,872,000**	**$1,900,000**	**$1,930,000**	**$1,960,000**	**$1,991,000**
	yes		no	yes	no	no	yes

Source: Budget FY2014/15, Audit FYE 2013, and Capital Improvement Program FY2014-2019

[1] Minimum charge for 1,000 gallons for 2 months (bi-monthly) for 5/8"-1" residential meters is $29.29. Water usage exceeding 1,000 gallons is $.34 per 100 cubic feet.

[2] Volumetric Rate is Uniform for FY2016 onwards

[3] Interest Income is 1% of the Beginning Fund Balance if fund balance is positive.

[4] $4,800,000, 15-year loan with semi-annual payments and an interest rate of 4%

[5] $1,000,000, 30-year loan with semi-annual payments and an interest rate of 5%

[6] Net operating revenue (less financing revenue) must equal at least 1.2x total annual debt service to fulfill Debt Service Coverage

[7] Includes 'Transfers In' and 'Interest Income' revenue. Assumes $51,700 for FY2014/15 and $55,000 for FY2015-2017.

[8] Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects

Scenario 2: Full CIP

This scenario involves completing all capital improvement projects listed in **table 4**. In order to fund the projects properly, rates will need to increase from the current rate of $0.34 per 100 cubic feet in FY2014/15 to $0.63 per 100 cubic feet in FY2019/20, as seen in **table 10**. The fixed charge for the first 1,000 cubic feet of water will also rise the same rate in each year as the variable rates starting from $14.65 in FY14/15 to $27.07 in FY2019/20.

Rate increases alone will not be enough to fund all capital improvement projects. Loans and Bonds will be issued to fund a portion of the projects. Under this scenario, a 15-year loan totaling $4,800,000 will be secured in FY2015/16 to finance the Fund 157 Water Connection Project. Semi-annual payments for that loan will begin in FY2016/2017 and will total $429,000 each year. A 30-year bond will be issued in FY2016/17 totaling $4,600,000 to fund part of the water division capital improvement project. Semi-annual payments for that loan will begin in FY2017/2018 and will total $298,000 each year. To fully fund the Water Division capital improvement project, another 30-year bond will be issued totaling $1,000,000. Semi-annual payments for this bond will begin in FY2019/2020 and will total $65,000 each year. Under this scenario, the Water Fund balance will stay above the target balance by FY2016/17 and the city will have a surplus by FY2019/20. While rates do increase more than the 'High Priority CIP' scenario, the advantage in this scenario is that all capital improvement projects are funded.

Figure 4

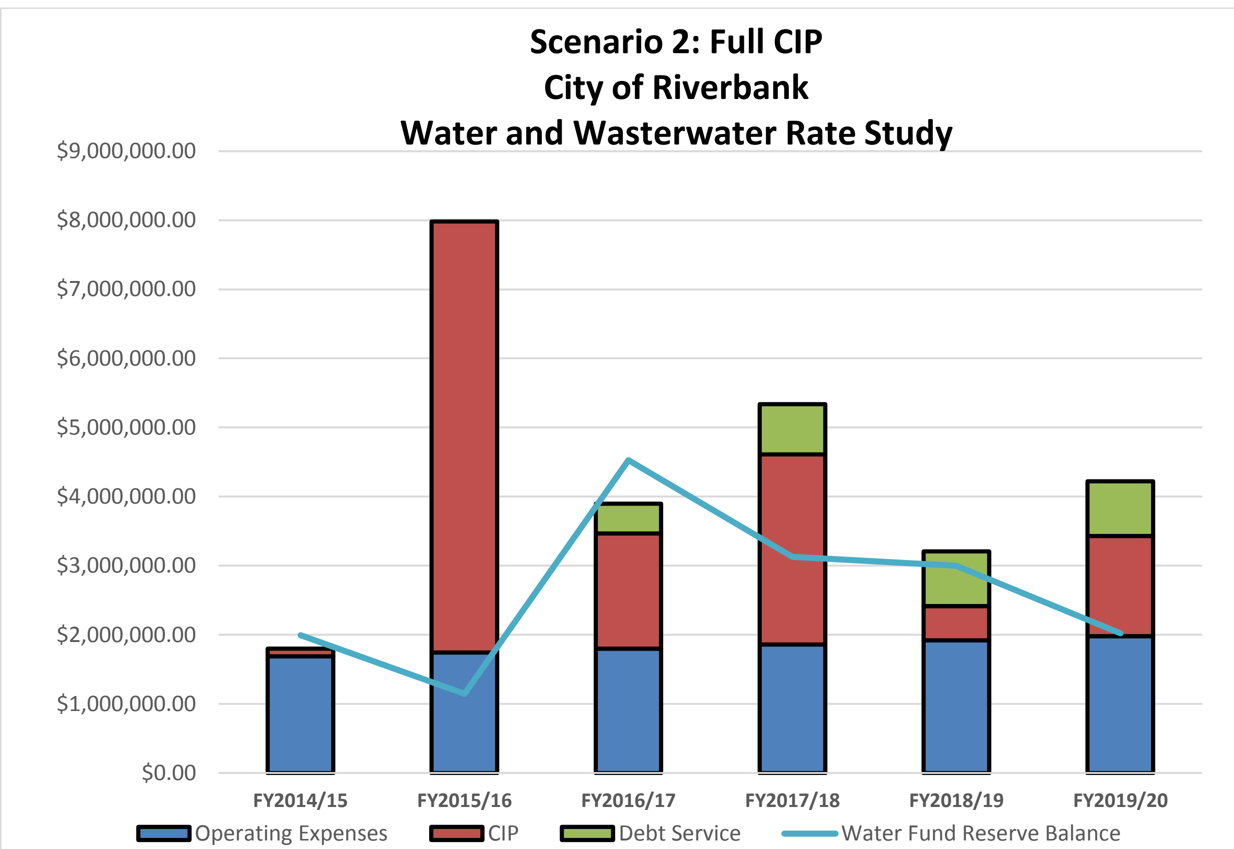


Table 10 — Scenario 2

	Budget 2014/15	Annual % Increase	Five Year Projection (Prop 218) 2015/16	2016/17	2017/18	2018/19	2019/20
Typical SFR Bill (17 ccf (12,700 gal) per month)	**19.75**		**26.66**	**30.65**	**33.11**	**34.76**	**36.50**
Year Over Year % Increase to SFR Bill			**35%**	**15%**	**8%**	**5%**	**5%**
Fixed Charge (for 1,000 ccf of water) [1]	**14.65**		**19.77**	**22.74**	**24.56**	**25.78**	**27.07**
Base Variable Charge (per 100 cubic feet) [2]	**0.34**		**0.46**	**0.53**	**0.57**	**0.60**	**0.63**
% Change in Total Variable Charge			**35.0%**	**15.0%**	**8.0%**	**5.0%**	**5.0%**
Projected Water Consumption (ccf)			**1,546,373**	**1,554,105**	**1,561,876**	**1,569,685**	**1,577,534**
Revenues							
Water Service Charges							
Meter Charge Revenue Estimate	1,149,000	0.5%	1,557,000	1,798,000	1,951,000	2,058,000	2,171,000
Volumetric Revenue Estimate	523,000	0.5%	709,000	819,000	889,000	938,000	990,000
Backflow Inspections	300		1,000	1,000	1,000	1,000	1,000
Fines, Forfeitures, Penalties	46,100	1%	47,000	48,000	49,000	50,000	51,000
Interest Income [3]	2,400		20,000	11,000	48,000	35,000	36,000
Misc. Revenues	500		1,000	1,000	1,000	1,000	1,000
Total Operating Revenues	1,721,300		2,335,000	2,678,000	2,939,000	3,083,000	3,250,000
Debt Proceeds							
Loan Issue FY2016			4,800,000				
Bond Issue FY2017				4,600,000			
Bond Issue FY2019					1,000,000		
Total Financing Revenue			4,800,000	4,600,000	1,000,000		
Total Revenue	**$1,721,300**		**$7,135,000**	**$7,278,000**	**$3,939,000**	**$3,083,000**	**$3,250,000**
Expenses							
Water Collection							
Employee Salaries	300,900	3%	310,000	319,000	329,000	339,000	349,000
Employee Benefits	158,400	3%	163,000	168,000	173,000	178,000	183,000
Supplies and Materials	37,250	4%	39,000	41,000	43,000	45,000	47,000
Utilities	300,000	5%	315,000	331,000	348,000	365,000	383,000
Services	193,000	3%	199,000	205,000	211,000	217,000	224,000
Communications	1,000		1,000	1,000	1,000	1,000	1,000
Misc. Expenses and Allowances	60,000	4%	62,000	64,000	67,000	70,000	73,000
Meter Replacments	55,000		55,000	55,000	55,000	55,000	55,000
Transfers Out Management Fee	530,900	3%	547,000	563,000	580,000	597,000	615,000
Transfers Out Misc.	51,500		52,000	52,000	52,000	52,000	52,000
Total Water Operations	**$1,687,950**		**$1,743,000**	**$1,799,000**	**$1,859,000**	**$1,919,000**	**$1,982,000**
Net Operating Revenues	**$33,350**		**$5,392,000**	**$5,479,000**	**$2,080,000**	**$1,164,000**	**$1,268,000**
Water Debt Service							
Loan Issue FY 2016 [4]				429,000	429,000	429,000	429,000
Bond Issue FY2016 [5]					298,000	298,000	298,000
Bond Issue FY2019 [6]						65,000	65,000
Total Annual Debt Service				**$429,000**	**$727,000**	**$792,000**	**$792,000**
Debt Service Coverage [7]				**2.05**	**1.49**	**1.47**	**1.60**
Water Capital							
Fund 116 Expenditures	163,000		758,000	325,000	540,000		
Fund 157 Expenditures			4,700,000				
Water Division CIP			835,000	1,150,000	2,115,000	350,000	1,502,000
Transfers In [8]	(51,700)		(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Total Capital Expenditures	**$111,300**		**$6,238,000**	**$1,420,000**	**$2,600,000**	**$295,000**	**$1,447,000**
ENDING BALANCE							
Water Fund Total	**$1,994,050**		**$1,148,050**	**$4,778,050**	**$3,531,050**	**$3,608,050**	**$2,637,050**
Target Balance [9]	**$1,844,000**		**$1,872,000**	**$1,900,000**	**$1,930,000**	**$1,960,000**	**$1,991,000**
	yes		no	yes	yes	yes	yes

Source: Budget FY2014/15, Audit FYE 2013, and Capital Improvement Program FY2014-2019

[1] Minimum charge for 1,000 cubic feet for 2 months (bi-monthly) for 5/8"-1" residential meters is $29.29. Water usage exceeding 1,000 cubic feet is $.34 per 100 cubic feet.

[2] Volumetric Rate is Uniform for FY2016 onwards

[3] Interest Income is 1% of the Beginning Fund Balance if fund balance is positive.

[4] $4,800,000, 15-year loan with semi-annual payments and an interest rate of 4%

[5] $4,600,000, 30-year bond with semi-annual payments and an interest rate of 5%

[6] $2,500,000, 30-year bond with semi-annual payments and an interest rate of 5%

[7] Net operating revenue (less financing revenue) must equal at least 1.2x total annual debt service to fulfill Debt Service Coverage

[8] Includes 'Transfers In' and 'Interest Income' revenue. Assumes $51,700 for FY2014/15 and $55,000 for FY2015-2017.

[9] Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects

Scenario 3: Drought – High Priority CIP

This scenario is based on a 32% reduction in water usage from 2013 levels due to the governor's mandate. Rates will increase from the current rate of $0.34 per 100 cubic feet in FY2014/15 to $0.78 per 100 cubic feet in FY2019/20, as seen in **table 11**. The Fund 157 Water Connection Project will be funded by a 15-year $4,800,000 loan that will be secured in FY2015/16. Semi-annual payments for that loan will begin in FY2016/2017 and will total $429,000 each year. The rate increases will not be enough to cover the costs of the Fund 116 Water Projects. In order to cover these costs, a 30-year bond will be issued in FY2016/17 totaling $500,000. Under Scenario 3, the target fund will be met by FY2019/20.

Figure 5

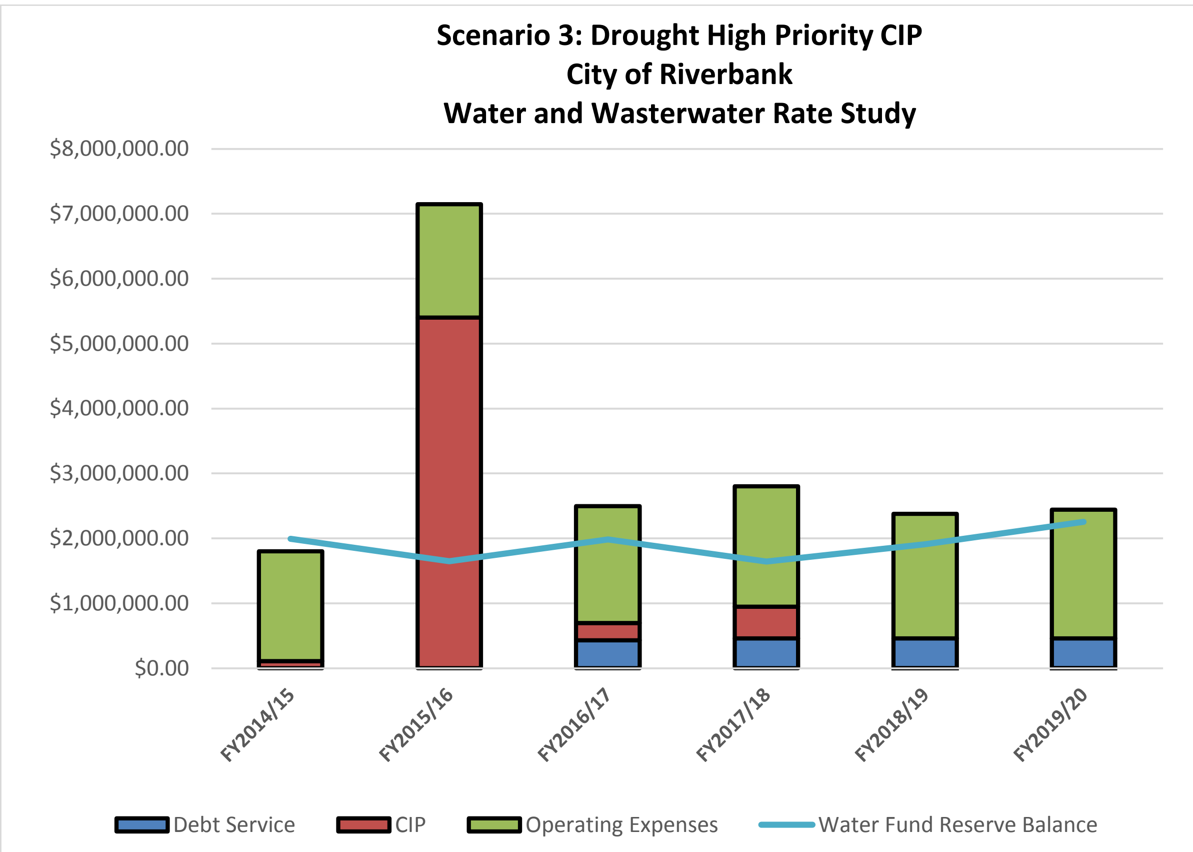


Table 11 Scenario 3

	Budget 2014/15	Annual % Increase	Five Year Projection (Prop 218) 2015/16	2016/17	2017/18	2018/19	2019/20
Typical SFR Bill (17 ccf (12,700 gal) per month)	**19.75**		**25.46**	**29.79**	**31.28**	**32.84**	**34.48**
Year Over Year % Increase to SFR Bill			**29%**	**17%**	**5%**	**5%**	**5%**
Fixed Charge (for 1,000 ccf of water) [1]	**14.65**		**16.84**	**19.70**	**20.69**	**21.72**	**22.81**
Variable Charge (per 100 cubic feet)							
Base			**0.39**	**0.46**	**0.48**	**0.50**	**0.53**
Drought Surcharge (Conservation Mandate)			**0.18**	**0.21**	**0.23**	**0.24**	**0.25**
Total Variable Charge [2]	**0.34**		**0.57**	**0.67**	**0.71**	**0.74**	**0.78**
% Change in Total Variable Charge			**69%**	**17%**	**5%**	**5%**	**5%**
Projected Water Consumption (ccf)			**1,046,302**	**1,051,534**	**1,056,792**	**1,062,076**	**1,067,386**
Revenues							
Water Service Charges							
Meter Charge Revenue Estimate	1,149,000	0.5%	1,327,000	1,559,000	1,645,000	1,735,000	1,830,000
Volumetric Revenue Estimate [3]							
Base			**411,000**	**483,000**	**510,000**	**538,000**	**568,000**
Drought Surcharge (Conservation Mandate)			**192,000**	**226,000**	**238,000**	**251,000**	**264,000**
Total Variable Charge	**523,000**	0.5%	**603,000**	**709,000**	**748,000**	**789,000**	**832,000**
Backflow Inspections	300		1,000	1,000	1,000	1,000	1,000
Fines, Forfeitures, Penalties	46,100	1%	47,000	48,000	49,000	50,000	51,000
Interest Income [4]	2,400		20,000	16,000	20,000	16,000	19,000
Misc. Revenues	500		1,000	1,000	1,000	1,000	1,000
Total Operating Revenues	**1,721,300**		**1,999,000**	**2,334,000**	**2,464,000**	**2,592,000**	**2,734,000**
Debt Proceeds							
Loan Issue FY2016			4,800,000				
Bond Issued FY2016				500,000			
Total Financing Revenue			4,800,000	500,000			
Total Revenue	**$1,721,300**		**$6,799,000**	**$2,834,000**	**$2,464,000**	**$2,592,000**	**$2,734,000**
Expenses							
Water Collection							
Employee Salaries	300,900	3%	310,000	319,000	329,000	339,000	349,000
Employee Benefits	158,400	3%	163,000	168,000	173,000	178,000	183,000
Supplies and Materials	37,250	4%	39,000	41,000	43,000	45,000	47,000
Utilities	300,000	5%	315,000	331,000	348,000	365,000	383,000
Services	193,000	3%	199,000	205,000	211,000	217,000	224,000
Communications	1,000		1,000	1,000	1,000	1,000	1,000
Misc. Expenses and Allowances	60,000	4%	62,000	64,000	67,000	70,000	73,000
Meter Replacments	55,000		55,000	55,000	55,000	55,000	55,000
Transfers Out Management Fee	530,900	3%	547,000	563,000	580,000	597,000	615,000
Transfers Out Misc.	51,500		52,000	52,000	52,000	52,000	52,000
Total Water Operations	**$1,687,950**		**$1,743,000**	**$1,799,000**	**$1,859,000**	**$1,919,000**	**$1,982,000**
Net Operating Revenues	**$33,350**		**$5,056,000**	**$1,035,000**	**$605,000**	**$673,000**	**$752,000**
Water Debt Service							
Loan Issue FY 2016 [5]				429,000	429,000	429,000	429,000
Bond Issued FY2016 [6]					32,000	32,000	32,000
Total Annual Debt Service				**$429,000**	**$461,000**	**$461,000**	**$461,000**
Debt Service Coverage [7]				**2.41**	**1.41**	**1.57**	**1.75**
Water Capital							
Fund 116 Expenditures	163,000		758,000	325,000	540,000		
Fund 157 Expenditures			4,700,000				
Transfers In [8]	(51,700)		(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Total Capital Expenditures	**$111,300**		**$5,403,000**	**$270,000**	**$485,000**	**($55,000)**	**($55,000)**
ENDING BALANCE							
Water Fund Total	**$1,994,050**		**$1,647,050**	**$1,983,050**	**$1,642,050**	**$1,909,050**	**$2,255,050**
Target Balance [9]	**$1,844,000**		**$1,872,000**	**$1,900,000**	**$1,930,000**	**$1,960,000**	**$1,991,000**
	yes		no	yes	no	no	yes

Source: Budget FY2014/15, Audit FYE 2013, and Capital Improvement Program FY2014-2019

[1] Minimum charge for 1,000 gallons for 2 months (bi-monthly) for 5/8"-1" residential meters is $29.29. Water usage exceeding 1,000 gallons is $.33 per 100 cubic feet.

[2] Volumetric Rate is Uniform for FY2016 onwards

[3] Based on a 32% reduction in consumption due to Governor's mandate.

[4] Interest Income is 1% of the Beginning Fund Balance if fund balance is positive.

[5] $4,800,000, 15-year loan with semi-annual payments and an interest rate of 4%

[6] $1,000,000, 30-year bond issued with smei-annual payments and an interest rate of 5%

[7] Net operating revenue (less financing revenue) must equal at least 1.2x total annual debt service to fulfill Debt Service Coverage

[8] Includes 'Transfers In' and 'Interest Income' revenue. Assumes $51,700 for FY2014/15 and $55,000 for FY2015-2017.

[9] Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects

Scenario 4: Drought – Full CIP

This scenario assumes a 32% reduction in variable water usage due to the governor's conservation mandate. As seen in **table 12**, the volumetric rate increases from $0.34 per 100 cubic feet in FY14/15 to $0.92 per 100 cubic feet in 2019/20.

Rate increases alone will not be adequate to fund the costs of all the capital improvement projects and will require financing to complete. A 15-year loan totaling $4,800,000 will be secured in FY2015/16 to finance the Fund 157 Water Connection Project. Semi-annual payments for that loan will begin in FY2016/2017 and will total $429,000 each year. A 30-year bond will be issued in FY2016/17 totaling $4,600,000 to fund part of the Water Division capital improvement projects. Semi-annual payments for that loan will begin in FY2016/2017 and will total $298,000 each year. To fully fund the Water Division capital improvement projects, another 30-year bond will be issued totaling $1,000,000. Semi-annual payments for this bond will begin in FY2019/20120 and will total $65,000 each year.

Under Scenario 4, the target fund balance will be met by 2016/17. The budget also has the City of Riverbank running a surplus by FY2019/20.

Figure 6

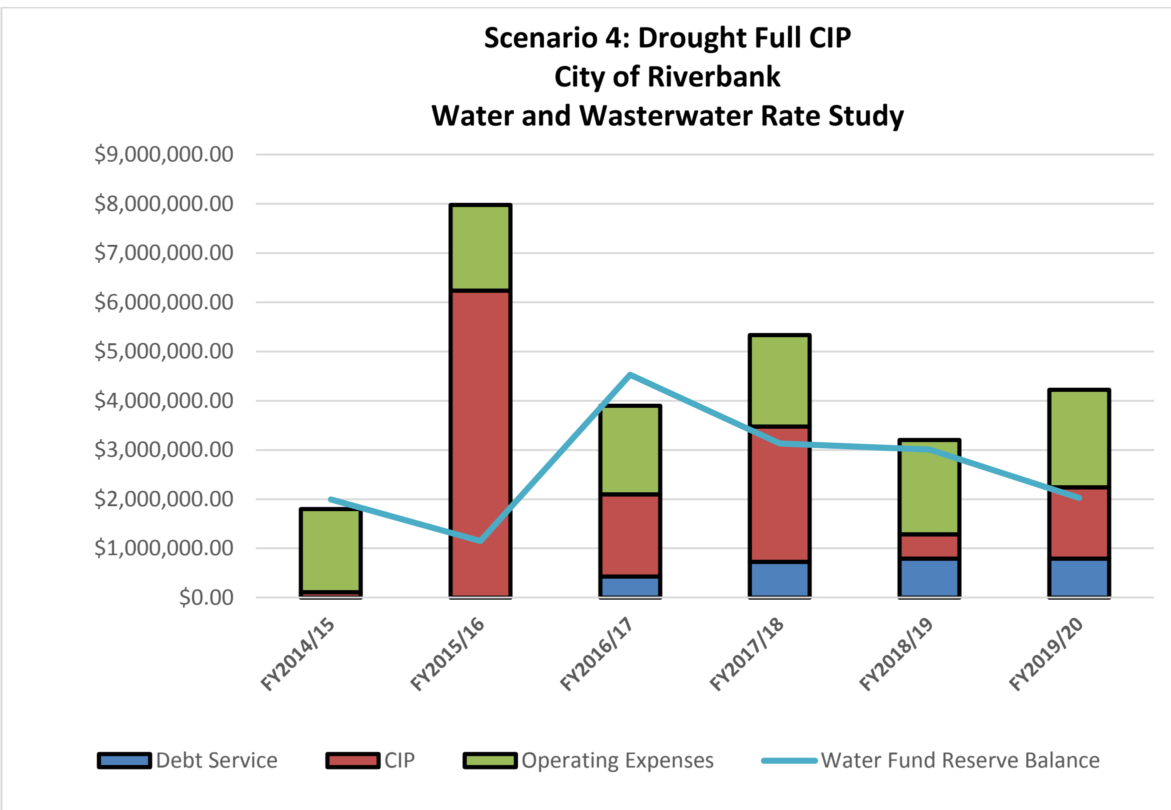


Table 12 — Scenario 4

	Budget 2014/15	Annual % Increase	Five Year Projection (Prop 218) 2015/16	2016/17	2017/18	2018/19	2019/20
BEGINNING BALANCE							
Water Fund Total	2,072,000		1,994,000	921,000	4,359,000	2,990,000	3,061,000
Typical SFR Bill (17 ccf (12,700 gal) per month)	**18.73**		**25.28**	**29.90**	**33.29**	**36.35**	**38.17**
Year Over Year % Increase to SFR Bill			**35%**	**18%**	**11%**	**9%**	**5%**
Fixed Charge (for 1,000 ccf of water) [1]	**14.65**		**19.77**	**22.74**	**24.56**	**25.78**	**27.07**
Variable Charge (per 100 cubic feet)							
Base			**0.46**	**0.53**	**0.57**	**0.60**	**0.63**
Drought Surcharge (Conservation Mandate)			**-**	**0.07**	**0.16**	**0.28**	**0.30**
Total Variable Charge[2]	**0.34**		**0.46**	**0.60**	**0.73**	**0.88**	**0.92**
% Change in Total Variable Charge			**35%**	**30%**	**22%**	**21%**	**5%**
Projected Variable Consumption (ccf)			**1,046,302**	**1,051,534**	**1,056,792**	**1,062,076**	**1,067,386**
Revenues							
Water Service Charges							
Meter Charge Revenue Estimate	1,149,000	0.5%	1,557,000	1,798,000	1,951,000	2,058,000	2,171,000
Volumetric Revenue Estimate [3]							
Base			**482,000**	**557,000**	**604,000**	**637,000**	**672,000**
Drought Surcharge (Conservation Mandate)			**-**	**72,000**	**167,000**	**300,000**	**317,000**
Total Variable Charge	**523,000**	0.5%	**482,000**	**629,000**	**771,000**	**937,000**	**989,000**
Backflow Inspections	300		1,000	1,000	1,000	1,000	1,000
Fines, Forfeitures, Penalties	46,100	1%	47,000	48,000	49,000	50,000	51,000
Interest Income [4]	2,400		20,000	9,000	44,000	30,000	31,000
Misc. Revenues	500		1,000	1,000	1,000	1,000	1,000
Total Operating Revenues	**1,721,300**		**2,108,000**	**2,486,000**	**2,817,000**	**3,077,000**	**3,244,000**
Debt Proceeds							
Loan Issue FY2016			4,800,000				
Bond Issue FY2017				4,600,000			
Bond Issue FY2018					1,000,000		
Total Financing Revenue			4,800,000	4600000	1,000,000		
Total Revenue	**$1,721,300**		**$6,908,000**	**$7,086,000**	**$3,817,000**	**$3,077,000**	**$3,244,000**
Expenses							
Water Collection							
Employee Salaries	300,900	3%	310,000	319,000	329,000	339,000	349,000
Employee Benefits	158,400	3%	163,000	168,000	173,000	178,000	183,000
Supplies and Materials	37,250	4%	39,000	41,000	43,000	45,000	47,000
Utilities	300,000	5%	315,000	331,000	348,000	365,000	383,000
Services	193,000	3%	199,000	205,000	211,000	217,000	224,000
Communications	1,000		1,000	1,000	1,000	1,000	1,000
Misc. Expenses and Allowances	60,000	4%	62,000	64,000	67,000	70,000	73,000
Meter Replacments	55,000		55,000	55,000	55,000	55,000	55,000
Transfers Out Management Fee	530,900	3%	547,000	563,000	580,000	597,000	615,000
Transfers Out Misc.	51,500		52,000	52,000	52,000	52,000	52,000
Total Water Operations	**$1,687,950**		**$1,743,000**	**$1,799,000**	**$1,859,000**	**$1,919,000**	**$1,982,000**
Net Operating Revenues	**$33,350**		**$5,165,000**	**$5,287,000**	**$1,958,000**	**$1,158,000**	**$1,262,000**
Water Debt Service							
Loan Issue FY 2016 [5]				429,000	429,000	429,000	429,000
Bond Issue FY2016 [6]					298,000	298,000	298,000
Bond Issue FY2018 [7]						65,000	65,000
Total Annual Debt Service				**$429,000**	**$727,000**	**$792,000**	**$792,000**
Debt Service Coverage [8]				**1.60**	**2.69**	**1.46**	**1.59**
Water Capital							
Fund 116 Expenditures	163,000		758,000	325,000	540,000		
Fund 157 Expenditures			4,700,000				
Water Division CIP			835,000	1,150,000	2,115,000	350,000	1,502,000
Transfers In [9]	(51,700)		(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Total Capital Expenditures	**$111,300**		**$6,238,000**	**$1,420,000**	**$2,600,000**	**$295,000**	**$1,447,000**
ENDING BALANCE							
Water Fund Total	**$1,994,000**		**$921,000**	**$4,359,000**	**$2,990,000**	**$3,061,000**	**$2,084,000**
Target Balance [10]	**$1,844,000**		**$1,872,000**	**$1,900,000**	**$1,930,000**	**$1,960,000**	**$1,991,000**
	yes		no	yes	yes	yes	yes

Source: Budget FY2014/15, Audit FYE 2013, and Capital Improvement Program FY2014-2019

[1] Minimum charge for 1,000 cubic feet for 2 months (bi-monthly) for 5/8"-1" residential meters is $29.29. Water usage exceeding 1,000 cubic feet is $.34 per 100 cubic feet.

[2] Volumetric Rate is Uniform for FY2016 onwards

[3] Based on a 32% reduction in consumption due to Governor's mandate.

[4] Interest Income is 1% of the Beginning Fund Balance if fund balance is positive.

[5] $4,800,000, 15-year loan with semi-annual payments and an interest rate of 4%

[6] $4,600,000, 30-year bond with semi-annual payments and an interest rate of 5%

[7] $1,000,000, 30-year bond with semi-annual payments and an interest rate of 5%

[8] Net operating revenue (less financing revenue) must equal at least 1.2x total annual debt service to fulfill Debt Service Coverage

[9] Includes 'Transfers In' and 'Interest Income' revenue. Assumes $51,700 for FY2014/15 and $55,000 for FY2015-2017.

[10] Reserve Fund targets are 50% of O&M and $1,000,000 for capital projects

Water Enterprise Cost Analysis

A cost of allocation is provided in **table 13** for FY2020. As shown, the fixed revenue generated from fixed charges will cover $1.9MM (70%) of annual costs, the remaining costs of $832,000 (30%) will be covered by variable revenue from volume charges. The city council has selected to move forward with scenario 4: Drought Full CIP. The surplus funds that remain after covering the costs shown below will go towards building the target fund balance and capital projects.

Table 13

Water Enterprise Cost of Service Analysis
City of Riverbank
Water and Wastewater Rate Study

FY2020 [1]			
Fixed Revenue	2,171,000		70%
Variable Revenue	989,000		30%
Total Meter/Variable Revenue [2]	3,160,000		100%
Operating Expenses			
Water Collection	Fixed	Variable	Total
Employee Salaries	244,300	104,700	349,000
Employee Benefits	128,100	54,900	183,000
Supplies and Materials	32,900	14,100	47,000
Utilities	268,100	114,900	383,000
Services	156,800	67,200	224,000
Communications	700	300	1,000
Misc. Expenses and Allowances	51,100	21,900	73,000
Meter Replacments	38,500	16,500	55,000
Transfers Out Management Fee	430,500	184,500	615,000
Transfers Out Misc.	36,400	15,600	52,000
Subtotal	1,387,400	594,600	1,982,000
FY2020 Total Debt Service Payments	554,400	237,600	792,000
Total Costs	1,941,800	832,200	2,774,000
Percent Allocation	70%	30%	100%

[1] Based on city council selected scenario: Drought Full CIP, **table 12**

[2] Remaining Balance used for target fund balance build up and capital projects

Summary of Scenarios and Recommendations

The City of Riverbank must raise its rates in order to fund projects. The city currently has one of the lowest rates in the area and has not increased rates since 2009. BWA recommends using the combination of rate increases and financing to pursue its capital improvement projects. Regardless of the level of capital improvement projects the city decides to pursue, BWA recommends taking a more conservative approach and follow scenarios 3 and 4 to reflect the Governor's mandate. The city should anticipate a drop in usage and impose a drought surcharge as seen in **Table 14** to fully recoup the loss in revenue.

After discussion amongst city council and city officials, the city of Riverbank has selected to move forward with scenario 4: Drought – Full CIP. The city understands the need to improve its current infrastructure while maintaining financial stability. This scenario will accomplish both tasks.

Table 14

Summary of Variable Rate Changes ($)						
	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Scenario 1: High Priority CIP Only	**$ 0.34**	**$ 0.39**	**$ 0.46**	**$ 0.48**	**$ 0.50**	**$ 0.53**
Scenario 2: Full CIP	**$ 0.34**	**$ 0.46**	**$ 0.53**	**$ 0.57**	**$ 0.60**	**$ 0.63**
Scenario 3: Drought - High Priority CIP Only	$ 0.34	$ 0.39	$ 0.46	$ 0.48	$ 0.50	$ 0.53
Drought Surcharge	-	$ 0.18	$ 0.21	$ 0.23	$ 0.24	$ 0.25
Total	**$ 0.34**	**$ 0.57**	**$ 0.67**	**$ 0.71**	**$ 0.74**	**$ 0.78**
Scenario 4: Drought - Full CIP	$ 0.34	$ 0.46	$ 0.53	$ 0.57	$ 0.60	$ 0.63
Drought Surcharge	-	$ -	$ 0.07	$ 0.16	$ 0.28	$ 0.30
Total	**$ 0.34**	**$ 0.46**	**$ 0.60**	**$ 0.73**	**$ 0.88**	**$ 0.92**

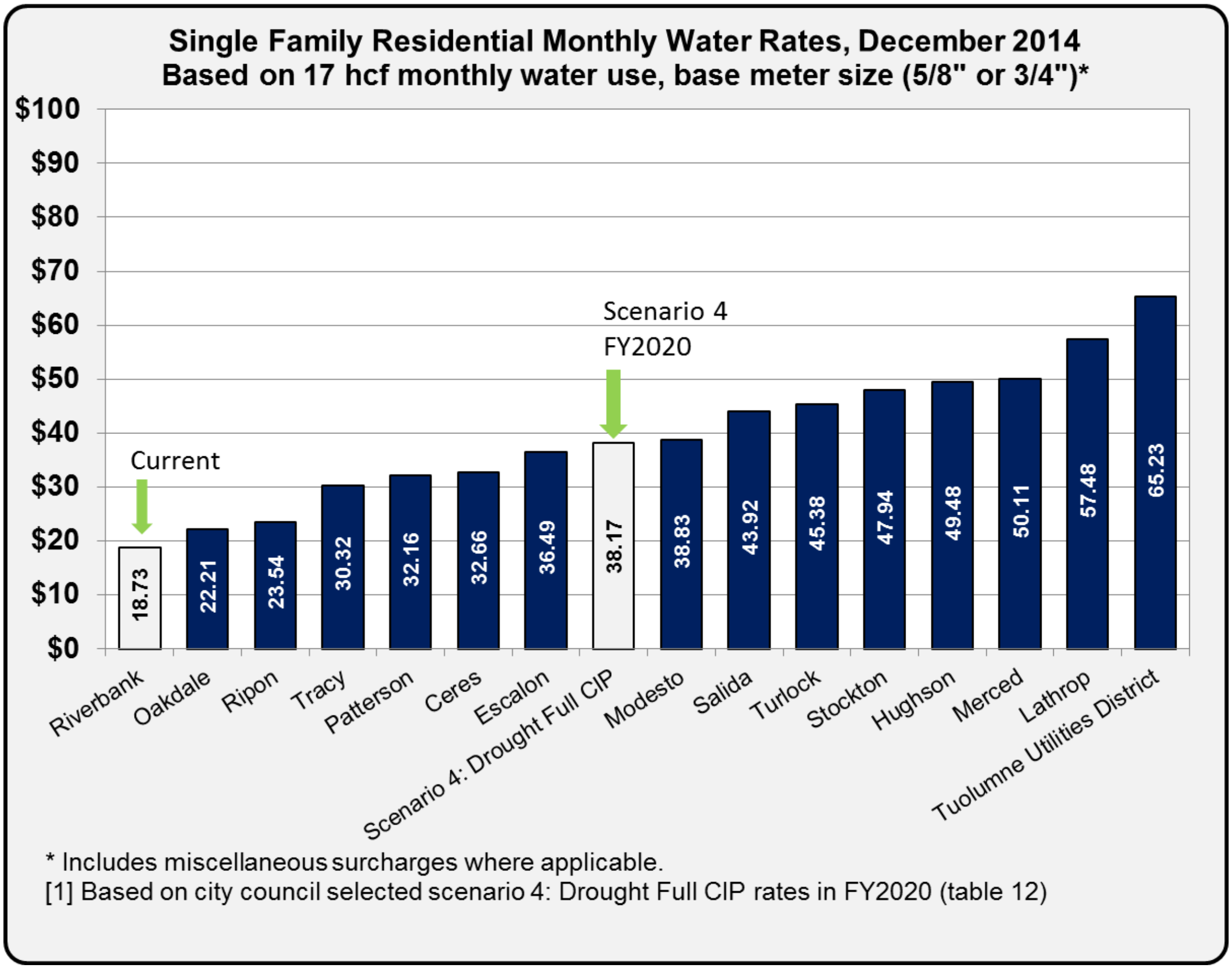
	Summary of Variable Rate Changes (%)					
	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Sceanrio 1: High Priority CIP Only	**-**	**15.0%**	**17.0%**	**5.0%**	**5.0%**	**5.0%**
Scenario 2: Full CIP	**-**	**35.0%**	**15.0%**	**8.0%**	**5.0%**	**5.0%**
Scenario 3: Drought - High Priority CIP Only	**-**	**69.0%**	**17.0%**	**5.0%**	**5.0%**	**5.0%**
Scenario 4: Drought - Full CIP	**-**	**35.0%**	**30.0%**	**22.0%**	**21.0%**	**5.0%**

	Summary of Base Rate Changes					
	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Scenario 1: High Priority CIP Only	**$ 14.65**	**$ 16.84**	**$ 19.70**	**$ 20.69**	**$ 21.72**	**$ 22.81**
Scenario 2: Full CIP	**$ 14.65**	**$ 19.77**	**$ 22.74**	**$ 24.56**	**$ 25.78**	**$ 27.07**
Scenario 3: Drought - High Priority CIP Only	**$ 14.65**	**$ 16.84**	**$ 19.70**	**$ 20.69**	**$ 21.72**	**$ 22.81**
Scenario 4: Drought - Full CIP	**$ 14.65**	**$ 19.77**	**$ 22.74**	**$ 24.56**	**$ 25.78**	**$ 27.07**

Rate Survey

Water rate survey of the surrounding area.

Figure 7



CITY OF RIVERBANK

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERBANK, CALIFORNIA, ACCEPTING AND CLOSING THE PROPOSITION 218 PUBLIC NOTIFICATION AND PROTEST PROCESS AS IT RELATES TO PROPOSED RATE INCREASES FOR SEWER AND WATER SERVICES

WHEREAS, the City of Riverbank ("City") provides sewer collection and sewer treatment services to the residents and businesses of the City; and

WHEREAS, the City provides fresh water services to the residents and businesses of the City; and

WHEREAS, a Water Rate Study, dated June 18, 2015, prepared by Bartle Wells Associates ("Water Rate Study"), finds that the various rates proposed therein are reasonably related to the cost of service; and

WHEREAS, a Sewer Rate Study, dated June 18, 2015, prepared by Bartle Wells Associates ("Sewer Rate Study"), finds that the various rates proposed therein are reasonably related to the cost of service; and

WHEREAS, the Water Rate Study and Sewer Rate Study recommended a range of alternatives that the City could adopt regarding revised sewer rates and revised water rates, as explained therein, which the City Council has reviewed; and

WHEREAS, in June 2015 the City Council instructed staff to initiate Proposition 218 proceedings to adjust the City's water and sewer rates in order to meet the City's capital facilities requirements over the next five years; and

WHEREAS, the City is proceeding to comply with Proposition 218 requirements in connection with the proposed sewer rate and water rate increases; and

WHEREAS, Proposition 218 notices and explanations of the proposed sewer rate and water rates were mailed, pursuant to Government Code section 53755, to the mailing and billing addresses of owners and tenants of parcels within the City who are responsible for paying for sewer and water services and record owners of each parcel receiving sewer and water services on July 8, 2015 (48 days prior to the public hearing), which complies with the minimum 45-day notice requirement; and

WHEREAS, under Proposition 218, if written protests against the proposed sewer rates are presented to the City by a majority of owners of the identified parcels prior to the close of the public hearing, the City shall not impose the proposed sewer rates; and

WHEREAS, under Proposition 218 if written protests against the proposed water rates are presented to the City by a majority of owners of the identified prior to the close of the public hearing, the City shall not impose the proposed water rates; and

WHEREAS, the City Clerk has verified and counted the protests and determined that there are ____ valid protests to the City's proposed sewer rates; and

WHEREAS, the City Clerk has verified and counted the protests and determined that there are ____ valid protests to the City's proposed water rates.

NOW, THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF RIVERBANK, CALIFORNIA, DOES HEREBY ACCEPT AND CLOSE the Proposition 218 proceedings in connection with the City's proposed water rates, with receipt of less than a majority protest vote as declared by the City Clerk of the City of Riverbank. The City Council may adopt multi-year rate increases for water rates, in accordance with the Water Rate Study, in compliance with Proposition 218.

BE IT FURTHER RESOLVED THAT THE CITY COUNCIL OF THE CITY OF RIVERBANK DOES HEREBY ACCEPT AND CLOSE the Proposition 218 proceedings in connection with the City's proposed water rates with receipt of less than a majority protest vote as declared by the City Clerk of the City of Riverbank. The City Council may adopt multi-year rate increases for sewer rates, in accordance with the Sewer Rate Study and in compliance with Proposition 218.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Riverbank at a special meeting held on the 25th day of August, 2015; motioned by ____________, seconded by______________, and upon roll call was carried by the following City Council vote of__:

AYES:
NAYS:
ABSENT:
ABSTAINED:

ATTEST:

____

Annabelle Aguilar, CMC
City Clerk

APPROVED:

____

Richard D. O'Brien
Mayor

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 5.2

SECTION 5: PUBLIC HEARING

Meeting Date:	August 25, 2015
Subject/ Title:	A **Resolution** of the City Council of the City of Riverbank, California, Approving and Adopting a 5-Year Capital Improvement Plan (CIP) for Fiscal Years 2015-2020
From:	Jill Anderson, City Manager
Submitted by:	Marisela Hernandez, Director of Finance Kathleen Cleek, Dev. Services Administration Manager

RECOMMENDATION:

It is recommended that the City Council review and adopt the 5–Year Capital Improvement Plan (CIP) for Fiscal Years 2015-2020.

STAFF SUMMARY:

The 5-year Capital Improvement Plan (CIP) is being presented to the City Council for the opportunity to review and provide input on the proposed CIP for Fiscal Year 2015-2020. The CIP is a management, planning, and fiscal tool used to insure public improvements are initiated and provides for the orderly development of projects in Riverbank. This program provides the blueprint for identifying the City's improvement needs so that projects can be prioritized, scheduled, and funded.

The City of Riverbank's 5-Year Capital Improvement Plan is reviewed and updated annually to make sure major public improvements are planned and an overall view of the City's needs are presented and reviewed by Council. The CIP is a work in progress and is a document to show transparency in the projects staff is managing, planning, and researching funding sources to complete the projects.

The inclusion of new projects in this CIP list does not automatically mean that Council has authorized the project to proceed. The City Council must approve each project plan concept, funding plan, and schedule.

PLANNING TOOL:

It is important to note that the CIP is not a budget document but rather a planning tool to use in conjunction with the budget document. Inclusion of a new project in the proposed CIP project list does not in and of itself constitute final project approval. Each project, or grouping of projects, such as street projects, require a specific implementation and financing plan, possible environmental review, and collaboration with other agencies such as Burlington Northern Santa Fe Railroad, and Caltrans. Each capital improvement or equipment purchase requires specific City Council action at each major milestone. A comprehensive review of proposed CIP projects is conducted each year by City departments and the City Manager.

The proposed CIP represents total improvement costs of $27,732,305 over a five year period. These funds are spread over eight investment categories representing the full range of public services and facilities offered by Riverbank. The CIP proposes over the next 5 years, $11,880,674 of Street improvements, Storm Drain improvements of $1,586,082, Sewer System improvements of $800,000, Wastewater Treatment improvements of $318,000, Water System improvements of $5,712,724, Motor Pool equipment of $370,000, Building Facility improvements including ADA of $799,448, and Parks and Recreation improvements including ADA totaling $6,265,377. This year's CIP attempts to balance the wide array of City services while realizing budget constraints. The capital improvements earmarked for 2015-2016 will be presented tonight and federal aid projects are identified in the 2013 Federal Transportation Improvement Program.

Therefore, it is recommended that City Council review and adopt the 5-Year Capital Improvement Plan developed for the City of Riverbank.

FISCAL IMPACT:

For Fiscal Year 2015-2016 the financial impact to the City is as follows. This list indicates funds requested in the Fiscal Year 2015-2016 Budget or at a previous City Council meeting.

Local Transportation Funds	$449,805
Regional Surface Transportation Funds	$184,400
Congestion Mitigation Air Quality Funds	$1,343,933
San Joaquin Valley Air District	$10,689
Fund 102 – Gas Tax	$ 61,385
Fund 106 – Sewer Fund/TBD	$431,385
Fund 114 – Water Fund	$ 11.384
Fund 205 - SDF – Streets Public Works	$202,500
Fund 206 – SDF – Water	$113,000
Fund 208 – SDF – Storm Drain	$ 60,000
Fundraising	$ 20,000
General Fund	$ 23,000
Urban Forestry Grant	$200,000
Landscape & Lighting Districts	$ 68,925
To Be Determined	$269,375
Financing to be Determined	$4,052,000
TOTAL FUNDS FOR FY 2015-2016	**$7,501,781**

ATTACHMENTS:

City of Riverbank 2015-2020 Capital Improvement Plan
Resolution

City of Riverbank

Capital Improvement Plan

Fiscal Year 2015-2020

5-YEAR CAPITAL IMPROVEMENT PROGRAM - FUNDING SOURCES						
	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Totals
PROJECT FUNDING SOURCES						
Fund 101 - General Fund	$23,000	$93,000	$5,500	$17,500	$0	**$139,000**
Local Transportation Fund	$449,805	$320,000	$220,000	$220,000	$220,000	**$1,429,805**
Regional Surface Transportation Funds	$184,400	$481,248	$458,593	$227,345	$227,345	**$1,578,931**
Congestion Mitigation Air Quality Funds	$1,343,933	$465,024	$230,852	$147,710	$0	**$2,187,519**
Park Development Fees/Grants	$0	$3,000,000	$2,080,000	$0	$0	**$5,080,000**
Fundraising Efforts	$20,000	$10,000	$300,000	$0	$0	**$330,000**
Fund 102 - Gas Tax	$61,385	$515,021	$285,961	$50,000	$0	**$912,367**
Fund 106 - Sewer/TBD	$431,385	$373,000	$200,000	$200,000	$0	**$1,204,385**
Fund 114 - Water	$11,384	$582,880	$514,844	$0	$0	**$1,109,108**
Fund 205 - SDF - Streets Public Works	$202,500	$317,882	$749,618	$311,000	$311,000	**$1,892,000**
Fund 206 - SDF - Water	$113,000	$450,000	$0	$0	$0	**$563,000**
Fund 208 - SDF - Storm	$60,000	$75,000	$0	$0	$0	**$135,000**
Landscape & Lighting Districts	$68,925	$26,200	$26,700	$6,200	$6,200	**$134,225**
San Joaquin Valley Air District	$10,689	$0	$0	$0	$0	**$10,689**
Urban Forestry Grant	$200,000	$0	$0	$0	$0	**$200,000**
To Be Determined - Funding Source Unknown	$269,375	$940,830	$2,875,808	$2,316,174	$372,089	**$6,774,276**
Financing to be Determined	$4,052,000	$0	$0	$0	$0	**$4,052,000**
TOTAL FUNDING SOURCES	**$7,501,781**	**$7,650,085**	**$7,947,876**	**$3,495,929**	**$1,136,634**	**$27,732,305**

CITY OF RIVERBANK 2015-2020 CAPITAL IMPROVEMENT PLAN

Project Name	Project #	Funding	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
STREETS								
Slurry Seal / Street Maintenance	STR-024	LTF	420,000	220,000	220,000	220,000	220,000	1,300,000
ADA Improvements - Various Locations	STR-041	Fund 102	50,000	50,000	50,000	50,000		200,000
Central Avenue Overlay	STR-058	RSTP	184,400					184,400
Signal Light Roselle @ Claribel (PE/CON) (Stan. Co. Project)	STR-037	CMAQ/205	337,500					337,500
Signal Light Patterson @ Roselle/Ped Railroad Crossing/Sidewalk Infill along Roselle & Patterson Roads	STR-035	CMAQ	1,061,223					1,061,223
Roselle Avenue Sidewalks - Ross to Turpin - Infill (west side)	STR-063	CMAQ	147,710					147,710
Bicycle Lanes along Claus Road	STR-039	Valley Air/LTF Non-Motorized	40,494					40,494
Alley Improvements - Between Texas & Kansas	STR-031	Fund 102		100,100				100,100
Patterson Road Sidewalk - First to Claus (South Side) - Infill	STR-046	LTF/CMAQ		181,906				181,906
Eighth Street Overlay - Patterson to Townsend	STR-060	RSTP		231,248				231,248
Morrill Road Overlay - Oakdale to Jackson	STR-061	RSTP		250,000				250,000
Roselle @ Morrill Intersection Improvements - ROW/Design/Construction	STR-049	Fund 205/CMAQ		60,000	426,470			486,470
Roselle Avenue Sidewalks, ROW, Drainage - Patterson to Pocket (East Side)	STR-066	LTF/CMAQ		330,000				330,000
Parsley Lane - Alley Improvements	STR-068	DEV/TBD			146,630			146,630
Kentucky Avenue Overlay - Terminal to Claus	STR-062	RSTP			231,248			231,248
Roselle Avenue Sidewalks, ROW, Drainage - MID Canal to N. of Glow (West Side)	STR-065	TBD/CMAQ			85,000			85,000
Reconstruction/Overlay - Road to be Determined	STR-064	RSTP			227,345	227,345	227,345	682,035
Bicycle Lanes along Oakdale Road	STR-040	CMAQ				147,710		147,710
RR Xing Improvements Patterson near Terminal	STR-054	Fund 205			243,000			243,000
RR Xing & Intersection Improvements First Street near Patterson	STR-052	Fund 205		311,000				311,000
RR Xing Improvements Patterson @ Snedigar	STR-069	Fund 205			311,000			311,000
RR Xing Improvements Third Street near Patterson	STR-051	Fund 205				311,000		311,000
RR Xing Improvements Eighth Street near Patterson	STR-053	Fund 205					311,000	311,000
Patterson Road Bioretention Improvements (North Side) - First to Terminal	STR-047	TBD			250,000			250,000
Patterson Road Bioretention Improvements (North Side) - Terminal to Eighth	STR-055	TBD				250,000		250,000
Patterson Road Bioretention Improvements (North Side) - Eighth to Claus	STR-056	TBD					250,000	250,000
First @ 108 Intersection Improvements	STR-048	TBD			1,500,000			1,500,000
Claus @ 108 Intersection Improvements	STR-050	TBD				2,000,000		2,000,000
STREETS TOTALS			2,241,327	1,734,254	3,690,693	3,206,055	1,008,345	11,880,674

CITY OF RIVERBANK 2015-2020 CAPITAL IMPROVEMENT PLAN

Project Name	Project #	Funding	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
STORM DRAIN SYSTEM								
Central Avenue - Storm Drain Improvements	SD-020	Fund 208	60,000					60,000
Outfall Repair	SD-021	TBD	170,000					170,000
Storm Drain Outfall Improvements - Candlewood	SD-011	Fund 102		57,960				57,960
Study of Eighth Street Storm Drain System	SD-009	Fund 102		25,000				25,000
Storm Drain Improvements - Kentucky	SD-001	Fund 102		164,761				164,761
Connect OID Snedigar Pipeline to Storm Drain System	SD-019	Fund 102		42,200				42,200
First Street Basin Reconstruction/Improvements	SD-013	Fund 208		75,000	755,200			830,200
Storm Drain Improvements - Topeka & Santa Fe	SD-005	Fund 102			235,961			235,961
STORM DRAIN SYSTEM TOTALS			230,000	364,921	991,161	0	0	1,586,082
SEWER SYSTEM								
Cross Connection Reduction	SS-012	Fund 106/TBD	200,000	200,000	200,000	200,000		800,000
SEWER SYSTEM TOTALS			200,000	200,000	200,000	200,000	0	800,000
WASTEWATER TREATMENT								
Equipment Protection/Overhead Structure	WWTP-023	Fune 106/TBD	10,000					10,000
Surface Entry Road to WWTP	WWTP025	Fund 106/TBD	110,000					110,000
Finish Pond 9 at WWTP	WWTP026	Fund 106/TBD		98,000				98,000
Road Improvements Entering WWTP	WWTP-024	Fund 106/TBD	100,000					100,000
WASTEWATER TREATMENT TOTALS			220,000	98,000	0	0	0	318,000
WATER SYSTEM								
Central Avenue Water Line Installation	WTR-087	Fund 206	113,000					113,000
Water Meter Replacement Program	WTR-088	TBD	4,052,000					4,052,000
Line Replacement Third St. Alley Sierra/Patterson	WTR-075	Fund 114		89,243				89,243
Main Replacement Alley between 3rd and 8th	WTR-063	Fund 114		388,689				388,689
Line Replacement Prospector's to Claribel/Roselle	WTR-074	Fund114		104,948				104,948
Water Main - Oakdale Road (Morrill to Crawford)	WTR-022	Fund 206		150,000				150,000
Novi Drive Well Site - Enclosure	WTR-077	Fund 206		300,000				300,000
Talbot/Kentucky Connection (1,330 LF of 12-in pipe)	WTR-079	Fund 114			514,844			514,844
WATER SYSTEM TOTALS			4,165,000	1,032,880	514,844	0	0	5,712,724
MOTOR POOL								
Loader	MP-002	Fund 102/106		150,000				150,000
Replacement Vehicles	MP-001	TBD	70,000		80,000		70,000	220,000
MOTOR POOL TOTALS			70,000	150,000	80,000	0	70,000	370,000

CITY OF RIVERBANK 2015-2020 CAPITAL IMPROVEMENT PLAN

Project Name	Project #	Funding	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
BUILDING FACILITIES								
Fencing around Public Works Facility	BF-006	Fund 102/106/114	34,154					34,154
Sheriff's Building - HVAC	BF-004	General Fund	23,000					23,000
Community Center - HVAC	BF-002	General Fund		28,000				28,000
Community Center Renovations	BF-010	TBD		500,000				500,000
Carnegie Library - HVAC	BF-007	General Fund			5,500			5,500
City Hall South - HVAC	BF-008	General Fund				17,500		17,500
BUILDING FACILITIES TOTALS			**57,154**	**528,000**	**5,500**	**17,500**	**0**	**608,154**

Project Name	Project #	Funding	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
BUILDING FACILITIES - Identified ADA Improvements								
Teen Center - ADA Improvements	ADA-BF003	TBD	2,375					2,375
City Hall North Council Chambers/Parks & Recreation	ADA-BF002	TBD	7,000	7,000	7,910			21,910
Community Center - ADA Improvements	ADA-BF004	TBD		111,000				111,000
Sheriff's Building - ADA Improvements	ADA-BF006	TBD		3,138				3,138
Scout Hall - ADA Improvements	ADA-BF005	TBD		6,892	6,892	6,892		20,676
Corporation Yard Office Trailer - ADA Improvements	ADA-BF007	TBD			7,192	7,193		14,385
Museum - ADA Improvements	ADA-BF008	TBD				8,905	8,905	17,810
BUILDING FACILITIES - ADA IMPROVEMENT TOTALS			**9,375**	**128,030**	**21,994**	**22,990**	**8,905**	**191,294**

CITY OF RIVERBANK 2015-2020 CAPITAL IMPROVEMENT PLAN

Project Name	Project #	Funding	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
PARKS AND RECREATION								
Parks Master Plan	PRK-015	Urban Foresty Grant	200,000					200,000
Homewood Basin -Benches/Tables/ ADA Improvements	PRK-009	L & L District	40,000					40,000
Dog Park	PRK-007	Fundraising	20,000	10,000				30,000
Pool Heater Replacement	PRK-002	General Fund/ Low Int. Loan		30,000				30,000
Community Center Pool Renovations	PRK-014	TBD		230,000				230,000
Booster Pump for Sports Complex	PRK-008	General Fund		20,000				20,000
Resurface Cardozo Tennis Courts	PRK-013	School Dist/General Fund		15,000				15,000
Jacob Myers Park Development Phase III (Amphitheatre & Parking)	PRK-004	Grants/PDF		3,000,000				3,000,000
Silva Park Phase III (Water Park)	PRK-012	Fundraising			300,000			300,000
Sports Complex Phase II (Soccer Field & BMX Park)	PRK-005	Grants/PDF			2,080,000			2,080,000
PARKS AND RECREATION TOTALS			**260,000**	**3,305,000**	**2,380,000**	**0**	**0**	**5,945,000**
PARKS - Identified ADA Improvements								
Rotary Centennial Park - ADA Improvements	ADA-PF007	L & L District	2,725					2,725
Silva Park - ADA Improvements	ADA-PF006	L & L District	6,300	6,300	6,300			18,900
Sorensen Park - ADA Improvements	ADA-PF008	L & L District	7,000	7,000	7,500			21,500
Harless Park - ADA Improvements	ADA-PF009	L & L District	6,700	6,700	6,700			20,100
Zerillo Park - ADA Improvements	ADA-PF011	L & L District	6,200	6,200	6,200	6,200	6,200	31,000
Jacob Myers Park - ADA Improvements	ADA-PF002	TBD	10,000	10,000	10,000	10,000	10,000	50,000
Castleburg Park - ADA Improvements	ADA-PF003	TBD	10,000	10,000	5,000	5,000	5,000	35,000
Community Center Pool - ADA Improvements	ADA-PF001	TBD		62,800				62,800
Staley Park (Skate Park) - ADA Improvements	ADA-PF004	TBD			4,546	4,546	4,546	13,638
Community Center Park - ADA Improvements	ADA-PF005	TBD			7,538	7,538	7,538	22,614
Pioneer Park - ADA Improvements	ADA-PF010	TBD			6,300	6,300	6,300	18,900
Safreno Park - ADA Improvements	ADA-PF013	TBD			2,000	2,000	2,000	6,000
Plaza Del Rio - ADA Improvements	ADA-PF014	TBD			1,600	1,600	1,600	4,800
Whorton Park - ADA Improvements	ADA-PF012	TBD				2,000	2,000	4,000
Sports Complex - ADA Improvements	ADA-PF015	TBD				2,500	2,500	5,000
Hutchenson Park - ADA Improvements	ADA-PF016	TBD				1,700	1,700	3,400
PARKS AND RECREATION - ADA TOTALS			**48,925**	**109,000**	**63,684**	**49,384**	**49,384**	**320,377**

Project Name	Project #	Funding	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total

CMAQ - Congestion Mitigation Air Quality
RSTP - Regional Surface Transportation Program
PDF - Park Development Fees
Fund 102 - Gas Tax
Fund 106 - Sewer Fund
Fund 114 - Water Fund
Fund 119 - Motor Pool
Fund 205 - System Development Fees Public Works
Fund 206 - System Development Fees Water
Fund 208 - System Development Fees Drainage
TBD - Funding Source Not Determined
ADA - Americans with Disabilities Act
LTF - Local Transportation Funds

CITY OF RIVERBANK

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERBANK, CALIFORNIA, APPROVING AND ADOPTING A 5-YEAR CAPITAL IMPROVEMENT PLAN (CIP) FOR FISCAL YEARS 2015-2020

WHEREAS, The Riverbank City Council has reviewed the 5-Capital Improvement Plan (CIP) presented by staff for the Fiscal Years 2015-2020; and

WHEREAS, The Capital Improvement Plan (CIP) has been determined by the Planning Commission to conform with the City's General Plan; and

WHEREAS, The City will continue to closely monitor funding and fiscal processes and make adjustments to plan as needed; and

WHEREAS, the Appropriations listed for Fiscal Year 2015-2016 have been previously approved and listed in the Fiscal Year 2015-2016 budget; and

WHEREAS, the 5-Year Capital Improvement Plan will be used as a planning tool to be used in conjunction with the budget document; and

WHEREAS, each Capital Improvement or Equipment purchase requires specific City Council action at each major milestone; and

WHEREAS, each year a comprehensive review of proposed Capital Improvement Plan projects will be conducted and presented to Council;

NOW, THEREFORE, BE IT RESOLVBED that the City Council of the City of Riverbank hereby approves the 5-Year Capital Improvement Plan as presented and furthermore encourages prudent expenditures by staff in implementing the 5-Year Capital Improvement Plan for Fiscal Years 2015-2020.

Passed and adopted by the City Council of the City of Riverbank at a regular meeting held on the 25th day of August 2015, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

Attest:	**Approved:**
______________________	______________________
Annabelle Aguilar	**Richard D. O'Brien**
City Clerk	**Mayor**

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 5.3

SECTION 5: PUBLIC HEARING

Meeting Date:	August 25, 2015
Subject:	A **Resolution** of the City Council of the City of Riverbank, California, to Establish, Amend, or Authorize Fees for the City of Riverbank Recreation Programs, Parks and Facility Use
From:	Jill Anderson, City Manager
Submitted by:	Sue Fitzpatrick, Director of Parks and Recreation

RECOMMENDATION

It is recommended that the City Council consider and adopt the Resolution to Establish, Amend, or Authorize Fees for the Fall/Winter 2015 City of Riverbank Recreation Programs, Parks and Facility Use.

INTRODUCTION

The Fall/Winter 2015 recreation program schedule has been completed and the related fees are being presented for City Council's review and approval. While it is recommended that the majority of the fees remain the same, it is requested that the City Council consider adjustments to certain fees based on increasing costs and adopting fees for new programs. All other programs, in which fees remain the same or are non-fee programs, will continue to be offered and will be publicized in the Activity Guide.

DISCUSSION

It is requested that the fee for Weddings at Jacob Myers Park be increased from \$100/200 for residents/non-residents to \$500 for all users. The reason for this is that when the gazebo was completed the Friends of Jacob Myers Park established a low fee to allow us to experiment how the weddings would be operated and to research other similar types of venues for events. The weddings that have been held have been very successful and we have been able to determine what our costs are for park aide services, needs of the groups and a cost that is reasonable. The intent of creating the wedding gazebo was to provide revenue to maintain the area.

The adjustments requested in the facility use fees both for private and service club groups would be for new groups and new events only. This adjustment is to alleviate the pull from the General Fund for direct and indirect costs that have increased and need to be planned for our overall building maintenance.

At a future City Council meeting other options will be presented that will break down these direct and indirect costs and can possibly establish a sinking fund to factor in wear and tear on the building, table and chair replacement etc. This will allow the City to provide the community, especially service clubs the use of the buildings but at a compensation that is shared by the group and supplemented to some extent by the General Fund. Depending on how much the City Council desires to supplement the community use of the facilities, fees can be revised at that time.

The scholarship fund is available to meet the needs of those who are unable to afford the various classes, programs or events.

PROPOSED CITY OF RIVERBANK PARKS AND RECREATION FEE SCHEDULE
Effective September 1, 2015

Class/Camp	Current Fee	Proposed Fee
Winter Wonderland Spectacular	N/A	Adults $5.00 child 4-12 $3.00
Mom's Day Off	N/A	$25.00
Beginning Tap/Ballet/Tumbling	N/A	$45.00
Hip Hop Class	N/A	$35.00
Art Classes	N/A	$45.00

Park/Facility	Current Fee	Proposed Fee
JMP wedding gazebo	$100 resident $200 non-resident	$500.00 (includes park aide services and generator rental)
JMP Burney Pavilion	$50 resident $100 (over 50 attendees) $100 $200 (over 50 attendees)	$100 resident $200 for non-resident
Castleberg Park Community Center Park	$50 resident $100 non- resident	Full Day: $100 resident $125 non-resident Half Day: $ 50 resident $ 75 non-resident
Community Center Building	$1,100 resident $1,200 non-resident	$1,200 resident $1,500 non-resident
Service Club/non-profit (N/A to current club events) New events/clubs only	$350	$500

The Public Hearing notice was published in the local newspaper on 08/05/2015 and 08/12/2015.

FINANCIAL IMPACT

The Financial Impact would be reflected in revenue for the 2015-2016 budget predominately within the enterprise fund as most of these programs are operated as contract classes. Contract classes are designed to be self-sufficient and generate revenue with the City retaining 30% of fees collected and the contract instructor retaining 70%.

The adjustment in facility fees should help alleviate the need for additional support from the General Fund. The General Fund supports the community center by approximately $15,000 per year.

ATTACHMENTS

The following items are attached to this report:

1. Resolution
2. Attachment to Resolution - Exhibit A

CITY OF RIVERBANK

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERBANK, CALIFORNIA, TO ESTABLISH, AMEND, OR AUTHORIZE FEES FOR THE CITY OF RIVERBANK RECREATION PROGRAMS, PARKS AND FACILITY USE

WHEREAS, It is necessary as established in the Riverbank Municipal Code for the proper and effective operation of City Government to establish, amend, or authorize fees for services in order to provide for the financial support of City Government; and

WHEREAS, From time to time, the City Council reviews the fees to ensure that they are adequately supporting the operation of City Government; and,

WHEREAS, The foregoing rates continue and take effect on September 1, 2015, by resolution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Riverbank hereby approve and establish the stated fees as outlined herein as **Exhibit A.**

PASSED AND ADOPTED by the City Council of the City of Riverbank at a regular meeting held on the 25th day of August, 2015; motioned by Councilmember ______, seconded by Councilmember ______, and upon roll call was carried by the following City Council vote of ___:

AYES:
NAYS:
ABSENT:
ABSTAINED:

ATTEST:

____

Annabelle Aguilar, CMC
City Clerk

APPROVED:

____

Richard D. O'Brien
Mayor

Attachments: Exhibit A

EXHIBIT A

CITY OF RIVERBANK PARKS AND RECREATION FEE SCHEDULE
Effective September 1, 2015

Class/Camp	Current Fee	Proposed Fee
Winter Wonderland Spectacular	N/A	Adults $5.00 child 4-12 $3.00
Mom's Day Off	N/A	$25.00
Beginning Tap/Ballet/Tumbling	N/A	$45.00
Hip Hop Class	N/A	$35.00
Art Classes	N/A	$45.00

Park/Facility	Current Fee	Proposed Fee
JMP wedding gazebo	$100 resident $200 non-resident	$500.00
JMP Burney Pavilion	$50 resident $100 (over 50 attendees) $100 $200 (over 50 attendees)	$100 resident $200 for non-resident
Castleberg Park Community Center Park	$50 resident $100 non- resident	Full Day: $100 resident $125 non-resident Half Day: $ 50 resident $ 75 non-resident
Community Center Building	$1,100 resident $1,200 non-resident	$1,200 resident $1,500 non-resident
Service Club/non-profit (N/A to current club events) New events/clubs only	$350	$500

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 6.1

SECTION 6: NEW BUSINESS

Meeting Date:	August 25, 2015
Subject:	Facility Rental Fee Waiver Request
From:	Jill Anderson, City Manager
Submitted by:	Sue Fitzpatrick, Director of Parks and Recreation

RECOMMENDATION

It is recommended that the City Council review the request presented and provide direction to staff.

SUMMARY

The Parks and Recreation Director has received a facility waiver requests for Council consideration. This request was submitted by Mr. Don Lyman for a Country Dance Club to use the Community Center on the second and fourth Friday evening of each month. The request is for a fee reduction from the regular $350 service club fee to an initial $100 fee. Once membership reaches 100 an additional rental fee of $100 would be added. Once the membership reaches 150 another $50 would be added to the rental fee. A site monitor fee, and an ABC license would be required if the group serves or sells alcohol at the event. The group has agreed to provide insurance, the site monitor fee, if required, and pay the deposit for their events. The group will be charging a $5.00 entrance fee into the dances that will be a source for paying the facility rental fees.

BACKGROUND

The fee waiver requests have been the subject of past City Council discussions. Since fee waivers impact the City's General Fund, the procedure is to obtain City Council approval of new fee waiver requests.

FINANCIAL IMPACT

If the fee waiver is granted at the reduced rate, the cost to the general fund would be $250 per dance or $500 for two dances per month. This rate is derived by factoring in direct costs. The procedure outlined at a prior City Council meeting stated that fee waivers granted would reimburse the enterprise fund from the General Fund. The supplement already approved by the City Council for this budget year would most likely cover the additional expenses for this use since the use is only for a few hours two Fridays per month.

At a future City Council meeting other options will be presented that will break down these direct and indirect costs and can possibly establish a sinking fund to factor in wear and tear on the building, table and chair replacement etc. This will allow the City to provide the community, especially service clubs the use of the buildings but at a compensation that is shared by the group and supplemented to some extent by the General Fund.

For this particular request as attendance grows for the group and the rental rate increases, the supplement would be less each month from the General Fund.

The General Fund currently supplements the Enterprise Fund at annual cost of $15,000. This is predominately due to fee waivers or facility use with no revenue attached, such as the community uses that have been grandfathered in at a no cost or at a reduced rate.

RECOMMENDATION

The proposal letter outlines an activity that would benefit the community. The recommendation is to approve the request for a fee reduction with the understanding that as attendance grows the rental rate would increase as outlined in the proposed letter.

ATTACHMENT

1. Proposal letter requesting fee waiver

July 27, 2015

Ms. Karrie Webb
Parks & Recreation Dept.
6707 Third Street
Riverbank, CA 95367

Re: Proposal of Country Dance Club

Ms. Dee Mulligan spoke to you a week ago regarding my interest in organizing a new country music dance organization, either under the auspices of the Riverbank Golden Agers or by myself, friends and potential new members who love country music and dancing. This would be scheduled on the second and fourth Friday evenings, hopefully at the Riverbank Community Center in October.

My wife and others who would be associated are considered very good ballroom dancers, and believe that there is a need for a dancing venue for primarily seniors and adults of any age in this area of the county consisting of Riverbank, Escalon, Oakdale and Modesto, not to mention other outlying areas as well.

We are members of the Golden Agers and the Stockton Singles where I lived previously before moving to Riverbank a year ago when I married a local lady, who I might mention was a former instructor for Arthur Murray in the bay area in her younger years. We frequent many dances in Modesto (Modesto Moose) Turlock, Hughson, Manteca, Stockton, Lodi and Sacramento and specialize in the country two-step which is gaining wide-spread popularity, and in addition, loving classic country music of yesteryear. You may remember such artists as Ray Price, Patsy Cline, Marty Robbins, Alan Jackson, Merle Haggard, George Strait, Willie Nelson, Garth Brooks, Buck Owens, George Jones, Charlie Pride, Lynn Anderson, Brad Paisley, Freddy Fender, and a hundred others.

Rather than a live band, which is expensive, I plan to utilize recorded music of the above-mentioned musicians with a good sound system. I have invested probably $2,000 in CDs in which the best of the best songs are downloaded to MP-3 players and then connected electronically to speakers. Additionally, I have invested another $2,000 in speakers and other equipment that in combination produce excellent quality music.

Our proposed organization would be either a non-profit tax exempt club, section 501(c)(7), consisting of approx. 100-150 members, or a sole-proprietor or partnership, depending upon which type of entity would receive the best accommodations, ie. rental, etc. from a city. We are looking at Oakdale and Modesto primarily, besides Riverbank, but would prefer Riverbank because of its central location between the cities of Modesto and Oakdale. As you know, Oakdale is the cowboy capital of the world, so they say, and possibly would provide the best support.

The main consideration for the viability of our group is the rental fee. I know the Golden Agers pay $50 for the Wednesday activity, plus an additional $30 for the set-up fee. I also understand that this price was "grandfathered" in since their inception in 2009 due to the fact that it was considered a service organization to the city for seniors and because it was a non-profit tax exempt corporation, which it is now not.

I would propose to the city an initial $100 fee for each of two Friday evenings monthly, and another $100 fee when the membership reaches 100 members. Being somewhat optimistic, we could pay another $50 per session when the membership reaches 150, which is possible. The set-up fee for tables and chairs is negotiable or we can do this ourselves.

Naturally, we would provide liability insurance and a security deposit. I think it would be necessary to provide wine, beer and soft drinks, and if you require security because of this, we would provide that as well. This club is organized for responsible adults and would respect all city regulations as one would expect. References can be provided.

Organizational information and records such as bookkeeping and income statements would be available to your oversight, and we would adhere to normal reporting requirements to the IRS and the Franchise Tax Board. If incorporated as mentioned above, we would require quarterly board meetings and membership meetings to address all facets of the business.

I am also familiar with the operation of your Community Center, the kitchen, etc. since I was a former vice-president of the Golden Agers.

Looking at the broad aspects of our plans and joint venture prospects, one should consider the advantages of increased traffic to local businesses, ie. restaurants, gas stations, grocery stores, etc. by having 200 people visit our city on a monthly basis. The motto of the City of Riverbank is "The City of Action" and I honestly believe that this new venture would be a benefit to the community.

Advertising this social activity will be accomplished through newspapers, radio, and posters distributed throughout all of our neighboring cities, not to mention website links to other potentially interested organizations. There are many preliminary requirements to set up this goal in the next few months, but I think we're looking at October 9th as the grand opening of our first dance. With your help and support of the community, I believe this social venture will be successful. I look forward to hearing from you with your comments and suggestions.

Sincerely,

Don Lyman
2149 Goldstone Way
Riverbank, CA 95367
601-5519

cc: Mayor Richard O'Brien

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 6.2

SECTION 6: NEW BUSINESS

Meeting Date:	August 25, 2015
Subject:	A **Resolution** of the City Council of the City of Riverbank, California, Supporting the Passage of Assembly Bill 700 California Disclose Act
From:	Jill Anderson, City Manager
Submitted by:	Jill Anderson, City Manager Luanne Bain, Administrative Assistant

RECOMMENDATION

It is recommended that Council review the information provided with this report regarding Assembly Bill 700, and if in agreement, adopt the Resolution Supporting the Passage of Assembly Bill 700 California Disclose Act.

INTRODUCTION

This item has been scheduled for your consideration in response to a request from Councilmember Campbell. General information describing Assembly Bill 700 California Disclose Act and a draft resolution supporting the passage of AB 700 has been provided for consideration.

SUMMARY

In February of 2015, Assembly Members Gomez and Levine introduced Assembly Bill (AB) 700, the California Disclose Act, which has the intent to improve disclosure on political advertisements to help voters make well-informed decisions and have greater confidence in the electoral proves. The bill would require the three largest funders of ballot measure ads to (the two largest on radio ads) be clearly and prominently identified, on the ads themselves, so that viewers would immediately know who is funding the advertisement. The Disclose Act would apply to television, radio, and print ads, as well as mall mailers and robocalls whether for or against State and local ballot measures. It would apply whether ads are paid for by corporations, PACs, or individuals. “Follow the Money” rules would require ads to report the true corporate, PAC, or individual contributors, and not potentially misleading committee and/or non-profit names.

Voters deserve transparency in political advertising. AB 700 California Disclose Act would help to provide transparency to California.

FINANCIAL IMPACT

There is no financial impact to the City related to the consideration of the resolution or the proposed legislation.

STRATEGIC PLAN

This item is not related to the City's strategic plan.

ATTACHMENTS

1. Resolution
2. FAQ (Frequently Asked Questions) of Draft Proposal of AB 700, the California Disclose Act (Gomez-Levine)

CITY OF RIVERBANK

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERBANK, CALIFORNIA, SUPPORTING THE PASSAGE OF ASSEMBLY BILL 700 CALIFORNIA DISCLOSE ACT

WHEREAS, ever-increasing amounts of funds are raised and spent in support of and opposition to State and local ballot measures; and,

WHEREAS, in California, over $640-million was spent on California ballot measures in 2012 and 2014, much of the spending by groups with misleading names like “Stop Special Interest Money Now” or “Californians Against Higher Health Care Costs;” and,

WHEREAS, Assembly Members Gomez and Levine have introduced Assembly Bill (AB) 700, the California Disclose Act, which would improve disclosure on political advertisements to help voters make well-informed decisions and have greater confidence in the electoral process; and,

WHEREAS, the bill would require the three largest funders of ballot measure ads (the two largest on radio ads) to be clearly and prominently identified, on the ads themselves, so that viewers can immediately see who is funding the advertisement; and,

WHEREAS, the Disclose Act would apply to television ads, radio ads, print ads, mass mailers, and robocalls for or against State and local ballot measures; and,

WHEREAS, the Disclose Act would apply whether ads are paid for by corporations, PACs, or individuals; and,

WHEREAS, “Follow the Money” rules would require ads to report the true corporate, PAC, or individual contributors, not potentially misleading committee and non-profit names; and,

WHEREAS, in the Supreme Court’s Citizens United decision, eight of nine Supreme Court Justices noted the problems when groups run ads “while hiding behind dubious and misleading names: and said transparent disclosure is needed for voters “to make informed decisions and give proper weight to different speakers and messages;” and,

WHEREAS, voters deserve transparency in political advertising, and AB 700 would make significant strides toward this goal.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Riverbank, California, that it hereby supports the passage of Assembly Bill 700.

PASSED AND ADOPTED by the City Council of the City of Riverbank, California, at a regular meeting held on the 25th day of August, 2015; motioned by Councilmember ______, seconded by Councilmember ______, and upon roll call was carried by the following vote of ___:

AYES:
NAYS:
ABSENT:
ABSTAIN:

ATTEST:

____

Annabelle H. Aguilar, CMC
City Clerk

APPROVED:

____

Richard D. O'Brien
Mayor

AB 700, the California DISCLOSE Act (Gomez-Levine)

FAQ on Draft Proposal

What will the proposed AB 700 do?

AB 700 requires the three largest funders of ballot measure ads (two largest on radio ads and robocalls) to be clearly identified on the ads themselves, so voters know who is really paying for them. They must display the original source of funds for contributions even if the funds were transferred through multiple committees or non-profits.

What is the status of AB 700?

AB 700 is currently a "spot" bill introduced by Assemblymembers Jimmy Gomez (D-Northeast Los Angeles) and Marc Levine (D-San Rafael). There is draft language that is being shared with key stakeholders, but AB 700 specifies its intent by saying *"It is the intent of the Legislature to enact legislation that would implement a California Disclose Act to ensure that advertisements that seek to persuade voters to cast a vote in favor or against ballot measures do not mislead voters as to who is funding the campaign that paid for the advertisement."*

What mediums of ads does it propose to cover?

AB 700 applies to TV, radio, print, mass mailers, and robocalls.

What types of ballot measure ads are covered?

AB 700 applies to ads for or against ballot measures, including sham ballot measure ads within 45 days of the election.
It applies to state and local ballot measures and whether ads are paid for by corporations, unions, or millionaires.

How can voters find out about other funders?

All TV and print ads paid for by committees that spent over $1 million will be required to list a FPPC website with its top ten funders.

What about secretive non-profits?

SB 27 (Correa), which was signed into law by the governor, requires non-profits that make major expenditures on California races to become committees and report their contributions to the Secretary of State. AB 700 will build on that using new "Follow the Money" rules.

ENDORSERS OF SB 52, 2014 CALIFORNIA DISCLOSE ACT
400+ Leaders and Organizations
17 Newspapers
80,000+ petition Signers

- League of Women Voters of California
- California Broadcasters Association
- California Church IMPACT
- California Clean Money Campaign
- CA Common Cause
- California Forward Action Fund
- CA National Organization for Women
- CALPIRG
- Consumer Federation of CA
- Courage Campaign
- Greenlining Institute
- Lutheran Office of Public Policy-- CA
- Maplight
- Public Citizen
- Redwood Empire Business Association
- Sierra Club CA
- Southwest Voter Education Project
- U.S. Green Building Council of CA
- Bob Stern, co-author of the Political Reform Act of 1974
- Sacramento Bee
- San Francisco Chronicle
- Fresno Bee
- Long Beach Press Telegram
- Los Angeles Daily News
- Oakland Tribune
- Pasadena Star-News
- San Jose Mercury News
- San Gabriel Valley Tribune
- San Bernardino Sun

How does "Follow the Money" work?

We've proposed a simple mechanism to require committees (except candidate and party committees) to create a list of their top 10 funders of $50,000 or more whenever they pay for ballot measure ads or give $50,000 or more to another committee. When they write a check to another committee, they include the list and the amount each gave.

For more information:
Printed in-house
(Updated 4/11/2015)

California Clean Money Campaign
3916 Sepulveda Blvd, Suite 208 ♦ Culver City, CA 90230
Phone (800) 566-3780 ♦ www.CAdisclose.org♦ E-mail info@CAclean.org

How will AB 700 be enforced?

Current law provides for fines up to three times the amount of expenditures that violate the law — fines that could be quite substantial for ads costing hundreds of thousands of dollars or more. The Fair Political Practices Commission will enforce it.

What size contributions must be listed?

The threshold for being displayed is $50,000, same as current law. The top three funders must be displayed on TV and print ads. The top two funders must be named in radio ads.

Can special interests avoid disclosure by making multiple small contributions?

Contributions will be added up to ensure that the largest funders are shown.

Can the law be subverted by using small print and hard to read text?

No. AB 700 will have specific requirements of size and legibility of disclosures to ensure they are all clear and readable.

Will AB 700 cover ads for federal elections?

No, because California laws can't cover federal elections. But it covers all state and local ballot measures, and can be a model for the rest of the country.

Will contributors to small organizations like political clubs have to be listed on their mailers?

Not if the club pays for the mailer itself and its individual contributors each gave less than $50,000. AB 700 is meant to make sure the public knows who the major contributors are, so smaller donors don't have to be listed.

Is AB 700 an unfair burden on free speech?

No. Great care is being taken in drafting AB 700 to not overly burden political advertisers. Television ad disclosures will take exactly the same amount of time and space as current law (5 seconds on the bottom 1/3 of the screen), but at the start of the ads and much clearer than current law. Radio ad disclosures will actually be significantly shorter than current law, but more effective.

That's why the California Broadcasters Association endorsed last year's bill, SB 52, saying *"SB 52 takes the needs of both voters and political advertisers into account by making television disclosures significantly clearer (taking about the same amount of time and space as current law), while dramatically shortening and improving disclosure in radio ads".*

What happened to SB 52, and are they different?

AB 700 builds on the progress achieved by the 2014 version of the *California DISCLOSE Act*, SB 52 (Leno-Hill), which passed the Senate on an overwhelming bipartisan vote of 28-11, and then passed all its Assembly committees. The authors and sponsor agreed not to call for a final Assembly vote in order to have more time to address stakeholders' concerns. AB 700 will address their concerns while being just as strong as SB 52.

Details of AB 700 are still being worked out and discussed with stakeholders. Proposed language addresses the concerns of stakeholders by replacing SB 52's reliance on the FPPC to create follow-the-money rules with specific, reasonable tracking and reporting requirements ensuring that committees always disclose the largest original sources of their contributions, not misleading committee names

Is this kind of disclosure popular with the public?

Yes! 84% of Californian voters in the October 13, 2011 Field Poll said they favored legislation that would *"Increase the public disclosure requirements of initiative sponsors to more clearly identify who are its major funders."* The March 2013 California PPIC poll also showed 84% support for a similar question.

What does the press say?

Seventeen newspapers editorialized in favor of the previous version, SB 52, including the Sacramento Bee, Los Angeles Daily News, San Jose Mercury News, Long Beach Press-Telegram, Merced Sun-Star, Oakland Tribune, Pasadena Star-News, San Gabriel Valley Tribune, Torrance Daily Breeze, and the Whittier Daily News.

As the Los Angeles Daily News headlined, *"California needs bill to rid campaign ads of anonymity".*

Is AB 700 bipartisan?

AB 700 passed the Senate on a 28-11 vote with bipartisan support as Senator Anthony Cannella (R-Ceres) joined 27 Democrats in voting Yes. It is endorsed by both Democratic and Republican local elected officials. Support from voters is across the board, with 86% of Democrats, 78% of Republicans, and 88% of Independents in the October 13, 2011 California Field Poll saying they favored this kind of legislation.

Who is behind AB 700?

AB 700 is sponsored by the California Clean Money Campaign, a grassroots non-profit organization with hundreds of volunteers and over 80,000 supporters across the state. CCMC is financed by small contributions from individuals and a small family foundation and takes no corporate or union contributions.

The last version, SB 52, was endorsed by over 400 organizations and leaders.

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RIVERBANK CITY COUNCIL AGENDA ITEM NO. 6.3

SECTION 6: NEW BUSINESS

Meeting Date:	August 25, 2015
Subject:	Consideration of a **Resolution** of the City Council of the City of Riverbank, California, Urging the State to Provide New Sustainable Funding for State and Local Transportation Infrastructure
From:	Jill Anderson, City Manager

RECOMMENDATION

It is recommended that the City Council review and consider adoption of the attached resolution, which includes recommended priorities for funding California's streets and roads, in a response to a request from the League of Cities California.

SUMMARY

In June, Governor Jerry Brown asked the California State Legislature to convene a special session to develop a funding plan to repair and rehabilitate the State's deteriorating roads and highways. This discussion has expanded to potentially include a funding component for counties and cities, which are also in an ongoing battle to find resources to repair and maintain local streets and roads. At this time, there is no specific proposal under consideration and it is likely that any plan approved by the Legislature and Governor would require voter approval. However, the League of California Cities and other organizations have adopted a resolution urging the State to provide new sustainable funding for state and local transportation infrastructure that includes the following seven funding priorities.

1) ***Make a significant investment in transportation infrastructure.*** Any package should seek to raise at least $6 billion annually and should remain in place for at least 10 years or until an alternative method of funding our transportation system is agreed upon.

2) ***Focus on maintaining and rehabilitating the current system.*** Repairing California's streets and highways involves much more than fixing potholes. It requires major road pavement overlays, fixing unsafe bridges, providing safe access for bicyclists and pedestrians, replacing storm water culverts, as well as operational improvements that necessitate the construction of auxiliary lanes to relieve traffic congestion choke points and fixing design deficiencies that have

created unsafe merging and other traffic hazards. Efforts to supply funding for transit in addition to funding for roads should also focus on fixing the system first.

3) ***Equal split between state and local projects.*** We support sharing revenue for roadway maintenance equally (50/50) between the state and cities and counties, given the equally-pressing funding needs of both systems, as well as the longstanding historical precedent for collecting transportation user fees through a centralized system and sharing the revenues across the entire network through direct subventions. Ensuring that funding to local governments is provided directly, without intermediaries, will accelerate project delivery and ensure maximum accountability.

4) ***Raise revenues across a broad range of options.*** Research by the California Alliance for Jobs and Transportation California shows that voters strongly support increased funding for transportation improvements. They are much more open to a package that spreads potential tax or fee increases across a broad range of options, including fuel taxes, license fees, and registration fees, rather than just one source. Additionally, any package should move California toward an all-users pay structure, in which everyone who benefits from the system contributes to maintaining it – from traditional gasoline-fueled vehicles, to new hybrids or electric vehicles, to commercial vehicles.

5) ***Invest a portion of diesel tax and/or cap & trade revenue to high-priority goods movement projects.*** While the focus of a transportation funding package should be on maintaining and rehabilitating the existing system, California has a critical need to upgrade the goods movement infrastructure that is essential to our economic well-being. Establishing a framework to make appropriate investments in major goods movement arteries can lay the groundwork for greater investments in the future that will also improve air quality and reduce greenhouse gas emissions.

6) ***Strong accountability requirements to protect the taxpayers' investment.*** Voters and taxpayers must be assured that all transportation revenues are spent responsibly. Local governments are accustomed to employing transparent processes for selecting road maintenance projects aided by pavement management systems, as well as reporting on the expenditure of transportation funds through the State Controller's Local Streets and Roads Annual Report.

7) ***Provide Consistent Annual Funding Levels.*** Under current statute, the annual gas tax adjustment by the Board of Equalization is creating extreme fluctuations in funding levels – a $900 million drop in this budget year alone. A transportation funding package should contain legislation that will create more consistent revenue projections and allow Caltrans and transportation agencies the certainty they need for longer term planning.

DISCUSSION

The request from the League of California cities is coming at a time when the County of Stanislaus is considering whether or not to place a ballot measure before the voters to increase the local sales tax to generate funds that would be controlled at the local level to repair and improve the County's transportation system, including street repairs in Riverbank. With the State and the County both considering the possibility of asking voters to approve measures that could increase fees and or taxes for transportation, it is possible that the competition could create confusion and cause one or both to fail, ***if*** one or both are actually approved for placement on the November 2016 ballot.

Generally speaking, if a County measure is approved, it is very likely to create a larger revenue source than anything that might be generated by a State proposal and the funds would be controlled at the local level. On the other hand, it could be argued that there is a greater likelihood of a State measure being adopted by the voters because it is a larger voter pool. Furthermore, if a County measure ***and*** a State measure passed, Stanislaus County would become a "self-help" county and would most likely be eligible for more of the funds generated by a State funding source to be invested locally. If ***neither*** pass, the County of Stanislaus will continue to be severely underfunded because the State and Federal governments provide more resources to "self-help" counties, i.e. counties that have a dedicated funding source, most typically a dedicated portion of the county sales tax.

At the time the agenda report was prepared, no other cities in Stanislaus County had actually adopted the proposed resolution, although others have indicated that it may be on a future agenda.

Regardless of the path selected or outcome of this discussion, additional funding is needed for streets and highways under the control of State (Caltrans), as well as the streets and roads that are the responsibility of cities and counties, including Riverbank.

FINANCIAL IMPACT

There is no fiscal impact associated with action on the proposed resolution.

STRATEGIC PLAN

While consideration of the resolution is not a strategic objective, it is consistent with the City's mission statement, which is:

The City of Riverbank is committed to providing exceptional municipal services in a fiscally sound and professionally responsible manner for our community.

It is also directly or indirectly related to four of the City's three year goals, which are:

- Enhance public safety
- Improve and maintain infrastructure and facilities
- Enhance professionalism and customer service
- Achieve and maintain financial stability and sustainability
- Retain and attract business

ATTACHMENTS

The draft resolution is attached to this report for consideration. A fact sheet prepared by the "Fix Our Roads" coalition, along with a list of coalition members is also attached to this report.

CITY OF RIVERBANK

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERBANK, CALIFORNIA, URGING THE STATE TO PROVIDE NEW SUSTAINABLE FUNDING FOR STATE AND LOCAL TRANSPORTATION INFRASTRUCTURE

WHEREAS, Governor Edmund G. Brown, Jr. has called an extraordinary session to address the immense underfunding of California's transportation infrastructure; and

WHEREAS, cities and counties own and operate more than 81 percent of streets and roads in California, and from the moment we open our front door to drive to work, bike to school, or walk to the bus station, people are dependent upon a safe, reliable local transportation network; and

WHEREAS, the City of Riverbank has participated in efforts with the California State Association of Counties, League of California Cities, and California's Regional Transportation Planning Agencies to study unmet funding needs for local roads and bridges, including sidewalks and other essential components; and

WHEREAS, the resulting 2014 California Statewide Local Streets and Roads Needs Assessment, which provides critical analysis and information on the local transportation network's condition and funding needs, indicates that the condition of the local transportation network is deteriorating as predicted in the initial 2008 study; and

WHEREAS, the results show that California's local streets and roads are on a path of significant decline. On a scale of zero (failed) to 100 (excellent), the statewide average pavement condition index (PCI) is 66, placing it in the "at risk" category where pavements will begin to deteriorate much more rapidly and require rehabilitation or rebuilding rather than more cost-effective preventative maintenance if funding is not increased; and

WHEREAS, the results show that the City of _____________'s local streets have a statewide average pavement index of _____, placing them in the "____________" category; and ***(blanks to be completed if resolution is adopted)***

WHEREAS, if funding remains at the current levels, in 10 years, 25 percent of local streets and roads in California will be in "failed" condition; and

WHEREAS, cities and counties need an additional $1.7 billion just to maintain a status quo pavement condition of 66, and much more revenue to operate the system with Best Management Practices, which would reduce the total amount of funding needed for maintenance in the future; and

WHEREAS, models show that an additional $3 billion annual investment in the local streets and roads system is expected to improve pavement conditions statewide from an average “at risk” condition to an average “good” condition; and

WHEREAS, if additional funding isn’t secured now, it will cost taxpayers twice as much to fix the local system in the future, as failure to act this year will increase unmet funding needs for local transportation facilities by $11 billion in five years and $21 billion in ten years; and

WHEREAS, modernizing the local street and road system provides well-paying construction jobs and boosts local economies; and

WHEREAS, the local street and road system is also critical for farm to market needs, interconnectivity, multimodal needs, and commerce; and

WHEREAS, police, fire, and emergency medical services all need safe reliable roads to react quickly to emergency calls and a few minutes of delay can be a matter of life and death; and

WHEREAS, maintaining and preserving the local street and road system in good condition will reduce drive times and traffic congestion, improve bicycle safety, and make the pedestrian experience safer and more appealing, which leads to reduce vehicle emissions helping the State achieve its air quality and greenhouse gas emissions reductions goals; and

WHEREAS, restoring roads before they fail also reduces construction time which results in less air pollution from heavy equipment and less water pollution from site run-off; and

WHEREAS, in addition to the local system, the state highway system needs an additional $5.7 billion annually to address the state’s deferred maintenance; and

WHEREAS, in order to bring the local system back into a cost-effective condition, at least $7.3 billion annually in new money going directly to cities and counties; and

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF RIVERBANK strongly urges the Governor and Legislature to identity a sufficient and stable funding source for local street and road and state highway maintenance and rehabilitation to ensure the safe and efficient mobility of the traveling public and the economic vitality of California.

AND, BE IT FURTHER RESOLVED, that the CITY OF RIVERBANK strongly urges the Governor and Legislature to adopt the following priorities for funding California's streets and roads.

1. **Make a significant investment in transportation infrastructure.** Any package should seek to raise at least $6 billion annually and should remain in place for at least 10 years or until an alternative method of funding our transportation system is agreed upon.

2. **Focus on maintaining and rehabilitating the current system.** Repairing California's streets and highways involves much more than fixing potholes. It requires major road pavement overlays, fixing unsafe bridges, providing safe access for bicyclists and pedestrians, replacing storm water culverts, as well as operational improvements that necessitate the construction of auxiliary lanes to relieve traffic congestion choke points and fixing design deficiencies that have created unsafe merging and other traffic hazards. Efforts to supply funding for transit in addition to funding for roads should also focus on fixing the system first.

3. **Equal split between state and local projects.** We support sharing revenue for roadway maintenance equally (50/50) between the state and cities and counties, given the equally-pressing funding needs of both systems, as well as the longstanding historical precedent for collecting transportation user fees through a centralized system and sharing the revenues across the entire network through direct subventions. Ensuring that funding to local governments is provided directly, without intermediaries, will accelerate project delivery and ensure maximum accountability.

4. **Raise revenues across a broad range of options.** Research by the California Alliance for Jobs and Transportation California shows that voters strongly support increased funding for transportation improvements. They are much more open to a package that spreads potential tax or fee increases across a broad range of options, including fuel taxes, license fees, and registration fees, rather than just one source. Additionally, any package should move California toward an all-users pay structure, in which everyone who benefits from the system contributes to maintaining it – from traditional gasoline-fueled vehicles, to new hybrids or electric vehicles, to commercial vehicles.

5. **Invest a portion of diesel tax and/or cap & trade revenue to high-priority goods movement projects**. While the focus of a transportation funding package should be on maintaining and rehabilitating the existing system, California has a critical need to upgrade the goods movement infrastructure that is essential to our economic well-being. Establishing a framework to make appropriate investments in major goods movement arteries can lay the groundwork for greater investments in the future that will also improve air quality and reduce greenhouse gas emissions.

6. **Strong accountability requirements to protect the taxpayers' investment.** Voters and taxpayers must be assured that all transportation revenues are spent responsibly. Local governments are accustomed to employing transparent processes for selecting road maintenance projects aided by pavement management systems, as well as reporting on the expenditure of transportation funds through the State Controller's Local Streets and Roads Annual Report.

7. **Provide Consistent Annual Funding Levels.** Under current statute, the annual gas tax adjustment by the Board of Equalization is creating extreme fluctuations in funding levels – a $900 million drop in this budget year alone. A transportation funding package should contain legislation that will create more consistent revenue projections and allow Caltrans and transportation agencies the certainty they need for longer term planning.

PASSED AND ADOPTED by the City Council of the City of Riverbank at a regular meeting held on the 25th day of August, 2015; motioned by Councilmember ______, seconded by Councilmember ______, and upon roll call was carried by the following City Council vote of ___:

AYES:
NAYS:
ABSENT:
ABSTAINED:

ATTEST:	**APPROVED:**
___________________________	___________________________
Annabelle H. Aguilar, CMC	**Richard D. O'Brien**
City Clerk	**Mayor**

Attachment:

FIX OUR ROADS

Stable, Accountable Funding

Problem: California lacks adequate funding to fix crumbling roads, highways, bridges and transportation infrastructure.

California's network of roads and highways are critical to our quality of life and economy. Yet the condition of our deteriorating network of roads is staggering:

- Our crumbling roads cost motorists nearly $600 a year per driver for vehicle maintenance.
- California has the second highest share of roads in "poor condition" in the nation.
- 58% of state roads need rehabilitation or pavement maintenance.
- California has 6 of 10 cities with the worst road conditions in the nation.
- 55% of local bridges require rehabilitation or replacement.
- Nearly 70% of California's urban roads and highways are congested.
- Without additional funding, 1/4 of local streets and roads will be in failed condition by 2024.

Our state lacks adequate funding to address these critical deficiencies:

- Local streets and roads face an estimated shortfall of $78 billion in deferred maintenance and an annual shortfall of $7.8 billion.
- CalTrans faces a $59 billion backlog in deferred maintenance and an annual shortfall in the State Highway Operation and Protection Program (SHOPP) of $5.7 billion.

Solution: A responsible, accountable solution to fix our roads.

A broad coalition of cities, counties, labor, business, public safety and transportation advocates has formed to meet the Governor's call to address California's chronic transportation infrastructure funding shortfall. During the 2015 special session on transportation, we support the following priorities:

1. **Make a significant investment in transportation infrastructure.**
   If we are to make a meaningful dent that demonstrates tangible benefits to taxpayers and drivers, any package should seek to raise at least $6 billion annually and should remain in place for at least 10 years or until an alternative method of funding our transportation system is agreed upon.

2. **Focus on maintaining and rehabilitating the current system.**
   Repairing California's streets and highways involves much more than fixing potholes. It requires major road pavement overlays, fixing unsafe bridges, providing safe access for bicyclists and pedestrians, replacing storm water culverts, as well as operational improvements that necessitate, among other things, the construction of auxiliary lanes to relieve traffic congestion choke points and fixing design deficiencies that have created unsafe merging and other traffic hazards.

   Efforts to supply funding for transit in addition to funding for roads should also focus on fixing the system first.

3. **Invest a portion of diesel tax and/or cap & trade revenue to high-priority goods movement projects**.
   While the focus of a transportation funding package should be on maintaining and rehabilitating the existing system, California has a critical need to upgrade the goods movement infrastructure that is essential to our economic well-being. Establishing a framework to make appropriate investments in major goods movement arteries can lay the groundwork for greater investments in the future that will also improve air quality and reduce greenhouse gas emissions.

4. **Raise revenues across a broad range of options.**
   Research by the California Alliance for Jobs and Transportation California shows that voters strongly support increased funding for transportation improvements. They are much more open to a package that spreads potential tax or fee increases across a broad range of options rather than just one source. Additionally, any package should move California toward an all-users pay structure in which everyone who benefits from the system contributes to maintaining it - from traditional gasoline-fueled vehicles, to hybrids, alternative fuel and or electric vehicles, to commercial vehicles. Our coalition supports:

   - Reasonable increases in:
     - Gasoline and diesel excise taxes.
     - Vehicle registration and vehicle license fees.
   - Dedicating a portion of the cap and trade revenue paid by motorists at the pump to transportation projects that reduce greenhouse emissions.
   - Ensuring existing transportation revenues are invested in transportation-related purposes (i.e. truck weight fees and fuel taxes for off-road vehicles that are currently being diverted into the general fund).
   - User charge for electric and other non-fossil fuel powered vehicles that currently do not contribute to road upkeep.

5. **Equal split between state and local projects.**
   We support sharing revenue for roadway maintenance equally (50/50) between the state and cities and counties. Funding to local governments should be provided directly (no intermediaries) to accelerate projects and ensure maximum accountability.

6. **Strong accountability requirements to protect the taxpayers' investment.**
   Voters and taxpayers must be assured that all transportation revenues are spent responsibly. Authorizing legislation should:

   - Constitutionally protect transportation revenues for transportation infrastructure only. Time and again (Prop 42, 2002; Prop 1A, 2006; Prop 22, 2010), voters have overwhelmingly supported dedicating and constitutionally protecting transportation dollars for those purposes. We strongly support protections that prohibit using transportation dollars for other purposes.
   - Repay existing transportation loans and end ongoing diversions of transportation revenues, including approximately $850 million in loans to the general fund and the annual loss of approximately $140 million in off-highway vehicle fuel taxes.

Strong accountability requirements to protect the taxpayers' investment (Continued).

- Establish performance and accountability criteria to ensure efficient and effective use of all funding. All tax dollars should be spent properly, and recipients of new revenues should be held accountable to the taxpayers, whether at the state or local level. Counties and cities should adopt project lists at public hearings and report annually to the State Controller's Office regarding all transportation revenues and expenditures. Local governments should also commit to ensuring any new revenues supplement revenues currently invested in transportation projects. Both Caltrans and local governments can demonstrate and publicize the benefits associated with new transportation investments.
- Caltrans reform and oversight. To increase Caltrans effectiveness, provide stronger oversight by the state transportation commission of the programs funded by new revenues and establish an Inspector General office to provide accountability. Reduce Caltrans administrative budgets through efficiency reviews with all savings to be spent on road improvements.
- Expedite project delivery. More should be done to streamline project delivery, including but not limited to:
  - Establishing timelines for actions required by state agencies and eliminating other permit delays.
  - Increased implementation of alternative delivery systems that encourage more investment from the private sector.
  - Reforms to speed project completion.

7. **Provide Consistent Annual Funding Levels.**
Under current statute, the annual gas tax adjustment by the Board of Equalization is creating extreme fluctuations in funding levels -- a $900 million drop in this budget year alone. A transportation funding package should contain legislation that will create more consistent revenue projections and allow Caltrans and transportation agencies the certainty they need for longer term planning. While this change would not provide any new revenue to transportation, it would provide greater certainty for planning and project delivery purposes.

Coalition Members as of 7/21/15

- American Council of Engineering Companies California
- Associated General Contractors of California
- California Alliance for Jobs
- California Building Industry Association
- California Business Properties Association
- California Business Roundtable
- California Chamber of Commerce
- California Construction and Industrial Materials Association
- California State Association of Counties
- Caterpillar
- C.C. Myers, Inc.
- NAIOP CA
- DeSilva Gates Construction
- Ghilotti Bros., Inc.
- Granite Construction Co.
- International Council of Shopping Centers
- League of California Cities
- Mountain Cascade
- Northern California Carpenters Regional Council
- Northern California District Council of Laborers
- Operating Engineers Local 3
- Orange County Business Council
- Rural County Representatives of California
- Silicon Valley Leadership Group
- Solar Turbines
- Transportation California
- United Contractors