



CITY of NAPA

REGULAR MEETING AGENDA FOR THE CITY COUNCIL OF THE CITY OF NAPA AND THE HOUSING AUTHORITY OF THE CITY OF NAPA (HACN)

April 07, 2015

3:30 PM Afternoon Session
6:30 PM Evening Session

City Hall Council Chambers
955 School Street

INFORMATION FOR CITY MEETINGS:

Information Available: Documents related to the City Council or the Board for the Housing Authority are available at www.cityofnapa.org; or email clerk@cityofnapa.org; or contact the Office of the City Clerk: 955 School Street, Napa, CA 94559/ telephone: (707) 257-9503. Any documents related to an agenda item provided to a majority of the City Council (Board) after distribution of the agenda packet are available for public inspection at the Office of the City Clerk or in a binder so labeled in the Council Chambers on the meeting date.

Public Comment: Speaker cards are available; it is requested but not required, to submit a card to the City Clerk before the meeting begins. Speakers will be limited to five minutes and will comply with the City's rules of order. If your comments pertain to a specific item on the agenda, reserve your comments until the item is before the City Council (Board). Time limits will be enforced by the Mayor to facilitate the fair and efficient conduct of the meeting.

Consent Calendar: Items are considered routine and may be approved by a single vote. Only the Mayor (Chair) or a majority of the City Council (Board) may authorize public input.

Consent Hearings: These routine items may be approved by a single vote; however, any member of the public or City Council (Board) may remove an item for consideration during the public hearing portion of the agenda.

Administrative Reports: Only the Mayor (Chair) or a majority of the governing body may authorize public input for these items.

Public Hearings/Appeals: Applicants (or appellants) are allowed 10 minutes to present testimony at the beginning of the public hearing, and if needed, 5 minutes to present rebuttal at the end of the public hearing. All other speakers will be limited to 5 minutes.

Meeting Dates: The City Council meets regularly on the first and third Tuesday of each month; however additional meetings may be scheduled as needed.

Governing Law: City Council (Board) conducts all meetings in accordance with the "Ralph M. Brown Act" (California Government Code Sections 54950, et seq.) and pursuant to the City's Rules of Order for City Council meetings (Policy Resolution 19).

3:30 P.M. HOUSING AUTHORITY OF THE CITY OF NAPA (HACN)

AGENCY BOARD MEMBERS: Carol Hamilton, Johanna Moore, Juliana Inman, Mary Luros,
Peter Mott, Scott Sedgley, Chair Jill Techel

1. CALL TO ORDER:

1.A. Roll Call

2. AGENDA REVIEW AND SUPPLEMENTAL REPORTS:

3. SPECIAL PRESENTATIONS:

3.A. Family Self Sufficiency Presentation

Presentation of Certificates of Completion and checks to two Family Self Sufficiency Program graduates.

4. PUBLIC COMMENT:

5. CONSENT CALENDAR:

**5.A. Approve February 3, 2015 Regular Meeting Minutes of the
Housing Authority of the City of Napa (HACN)**

Approve the February 3, 2015 Regular Meeting Minutes of the Housing Authority Board.

**5.B. Audited Comprehensive Annual Financial Report (CAFR) and
Single Audit (SA) for the Fiscal Year ended June 30, 2014**

Accept and file the City's Comprehensive Annual Financial Report (CAFR) and Single Audit (SA) for the fiscal year ended June 30, 2014.

6. ADMINISTRATIVE REPORTS:

**6.A. Housing Choice Voucher Program Administrative Plan
Amendments**

Adopt a resolution approving Amendments to the Section 8 Housing Choice Voucher Program Administrative Plan and determine that the recommended action is not subject to CEQA.

7. PUBLIC HEARINGS/APPEALS:

7.A. 2015-2016 Housing Choice Voucher Five Year and Annual Plan

Adopt a resolution authorizing adopting Section 8 Housing Choice Voucher Five Year and Annual Plan for Fiscal Year 2015-2016 and determine that the recommended action is not subject to CEQA.

8. COMMENTS BY AGENCY MEMBER OR EXECUTIVE DIRECTOR:

9. **ADJOURNMENT:**

The next regularly scheduled meeting of the Housing Authority of the City of Napa is May 5, 2015.

3:30 P.M. CITY COUNCIL MEETING: AFTERNOON SESSION

**COUNCILMEMBERS: Juliana Inman, Mary Luros, Peter Mott,
Vice Mayor Scott Sedgley, Mayor Jill Techel**

10. **CALL TO ORDER:**

10.A. Roll Call

11. **AGENDA REVIEW AND SUPPLEMENTAL REPORTS:**

12. **SPECIAL PRESENTATIONS:**

12.A. Proclamation "California Safe Digging Month April 2015"
Proclamation designating April 2015 as "California Safe Digging Month".

13. **PUBLIC COMMENT:**

14. **CONSENT CALENDAR:**

14.A. Approval of the City Council Meeting Minutes
Approve the March 3, 2015 Regular City Council Meeting Minutes.

14.B. Resolution Continuing the Proclamation of Local Emergency
Adopt a resolution continuing the Proclamation of a Local Emergency.

14.C. Affordable Housing for Seniors and Disabled Persons
Adopt a resolution approving the Amended and Restated Developer's Agreement for Folks Landing Apartments and determine that the recommended action is not subject to CEQA.

14.D. Hazard Mitigation Grant Application and Budget Appropriation for Pipeline Rehabilitation Project PJ0415
Adopt a resolution authorizing the Public Works Director to execute documents for funding under the California Governor's Office of Emergency Services (Cal OES) Hazard Mitigation Grant Program (HMGP), authorizing a budget appropriation, and determine that the action is exempt from CEQA pursuant to Section 15302(c).

15. **ADMINISTRATIVE REPORTS:**

15.A. Senior Center Feasibility Study Presentation
Review draft concepts developed from the Senior Activity Center Needs

Assessment and provide input and direction in order to finalize concepts to complete the study.

15.B. Agreement for Design-Build Services for Tulocay Creek Bicycle/Pedestrian Bridge

Authorize the Public Works Director to execute an agreement with G.D. Nielson Construction, Inc., in the amount of \$497,610 for design-build services for Tulocay Creek Bicycle/Pedestrian Bridge (BR14PW03) with an option to add \$4,830 for one additional geotechnical boring and analysis, an option to add \$34,327 for Stormwater Pollution Prevention Plan (SWPPP) tasks, and determine that the project was the subject of previous CEQA analysis.

15.C. Risk Assessment of General Fund Reserve Requirements

Receive and review the Government Finance Officers Association Risk-Based Analysis of General Fund Reserve Requirements.

16. COMMENTS BY COUNCIL OR CITY MANAGER:

17. CLOSED SESSION:

17.A. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED

LITIGATION: Initiation of litigation in one case, pursuant to Government Code Section 54956.9(d)(4).

5:00 P.M. to 6:30 P.M. CITY COUNCIL RECESS

6:30 P.M. CITY COUNCIL MEETING: EVENING SESSION

COUNCILMEMBERS: Juliana Inman, Mary Lueros, Peter Mott,
Vice Mayor Scott Sedgley, Mayor Jill Techel

18. CALL TO ORDER:

18.A. Roll Call

19. PLEDGE OF ALLEGIANCE:

20. AGENDA REVIEW AND SUPPLEMENTAL REPORTS:

21. REPORT ACTION TAKEN IN CLOSED SESSION:

22. SPECIAL PRESENTATIONS:

22.A. Proclamation "Sexual Assault Awareness Month"

Proclamation designating April 2015 "Sexual Assault Awareness Month" in the City of Napa.

23. PUBLIC COMMENT:

24. ADMINISTRATIVE REPORTS:

24.A. City Hall Consolidation Project Update and Amendment to Agreement

Receive a presentation on the update for the City Hall Consolidation Project including the financial analysis and authorize the City Manager to execute Amendment No. 1 to Agreement No. C2015 033 with Jones Lang LaSalle Americas, Inc., for additional project development services in the amount of \$295,000 for a total contract amount not to exceed \$420,000, and determine that the amendment is not subject to CEQA.

25. COMMENTS BY COUNCIL OR CITY MANAGER:

26. ADJOURNMENT:

The next regularly scheduled meeting of the City of Napa City Council is April 21, 2015.

I HEREBY CERTIFY THAT THE AGENDA FOR THE ABOVE STATED MEETING (S) WAS POSTED AT A LOCATION FREELY ACCESSIBLE TO MEMBERS OF THE PUBLIC AT CITY HALL, 955 SCHOOL STREET, ON THURSDAY, APRIL 2, 2015 BY 5:00 P.M.

/s/ Dorothy Roberts, City Clerk

MAYOR'S MESSAGE:

The City Council pledges to listen carefully to all sides of an issue, examine the rights of each individual, and consider the needs of our community before making a decision. Accordingly, the Council expects members of the audience to conduct themselves with courtesy and respect during the meeting. Thank you for your cooperation and for your public participation.

GENERAL INFORMATION:

Please turn off cell phones and pagers before entering the Council Chambers.
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The City Council meets regularly on the first and third Tuesday of each month. The Council may also schedule additional special meetings for the purpose of completing unfinished business and/or study session. Regular meetings are held in the Council Chambers, City Hall, 955 School Street.

NOTE: Additional written information is available for items on this agenda, and may be obtained or reviewed by visiting the City website at www.cityofnapa.org; e-mailing clerk@cityofnapa.org; or contacting the office of the City Clerk at 955 School Street, Napa, CA. 94559 by mail or in person or by telephone at (707) 257-9503.

CITY POLICY TO FACILITATE ACCESS TO PUBLIC MEETINGS:

Each City entity offers public programs, services, and meetings in a manner that is reasonably accessible to everyone, including individuals with disabilities. Each City entity complies with all applicable requirements of the Americans with Disabilities Act and California law, and does not discriminate against any person with a disability. Wheelchair access to the Council Chambers and speaker's microphone is available to all persons.

If any person has a disability and requires information or materials in an appropriate alternative format (or any other reasonable accommodation), or if you need any special assistance to participate in this meeting, please contact the City Clerk Department at 257-9503. For TTY/ Speech-to-Speech users, dial 7-1-1 for the California Relay Service, offering free text-to-speech, speech-to-speech, and Spanish-language services 24 hours a day, 7 days a week. You may also contact the City Clerk at clerk@cityofnapa.org for more information.

In making any request for assistance, advance notice to the City forty-eight hours prior to the meeting will enable the City to make reasonable arrangements.

Se les pide por favor que avise con 48 horas de anticipación cuando haga un pedido para asistencia. Esto les da suficiente tiempo antes de la junta para permitir que la ciudad tome medidas razonables.

CHALLENGING DECISIONS OF CITY ENTITIES:

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

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

HOUSING AUTHORITY OF THE CITY OF NAPA
AGENDA REPORT

SPECIAL PRESENTATIONS
AGENDA ITEM 3.A.
Date: April 07, 2015

To: Honorable Chair and Commissioners
From: Rick Tooker, Community Development Director
Prepared by: Carmen Brito, Housing Specialist
Subject: Family Self Sufficiency Presentation

ISSUE STATEMENT:

Presentation of Certificates of Completion and checks to two Family Self Sufficiency Program graduates.

DISCUSSION:

The Family Self-Sufficiency (FSS) Program is a HUD-funded program that encourages communities to develop local strategies to help participants of the Section 8 program secure employment that will lead to economic independence and self-sufficiency. The Housing Authority works with other community agencies and local businesses to provide a comprehensive program that gives participating FSS family members the skills and experience to enable them to obtain employment that pays a living wage.

The FSS Program links participants to supportive services to assist them with their education, job training and placement, counseling, child care, nutrition and other resources necessary to achieve self-sufficiency. This enhances the standard of living and self-esteem of the participants as they become more productive members of the community and are no longer dependent on government assistance.

The FSS Program also provides a financial incentive to participants who increase their earnings and successfully complete the program. The participant enters into a five-year Contract of Participation with the Housing Authority outlining the goals and objectives for reaching self-sufficiency in exchange for the Housing Authority establishing an interest-bearing escrow account for the participant. As the household income goes up due to new and increased wages, the monthly Section 8 rental assistance is reduced. However, under the FSS Program, there is a corresponding increase in the monthly deposit placed in the participant's escrow account. Once the participant completes their goals, he/she is eligible to receive the accrued escrow funds.

FSS Participant Marsha Hunt has successfully completed her goals for her Contract of Participation and is eligible to receive her Certificate of Completion and a check in the amount of \$ 1,341.63.

FSS Participant Cesar Mendieta has also successfully completed his goals for his Contract of Participation and is eligible to receive his Certificate of Completion and a check in the amount of \$ 5,639.56.

FINANCIAL IMPACTS:

Funding for this action is available in the FSS Escrow Deposit Liability Account (84303-22819). The original source of funding is the U.S. Department of Housing and Urban Development through the Section 8 Housing Voucher Program.

CEQA:

The Deputy Director has determined that the recommended action described in this agenda report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060 (c).

DOCUMENTS ATTACHED:

None; the Certificates will be presented by Staff on the day of the meeting.

NOTIFICATION:

Program graduates Marsha Hunt and Cesar Mendieta were notified of the presentation.

RECOMMENDED ACTION:

No formal action necessary.

HOUSING AUTHORITY OF THE CITY OF NAPA
AGENDA REPORT

CONSENT CALENDAR
AGENDA ITEM 5.A.
Date: April 07, 2015

To: Honorable Chair and Commissioners
From: Dorothy Roberts, City Clerk
Prepared by: Carlyce Banayat, Imaging Clerk
Subject: Approve February 3, 2015 Regular Meeting Minutes of the Housing Authority of the City of Napa (HACN)

ISSUE STATEMENT:

Approve the February 3, 2015 Regular Meeting Minutes of the Housing Authority Board.

DISCUSSION:

Approve the February 3, 2015 Regular Meeting Minutes of the Housing Authority Board.

FINANCIAL IMPACTS:

None

CEQA:

The City Clerk has determined that the recommended action described in this agenda report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

1. Attachment 1 - HACN Draft Minutes of February 3, 2015

NOTIFICATION:

None

RECOMMENDED ACTION:

Staff recommends that the Authority Board move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Approve the February 3, 2015 Regular Meeting Minutes of the Housing Authority Board.

DRAFT

**REGULAR MEETING MINUTES
FOR THE HOUSING AUTHORITY OF THE CITY OF NAPA**

February 3, 2015

3:30 PM

City Hall Council Chambers
955 School Street

1. CALL TO ORDER:

1.A Roll Call:

PRESENT: Board Members Hamilton, Moore, Inman, Luros, Mott,
Sedgley, Chair Techel

ABSENT: None

2. AGENDA REVIEW AND SUPPLEMENTAL REPORTS:

There were no Supplemental Reports.

3. SPECIAL PRESENTATIONS:

3.A Family Self Sufficiency Presentation

Carmen Brito, Housing Specialist, introduced Maria Cortes, FSS Graduate. Ms. Cortes came forward to speak about her experience. Mayor Techel presented Ms. Cortes with her check and Certificate of Completion. Carole Lawton, Housing Specialist, provided an introduction of the second FSS graduate, Angela Freeman, who was unable to attend the meeting due to her work schedule.

4. PUBLIC COMMENT:

There was no public comment.

5. CONSENT CALENDAR:

Moved, seconded (Hamilton / Moore) to approve the Consent Calendar as presented.

Motion carried:

AYES: Hamilton, Moore, Sedgley, Inman, Mott, Chair Techel.

NOES: None

ABSTAIN: Luros

ABSENT: None

DRAFT

5.A Approve the November 18, 2014 Regular Meeting Minutes of the Housing Authority of the City of Napa (HACN)

Approved the November 18, 2014 Regular Meeting Minutes of the Housing Authority Board.

6. COMMENTS BY AGENCY MEMBER OR EXECUTIVE DIRECTOR:

Lark Ferrell, Housing Manager, announced the Northern California/Nevada Chapter of the National Association of Housing and Redevelopment Officials (NAHRO) met in the City of Napa recently.

7. ADJOURNMENT 3:45 P.M.

Dorothy Roberts
Housing Authority Deputy Secretary

HOUSING AUTHORITY OF THE CITY OF NAPA
AGENDA REPORT

CONSENT CALENDAR
AGENDA ITEM 5.B.
Date: April 07, 2015

To: Honorable Chair and Commissioners

From: Mike Parness, City Manager

Prepared by: Deanna Andrews, Finance Manager

Subject: Audited Comprehensive Annual Financial Report (CAFR) and Single Audit (SA) for the Fiscal Year ended June 30, 2014

ISSUE STATEMENT:

Accept and file the City's Comprehensive Annual Financial Report (CAFR) and Single Audit (SA) for the fiscal year ended June 30, 2014.

DISCUSSION:

The City's auditor, Vavrinek, Trine, Day & Co., LLP (VTD), has completed its review of the annual Financial Statements for the fiscal year ended June 30, 2014 and has issued an unqualified audit opinion. As required by generally accepted accounting principles, the Financial Statements present information not only on the City of Napa, but also incorporate the following component units:

- Housing Authority of the City of Napa
- Parking Authority of the City of Napa
- City of Napa Public Facilities Financing Authority
- Napa Community Redevelopment Agency (NCRA) Successor Agency

In addition to review of the financial statements, the auditors are required to report matters that could adversely affect the City's ability to record, process, summarize and report financial data. VTD has included their Findings and Questioned Costs as part of the Single Audit, which addresses current and previously identified issues. Information on the current status of any identified issues is also provided.

FINANCIAL IMPACTS:

There is no fiscal impact associated with this action.

CEQA:

The City Manager has determined that the recommended action described in this agenda report is not subject to CEQA, pursuant to CEQA guidelines Section 15060(c).

DOCUMENTS ATTACHED:

Attachment 1: Comprehensive Annual Financial Report of the City of Napa for the fiscal year ended June 30, 2014. (Visit www.cityofnapa.org, City Departments, Finance or contact the City Clerk's Office for a copy.)

Attachment 2: Single Audit for the fiscal year ended June 30, 2014. (Visit www.cityofnapa.org, City Departments, Finance or contact the City Clerk's Office for a copy.)

NOTIFICATION:

None.

RECOMMENDED ACTION:

Staff recommends that the Authority Board move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Accept and file the City of Napa Audited Comprehensive Annual Financial Report (CAFR) and Single Audit (SA) for the fiscal year ended June 30, 2014.

CITY OF NAPA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014



CITY OF NAPA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by:

Finance Department, City of Napa
December, 2014

**CITY OF NAPA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**CITY OF NAPA, CALIFORNIA
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SECTION 1

INTRODUCTORY SECTION



January 31, 2015

To the Honorable Mayor, Members of the City Council and Citizens of the City of Napa:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Napa for the fiscal year ended June 30, 2014. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Management is responsible for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Napa's financial statements have been audited by Vavrinek, Trine, Day & Co. (VTD), LLP, Certified Public Accountants, a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California. VTD has issued an unmodified opinion on the City of Napa's financial statements for the fiscal year ended June 30, 2014. The independent auditor's report is presented as the first component of the financial section of the audit.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Napa was founded in 1847 and incorporated in 1872. The City is located in the northern part of California, about 50 miles north of San Francisco and is the largest city in Napa County. California State Highway 29 runs through Napa, connecting it to Vallejo and the East Bay Area to the south and the Napa Wine Country to the north. California State Highway 12 runs to the south of the City, connecting it to Fairfield and Interstate 80 to the east and Sonoma and US-101 to the west. The Napa River traverses the City on its journey to the San Pablo Bay. The City of Napa currently occupies 18.1 square miles, 17.8 square miles of which is land and 0.3 square miles of which (1.69%) is water. The City serves a population of approximately 79,000 residents and receives property taxes levied on real and personal property located within its boundaries.

The City of Napa operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a City Council consisting of a Mayor and four Council members all elected at large. All four Council members are elected to four-year overlapping terms. The Mayor, who sits on the Council, is elected directly by the people and serves a term of four years. The City Council is responsible for, among other duties, passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Attorney and City Clerk. The City Manager serves as the administrative head of the City of Napa government and is responsible for carrying out the policies and ordinances of the City Council and all management functions of the City, including the budget, delivery of services, hiring all department directors and implementation of capital projects.

The City of Napa provides a wide range of municipal services including police and fire protection; recreational activities; community and economic development; street improvement and maintenance services; parks maintenance; water; materials diversion; general administrative and support services.

The biennial budget serves as the foundation of the City of Napa's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager by April 1. The City Manager uses these requests as the starting point for developing a proposed 2-year budget. The City Manager then presents the proposed budget to the City Council for review prior to June 30. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. Throughout each fiscal year (typically during its quarterly financial reports), the City Council reviews the budget and makes adjustments as needed.

The budget is prepared by fund and department. Department managers may make transfers of appropriations within a department, with the exception of personnel related budgets, which require City Manager approval. The level of budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is established at the department level. Expenditures above the appropriated amount require special approval by the City Council.

Local Economy

Over the past few years the City of Napa has realized a strong recovery in its major revenue sources; property, sales and transient occupancy taxes. The City's tourism industry has rebounded to pre-recession levels with Transient Occupancy Tax (TOT) increasing by approximately \$1.8 million or almost 13% between fiscal 2013 and fiscal 2014. There are over 2,400 lodging rooms in the City, with over 200 more approved or in the entitlement process.

Retail sales increased approximately \$0.9 million or 6.3% over fiscal 2013 with the latest sales tax report ending September, 2014, showing the highest revenue received in a single-quarter since 2007. Restaurants and food sales continue to lead all categories, followed by department stores, service stations, and slow but steady gains in building materials and auto sales.

Another sign of fiscal recovery is the rise in employment. The unemployment rate in the City of Napa dropped from 6.0% in July 2013 to 5.4% in July 2014.

In fiscal 2014, the total fund balances in the General Fund increased by \$5.0 million (25%) from \$19.7 million to \$24.7 million. Consistent with Council direction \$3.3 million will be transferred to the Capital Projects Reserve, and the remainder will be transferred to the General Fund Emergency Reserve to fund emergency response activities from the August 24, 2014 earthquake.

Long-Term Financial Planning

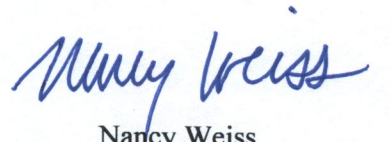
The City updates a Long Term Financial Plan (LTFP) on an annual basis to provide a forward look at the City's General Fund operating revenues and expenditures. Its purpose is to identify financial trends, shortfalls, opportunities and issues so the City can proactively address them. It does so by projecting the future fiscal results of continuing the City's current service levels and policies. The LTFP lays the foundation for the budget, aiding both the City Manager and City Council in establishing priorities and allocating resources appropriately.

Acknowledgements

The preparation of this report would not have been possible without the hard work and dedication of the entire Finance Department staff, as well as many other departments' personnel who made substantial contributions to the completion of this report. We would also like to express our appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the financial management of the City of Napa.



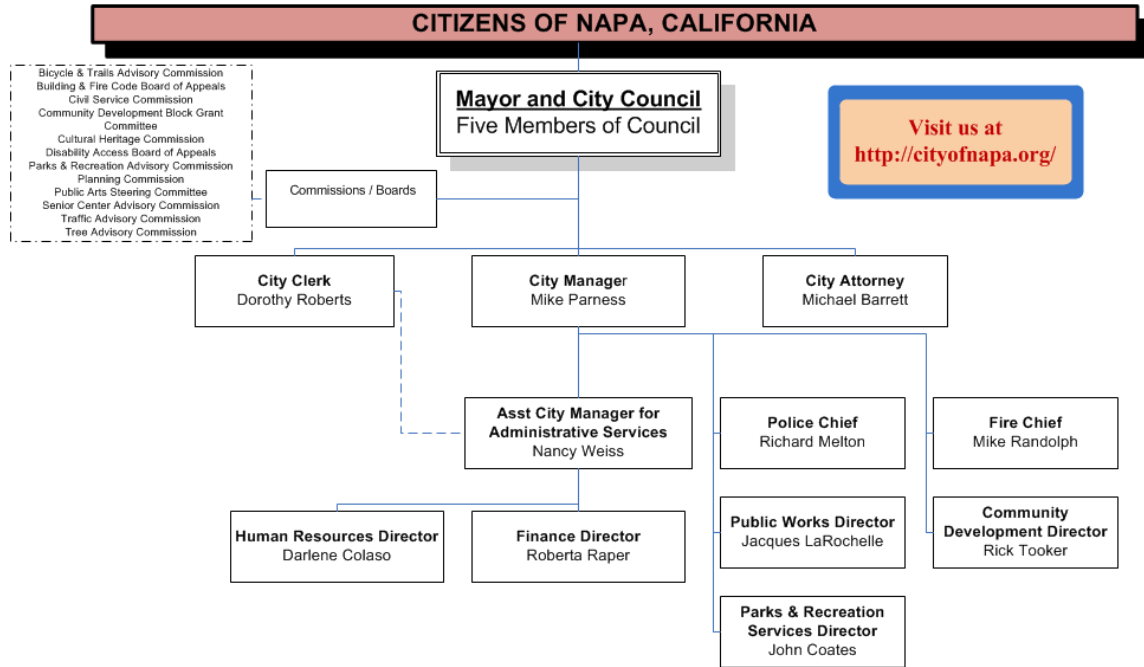
Mike Parness
City Manager



Nancy Weiss
Assistant City Manager,
Administrative Services

CITY OF NAPA

ORGANIZATIONAL CHART





CITY of NAPA

COMPREHENSIVE ANNUAL FINANCIAL REPORT June 30, 2014

Mission Statement

“Preserve and promote the unique quality of life that is Napa”

CITY COUNCIL

Jill Techel, Mayor
Juliana Inman, Vice-Mayor
Peter Mott, Council Member
Alfredo Pedroza, Council Member
Scott Sedgley, Council Member

CITY STAFF

Mike Parness, City Manager
Nancy Weiss, Assistant City Manager
Michael Barrett, City Attorney
Roberta Raper, Finance Director
Dorothy Roberts, City Clerk
Darlene Colaso, Human Resources Director
Rich Melton, Police Chief
Mike Randolph, Fire Chief
Rick Tooker, Community Development Director
Jacques LaRochelle, Public Works Director
John Coates, Parks and Recreation Services Director



SECTION 2

FINANCIAL SECTION



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of City of Napa
Napa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Napa, California (City), as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napa, California, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Development Fee Special Revenue Fund and the Home Program Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter***Prior Period Adjustments***

As described in Note 19 to the financial statements, the City restated the July 1, 2013 beginning net position of the governmental activities, business-type activities, the Water Utility enterprise fund and the Successor Agency Trust Funds fiduciary fund, to correct errors in accounting and financial reporting related to a service concession arrangement, a long term purchase commitment, and bond issuance costs. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California
January 31, 2015

CITY OF NAPA

**MANAGEMENT'S DISCUSSION AND
ANALYSIS (MD&A)
UNAUDITED**

INTRODUCTION

This narrative is presented to provide readers of this *Comprehensive Annual Financial Report* with an overview and analysis of the financial activities of the City of Napa for the fiscal year ended June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report is presented in the following sections:

- 1) This introductory commentary, *Management's Discussion and Analysis*
- 2) Financial Statements, including:
 - a. Government-wide financial statements
 - b. Fund financial statements
 - c. Notes to the Financial Statements
- 3) Supplemental Information
 - a. Non-major governmental funds
 - b. Internal service funds
 - c. Agency funds

The Financial Statements

The *Financial Statements* are comprised of the *Government-wide Financial Statements* and the *Fund Financial Statements*. These two sets of financial statements provide two different perspectives of the City's financial activities and financial position.

The ***Government-wide Financial Statements*** provide a long-term view of the City's activities as a whole. *The Statement of Net Position* provides information about financial position, including capital assets and long-term liabilities on the full accrual basis, similar to that used by commercial enterprises. *The Statement of Activities* provides information about the City's revenues and expenses, also on the full accrual basis, with the emphasis on measuring the net revenues or expenses of City programs. Information is presented both in total and separately for governmental activities, which are generally tax and grant supported and business-type activities which are typically supported by user fees.

The ***Fund Financial Statements*** report the City's operations in more detail than the government-wide statements. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*:

- *Governmental funds* account for most of the City's basic services and focus primarily on short-term activities by measuring current revenues and expenditures and excluding capital assets and long-term obligations. The City maintains several individual governmental funds organized according to their type (special revenue and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Development Fees Fund, Home Program, and City Capital Projects, which

are considered to be major funds. Data from the remaining non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 81.

- *Proprietary funds* are generally used to account for services for which the City charges customers – either outside customers, or internal departments or programs of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:
 - *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water utility, materials diversion (solid waste & recycling) and housing activities. All of the proprietary funds are major funds.
 - *Internal service funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for fleet services, central stores inventory, information technology equipment maintenance and replacement, post-employment benefits for current and past employees, and insurance programs on a cost-reimbursement basis. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statement. Individual fund data for the internal service funds is provided in the form of combining statements beginning on page 98.
- *Fiduciary funds* are used to report assets held in a trust or agency capacity for others. The City currently has two fiduciary funds; the Payroll fund to hold employee payroll deductions withheld and monies collected from retirees for their share of health insurance premiums, held in an agency capacity, and the Private Purpose Trust Fund used to account for resources held for the benefit of winding down the activities of the former Redevelopment Agency. These fiduciary funds cannot be used to support the City's programs and therefore is not reflected in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

The City provides services to the citizens of Napa by leveraging property, sales, and other taxes with user fees and federal, state, and local grants to finance its operations. The City's sales and transient occupancy tax revenues increased in fiscal 2014 as tourism activity continued to strengthen.

The governmental activities total assets increased by \$14.1 million (to \$470.5 million), while business-type activities total assets decreased by \$29.4 million (to \$177.0 million). The increase in the government activities funds was due to increased cash and investment from a strengthening economy, and the transfer of all of the public domain (infrastructure) capital assets (e.g. landscape, storm, street, and traffic systems) from the Successor Agency to the City of Napa pursuant to the Long Range Property Management Plan approval from State of California Department of Finance on March 20, 2014. The reduction of assets for business type activities was related to the adjustment of the City's participation in the State Water Project – North Bay Aqueduct (NBA) from a capital lease to an operating expense.

Overall, the City reduced liabilities in fiscal 2014 by \$43.7 million (from \$117.5 million to \$73.8 million). Governmental activities realized a decrease of \$4.5 million, with the most notable impact resulting from the recognition of \$3.7 million in deposits to provide replacement parking from a recent flood event. Business-type activities saw a decrease of \$39.2 million, reducing both long term liabilities (most notably the adjustment related to the State Water Project NBA). Additionally, the City paid off of the 2004 Solid Waste bonds in business-type activities in fiscal 2014.

Overall, the City's net position increased by \$22.6 million, with \$18.6 million of the increase in governmental activities net position, and the remaining \$4.0 million in business-type activities net position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The total net position of the City as of June 30, 2013 and 2014 are summarized in Table 1 below and are followed by a discussion of the balances by category.

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014
Assets:						
Cash and investments	\$ 73,546,446	\$ 80,106,053	\$ 36,911,409	\$ 36,483,713	\$ 110,457,855	\$ 116,589,766
Receivables and other assets	26,334,298	24,546,117	19,843,456	18,256,323	46,177,754	42,802,440
Capital assets	356,504,583	365,825,882	155,407,292	122,232,012	511,911,875	488,057,894
Assets	456,385,327	470,478,052	212,162,157	176,972,048	668,547,484	647,450,100
Liabilities:						
Long-term liabilities	7,647,079	6,442,053	86,062,459	49,199,458	93,709,538	55,641,511
Other liabilities	13,652,599	10,327,957	10,146,875	7,787,048	23,799,474	18,115,005
Liabilities	21,299,678	16,770,010	96,209,334	56,986,506	117,509,012	73,756,516
Deferred Inflows of Resources						
Unavailable revenue	673,209	673,196	-	-	673,209	673,196
Deferred Inflows	673,209	673,196	-	-	673,209	673,196
Net position:						
Net investment in capital assets	355,732,943	365,825,882	69,679,509	72,262,131	425,412,452	438,088,013
Restricted	38,204,949	37,699,419	799,393	534,084	39,004,342	38,233,503
Unrestricted	40,474,548	49,509,545	45,473,921	47,189,327	85,948,469	96,698,872
Total net position	\$ 434,412,440	\$ 453,034,846	\$ 115,952,823	\$ 119,985,542	\$ 550,365,263	\$ 573,020,388

Cash and investments - The City's cash and investment portfolio increased by \$6.1 million to \$116.6 million during the year due to increased cash and investments in Governmental activities from strong sales and transient occupancy tax receipts. The slight reduction in Business type activities cash is a net impact of increased cash from strong water sales and solid waste collection receipts, offset by the reduction of restricted cash used to the pay off of the 2004 Solid Waste Revenue Bonds in June, 2014. The cash balance comprises \$71.6 million held in investments; of which \$35.1 million is held for governmental programs or designated for other budgetary commitments and \$36.5 million held for enterprise operations. Additionally, funds held in the Local Agency Investment Fund (LAIF) totaled \$46.2 million and the cash in banks or on hand totaled \$5.8 million.

Receivables and other assets - The City's receivables and other assets decreased by \$3.4 million to \$42.8 million. Governmental Activities comprised \$1.8 million of the decrease as a significant amount of unearned revenue from development projects was received in fiscal 2014. The decrease in Business-type Activities of \$1.6 million is related to reduced Accounts receivables in the Water Fund (\$1.0 million), Solid Waste Enterprise Fund (\$0.3 million), and a reduction in Housing loans receivable (\$0.3 million) due to loan payoffs received in fiscal 2014.

Capital assets - The City's capital assets decreased by \$18.1 million during the year to \$488.1 million. The decrease is primarily due to the adjustment of the NBA Capital Lease to an operating expense, which removed \$28 million from business-type activities capital assets, offset by the completion of a number of large construction projects (e.g. Saratoga Road Extension; Streetlight Upgrade / LED Conversion, Downtown Streetscape, and 4th Street Boat Dock projects).

Long-term liabilities - The long-term liabilities of \$55.6 million includes the City's revenue bonds issued for water, as well as other various smaller notes and leases. The adjustment of the NBA Capital Lease to an operating expense removed \$28 million from business type activities liabilities. Additionally, the 2004 Solid Waste Revenue Bonds were paid off in June 2014, which further reduced the business-type activities debt by approximately \$3 million. Finally, we continue the reduction of long-term debt in both governmental activities and business-type activities through the absence of new debt issues in the current year and timely payment on outstanding issues.

Other Liabilities - The City's other liabilities decreased by \$5.7 million to total \$18.1 million. \$3.7 million of this impact resulted from a recognition of the reimbursement provided by the Napa County Flood Control District for parking spaces lost from a prior flood event. The City's business-type activities other liabilities accounted for \$2.3 million of the decrease, due to a decrease in accounts payable and accrued liabilities in the Water and Solid Waste Enterprise funds.

Net position - The City's total net position increased by \$22.7 million during the fiscal year to \$573.0 million. The Governmental Activities net position balance of \$453.0 million includes \$365.8 million of net investment in capital assets, \$37.7 million restricted funds available for capital projects and other programs, and a remaining balance of \$49.5 million available for future needs. The City's Business-type Activities reported a net position balance of \$120 million, which includes \$72.3 million of net investment in capital assets, \$0.5 million in restricted housing programs, and \$47.2 million available for future needs including capital projects.

Government-wide Activities

The changes in the City's government-wide net position as of June 30, 2014 result from its activities during the fiscal year. The City's government-wide activities for the current and prior fiscal years are summarized in Table 2 below.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014
Revenues:						
Program revenues:						
Charges for services	\$ 17,655,225	\$ 23,791,121	\$ 52,335,003	\$ 53,742,909	\$ 69,990,228	\$ 77,534,030
Operating grants and contributions	2,448,356	2,329,284	11,500,562	10,542,922	13,948,918	12,872,206
Capital grants and contributions	2,115,560	12,765,052	462,020	728,950	2,577,580	13,494,002
General revenues:						
Property, sales, and other taxes	55,535,501	59,609,220			55,535,501	59,609,220
Other	92,761	530,723	10,858	364,248	103,619	894,971
Total revenues	77,847,403	99,025,401	64,308,443	65,379,029	142,155,846	164,404,430
Expenses:						
Governmental activities:						
General government	19,452,461	10,614,404			19,452,461	10,614,404
Public safety	34,946,035	36,763,956			34,946,035	36,763,956
Public works	22,913,692	27,222,869			22,913,692	27,222,869
Park and recreation	6,764,517	7,269,371			6,764,517	7,269,371
Community Development	3,417,781	6,246,380			3,417,781	6,246,380
Business-type activities:						
Water			21,172,960	23,800,760	21,172,960	23,800,760
Garbage			21,276,560	21,077,686	21,276,560	21,077,686
Golf course			1,459,452		1,459,452	
Housing			13,291,161	12,168,969	13,291,161	12,168,969
Total expenses	87,494,486	88,116,980	57,200,133	57,047,415	144,694,619	145,164,395
Excess before extraordinary items and transfers	(9,647,083)	10,908,421	7,108,310	8,331,614	(2,538,773)	19,240,035
Extraordinary Items	3,995,367	3,415,090	746,553		4,741,920	3,415,090
Transfers	4,128,048	4,298,895	(4,128,048)	(4,298,895)		
Changes in net position	(1,523,668)	18,622,406	3,726,815	4,032,719	2,203,147	22,655,125
Net Position - Beginning as restated (Note 19)	435,936,108	\$ 434,412,440	112,226,008	115,952,823	548,162,116	550,365,263
Net Position - Ending	\$ 434,412,440	\$ 453,034,846	\$ 115,952,823	\$ 119,985,542	\$ 550,365,263	\$ 573,020,388

The City's net position increased by \$22.7 million during the year, as measured on the accrual basis of accounting. Overall, revenues increased 15.6% (\$22.2 million). Charges for Services increased \$7.5 million, with \$6.1 of the increase coming in the Governmental activities as evidence of an improving economy in the Napa Valley. \$1.4 million of the increase was in Business-type activities with the significant factor being increased water sales due to the ongoing drought. Operating grants and contributions decreased by \$1.0 million overall, while Capital grants and contributions increased significantly from \$2.6 to \$13.5 million. In addition to the \$3.7 million parking reimbursement already discussed, \$2.2 million was received from local developers and agencies for specific capital projects, and a \$1.4 million grant was received to upgrade the City's streetlights to LED. In General revenues,

increased property tax (\$1.4 million) sales tax (\$0.9 million) and transient occupancy tax (\$1.8 million) combined for the increase of \$4.1 million overall.

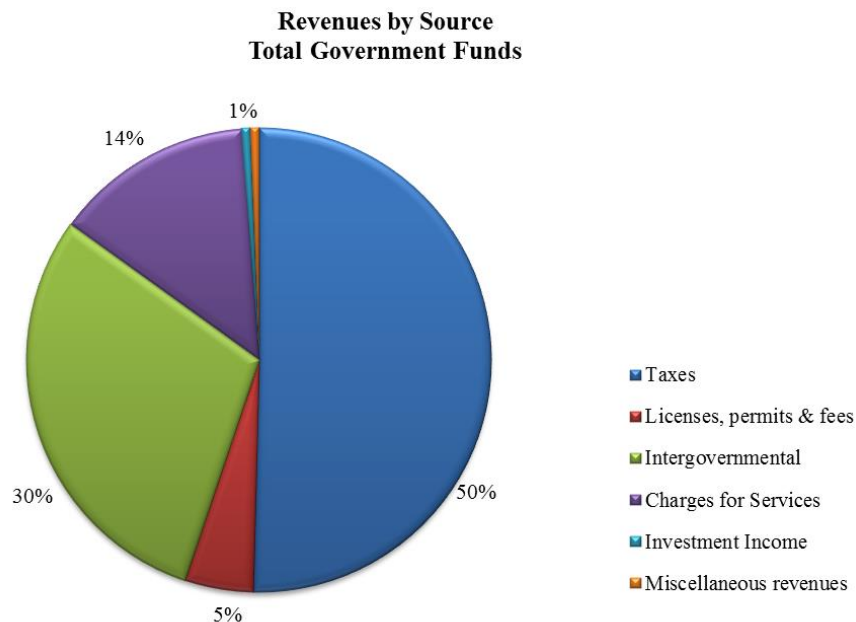
City expenses increased by \$0.5 million overall, however Governmental activities expenses increased from the prior fiscal year by \$0.6 million (less than 1 percent) due to inflation. The adjustment between governmental activities was not a change in expenses as much as a reassigning of the Special Revenue funded programs (e.g. CDBG, HOME program, Assessment Districts, Development Impact Fees, etc.) in the appropriate department (Public Works, Parks and Recreation, and Community Development) to more accurately reflect the oversight responsibility. The business-type activities expenses decreased by \$0.2 million to \$57.0 million. This is the net impact of increased expenses in Water offset by the elimination of the Golf course Enterprise fund on May 15, 2013 upon the execution of the Service Concession Arrangement. The net position of the City increased \$22.6 million, \$18.6 million in Governmental activities and \$ net position amounted to an increase of \$4.0 million. Please note the adjustment of the beginning net position of the Governmental Activities - Golf (\$673,196) and Business-type activities – Water (\$5,781,151). See Note 19 for further discussion of these adjustments.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to the accrual-basis government-wide statements described above, the City also maintains financial records at the fund level for budgetary control. Individual funds are generally established to track the resources and operating results for the general fund and specific, restricted programs. The results for governmental funds below differ from the results reported above in the government-wide statements since the focus here is on current, available resources. The following are financial highlights from the City's most significant funds:

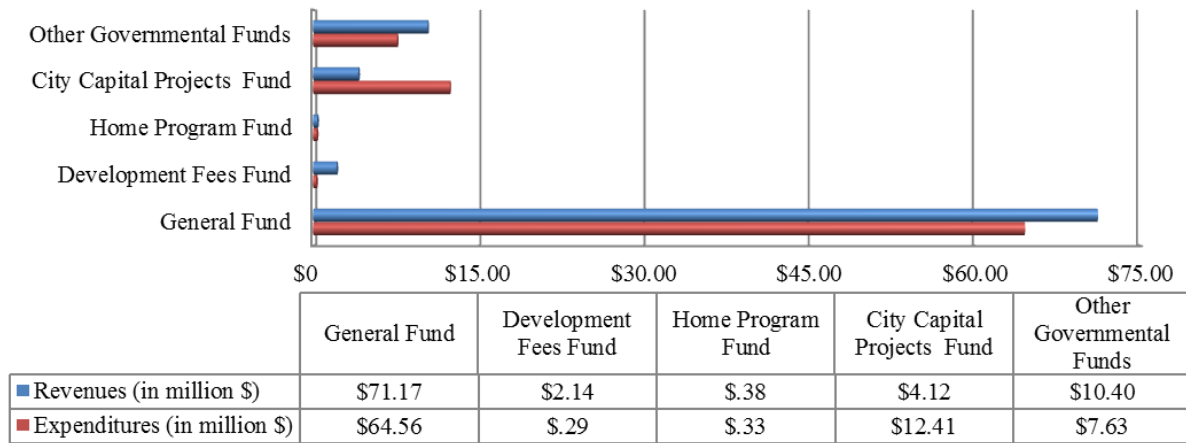
Governmental Funds

General Fund - The City's General Fund had budgeted revenues of \$69.8 million, and realized \$71.2 million (102% of budget), an increase of \$4.8 million (approximately 7%) from the previous year. This increase is attributed to continued recovery from the national recession, as additional revenues were received, most notably in property tax, sales tax and transient occupancy tax categories.



General Fund expenditures were budgeted at \$68.2 million (excluding transfers) and realized at \$64.6 million (95% of budget). Fiscal 2014 expenditures increased over the prior year by \$3.1 million (approximately 5 percent). General Government had a small increase of 2.2% due to inflation. Public safety increased by 5% due to fewer officer vacancies when compared to fiscal 2013, while the remaining departmental increases; Public Works by 8%, Parks and Recreation by 7%, and Community Development by 6%, reflect a significant effort in fiscal 2014 to conduct studies (e.g. parking master plan, etc.) that had been delayed due to the recession.

**Total Revenues & Expenditures
Government Funds
(in millions)**



Development Fees Fund - The sources of revenue for this fund are the various development impact fees collected from developers which are used for the installation or expansion of related infrastructure and affordable housing. Fiscal 2014 revenues were \$2.1 million, approximately 15% over the budget. Due to the unpredictable nature of development fees, fiscal 2014 revenues reflected a decrease of \$0.3 million from the prior year due to reduced new development activity over the prior year. This does not reflect a decrease in development activity, but rather the timing of the projects, as many projects started in fiscal 2013 are still in the pipeline. Development Fees fund expenditures, budgeted at \$0.4 million, came in behind projections at \$0.3 million. The delayed expenditures will occur in a future fiscal year as the various projects move through to completion. The internal transfer out to capital projects was also under budget, (\$8.3 million budget, \$3.1 million actual) due to delayed expenditures of ongoing capital improvement projects.

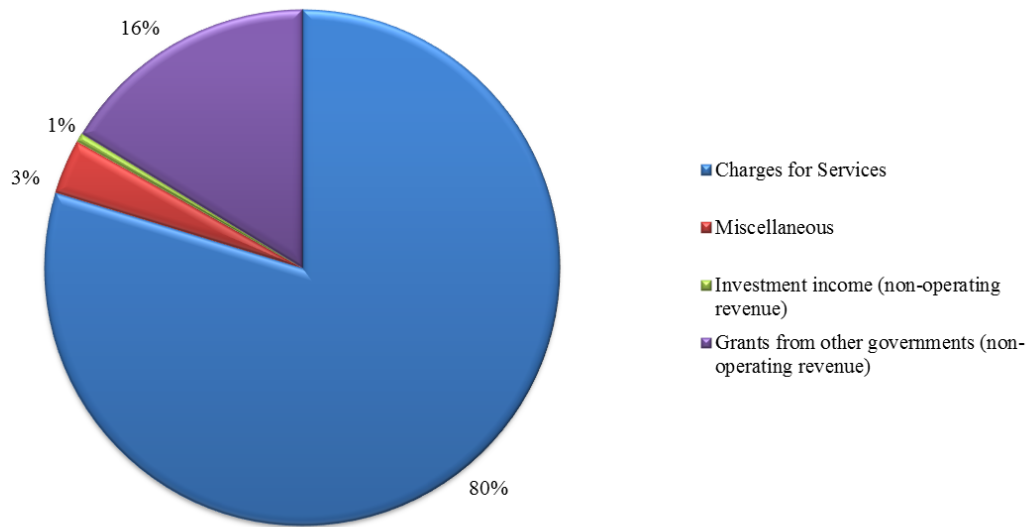
HOME Fund – This fund accounts for Federal grants received under the HOME Investment Partnership Program that is administered by the State of California and program income received from the repayment of previous loans. These funds are used to provide down payment assistance to low-income first-time homebuyers.

City Capital Projects Fund - The City's capital program saw a decline in expenditures of nearly 15% due to the cyclical construction activity of capital projects. In total, \$12.4 million in capital outlay was expended during the current year. In addition to the revenues received (capital grants), transfers of \$8.5 million from the various special revenue funds and general fund provided funding for the capital activity. All resources in this fund are restricted or committed for specific capital improvement programs.

Enterprise Funds

Water Utility Fund – This fund is a fully self-supported enterprise providing water service to the City and adjacent areas. Charges for water and connection fees have consistently been set appropriately to cover both operating and planned maintenance, replacement and expansion costs. The fund issued bonds in 2007 to expand the Jamieson Canyon Treatment Facility. Construction began in 2008, and was completed in fiscal 2011. Net position (unrestricted) includes reserves for capital replacement and water supply (\$0.4 million each) as well as an emergency reserve for the water utility (\$1.0 million). Unrestricted net position of the fund increased by \$3 million over fiscal 2013 due to increased water sales resulting from the drought.

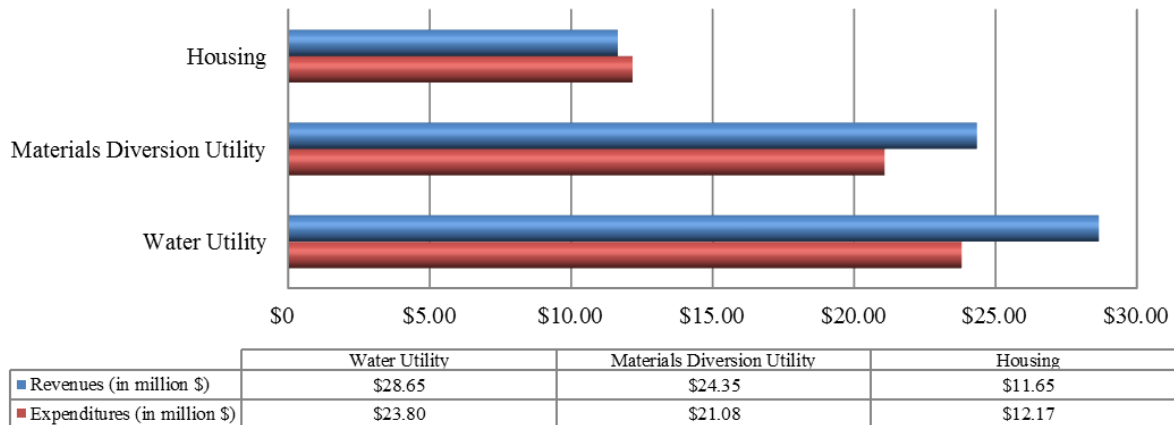
**Revenues by Source
Enterprise Funds**



Materials Diversion Fund - The materials diversion fund is also a fully self-supported enterprise which provides for local solid waste operations and operation of the materials diversion facility. Of the fund's \$20.9 million in operating expenses, \$2.5 million was for tipping fees. Net position (unrestricted) includes reserves for rate stabilization (\$1.2 million) and capital maintenance and replacement of \$2.5 million. Total net position of this fund increased \$1.0 million over fiscal 2013 due to revenues outpacing expenses.

Housing (Enterprise) Fund – The Housing Authority administers Federal funds including Section 8 Housing Vouchers, Mainstream Vouchers, and Continuum of Care funds within Napa. The Housing fund saw a decrease in ending net position of \$0.6 million due to the decision by HUD to have Housing Authorities spend down available program reserves.

**Total Revenue & Expenses
Enterprise Funds
(in millions)**



CAPITAL ASSETS

As of June 30, 2014, the City had invested \$488 million in capital assets, net of accumulated depreciation; a decrease of 3.6% from the prior year. The \$9.0 million increase in governmental activities capital assets is the net result of an increase due to the Successor Agency transfer of all of its public domain (infrastructure) capital assets, (which included landscape, storm drain, street improvements and traffic systems) to the City of Napa pursuant to the Long Range Property Management Plan approval received from the California Department of Finance on March 20, 2014. Additionally, construction in progress increased in fiscal 2014, from ongoing improvements of the City's infrastructure. Business-type activities realized a shift from construction in progress to building and improvements resulting from the accounting close-out of the of the Jamieson Canyon Water Treatment Plan project. A \$28 million reduction in capital assets for transmission is related to the adjustment of the NBA capital lease to operating expenses. The remaining net impact is the result of continuing work on over 50 construction projects; offset by \$19.2 million in depreciation of the City's other capital assets. A summary of the City's capital assets net of depreciation at June 30, 2013 and 2014 is presented in Table 3. Additional information on Capital Assets can be found in Note 7.

Table 3
Capital Assets, net of accumulated depreciation

	Governmental Activities		Business-type Activities		Total	
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014
Capital assets not subject to depreciation:						
Land	\$ 21,488,821	\$ 25,121,713	\$ 5,283,681	\$ 5,283,681	\$ 26,772,502	\$ 30,405,394
Construction in progress	104,477,422	116,890,669	47,710,336	8,411,384	152,187,758	125,302,053
Other capital assets:						
Building and improvements	9,999,519	10,514,837	18,750,459	60,618,861	28,749,978	71,133,699
Equipment	462,934	519,863	2,387,602	2,308,157	2,850,536	2,828,019
Vehicles and rentals	7,463,232	6,878,145			7,463,232	6,878,145
Infrastructure:						
Transmission and distribution systems			75,494,063	45,609,929	75,494,063	45,609,929
Bridges	18,310,575	17,936,353			18,310,575	17,936,353
Roads	177,812,188	170,374,174			177,812,188	170,374,174
Curb/gutter/sidewalks	5,362,265	6,967,339			5,362,265	6,967,339
Traffic signals	3,397,325	3,290,786			3,397,325	3,290,786
Stormwater	3,855,828	3,738,855			3,855,828	3,738,855
Park improvements	2,498,400	2,282,485			2,498,400	2,282,485
Underground utilities	55,291	53,672			55,291	53,672
Street Lights	1,198,383	1,165,191			1,198,383	1,165,191
Water Rights	122,400	91,800			122,400	91,800
Total Capital Assets, net	<u>\$ 356,504,583</u>	<u>\$ 365,825,882</u>	<u>\$ 149,626,141</u>	<u>\$ 122,232,012</u>	<u>\$ 506,130,724</u>	<u>\$ 488,057,894</u>

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions and improvements. At June 30, 2014, the City's long-term debt outstanding was \$50.5 million. Although the City did not issue any new debt in fiscal 2014, the Solid waste revenue bonds were paid off in June 2014, reducing the City's overall long term debt by over 5% and the adjustment to the NBA capital lease further decreased the City's capital lease obligations by over \$34 million.

The following table provides a schedule of the City's long-term debt obligations at June 30, 2013 and 2014.

Table 4
Long Term Debt

	Governmental Activities		Business-type Activities		Total	
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014
Water revenue bonds			\$ 45,089,683	\$ 44,460,957	\$ 45,089,683	\$ 44,460,957
Solid Waste revenue bonds			3,552,784		3,552,784	
Notes payable			5,760,699	6,043,008	5,760,699	6,043,008
Capital lease obligations	\$ 98,442	\$ 44,112	34,305,003		34,403,445	44,112
Total Long Term Debt	\$ 98,442	\$ 44,112	\$ 88,708,169	\$ 50,503,965	\$ 88,806,611	\$ 50,548,077

Additional information on Long Term Debt can be found in Note 8.

ECONOMIC OUTLOOK

The City of Napa was founded in 1847. For the past 30 to 40 years, the City of Napa has been in transition. The City that was once known for its tanneries, prune processing and State hospital is now more known for its hospitality, fine food, and luxury hotels. While yesterday's jobs came largely in heavy industrial pursuits at Kaiser Steel, Basalt Rock, Napa Pipe and Mare Island Shipyard, today's workforce is mostly white collar and the economy is increasingly based on tourism. The City of Napa has a population of 79,068 and accounts for 54 percent of the population and jobs within Napa County. The median household income within the City of Napa is \$70,443 (U.S. Census Bureau). During fiscal 2014, the City experienced continued growth in all of its top three revenue sources: property tax, sales tax, and transient occupancy taxes.

Although Napa's top three revenue sources (property tax, sales tax, transient occupancy tax) have fully recovered from the economic downturn, we must continue to be cautious as both national and global markets continue to be erratic. In fiscal 2014, the City of Napa embarked upon a "strategic recovery" of services and will continue to explore alternatives for cost and operational efficiencies. Numerous cost saving measures have been implemented including employee concessions to help offset the impact of continued increases in healthcare and retirement costs for the City's workforce. Additionally, the City will be undergoing a risk based analysis on reserve levels in fiscal 2015 to ensure any future economic downturns will have limited impact to City services. The economic outlook for the City of Napa is positive and will be closely monitored to ensure that the City retains its position of fiscal stability.

CONTACTING THE CITY

These *Basic Financial Statements* are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department at 955 School Street, Napa, California. The mailing address is Post Office Box 660, Napa, California, 94559-0660.



BASIC FINANCIAL STATEMENTS

CITY OF NAPA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$ 80,106,053	\$ 35,753,588	\$ 115,859,641
Restricted cash and investments (Note 3)		730,125	730,125
Receivables			
Accounts	7,418,759	7,583,425	15,002,184
Federal, state and other governments	3,175,127	432,496	3,607,623
Interest receivable	114,309	56,384	170,693
Service Concession Arrangement	673,196		673,196
Loans receivable (Note 5)	12,606,117	10,057,338	22,663,455
Other receivable	6,640		6,640
Land held for redevelopment (Note 6)	125,691		125,691
Prepaid items	152,407	126,680	279,087
Inventory	273,871		273,871
Capital assets (Note 7)			
Nondepreciable	142,012,382	13,695,064	155,707,446
Depreciable, net	223,813,500	108,536,948	332,350,448
Total Assets	470,478,052	176,972,048	647,450,100
LIABILITIES			
Accounts payable and accrued liabilities	5,576,167	5,117,882	10,694,049
Interest payable		383,098	383,098
Deposits payable			
Due within one year	1,241,874	462,073	1,703,947
Due in more than one year		77,743	77,743
Unearned revenue	379,241	12,744	391,985
Net OPEB obligation, due in more than one year (Note 12)	1,245,029		1,245,029
Compensated absences (Note 1)			
Due within one year	23,094	118,626	141,720
Due in more than one year	2,519,693	310,375	2,830,068
Claims payable (Note 13)			
Due within one year	1,818,440		1,818,440
Due in more than one year	3,922,360		3,922,360
Long-term debt (Note 8)			
Due within one year	44,112	1,692,625	1,736,737
Due in more than one year		48,811,340	48,811,340
Total Liabilities	16,770,010	56,986,506	73,756,516
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue - Service Concession Arrangement	673,196		673,196
Total Deferred Inflow of Resources	673,196		673,196
NET POSITION (Note 10)			
Net investment in capital assets	365,825,882	72,262,131	438,088,013
Restricted for:			
Capital projects	32,403,335		32,403,335
Housing grant programs	5,296,084	534,084	5,830,168
Unrestricted	49,509,545	47,189,327	96,698,872
Total Net Position	\$ 453,034,846	\$ 119,985,542	\$ 573,020,388

See accompanying notes to financial statements

CITY OF NAPA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 10,614,404	\$ 10,156,375	\$ 743,501		\$ 285,472		\$ 285,472
Public safety	36,763,956	4,487,000	1,042,839		(31,234,117)		(31,234,117)
Public works	27,222,869	4,558,205	158,306	\$ 8,221,562	(14,284,796)		(14,284,796)
Parks and recreation	7,269,371	1,659,125	384,638		(5,225,608)		(5,225,608)
Community development	6,246,380	2,930,416		4,543,490	1,227,527		1,227,527
Total Governmental Activities	88,116,980	23,791,121	2,329,284	12,765,052	(49,231,522)		(49,231,522)
Business-type Activities:							
Water Utility	23,800,760	28,510,172		728,950		\$ 5,438,362	5,438,362
Materials Diversion	21,077,686	24,117,179	53,752			3,093,245	3,093,245
Housing	12,168,969	1,115,558	10,489,170			(564,241)	(564,241)
Total Business-type Activities	57,047,415	53,742,909	10,542,922	728,950		7,967,366	7,967,366
Total	\$ 145,164,395	\$ 77,534,030	\$ 12,872,206	\$ 13,494,002	(49,231,522)	7,967,366	(41,264,156)
General revenues:							
Taxes							
Property					26,785,079		26,785,079
Franchises					1,871,173		1,871,173
Sales taxes					15,150,039		15,150,039
Transient occupancy					15,802,929		15,802,929
Investment earnings					530,723	364,248	894,971
Extraordinary items (Note 17)							
Funding for Public Projects Funding Agreement transferred to City by Successor Agency					(1,220,333)		(1,220,333)
Assets / Liabilities transferred to City by Successor Agency					4,635,423		4,635,423
Transfers					4,298,895	(4,298,895)	
Total general revenues, extraordinary items, and transfers					67,853,928	(3,934,647)	63,919,281
Change in Net Position					18,622,406	4,032,719	22,655,125
Net Position-Beginning, as restated (Note 19)					434,412,440	115,952,823	550,365,263
Net Position-Ending					\$ 453,034,846	\$ 119,985,542	\$ 573,020,388

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

In the Fund Financial Statements only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City for fiscal 2014. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. The general fund is always a major fund.

DEVELOPMENT FEES SPECIAL REVENUE FUND

The Development Fees Special Revenue Fund accounts for development fees levied by the City on new construction. State Law and City ordinance restricts these revenues for use in construction, major maintenance, and debt service for park, street, drainage, and public safety facilities.

HOME PROGRAM

The City has been awarded grants under the State of California Federal Home Investment Partnership Program (HOME) for administration of the following activities: ownership rehabilitation, rental rehabilitation augmenting the Community Development Block Grant Rehabilitation Program, a silent second down payment assistance program; and a rental assistance program.

CITY CAPITAL PROJECTS FUND

The City Capital Projects Fund accounts for the City's current construction projects, including streets, park and recreation facilities, and other major City projects. The primary sources of funds include City-levied development fees, the state gas tax, and federal and state grants.

CITY OF NAPA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Development Fees	Home Program	City Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 3)	\$ 20,996,809	\$ 18,229,538	\$ 185,346	\$ 10,899,300	\$ 17,987,229	\$ 68,298,222
Receivables, net:						
Accounts	7,164,828	6,720		34,887	187,537	7,393,972
Federal, state and other governments	332,026			2,013,355	81,922	2,427,303
Interest receivable	38,606	30,324	309		26,726	95,965
Other receivable					6,640	6,640
Loans receivable (Note 5)	1,300,000		6,904,145		4,401,972	12,606,117
Due from other funds (Note 4)	1,173,798					1,173,798
Prepaid items	51,899					51,899
Inventory	1,710					1,710
Advances from other funds (Note 4)		183,600		675,000		858,600
Land held for redevelopment					125,691	125,691
Total Assets	\$ 31,059,676	\$ 18,450,182	\$ 7,089,800	\$ 13,622,542	\$ 22,817,717	\$ 93,039,917
LIABILITIES						
Accounts payable and accrued liabilities	\$ 3,652,647		\$ 1,427	\$ 887,721	\$ 577,389	\$ 5,119,184
Vacation and sick leave accrual (Note 1)	3,580					3,580
Deposits payable	998,726	\$ 178,528			64,620	1,241,874
Unearned Revenue	378,241				1,000	379,241
Due to other funds (Note 4)					850,247	850,247
Advances to other funds (Note 4)					858,600	858,600
Total Liabilities	5,033,194	178,528	1,427	887,721	2,351,856	8,452,726
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes	38,328					38,328
Unavailable revenue - loans	1,300,000		6,904,145		4,408,612	12,612,757
Unavailable revenue - capital grants				103,878		103,878
Total Deferred Inflows of Resources	1,338,328		6,904,145	103,878	4,408,612	12,754,963
FUND BALANCES (Note 10)						
Nonspendable	53,599					53,599
Restricted	12,653	18,271,654	184,228	270,173	6,431,310	25,170,018
Committed	500,000			12,360,770	9,766,605	22,627,375
Assigned	15,417,743				1,580,553	16,998,296
Unassigned	8,704,159				(1,721,264)	6,982,895
Total Fund Balances	24,688,154	18,271,654	184,228	12,630,943	16,057,204	71,832,183
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 31,059,676	\$ 18,450,182	\$ 7,089,800	\$ 13,622,542	\$ 22,817,672	\$ 93,039,872

See accompanying notes to financial statements

CITY OF NAPA
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
to the
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2014

Fund balances, as reported on the Governmental Funds Balance Sheet		\$ 71,832,183
Amounts reported for Governmental Activities on the Statement of Net Position are different from those reported on the Governmental Funds Balance sheet because of the following:		
Capital assets:		
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		358,720,944
Non-current revenues:		
Revenues which are unavailable on the Governmental Fund Balance Sheets because they are not currently available are taken into revenue on the Statement of Activities.		
Tax Liens	\$ 38,328	
Charges for Services	12,612,756	
Golf Service Concession Agreement	673,196	
Grants & Contributions	<u>103,879</u>	
		13,428,159
Internal Service Fund net position:		
Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain centralized activities, such as insurance, stores, and vehicle maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included as Governmental Activities on the Statement of Net Position.		12,229,695
Long-term liabilities:		
The liabilities below are not due and payable in the current period and therefore are not reported on the Governmental Funds Balance Sheet:		
Compensated absences		(2,502,939)
Deferred Inflows of resources:		
Deferred Inflow - Golf Service Concession Arrangement		<u>(673,196)</u>
Net position of Governmental Activities, as reported on the Statement of Net Position		<u><u>\$453,034,846</u></u>

See accompanying notes to financial statements

CITY OF NAPA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General	Development Fees	Home Program	City Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 43,826,122				\$ 633,059	\$ 44,459,181
Licenses, permits and fees	4,197,520					4,197,520
Intergovernmental	16,846,264		\$ 93,361	\$ 2,296,764	7,031,477	26,267,866
Charges for services	5,650,643	\$ 1,958,352	288,569	1,757,152	2,583,596	12,238,312
Investment income	221,315	178,129	619		130,661	530,724
Miscellaneous revenues	430,053			61,173	22,835	514,061
Total Revenues	71,171,917	2,136,481	382,549	4,115,089	10,401,628	88,207,664
EXPENDITURES						
Current:						
General government						
City Council	278,864					278,864
City Clerk	623,055					623,055
City Manager	1,212,876					1,212,876
Finance	4,697,274					4,697,274
City Attorney	876,206					876,206
Human Resources	1,070,607					1,070,607
General Services	2,233,839					2,233,839
Public safety						
Police	22,249,076				661,987	22,911,063
Fire	13,755,414					13,755,414
Public works	7,020,200	9,093			223,062	7,252,355
Parks and recreation	6,934,564				334,805	7,269,369
Community Development	3,363,792	4,744	331,884		2,545,603	6,246,023
Capital outlay	247,740			12,410,068	3,811,033	16,468,841
Debt service:						
Principal		277,827			50,000	327,827
Interest and fiscal charges					4,500	4,500
Total Expenditures	64,563,506	291,664	331,884	12,410,068	7,630,990	85,228,112
Excess (Deficiency) of Revenues over (under) Expenditures	6,608,411	1,844,817	50,665	(8,294,979)	2,770,638	2,979,552
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 4)	4,432,404	45,944		8,458,866	4,431,408	17,368,622
Transfers out (Note 4)	(6,004,838)	(3,061,011)	(3,396)	(1,019,702)	(3,134,554)	(13,223,501)
Total Other Financing Sources (Uses)	(1,572,434)	(3,015,067)	(3,396)	7,439,164	1,296,854	4,145,121
EXTRAORDINARY ITEMS (Note 17)						
Assets / Liabilities transferred to City by by Successor Agency				1,220,333		1,220,333
Net Change in Fund Balances	5,035,977	(1,170,250)	47,269	364,518	4,067,492	8,345,006
Beginning Fund Balances	19,652,177	19,441,906	136,958	12,266,425	11,989,712	63,487,178
Ending Fund Balances	\$ 24,688,154	\$ 18,271,654	\$ 184,228	\$ 12,630,943	\$ 16,057,204	\$ 71,832,183

See accompanying notes to financial statements

CITY OF NAPA
Reconciliation of the
GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
to the
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances, as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 8,345,006
Amounts reported for Governmental Activities on the Statement of Activities are different from those reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because of the following:		
Capital asset transactions:		
Governmental Funds report capital outlays as expenditures. However, on the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.		
Capitalized expenditures are added back to net position	17,449,432	
Depreciation expense is deducted from net position (Depreciation expense is net of internal service fund depreciation of \$1,178,103 which has already been allocated to service funds)	(12,163,127)	
Transfer of Asset from the Successor Agency to the City	<u>4,635,423</u>	9,921,728
Accrual of non-current revenues:		
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change)"		
Unavailable revenue	(1,676,044)	
Vacation and sick leave payable	<u>(103,414)</u>	(1,779,458)
Internal service fund activities:		
Internal Service Funds are used by management to allocate the costs of certain centralized activities, such as self-insurance, central stores, and vehicle maintenance, to individual funds and programs. Because these funds serve mostly governmental activities, their net revenue (expense) is reported with governmental activities on the Statement of Activities.		
	<u>2,135,130</u>	
Change in Net Position of Governmental Activities, as reported on the Statement of Activities		<u><u>\$ 18,622,406</u></u>

See accompanying notes to financial statements

CITY OF NAPA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 19,652,177	
Revenues:				
Taxes	\$41,027,092	\$42,253,746	43,826,122	\$ 1,572,376
Licenses, permits and fees	3,986,000	4,041,000	4,197,520	156,520
Intergovernmental	15,376,017	17,257,585	16,846,264	(411,321)
Charges for services	4,985,324	5,664,665	5,650,643	(14,022)
Investment income	170,000	170,000	221,315	51,315
Miscellaneous revenues	1,000	402,258	430,053	27,795
Total Revenues	<u>65,545,433</u>	<u>69,789,254</u>	<u>71,171,917</u>	<u>1,382,663</u>
Expenditures:				
Current:				
General government				
City Council	322,773	322,773	278,864	43,909
City Clerk	753,236	755,256	623,055	132,201
City Manager	1,177,835	1,334,017	1,212,876	121,142
Finance	5,099,691	4,930,026	4,697,274	232,752
City Attorney	1,037,403	1,052,184	876,206	175,978
Human Resources	1,101,665	1,096,163	1,070,607	25,555
General Services	3,513,296	2,042,216	2,233,839	(191,623)
Public safety				
Police	22,221,644	23,195,385	22,249,076	946,309
Fire	13,223,264	13,553,369	13,755,414	(202,046)
Public works	7,490,254	7,776,159	7,020,200	755,960
Parks and recreation	7,006,911	7,347,696	6,934,564	413,132
Community Development	3,513,296	4,378,631	3,363,792	1,014,839
Capital outlay	87,100	390,434	247,740	142,694
Total Expenditures	<u>66,548,368</u>	<u>68,174,308</u>	<u>64,563,506</u>	<u>3,610,802</u>
Other Financing Sources (Uses):				
Transfers in	3,308,112	4,432,404	4,432,404	
Transfers (out)	(1,793,584)	(5,172,576)	(6,004,838)	(832,261)
Total Other Financing Sources (Uses)	<u>1,514,528</u>	<u>(740,172)</u>	<u>(1,572,434)</u>	<u>(832,261)</u>
Net Change in Fund Balances	<u>\$ 511,593</u>	<u>\$ 874,773</u>	<u>5,035,977</u>	<u>\$ 4,161,204</u>
Ending Fund Balance			<u>\$ 24,688,154</u>	

See accompanying notes to financial statements

CITY OF NAPA
 DEVELOPMENT FEES FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 19,441,906	
Revenues:				
Charges for services	\$ 232,803	\$ 1,621,868	1,958,352	\$ 336,484
Investment income	238,885	238,885	178,129	(60,756)
Total Revenues	471,688	1,860,753	2,136,481	275,728
Expenditures:				
Current:				
Public Works			9,093	(9,093)
Parks and recreation	30,000	30,000		30,000
Community Development	10,000	100,000	4,744	95,256
Debt service				
Principal		277,827	277,827	
Total Expenditures	40,000	407,827	291,664	116,163
Other Financing Sources (Uses):				
Transfers in			45,944	45,944
Transfers (out)	(1,875,439)	(8,267,640)	(3,061,011)	5,206,629
Total Other Financing Sources (Uses)	(1,875,439)	(8,267,640)	(3,015,067)	5,252,573
Net Change in Fund Balances	\$ (1,443,751)	\$ (6,814,714)	(1,170,250)	\$ 5,412,138
Ending Fund Balance			\$ 18,271,654	

See accompanying notes to financial statements

CITY OF NAPA
HOME PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 136,958	
Revenues:				
Intergovernmental	\$ 381,500	\$ 381,500	93,361	\$ (288,139)
Charges for services	35,000	35,000	288,569	253,569
Investment income	1,000	1,000	619	(381)
Total Revenues	417,500	417,500	382,549	(34,951)
Expenditures:				
Current:				
Community Development	414,104	414,254	331,884	82,370
Total Expenditures	414,104	414,254	331,884	82,370
Other Financing Sources (Uses):				
Transfers (out)	(3,396)	(3,396)	(3,396)	
Total Other Financing Sources (Uses)	(3,396)	(3,396)	(3,396)	
Net Change in Fund Balances	\$ (0)	\$ (150)	47,269	\$ (117,321)
Ending Fund Balance			\$ 184,228	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

Internal Service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. The Combining Statement for the Internal Service Funds can be found on page 98.

WATER UTILITY FUND

The Water Utility Fund supports the operation, maintenance and improvement of the municipal water system serving the City and adjacent areas. The City provides an uninterrupted supply of high-quality and low-cost water to the community for consumption and fire protection.

MATERIALS DIVERSION UTILITY FUND

The Materials Diversion Utility Fund is responsible for the collection, processing, public education and long-term planning related to solid waste materials generated in the City of Napa.

HOUSING FUND

The Housing Fund accounts for activities of the Housing Authority which provides and administers affordable housing programs and services to qualified residents. The Housing Authority administers Federal funds including Section 8 Housing Vouchers county-wide; Mainstream Vouchers county-wide; Continuum of Care Funds; the Local Housing Fund; the Operating Reserve Fund and the Management of Housing Authority owned properties.

CITY OF NAPA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Materials Diversion Utility	Housing	Totals	
ASSETS					
Current Assets:					
Cash and investments (Note 3)	\$ 19,268,365	\$ 10,830,477	\$ 5,654,746	\$ 35,753,588	\$ 11,807,831
Receivables, net:					
Accounts	4,710,898	2,847,215	25,312	7,583,425	24,787
Federal, state and other governments	345,958	31,469	55,069	432,496	747,824
Interest receivable	30,237	18,073	8,074	56,384	18,344
Prepaid items	126,680			126,680	100,508
Inventory (Note 1)					272,161
Total Current Assets	24,482,138	13,727,234	5,743,201	43,952,573	12,971,455
Noncurrent Assets:					
Restricted cash and investments (Note 3)	469,441	64,643	196,041	730,125	
Loans receivable (Note 5)	886,563		9,170,775	10,057,338	
Capital assets (Note 7)					
Nondepreciable	6,304,721	4,014,660	3,375,683	13,695,064	112,694
Depreciable, net	101,147,277	6,003,464	1,386,207	108,536,948	6,992,243
Total Noncurrent Assets	108,808,002	10,082,767	14,128,706	133,019,475	7,104,937
TOTAL ASSETS	133,290,140	23,810,001	19,871,907	176,972,048	20,076,392
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	2,868,688	1,967,511	281,683	5,117,882	456,937
Compensated absences (Note 1)	89,241	7,573	21,812	118,626	19,514
Claims payable (Note 13)					1,818,440
Accrued interest	381,928		1,170	383,098	
Deposits payable	220,713	220,864	20,496	462,073	
Unearned revenue			12,744	12,744	
Due to other funds (Note 4)					323,551
Long-term debt (Note 8)					
Revenue bonds	1,245,000			1,245,000	
Notes payable	372,009		75,616	447,625	
Capital lease obligations					44,112
Total Current Liabilities	5,177,579	2,195,948	413,521	7,787,048	2,662,554
Long-term Liabilities:					
Compensated absences (Note 1)	254,613	35,258	20,504	310,375	16,754
Deposits payable			77,743	77,743	
Claims payable (Note 13)					3,922,360
Net OPEB Obligation (Note 12)					1,245,029
Long-term debt net of current portion (Note 8)					
Revenue bonds, net of unamortized premiums	43,215,957			43,215,957	
Notes payable	4,132,121		1,463,262	5,595,383	
Total Long-term Liabilities	47,602,691	35,258	1,561,509	49,199,458	5,184,143
TOTAL LIABILITIES	52,780,270	2,231,206	1,975,030	56,986,506	7,846,697
NET POSITION (NOTE 10)					
Net investment in capital assets	58,956,352	10,082,767	3,223,012	72,262,131	7,104,937
Restricted	469,441	64,643		534,084	
Unrestricted	21,084,077	11,431,385	14,673,865	47,189,327	5,124,758
Total net position (deficit)	\$ 80,509,870	\$ 21,578,795	\$ 17,896,877	\$ 119,985,542	\$ 12,229,695

See accompanying notes to financial statements

CITY OF NAPA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Materials Diversion Utility	Housing	Totals	
OPERATING REVENUES					
Charges for services	\$ 26,544,959	\$ 23,871,604	\$ 1,115,558	\$ 51,532,121	\$ 10,063,183
Miscellaneous	1,965,213	245,575		2,210,788	
Total Operating Revenues	28,510,172	24,117,179	1,115,558	53,742,909	10,063,183
OPERATING EXPENSES					
Cost of goods sold					610,296
Housing assistance			10,261,938	10,261,938	
General administrative			671,300	671,300	
Employee services and benefits	5,970,154	723,533	1,109,442	7,803,129	1,100,968
Materials and services	10,924,335	19,654,567		30,578,902	2,383,527
Insurance premiums			2,111	2,111	2,948,865
Depreciation and Amortization	4,661,220	508,317	68,301	5,237,838	1,178,103
Total Operating Expenses	21,555,709	20,886,417	12,113,092	54,555,218	8,221,759
Operating Income (Loss)	6,954,463	3,230,762	(10,997,534)	(812,309)	1,841,424
NON-OPERATING REVENUES (EXPENSES)					
Investment income	143,208	176,195	44,845	364,248	72,503
Grants from other governments		53,752	10,489,170	10,542,922	
Interest expense and fiscal charges	(2,245,051)	(191,269)	(55,877)	(2,492,197)	
Total Nonoperating Revenues (Expenses)	(2,101,843)	38,678	10,478,138	8,414,973	72,503
Income (Loss) Before Capital Contributions, Sale of Capital Assets and Transfers	4,852,620	3,269,440	(519,396)	7,602,664	1,913,927
Connection fees and capital grants	728,950			728,950	
Gain from sales of capital assets					67,430
Transfers in (Note 4)					965,134
Transfers (out) (Note 4)	(1,901,515)	(2,284,255)	(113,125)	(4,298,895)	(811,361)
Change in Net Position	3,680,055	985,185	(632,521)	4,032,719	2,135,130
Beginning Net Position, as restated (Note 19)	76,829,815	20,593,610	18,529,398	115,952,823	10,094,565
Ending Net Position	\$ 80,509,870	\$ 21,578,795	\$ 17,896,877	\$ 119,985,542	\$ 12,229,695

See accompanying notes to financial statements

CITY OF NAPA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Materials Diversion Utility	Housing	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 29,407,186	\$ 24,415,159	\$ 1,056,866	\$ 54,879,211	\$ 10,070,793
Payments to suppliers	(11,802,160)	(20,450,416)	(10,761,688)	(43,014,264)	(2,996,700)
Loan collections			324,766	324,766	
Payments to or on behalf of employees	(5,946,764)	(721,553)	(1,109,438)	(7,777,755)	(4,218,721)
Net cash provided (used) by Operating Activities	11,658,262	3,243,190	(10,489,494)	4,411,958	2,855,372
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating grants received		53,752	10,447,167	10,500,919	
Interfund receipt (payment)	120,752			120,752	(312,023)
Transfers in					965,134
Transfers (out)	(1,901,515)	(2,284,255)	(113,125)	(4,298,895)	(811,361)
Net cash provided (used) by Noncapital Financing Activities	(1,780,763)	(2,230,503)	10,334,042	6,322,776	(158,250)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Connection fees and capital grants	728,950			728,950	
Acquisition of capital assets	(2,883,162)	(914,201)	(920,296)	(4,717,659)	(577,674)
Proceeds from sales of capital assets					67,430
Principal payments on capital debt	(1,464,918)	(3,552,784)	(41,668)	(5,059,370)	(54,330)
Interest paid on capital debt	(2,245,051)	(278,931)	(55,877)	(2,579,859)	
Net cash provided (used) by Capital and Related Financing Activities	(5,864,181)	(4,745,916)	(1,017,841)	(11,627,938)	(564,574)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	152,960	267,707	44,841	465,508	81,429
Net cash provided (used) by Investing Activities	152,960	267,707	44,841	465,508	81,429
Net Increase (Decrease) in cash and cash equivalents	4,166,278	(3,465,522)	(1,128,452)	(427,696)	2,213,977
Cash and cash equivalents at beginning of period	15,571,528	14,360,642	6,979,239	36,911,409	9,593,855
Cash and cash equivalents at end of period	\$ 19,737,806	\$ 10,895,120	\$ 5,850,787	\$ 36,483,713	\$ 11,807,832
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$6,954,463	\$3,230,762	(\$10,997,531)	(\$812,306)	\$1,841,424
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	4,164,857	508,317	68,301	4,741,475	1,178,103
Capital Outlay					
Change in assets and liabilities:					
Receivables, net	972,514	236,085	325,202	1,533,801	7,610
Prepaid items & inventory	(126,680)			(126,680)	192,323
Accounts payable and other accrued expenses	(254,782)	(795,849)	180,291	(870,340)	(416,000)
Claims payable					220,800
Deposits payable	(75,500)	63,145	(73,041)	(85,396)	
Unearned revenue		(1,250)	13,914	12,664	
Vacation and sick leave payable	23,390	1,980	(6,630)	18,740	(6,701)
Cash Flows from Operating Activities	\$ 11,658,262	\$ 3,243,190	\$ (10,489,494)	\$ 4,411,958	\$ 2,855,372

See accompanying notes to financial statements

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The Combining Statement for the Fiduciary Funds can be found on page 96.

AGENCY FUND**Payroll Fund**

To account for the collection and payment of all payroll deductions made from the City employees and for monies collected from retirees to reimburse the City for their share of their health insurance premiums.

Napa Valley Corporate Park Assessment District Fund

To account for the collections and disbursements of the Napa Valley Corporate Park Assessment District's special assessments and bond payments.

This fund was closed in FY 2013-14 and all remaining monies were returned to the property owners.

PRIVATE PURPOSE TRUST FUND**Successor Agency to the Napa Community Redevelopment Agency**

To account for the activities of the Successor Agency to the Napa Community Redevelopment Agency, established as a result of the dissolution of the Redevelopment Agency February 1, 2012.

CITY OF NAPA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Successor Agency Trust Funds	Agency Funds
ASSETS		
Cash and investments (Note 3)		\$ 14,613
Restricted cash and investments (Note 3)	\$ 6,961,005	
Accounts receivable	3,751	6,976
Interest receivable	6,043	
Loan receivable		4,061
Capital Assets (Note 16)		
Land	35,480	
Depreciable	82,638	
Less: Accumulated depreciation	(78,242)	
Total Assets	<u>7,010,675</u>	<u>\$ 25,650</u>
LIABILITIES		
Accounts payable	6,345	\$ 25,650
Accrued interest payable	218,460	
Long-term debt (Note 16)		
Due within one year	2,010,000	
Due in more than one year	11,565,000	
Notes payable - Due to water fund	735,063	
Total Liabilities	<u>14,534,868</u>	<u>\$ 25,650</u>
NET POSITION (DEFICIT)		
Held in Trust	<u>\$ (7,524,193)</u>	

See accompanying notes to financial statements

CITY OF NAPA
STATEMENT OF CHANGES IN FIDUCIARY FUNDS NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Successor Agency Trust Funds
<u></u>	
ADDITIONS:	
Intergovernmental revenue	\$ 3,569,153
Charges for services	42,500
Investment income (loss)	<u>(30,908)</u>
Total Additions	<u>3,580,745</u>
DEDUCTIONS:	
Community development	610,326
Depreciation	603
Debt service:	
Interest and fiscal charges	<u>658,571</u>
Total Deductions	<u>1,269,500</u>
EXCESS (DEFICIENCY) OF ADDITIONS OVER DEDUCTIONS	<u>2,311,245</u>
EXTRAORDINARY ITEMS (Note 17)	
Assets transferred to/liabilities assumed by Successor Agency	(5,855,756)
CHANGE IN NET POSITION	(3,544,511)
BEGINNING NET POSITION (DEFICIT), AS RESTATED (NOTE 19)	<u>(3,979,682)</u>
ENDING NET POSITION (DEFICIT)	<u><u>\$ (7,524,193)</u></u>

See accompanying notes to financial statements

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
--

A. Reporting Entity

The City of Napa, California (the City) was incorporated on March 23, 1872, under the laws of the State of California. The City's Charter was filed on October 27, 1914. The City operates under a council-manager form of government. As required by generally accepted accounting principles, these financial statements present the City of Napa and its component units. The following component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with that of the City.

The Housing Authority of the City of Napa (the Housing Authority) was established on May 8, 1942. On July 7, 1969, the City Council declared itself to be the Board of Commissioners of the Housing Authority in accordance with Section 34920 of the Health and Safety Code of the State of California.

The Parking Authority of the City of Napa (the Parking Authority) was established pursuant to the Streets and Highways Code of the State of California. The City Council established the Parking Authority on April 27, 1970 and designated itself as the governing body. The primary purpose of the Authority is to acquire, maintain and operate off-street parking facilities within the City. The Parking Authority reported no financial transactions during the year ended June 30, 2014.

The City of Napa Public Facilities Financing Authority (the Financing Authority) was established in April, 1985 as a tax exempt public benefit corporation with the power to purchase, lease, assign, encumber or otherwise dispose of any real or personal property. The primary purpose of the Financing Authority is to render financial assistance to the City by financing the purchase or construction of public facilities. The City Council is the governing body of the Financing Authority. The Financing Authority reported no financial transactions during the year ended June 30, 2014.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

B. Basis of Presentation

These *Financial Statements* are prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The City's financial position and results of operations are presented from two perspectives in the following two sets of financial statements:

Government-wide Statements include the *Statement of Net Position* and the *Statement of Activities*, and report the financial activities of the overall City using an economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each function of the City. Direct expenses are those that are specifically associated with a program or function. Certain indirect costs are included in program expenses reported for individual functions and activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) operating grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) capital fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

The City may pay for its programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

C. Major Funds

GASB Statement 34 defines major funds and requires that the City's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds, which have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund.

The **Development Fees Special Revenue Fund** accounts for development fees levied by the City on new construction. City ordinance restricts these revenues for use in construction, major maintenance, and debt service for park, street, drainage, and public safety facilities.

Home Program Fund - The City has been awarded grants under the State of California Federal Home Investment Partnership Program (HOME) for administration of the following activities: ownership rehabilitation, rental rehabilitation augmenting the Community Development Block Grant Rehabilitation Program, a silent second down payment assistance program; and a rental assistance program.

The **City Capital Projects Fund** accounts for the City's current construction projects, including streets, park and recreation facilities, and other major city projects. The primary sources of funds include city-levied development fees, the state gas tax, and federal and state grants.

The City reports all its enterprise funds as major funds in the accompanying financial statements:

The **Water Utility Fund** accounts for the operations and management of the City's water system.

The **Material Diversion Utility Fund** accounts for administration of the City's garbage franchise, including tipping fees, a rate stabilization fund, and other specialized services. The fund does not report the financial position or activities of the City's franchise operator.

The **Housing Fund** accounts for the operations of the Housing Authority.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

The City also reports the following fund types:

Internal Service Funds – These funds account for GASB 45 post-employment benefits expense and liabilities, workers’ compensation and general liability coverage, management information system maintenance and replacement, equipment maintenance and replacement, and central stores inventory; all of which are provided to other departments on a cost-reimbursement basis.

The City also reports the following fiduciary fund types:

Trust Fund – This fund accounts for assets held by the City in trust for The Successor Agency to the Napa Community Redevelopment Agency Private Purpose Trust Fund which accounts for the collections and disbursements of the Successor Agency to the Napa Community Redevelopment Agency’s approved payments (ROPS) and reimbursements.

Agency Funds – These funds account for assets held by the City as an agent of an assessment district in the City and the employees’ flexible spending account. These Funds are custodial in nature and do not involve measurement of the results of operations.

D. Basis of Accounting

Governmental Funds are used to report the majority of the City’s programs. These funds are reported in the *Fund Financial Statements* on the modified accrual basis of accounting, with a focus on current financial resources. This basis differs from the accrual basis of accounting used to report the government-wide financial statements and the business-type fund financial statements.

Revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The sixty day limit may be extended for certain revenues. Revenues susceptible to accrual include taxes, intergovernmental revenues, charges for services and interest revenue. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

In the *Fund Financial Statements*, unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

Proprietary Funds of the City are reported on the accrual basis of accounting in the Fund Financial Statements.

E. Cash and Investments

The City maintains a cash and investment pool, which includes unrestricted cash balances and authorized investments for all funds. Investments are carried at fair value. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participant's equity withdrawn is based on the book value of the participant's percentage participation at the date of such withdrawal. In the event that a certain fund overdraws its share of pooled cash, a short-term inter-fund loan transaction is recorded to offset the overdraft.

For purposes of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments.

Cash and investments restricted by various long-term debt bond covenants are reported as restricted assets in the debt service or enterprise funds.

F. Tax Revenue

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can increase the assessed property valuation by no more than 2% per year. Napa County levies property taxes limited to \$1 per \$100 of assessed valuation for county, cities, schools and special districts' operating expenditures. This property tax levy is distributed to the different governmental agencies under the State-mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies with historical tax delinquency rates less than 3%, including cities, receive from the County 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collection of taxes levied. This method was placed in effect by the City and Napa County in the 1993 – 1994 tax year and remains in effect until the County Board of Supervisors orders its discontinuance.

City property tax revenues are recognized when levied to the extent that the measurable and available criteria have been met. Property taxes become an enforceable lien on property as of March 1; taxes are levied on July 1; taxes are payable in two installments on November 1 and February 1; taxes become delinquent on December 10 and April 10. The County bills and collects the property taxes and remits them to the City.

G. Inventories

Inventory in the proprietary funds is stated at the lower of its weighted average cost or market value. Inventory in the Internal Service Funds consists of spare parts and supplies.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

H. Prepaid Expenses / Items

Payments made to vendors for services that will benefit period beyond June 30, are recorded as prepaid items, and in governmental fund financial statements are offset equally by nonspendable fund balance, which indicates that they are not in spendable form.

I. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported on the government-wide *Statement of Net Position*. Capital assets used in enterprise and internal service funds are also reported on those *Fund Financial Statements*. Since the governmental funds report only current, available resources on their *Fund Financial Statements*, capital outlay in those funds is reported as expenditure and not as an asset on the balance sheet.

Capital assets are recorded at cost. Donated assets are recorded at their estimated fair value at the date of donation. Fixed assets acquired under capital leases are recorded at the net present value of the future minimum lease payments.

Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested debt funds, if any, over the same period.

Depreciation on recorded capital assets is expensed on the straight line method over the following estimated useful lives:

Asset Classification	Years
Buildings and improvements	15 – 60
Vehicles and equipment	3 – 7
Roads	20 – 40
Bridges	75
Curbs/gutters/sidewalks	30 – 50
Traffic signals	40
Park improvements	20 – 30
Transmission and distribution systems	20 – 60
Street lights	30 - 40
Underground utilities	30 - 40
Stormwater	30 - 40

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

J. Compensated Absences

City employees may accumulate earned but unused vacation (up to a certain amount) and sick pay benefits. In the proprietary funds, vacation and vested sick leave pay is accrued when incurred and reported as a fund liability. In the governmental funds, leave pay for terminated employees is reported as expenditure and a current fund liability. The full value of non-current accrued leave liabilities, for all funds, is reported on the government-wide Statement of Net Position.

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 2,462,150	\$ 410,261	\$ 2,872,411
Additions	120,226	30,209.00	150,435
Payments	(39,589)	(11,469)	(51,058)
Ending balance	<u>\$ 2,542,787</u>	<u>\$ 429,001</u>	<u>\$ 2,971,788</u>
Current portion	<u>\$ 23,094</u>	<u>\$ 118,626</u>	<u>\$ 141,720</u>

K. Use of Estimates

The accompanying basic financial statements have been prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will, when applicable, report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will, when applicable, report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

M. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. Future new standards which may impact the City include the following:

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 68 – In June 2012 GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is not effective until the fiscal year ending June 30, 2015. The City has not determined the effect of this Statement.

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve accounting and financial reporting by State and local governments for government combinations and disposals of government operations. The Statement provides authoritative guidance on a variety of government combinations including mergers, acquisitions, and transfers of operations. This Statement is not effective until the fiscal year ending June 30, 2015. The City has not determined the effect of this Statement.

GASB Statement No. 71 – In November 2013, GASB issued Statement No 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement should be applied simultaneously with the provisions of Statement no. 69. The City has not determined the effect of this Statement.

NOTE 2 – BUDGETARY INFORMATION

The City biennially adopts an annual budget. Debt service fund budgets are adopted when the authorization of the debt issuance is authorized. All annual appropriations lapse at fiscal year-end, unless special approval is granted by the Finance Director and City Manager for carry over to the subsequent year.

Budgets are also adopted and controlled for the proprietary funds. Budget comparisons for these funds are not legally mandated and thus are not presented in these financial statements.

At approximately February of every other year, all City departments submit requests for appropriations to the City Manager so that a budget may be prepared. In May, the proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget is prepared and adopted on or before June 30.

The budget is prepared at the fund, function and department levels. The City's department heads may make transfers of appropriations within a department. The City Manager is authorized to make transfers between the departments. All other adjustments or changes require City Council approval. The legal level of budgetary control is the department level. Budget amounts shown in these financial statements include all supplemental appropriations made during the year. Supplemental appropriations during the year ended June 30, 2014, were not significant relative to the budget as a whole.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 2 – BUDGETARY INFORMATION (Continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because they will be re-appropriated and honored during the subsequent year.

NOTE 3 – CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested in an effort to enhance interest earnings while minimizing exposure to risk. The pooled interest earned is allocated to the funds based on cash and investment balances in these funds at the end of each monthly accounting period.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method in all funds and component units.

City portfolio value fluctuates in an inverse relationship to any change in interest rates. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen. In accordance with GASB Statement No. 31, the portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. The City's practice is to buy and hold investments until their maturity dates.

A. Deposits

The California Government Code requires California banks and savings and loans to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Cash and investments - Governmental and Business-type activities	\$ 115,859,641
Restricted cash and investments	<u>730,125</u>
Total City cash and investments	116,589,766
Cash and investments available for operations in	
Fiduciary Funds	14,613
Restricted cash and investments in	
Fiduciary Funds	<u>6,961,005</u>
Total cash and investments	<u><u>\$ 123,565,384</u></u>

B. Investments Authorized by the California Government Code and Investment Policy

The table below identifies the investment types authorized under the provisions of the City's investment policy, and in accordance with the California Government Code. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
Repurchase Agreements	30 Days	N/A	20%	20%
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$50,000,000	N/A
U.S. Treasury Bonds, Notes and Bills	5 Years	N/A	None	None
U.S. Government Agency and U.S. Government-Sponsored Enterprise Obligations	5 Years	N/A	None	None
State of California / Local Agency Revenue Bonds	5 Years	N/A	5%	N/A
Other U.S. States Treasury Notes and Revenue Bonds	5 Years	N/A	5%	N/A
Bankers' Acceptances	180 Days	A-1, P-1	30%	Lesser of \$2,000,000 or 5%
Commercial Paper	270 Days	A	25%	5%
Negotiable Certificates of Deposit	2 Years	A	30%	\$1,000,000
Time Certificates of Deposit – Banks or Savings and Loans	2 Years	N/A	None	\$500,000
Medium-Term Corporate Notes	5 Years	A	30%	5%
Money Market Mutual Funds	N/A	AAA	20%	10%
California Asset Management Program	N/A	N/A	less than 10% of CAMP Pool	N/A

C. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 3 – CASH AND INVESTMENTS (Continued)

The table below identifies the investment types that are authorized for investments held by bond trustee and the City.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
United States Government Agency Obligations	5 years	N/A
Federal Securities	5 years	N/A
Bankers' Acceptances	30 days to 1 year	A-1
Commercial Paper	270 days	A-1+
Repurchase Agreements	None to 30 days	A-1
Local Agency Investment Fund	n/a	Not rated
Money Market Funds	n/a	AAA-m
Investment Agreements	None	None to AA
Prefunded Municipal Obligations	None	None to AAA

D. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments as of June 30, 2014, by maturity:

Type of Investments	Less Than One Year	One to Three Years	Three to Five Years	Total
Local Agency Investment Fund	\$ 46,179,006			\$ 46,179,006
Certificate of Deposit		\$ 3,500,755		3,500,755
U.S. Treasury Notes		9,504,461	\$ 7,138,199	16,642,660
Corporate Notes	1,444,388	10,288,008	5,000,421	16,732,818
Money Market Funds (U.S. Securities)	300,623			300,623
Federal Agency Securities	1,076,604	25,927,545	7,437,226	34,441,374
Total Investments	\$ 49,000,622	\$ 49,220,768	\$ 19,575,846	117,797,236
<i>Cash in banks and on hand</i>				<u>5,768,148</u>
Total Cash and Investments				<u>\$ 123,565,384</u>

E. Disclosures Relating to Credit Risk

Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as June 30, 2014, for each investment type.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment Type	AAA/AAAm	AA+/AA/AA-	A+/A-/A1/A1+	Total
Certificates of Deposit		\$ 1,000,330	\$ 2,500,425	\$ 3,500,755
U.S. Securities	\$ 16,642,660			16,642,660
Corporate Notes	499,269	9,257,763	6,975,786	16,732,818
Money Market Funds	300,623			300,623
Federal Agency Securities	33,967,990	473,384		34,441,374
Total	<u>\$ 51,410,542</u>	<u>\$ 10,731,477</u>	<u>\$ 9,476,212</u>	<u>71,618,230</u>
<i>Not Rated:</i>				
Local Agency Investment Fund				46,179,006
Cash in banks and on hand				<u>5,768,148</u>
Total Cash and Investments				<u>\$ 123,565,384</u>

F. Investments in Local Agency Investment Funds

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2014, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes - are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

I. Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U. S. Treasury securities, mutual funds, and external investment fund that represent 5% or more of total entity investments are as follows at June 30, 2014:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	Federal Agency Securities	\$ 18,004,085
Federal Home Loan Mortgage Corporation	Federal Agency Securities	7,432,620
Federal Home Loan Bank	Federal Agency Securities	8,067,513

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 4 – INTERFUND TRANSACTIONS
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A. Transfers

Transfers report the contribution of resources from one fund to another. The following is a summary of transfers for the year ended June 30, 2014:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Water Utility Fund	\$ 1,703,515 [A]
	Materials Diversion Utility Fund	470,498 [A]
	Housing Fund	113,125 [A]
	Non-Major Governmental Funds	310,488 [A]
	Development Fees Fund	319 [A]
	Internal Service Funds	811,361 [A]
	Home Program	3,396 [A]
	City Capital Projects Fund	1,019,702 [A]
Development Fees Fund	General Fund	45,944 [A]
City Capital Projects Fund	General Fund	4,023,140 [C]
	Development Fees Fund	3,060,691 [C]
	Non-Major Governmental Funds	1,289,035 [C]
	Water Utility Fund	86,000 [C]
Non-major Governmental Funds	General Fund	1,065,754 [B]
	Non-Major Governmental Funds	1,485,031 [B]
	Materials Diversion Utility Fund	1,780,623 [C]
	Water Utility Fund	100,000 [C]
Internal Service Funds	General Fund	870,000 [B]
	Materials Diversion Utility Fund	33,134 [B]
	Non-Major Governmental Funds	50,000 [B]
	Water Utility Fund	12,000 [B]
Total Interfund Transfers		<u>\$ 18,333,756</u>

[A] To Fund Citywide Overhead

[B] To Fund Operations

[C] To Fund Capital Projects

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 4 – INTERFUND TRANSACTIONS (Continued)
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B. Interfund Balances

Interfund balances are loans between funds to provide either short-term cash flow or funding for longer-term projects. The following is a summary of interfund balances as of June 30, 2014:

Lending Fund:	Borrowing Fund:	Amount
Due to/from other funds:		
General Fund	Central Stores Fund	\$ 323,551
General Fund	Golf Course Fund	850,247
		\$ 1,173,798
Advances to/from other funds:		
Development Fees Fund	Golf Course Fund	183,600 [A]
City Capital Projects Fund	Golf Course Fund	675,000 [B]
		\$ 858,600

[A] Quadrant Development Fee advance used to fund Golf Course water irrigation surcharge

[B] To fund capital improvements at the City's golf course

C. Internal Balances

Internal balances are presented only in the Government-wide statements. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 5 – LOANS RECEIVABLE

The City has extended long-term loans to support affordable housing and economic development. All loans are secured by real estate. Since some of these loans are secured by trust deeds which are subordinated to other debt on the associated projects or are only repayable from residual cash receipts on the projects, collectability of some of the outstanding balances may be not be realized. As a result, a portion of the outstanding balances of the loans has been offset by a valuation allowance. These long-term loans receivable consisted of the following at June 30, 2014:

	Term (Years)	Rate %	Outstanding Balance at June 30, 2014
General Fund			
Napa Valley Opera House	15	4%	\$ 1,300,000
Home Program:			
First time homebuyers down payment assistance	20-30	3%	6,118,334
The Reserve at Napa	30	3%	874,000
Whistlestop	30	3%	939,632
CDBG Housing Rehabilitation Program	20	2-10%	2,236,499
20% Low- and Moderate Income Housing:			
Mayacamas Village Associates	30	4%	485,767
Parkwood Project	40	0%	77,934
Silverado Creek Apartments	45	3.5%	3,082,983
Pecan Court Project	40	4%	735,067
Schoolhouse Project	40	0%	591,166
First time homebuyers down payment assistance	20-30	3%	608,200
Jefferson Street Senior Housing (NVCH)	40-41/60	0-3.5%	300,000
Napa Garden Court	55	4%	1,540,000
Rohlffs Concordia Manor	55	1%	754,076
Rohlffs Manor III	55	3%	250,000
Local Housing Fund:			
- Pioneer Village	various	7%	96,000
- Charter Oaks	25	3.5%	51,091
RDA Supplemental - Bain, Thomas	0	0%	125,100
Housing and Inclusionary Fund :			
- Magnolia Park	55	3.5%	300,000
- Jefferson Street Housing (NVCH) - City	60	0%	514,431
- Napa Garden Court Associates	5	3%	230,000
- County of Napa	55	0%	500,000
Cal Home Grant	5	3%	1,100,884
Laurel Manor			
Whistle Stop Town homes	35	3.5%	44,000
Magnolia Park	55	3.5%	221,125
Water Loan			
Sucessor Agency to the Redevelopment Agency	9	Applicable	735,063
Private Purpose Trust Fund		LAIF rate	
American Canyon	7	4%	150,000
Totals, before interest and valuation allowance			23,961,352
Accured Interest			2,704,648
Valuation allowance			(4,002,545)
Net			<u>\$ 22,663,455</u>

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 6 – LAND HELD FOR REDEVELOPMENT

As of June 30, 2014, the balance of land being held for future development amounted to \$125,691. The City has not entered into any development agreement as of June 30, 2014.

NOTE 7 – CAPITAL ASSETS

A. Additions and Retirements

Governmental activities capital assets activity for the year ended June 30, 2014, was as follows:

	<u>Balance at</u> <u>June 30, 2013**</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers from</u> <u>Successor</u> <u>Agency</u>	<u>Transfers</u>	<u>Adjustments</u>	<u>Balance at</u> <u>June 30, 2014</u>
Governmental Activities							
Capital assets not being depreciated:							
Land	\$ 21,488,821	\$ 126,119		\$ 3,506,773			\$ 25,121,713
Construction in progress	104,477,422	13,065,429			\$ (652,182)		116,890,669
Total capital assets not being depreciated	125,966,243	13,191,548		3,506,773	(652,182)		142,012,382
Capital assets being depreciated:							
Building and improvements	23,711,785			7,249,491	92,856		31,054,132
Equipment	6,921,941	112,995	(30,885)				7,004,051
Vehicles and rentals	16,223,785	596,469	(655,627)				16,164,627
Bridges	28,066,680						28,066,680
Roads	404,393,875	2,927,120					407,320,995
Curb/gutter/sidewalks	6,321,467	1,217,770			559,326		8,098,563
Traffic Signals	4,261,512						4,261,512
Stormwater	4,480,236						4,480,236
Park Improvements	4,508,858						4,508,858
Underground Utilities	64,761						64,761
Street Lights	1,407,671						1,407,671
Water Rights	306,000						306,000
Total capital assets being depreciated	500,668,571	4,854,353	(686,512)	7,249,491	652,182		512,738,086
Less accumulated depreciation for:							
Building and improvements	(13,712,266)	(706,188)		(6,120,841)			(20,539,295)
Equipment	(6,459,007)	(56,065)	30,885				(6,484,187)
Vehicles and rentals	(8,760,550)	(1,162,763)	636,831				(9,286,482)
Bridges	(9,756,105)	(374,222)					(10,130,327)
Roads	(226,581,690)	(10,365,130)					(236,946,820)
Curb/gutter/sidewalks	(959,202)	(172,022)					(1,131,224)
Traffic Signals	(864,187)	(106,539)					(970,726)
Stormwater	(624,408)	(112,841)				(4,132)	(741,381)
Park Improvements	(2,010,458)	(215,915)					(2,226,373)
Underground Utilities	(9,470)	(1,619)					(11,089)
Street Lights	(209,288)	(35,192)				2,000	(242,480)
Water Rights	(183,600)	(30,600)					(214,200)
Total accumulated depreciation	(270,130,231)	(13,339,097)	667,716	(6,120,841)		(2,132)	(288,924,585)
Net capital assets being depreciated	230,538,340	(8,484,743)	(18,796)	1,128,650	652,182	(2,132)	223,813,501
Governmental activities capital assets, net	\$ 356,504,583	\$ 4,706,805	\$ (18,796)	\$ 4,635,423	\$ -	\$ (2,132)	\$ 365,825,882

** Beginning balance as restated (Note 19)

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 7 – CAPITAL ASSETS (Continued)

Business-type activities capital assets activity for the year ended June 30, 2014, was as follows:

	Balance 6/30/2013**	Transfers	Additions	Retirements	Balance at 6/30/2014
<i>Business-type Activities</i>					
Capital assets not being depreciated:					
Land and improvements	\$ 5,283,681				\$ 5,283,681
Construction in progress	47,710,336	\$ (44,782,385)	\$ 5,483,432		8,411,383
Total capital assets not being depreciated	52,994,017	(44,782,385)	5,483,432		13,695,064
Capital assets being depreciated:					
Building and improvements	38,944,057	44,782,385	86,096		83,812,538
Equipment	4,839,462		116,035	\$ (32,250)	4,923,247
Transmission and distribution	91,800,738				91,800,738
Total capital assets being depreciated	135,584,257	44,782,385	202,131	(32,250)	180,536,523
Less accumulated depreciation for:					
Building and improvements	(20,193,595)		(3,000,080)		(23,193,675)
Equipment	(2,451,863)		(195,476)	32,250	(2,615,089)
Transmission and distribution	(44,334,164)		(1,856,645)		(46,190,809)
Total accumulated depreciation	(66,979,622)		(5,052,202)	32,250	(71,999,574)
Net capital assets being depreciated	68,604,635	44,782,385	(4,850,071)		108,536,949
Business-type activities capital assets, net	\$ 121,598,652	\$	\$ 633,362	\$	\$ 122,232,014

** Beginning balance as restated (Note 19)

B. Depreciation Allocation

Depreciation expense is charged to functions and programs on the government-wide *Statement of Activities* based on their usage of the related assets. The amounts allocated to each function or program is as follows:

Governmental activities		Business-type activities	
General government	\$ 11,805,392	Water utility	\$ 4,707,800
Public safety	218,706	Materials Diversion	276,101
Public works	15,233	Housing	68,301
Parks and recreation	121,662		
Internal service funds	1,178,103		
Total	\$ 13,339,097	Total	\$ 5,052,202

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 8 – LONG-TERM DEBT

A. Current Year Transactions and Balances

The following table summarizes the changes in the City's long-term debt and other non-current liabilities during the year ended June 30, 2014:

	Original Issue Amount	Balance 6/30/2013**	Additions	Retirements	Balance 6/30/2014	Current Portion
Governmental Activity Debt:						
Fleet Capital Fund Capital Lease, 3.5%, 2/1/15	\$ 328,846	\$ 98,442		\$ (54,330)	\$ 44,112	\$ 44,112
Total Governmental Activities Debt		<u>\$ 98,442</u>		<u>\$ (54,330)</u>	<u>\$ 44,112</u>	<u>\$ 44,112</u>
Business-type Activity Debt:						
Revenue Bonds						
2004 Solid Waste Revenue Bonds, 1.59-5.63%, due 8/1/2019	\$ 7,035,000	\$ 3,785,000		\$ (3,785,000)		
Less unamortized discount		(232,216)		232,216		
2007 Water Revenue Bonds 4-5%, due 5/1/2035	47,350,000	44,065,000		(1,185,000)	\$ 42,880,000	\$ 1,245,000
Plus Unamortized Premium on Bond		1,656,240		(75,283)	1,580,957	
Total revenue bonds		<u>49,274,024</u>		<u>(4,813,067)</u>	<u>44,460,957</u>	<u>1,245,000</u>
Water Fund Note Payable - Alston Park Tank 2.6%, due 4/1/2023	3,080,000	1,688,079		(158,824)	1,529,255	162,980
Seminary Street, 5.5%, due 7/31/2027	1,244,000	894,942		(44,202)	850,740	46,731
Umpqua Bank Notes Payable - Solar Panel 4.37%, due 7/01/2025	1,400,000	999,631		(64,408)	935,223	67,294
State of CA-Dept of Water Resources Notes Payable Imola Avenue reservoir tank 2.4%, due 9/30/2026	2,976,131	2,178,047		(138,394)	2,039,653	141,735
CDBG Laurel Manor Rehab Loan, 2.04% due 1/01/2034	700,000		\$ 700,000	(11,863)	688,136	28,885
Total Business-type Activity Debt		<u>\$ 55,034,723</u>	<u>\$ 700,000</u>	<u>\$ (5,230,757)</u>	<u>\$ 50,503,965</u>	<u>\$ 1,692,625</u>

** Beginning balance as restated (Note 19)

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 8 – LONG-TERM DEBT (Continued)
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B. Fleet Capital Lease

The City entered into a lease agreement in fiscal year 2009-10 for an asphalt paver. The lease agreement qualifies as capital leases for accounting purposes, and, therefore has been recorded at the present value of future minimum monthly lease payments as of the inception date. The leased asset has a capitalized cost of \$241,150 and accumulated depreciation of \$66,740.

C. Water Fund Obligations

In April 2007, the City issued **Series 2007 Water Revenue Bonds** for the principal amount of \$47,350,000. The proceeds of the sale of the bond were used to provide funding to finance improvements to the City's water system. In addition the bond proceeds will go toward funding a reserve account for the bonds as well as paying the costs of issuance. Bonds bear interest payable bi-annually on May 1 and November 1 of each year commencing on November 1, 2007 until maturity in May 2035. Debt service is secured by a pledge of net revenues of the City's Water System.

The pledge of future Water System Revenues ends upon repayment of the \$43.2 million in remaining debt service which is scheduled to occur in 2035. For fiscal year 2014, Water Fund Operating Revenues amounted to \$28.5 million and operating expenses (including operating expenses, but not depreciation and amortization) amounted to \$16.9 million. Net Revenues available for debt service amounted to \$11.6 million which represented coverage of 3.05 over the \$3.8 million in debt service.

The City received a **State Loan** of \$3.08 million at an interest rate of 2.6%, to be repaid in semi-annual payments over 20 years. The note proceeds were applied towards building and installing a 4 million gallon tank and a pump station. The construction of the tank was completed in May 2002 and loan repayments began in April 2003.

Umpqua Bank Notes Payable – In August 2005, the Water Enterprise Fund borrowed \$1,400,000 from Umpqua bank for purchase and installation of a solar energy system for the City. The note carries an interest rate of 4.37% and payable semi annually through July 1, 2025.

State of California-Department of Water Resources Notes Payable – In May 2005, the State California- Department of Water Resources agreed to partially finance the construction of the water reservoir tank at Imola Avenue. Under the agreement, the City borrowed \$2,976,131 for the project in April 2006. The interest rate is 2.4% and installments are payable semi annually through September 2026.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 8 – LONG-TERM DEBT (Continued)

D. Solid Waste Revenue Bonds

In January, 2004, the City issued its 2004 Solid Waste Revenue Bonds, Series 2004, in the original principal amount of \$7,035,000. The proceeds of the sale of the bonds were used to finance the City's acquisition of the remaining ownership interest in a material recovery facility and other improvements that are a part of City's solid waste, collection and recycling system. The amount was also be used to fund a reserve account for the Bonds and pay certain costs incurred in connection with issuing the Bonds. Bonds were issued with a par of \$7,035,000 and carried interest rates from 1.59% to 5.63% through maturity in 2019. Debt service is secured with a pledge of franchise operator revenues.

The Solid Waste Revenue Bond, Series 2004 was called on June 30, 2014, and all the outstanding principal and interest was paid at that time.

E. Housing Authority Note Payable

Seminary Street – In September 1998, the City of Napa Housing Authority borrowed \$714,000 from a local bank to finance the acquisition of a commercial office building to house the Authority and another tenant. During the year ended June 30, 2003, additional bank credit was extended to finance major renovations to the building for a net increase of \$530,000. The loan was converted to permanent financing with a monthly amortization schedule through 2027.

Laurel Manor Rehabilitation Loan – In November 2012, the City of Napa Housing Authority borrowed \$700,000, payable over 20 years, from the City of Napa to help finance \$2.7 million in improvements to the Laurel Manor senior housing complex.

F. Debt Service Requirements

The City's annual debt service requirements through maturity are as follows:

Fiscal year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 44,112	\$ 316	\$ 1,692,625	\$ 2,242,942
2016			1,756,315	2,179,451
2017			1,836,098	2,099,918
2018			1,916,025	2,016,990
2019			2,001,539	1,930,227
2020-2023			8,801,756	6,830,737
2024-2027			9,336,098	5,290,596
2028-2031			9,780,308	3,586,556
2032-2035			11,802,248	1,500,192
Total	<u>\$ 44,112</u>	<u>\$ 316</u>	48,923,012	<u>\$ 27,677,609</u>
Net of unamortized premiums			<u>1,580,957</u>	
Net long-term debt			<u>\$ 50,503,969</u>	

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 9 – DEBT WITH NO CITY COMMITMENT

A. Mortgage Revenue Bonds

The Housing Authority has issued the following mortgage revenue bonds to provide funds for the construction and permanent financing of multi-family housing projects. Twenty percent of units developed will be held and made available for occupancy by persons of low income. The bonds are secured by the land and housing projects. The bonds do not constitute or create a debt or pledge of the general credit or taxing power of the City and, accordingly, they are not recorded in the accompanying financial statements.

Year of Issue	Project	Original Principal	Maturity Date	Principal at June 30, 2014
Housing Authority				
1999	Silverado Creek A	\$ 3,125,000	June 1, 2031	\$ 2,402,240
2001	Vintage at Napa	7,500,000	June 15, 2034	5,795,000
2001	The Reserve at Napa	6,000,000	August 1, 2031	4,963,715
2001	Charter Oaks Apartments	4,215,000	August 1, 2018	3,369,777
2004	Magnolia Park Series 2004A	4,500,000	December 1, 2035	1,135,204
	Total	<u>\$ 25,340,000</u>		<u>\$ 17,665,936</u>

NOTE 10 – NET POSITION AND FUND BALANCES

A. Net Position

Net position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflow, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described below:

Net Investment in Capital Assets, describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include bond proceeds received for use on capital projects, debt service requirements, and special revenue programs subject to limitations defined regulations and laws underlying such programs.

Unrestricted describes the portion of net position which is not restricted as to use.

B. Fund Balance

Governmental fund balances represent the net position of each fund. Net position generally represents a fund's cash and receivables, less its liabilities and deferred inflows of resources.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. If the expenditures incurred are *NOT* for the purpose for which the funds were originally committed or assigned, unassigned fund balance shall be reduced first, followed by assigned, and then committed. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by formal action (i.e. resolution) of the City Council which may be altered only by the same formal action of the City Council.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. The Finance Director is designated the authority by the Council adopted Fiscal Policy to "assign" amounts to be used for specific purposes.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2014, follow:

	General	Development Fees	Home Program	City Capital Projects	Other Governmental Funds	Total
Nonspendables:						
Prepaid Items	\$ 51,889					51,889
Inventory	1,710					1,710
Total Nonspendable Fund Balances	53,599					53,599
Restricted for:						
Grants			\$ 184,228		\$ 284,919	\$ 469,147
Land held for redevelopment					125,691	125,691
PEG Reserve	3,341					3,341
Tourism Improvement District					186,745	186,745
SB1186 Reserve	9,312					9,312
Red Light Camera					858,433	858,433
Designated Projects and Programs		\$ 18,271,654				18,271,654
Federal Urban Aide				\$ 270,173		270,173
Assessment Districts					4,658,333	4,658,333
Gas Tax					317,189	317,189
Subtotal	12,653	18,271,654	184,228	270,173	6,431,310	25,170,018
Total Restricted Fund Balances	12,653	18,271,654	184,228	270,173	6,431,310	25,170,018
Committed to:						
Housing Grant Match	500,000					500,000
Parking					4,512,285	4,512,285
Capital Projects				12,148,864		12,148,864
Corp Yard Expansion				30,636		30,636
Low Flow Channel				181,270		181,270
Low Income Housing					5,254,320	5,254,320
Total Committed Fund Balances	500,000			12,360,770	9,766,605	22,627,375
Assigned to:						
Encumbrances for Contracts	2,978,502				1,393,674	4,372,176
Earthquake / Flood Events	8,406,791					8,406,791
Public Safety Overstaffing	200,000					200,000
FY2014-15 Closure Days	149,702					149,702
Non Recurring Capital Projects	3,199,897					3,199,897
Advance due from Golf Fund	482,850					482,850
Street Resurfacing Program					151,479	151,479
Sidewalk Replacement Program					35,401	35,401
Total Assigned Fund Balances	15,417,743				1,580,553	16,998,296
Unassigned:						
General fund	8,704,159					8,704,159
Other governmental fund deficit residuals					(1,721,264)	(1,721,264)
Total Unassigned Fund Balances	8,704,159				(1,721,264)	6,982,895
Total Fund Balances	\$ 24,688,154	\$ 18,271,654	\$ 184,228	\$ 12,630,943	\$ 16,057,204	\$ 71,832,183

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

C. *Encumbrances*

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to encumber that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Unexpended appropriations lapse at year-end and must be reappropriated in the following year unless carried forward in accordance with the City's policy. Encumbrances outstanding in governmental funds as of June 30, 2014, were as listed below:

Governmental Funds

General	\$ 2,978,502
Other Governmental Funds	<u>1,393,674</u>
Total	<u><u>\$ 4,372,176</u></u>

D. *Deficit Net Position and Fund Balance*

As of June 30, 2014, the Golf Course Special Revenue Fund and Central Stores Internal Service Fund had fund/net position deficits amounting to \$1,721,264 and \$19,274 respectively. The deficits will be eliminated with future revenue.

E. *Excess of Expenditures over Appropriations*

1. Expenditures exceeded appropriations by \$191,623 in the General Services Department of the General Fund due to a planned expenditure from fund balance for a previously authorized (carry forward) expense.
2. Expenditures exceeded appropriations by \$202,046 in the Fire Department of the General Fund due to an over stated vacancy factor being deducted from the labor appropriation.
3. Expenditures exceeded appropriations by \$9,093 in the Public Works Department of the Development Fund due to support provided by the Public Works staff in support of Development Fund activities.
4. Expenditures exceeded appropriations by \$15,465 in the Public Works Department of the Assessment Districts Fund due to support provided by the Public Works staff in support of Assessment District activities.
5. Expenditures exceeded appropriations by \$200,348 in the Community Development Department of the Assessment District fund due to increased pass-through payments from the downtown parking assessment on business license receipts. These expenditures were offset in total by increased Charges for Services revenue.
6. Expenditures exceeded appropriations by \$500 in Interest and fiscal charges in the Traffic Fund due from interest on an outstanding loan.
7. Expenditures exceeded appropriations by 42,868 in the Parks and Recreation Department of the Golf Fund due to payments made under the terms of the Service Concession Arrangement.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City of Napa's defined benefit pension plan, the City of Napa Retirement System, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. It is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employee's Retirement Law. The City of Napa selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local resolutions. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from CalPERS Executive Office at 400 P Street, Sacramento, CA 95814.

B. Funding Policy

Active plan members in the City of Napa Retirement System are required to contribute 8% for miscellaneous employees or 9% for public safety employees of their annual covered salary. The City of Napa is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2014 was 23.122% for miscellaneous employees and 34.278% for public safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

C. Annual Pension Cost

For the year ended June 30, 2014, the City's annual pension cost was \$9,974,127. The required contribution for that year was determined as part of the June 30, 2011, actuarial valuation using the entry age normal cost method for miscellaneous employees and entry age normal cost method for safety employees with the contributions determined as a percent of pay, as amended in November, 2002 for a change in the safety plan benefit formula. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20%, and (c) 3.0% overall payroll growth. Both (a) and (b) include an inflation component of 2.75%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over an open period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

D. Trend Information

The following is a summary of the City's annual pension cost and contribution status for the past three fiscal years:

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
Miscellaneous	6/30/2012	\$ 4,447,894	100%
	6/30/2013	4,489,614	100%
	6/30/2014	4,893,533	100%
Public Safety	6/30/2012	4,648,570	100%
	6/30/2013	4,613,305	100%
	6/30/2014	5,080,594	100%

E. Funding Status

The following is a summary of the Plan's funding status from the most recent annual actuarial valuations.

	Valuation Date June 30	Entry Age Normal Accrued Liability	Market Value of Assets (MVA)	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
Miscellaneous	2013	\$ 187,710,702	\$ 123,296,638	\$ 64,414,064	66%	\$ 20,992,340	307%
Public Safety	2013	183,849,624	125,528,407	58,321,217	68%	14,229,485	410%

F. Defined Contribution Plans

The City also provides defined contribution retirement benefits through IRS section 401(a) and 457 plans. The plans are administered by the International City Management Association Retirement Corporation and Nationwide Retirement Solutions. Plan provisions and contribution requirements are established and may be amended by City Council through negotiation with employee associations. The City contributes from \$50 to \$300 per month to its non-safety and management employees, depending upon employee group. In addition, the City contributes \$1,000 to \$1,250 for City executives. During the year ended June 30, 2014, the City fully funded its required contributions of \$288,249 to these plans.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

G. Public Employees' Pension Reform Act (PEPRA)

Assembly Bill (AB) 340 pension reform created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member under PEPRA.

The table below provides information on the benefit formula, final compensation period and the employer and member contribution rates effective January 1, 2013 for any safety and miscellaneous employees that meet the definition of a new member under PEPRA.

Benefit Formula	Safety 2.7% at Age 57	Miscellaneous 2% at Age 62
Final Compensation Period	3 year highest compensation	3 year highest compensation
Employer Contribution Rate as a percentage of payroll	34.278% of reportable compensation	23.122% of reportable compensation
Member Contribution Rate as a percentage of payroll	11.25% of reportable compensation	6.25% of reportable compensation

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

During fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits (OPEB). A summary of the eligibility requirements and benefits are shown below by bargaining unit:

UNIT	AMP & Exempt AMP	NCEA & Exempt NCEA	NPOA	NCFA	NPOA MID	NCFO	Exempt-Exces	Elected
■ Medical Plan	City Plan	City Plan	PEMHCA	City Plan	PEMHCA	City Plan	City Plan	City Plan
Tier 1 - Choice of Sick Leave Conversion to Retiree Single Party Health reimbursement or Supplemental Benefit except NPOA MID Life time single party medical								
■ Eligibility/DOH	<7/1/1982	<7/1/1983	Combined age + years of service as of 7-1-12 >=61	<8/1/1982 and opt out of HRA	Hired between 7/1/84 & 7/1/87; NPOA-Mid member <7/1/07			
active ee eligible	1	2	9	1	2	N/A	N/A	N/A
Maximum hours	no cap	no cap	180 months	no cap	N/A	N/A	N/A	N/A
Retiree Medical Trust	N/A	N/A	Yes	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	Not enrolled in PEMHCA, convert hrs to credit at single party Kaiser rate, credit banked for future use	N/A	N/A	N/A	N/A	N/A
Banked Credit								
■ Sick Leave Conversion for reimbursement	•One time irrevocable choice at retirement •Convert 8 hours unused sick leave to one month single party medical premium •No surviving spouse benefit for City Plan, if in PEMHCA then PEMHCA •Sick leave accrual - 96 hour/year •Caps for medical premiums are indicated below. (Note: premiums include Medicare Part B premium)				N/A	N/A	N/A	N/A
Tier 2 - Choice of Sick Leave Conversion to Retiree Single Party Health reimbursement or Supplemental Benefit								
■ Eligibility/DOH	N/A	N/A	N/A	opt out of HRA	Hired >=7-1-84 and member of Management Unit as of 6-30-11			
active ee eligible				6	2	N/A	N/A	N/A
Maximum hours				180 months	180 months			
■ Sick Leave Conversion for reimbursement				•One time irrevocable choice at retirement •Convert 8 hours unused sick leave to one month single party medical premium •No surviving spouse benefit for City Plan, if in PEMHCA then PEMHCA min for surviving •Sick leave accrual - 96 hour/year •Caps for medical premiums are indicated below.				
Tier 3 - Choice of Sick Leave Conversion to Retiree Single Party Health reimbursement and Retiree Medical Trust								
■ Eligibility/DOH	N/A	N/A	N/A	N/A	Member of NPOA as of 6-30-12 and promoted from NPOA into the Management unit on or after 6-1-13	N/A	N/A	N/A
active ee eligible					1			
Maximum hours					180 months			
Retiree Medical Trust					Yes			
■ Sick Leave Conversion for reimbursement					Same as Sick Leave Conversion for reimbursement in Tier 2.			
Tier 4 - Supplemental Benefit								
■ Age & years of service	50 & 10	50 & 15	50	50	50 & 10	50 & 10	50 & 10	50 & 8
■ Supplemental Benefit	•\$274/month •EE lifetime •No increase after retirement	•\$244/month •EE lifetime •No increase after retirement			•\$237/month •EE lifetime •No increase after retirement	•\$246/month •EE lifetime •No increase after retirement •SL balance converted to HRA @ 50% of hourly rate •Vacation bal deposited into HRA	•\$347/month •EE lifetime •No increase after retirement	•\$347/month •EE lifetime •No increase after retirement
	•S/L conversion to CalPERS	•S/L conversion to CalPERS	•S/L conversion to CalPERS	•SL balance converted to HRA @ 50% of hourly rate	•S/L conversion to CalPERS		•S/L conversion to CalPERS	
■Cap (Tier 1)	• Single retiree Kaiser premium	• Single retiree Kaiser premium	Actual premium	Actual premium	• Single retiree Kaiser premium	N/A	N/A	N/A
■Cap (Tiers 2 & 3)	N/A	N/A	N/A	Actual premium	Actual premium	N/A	N/A	N/A
■Life Insurance (DOH<7/1/84)	• \$2,500 • Up to age 70	• \$2,500 • Up to age 70	N/A	• \$2,500 • Up to age 70	N/A	• \$2,500 • Up to age 70	N/A	N/A
active ee eligible	2	3		1	N/A	0		
■Dental & Vision	None	None	None	None	None	None	None	None
■Portable	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy and Actuarial Assumptions

The City's policy is to fund these benefits on a pre-funded basis. The annual required contribution (ARC) was determined as part of a December 31, 2009, actuarial valuation using the entry age normal actuarial cost method, and updated June 30, 2011 and June 30, 2013. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.25% investment rate of return, (b) 3.25% projected annual salary increase, and (c) 3.00% of general inflation increase, (d) a 28 year fixed (closed) period for June 30, 2011 UAAL (24 years remaining on June 30, 2015), and (e) a healthcare trend of declining annual increases ranging from 7.50% in 2014 through 2015 to 5.00% for years starting 2016. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability amounted to \$9,943,000 as of June 30, 2013, and is being amortized as a level percentage of projected payrolls using a 30-year amortization period.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such assets are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2014, the City contributed \$748,578 to current year premiums and pre-funded \$1,021,089 to CERBT Trust. As a result, the City has calculated and recorded the Net OPEB Obligation, representing the difference between the ARC, amortization and contributions, as presented below:

	Retiree Health Benefit Internal Service Fund Government Activities
Annual required contribution (ARC)	\$ 930,000
Amortization on the Net OPEB Liability	(128,000)
Interest on the Net OPEB Liability	101,000
Annual OPEB Cost	<u>903,000</u>
Contributions made:	
City portion of current year premiums paid	(748,578)
Reimbursement from CERBT Trust current year	704,480
Contribution to CERBT Trust	<u>(1,021,089)</u>
Total Contributions	<u>(1,065,187)</u>
Increase (decrease) in Net OPEB Obligation	(162,187)
Net OPEB Obligation at June 30, 2012	<u>1,407,216</u>
Net OPEB Obligation at June 30, 2013	<u>\$ 1,245,029</u>

The City's annual required contributions and actual contributions for the years ended June 30, 2014, and the preceding two years were set forth below (in thousands):

Fiscal Year	Annual OPEB Cost	Annual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2012	\$ 1,097,000	\$ 1,637,081	149%	\$ 497,475
6/30/2013	1,124,000	1,065,187	95%	1,407,216
6/30/2014	903,000	930,000	103%	1,245,029

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 12 – POST-EMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A-B)/C]
6/30/2013	\$ 2,918,000	\$ 12,861,000	\$ (9,943,000)	22.69%	\$ 34,801,000	-28.57%

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City has established a limited risk management program for these types of risks. Premiums are paid into the internal service fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program.

Under this program the City is completely self-insured for unemployment insurance and is self-insured for workers' compensation and general liability insurance claims up to \$300,000 per occurrence and \$150,000 per occurrence, respectively. Claims in excess of these amounts are insured through CSAC Excess Insurance Authority up to the statutory limit and \$25,000,000, respectively. This coverage represents an increase from that of the prior year. There were no settlements that exceeded coverage for each of the past three fiscal years. In addition the City has also put in place an insurance policy covering them from earthquake and limited flood disasters in the amount of \$40,000,000 per occurrence, with a deductible of 15%.

The City has retained an independent actuary to perform an analysis of the City's potential liability for the City's self-insured portions of the general liability and workers' compensation programs. The amount recorded as a liability is the specific reserves for individual known claims or lawsuits not covered under the general liability or the workers' compensation insurance program and estimates for incurred but not reported claims. The actuarial analysis uses a rate of 5% for general liability and workers' compensation to discount future investment earnings. Claims liability has been recorded at an 80% confidence level.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 13 – RISK MANAGEMENT (Continued)

Below is a reconciliation of changes in the aggregate liabilities for claims for the fiscal years beginning and ending June 30, 2013 and 2014:

	2014	2013
Claims liability - beginning	\$ 5,520,000	\$ 5,176,000
Changes in estimates for claims in prior years	1,268,559	2,077,323
Payments on claims	<u>(1,047,759)</u>	<u>(1,733,323)</u>
Claims liability - ending	<u>\$ 5,740,800</u>	<u>\$ 5,520,000</u>
Current portion	<u>\$ 1,818,440</u>	<u>\$ 1,748,500</u>

NOTE 14 – JOINT POWERS AGREEMENT

On March 16, 1993, the City of Vallejo and the County of Napa formed the South Napa Waste Management Authority (the “Authority”), a separate legal entity, for the purpose of collectively managing the waste disposal needs of the communities they represent. The City of Napa resolved to join the Authority on March 18, 1993. In August, 1993, the City of Napa officially became a member of the Authority. The Authority has purchased the American Canyon Landfill site and accepted responsibility for its closure. State and federal laws and regulations require the Authority to place a final cover on this landfill site and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

The City has no ongoing financial interest in the Authority. Closure and related costs will be paid through tipping fees assessed by the Authority at its Waste Transfer Facility. This Transfer Facility serves the waste disposal needs of the communities represented by the Authority. The tipping fees are paid by the citizens of these communities through rate assessments for waste pickup and disposal.

Financial information related to the Authority can be obtained from the South Napa Waste Management Authority located in Napa, California.

NOTE 15 – CONTINGENT LIABILITIES

The City is involved in several claims and lawsuits. In the opinion of the City’s management, it is unlikely that these claims and lawsuits will have a material adverse effect on the accompanying financial statements.

The City has received federal and state grants for specific purposes that are subject to reviews by the grantor agencies. Such reviews could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although City management expects such amounts, if any, to be immaterial.

The City has a number of material construction contracts that are in process or are set to go into production. The total of these contracts as of June 30, 2014, is \$3,786,460.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 15 – CONTINGENT LIABILITIES – (Continued)

Hazardous Materials Investigation: Toxic substances were discovered on a City-owned parking garage property during construction of a new hotel. The City has been working with the Regional Water Quality Control Board to define the extent of the problem and develop a monitoring program, while concurrently pursuing a settlement agreement with the polluters of the property. The City does not expect its portion of investigation costs, legal costs, and costs associated with any necessary cleanup to be material in relation to the financial statements.

The City has a water supply contract with the Napa County Flood Control and Water Conservation District (NCFCWCD) that is linked to a master contract between the NCFCWCD and the State of California Department of Water Resources (DWR). Under these contracts, the State of California built the North Bay Aqueduct and peripheral infrastructure and allocated the costs to the benefiting municipalities. The contract calls for an annual payment that includes capital and operating components as well as a charge for water that varies widely each year based on the amount of consumption which is a function of climate, availability of other water supplies and pumping. The contract is non-cancelable and expires in the year 2035.

The components of the payments are as follows:

1. *Capital Cost Component* contains the conservation and transportation capital cost components for the use of the infrastructure and water rights and related debt obligation.
2. *Conservation and transportation minimum Operation, Maintenance, Power & Replacement (OMP&R) components.* Additionally, there is an obligation to pay an OMP&R component is based on the water entitlement, which is not dependent on the quantity of water actually delivered.
3. *Transportation variable OMP&R component* is dependent upon the quantities of water actually delivered to the City.
4. *Delta Water Charge* is split into two components; (a) a capital piece for the initial conservation facilities, and (b) a minimum OMP&R component.
 - a. The capital cost component of the Delta Water Charge became applicable in 2013, and is paid in two semi-annual installments due January 1 and July 1 of each year. These payments are used to fund the initial conservation facilities and are partially offset by a rate management credit provided to agencies (including NCFCWCD) who have executed the Monterey Amendment which focuses on water shortage issues.
 - b. The minimum OMP&R component of the Delta Water Charge is paid monthly in 12 equal installments.

The total estimated obligation of the City of Napa over the next five years and thereafter, are presented in the table below:

Calendar Year	Estimated Total Payment
2015	\$ 6,130,361
2016	5,986,761
2017	5,725,530
2018	5,827,894
2019	5,833,138
2020-2024	29,088,884
2025-2029	28,830,461
2030-2034	26,962,922
2035	5,258,513
	\$ 119,644,465

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

The Successor Agency to the Napa Community Redevelopment Agency was established as a result of the dissolution of the Redevelopment Agency February 1, 2012.

A. Cash and Investments

The Successor Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The details of the City's investment pool can be found in Note 3 – Cash and Investments.

Restricted cash and investments may be used only for capital projects by the Successor Agency.

The Successor Agency's cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of debt instruments or agreements.

B. Capital Assets

The Successor Agency transferred all its public domain (infrastructure) capital assets, which include landscape, storm, street, and traffic systems to the City of Napa pursuant to the Long Range Property Management Plan approval from Department of Finance on March 20, 2014.

(a) Capital Asset Additions, Retirements, and Balances

	Balance at June 30, 2013	Additions	Transfers to City	Balance at June 30, 2014
Capital assets not being depreciated:				
Land	\$ 3,577,733		\$ (3,542,253)	\$ 35,480
Total capital assets not being depreciated	3,577,733		(3,542,253)	35,480
Capital assets being depreciated:				
Building and improvements	7,400,291		(7,324,891)	75,400
Furniture and Equipment	7,238			7,238
Total capital assets being depreciated	7,407,529		(7,324,891)	82,638
Less accumulated depreciation for:				
Building and improvements	(6,271,641)		6,196,241	(75,400)
Furniture and Equipment	(2,239)	\$ (603)		(2,842)
Total accumulated depreciation	(6,273,880)	(603)	6,196,241	(78,242)
Net capital assets being depreciated	1,133,649	(603)	(1,128,650)	4,396
Net, Capital Assets, Private Purpose Trust Fund	\$ 4,711,382	\$ (603)	\$ (4,670,903)	\$ 39,876

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

C. Long-Term Debt

The Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 2012.

(a) Current Year Transactions and Balances

The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter.

	Original Issue Amount	Balance 6/30/2013	Retirements	Balance 6/30/2014	Current Portion
Trust Fund:					
Successor Agency (Redevelopment) Tax Allocation Bonds					
2003A Parkway Plaza Redevelopment Project, 2.3-4.8%, due 9/1/2019	\$ 22,715,000	\$ 13,095,000	\$ (1,625,000)	\$ 11,470,000	\$ 1,700,000
2003B Parkway Plaza Redevelopment Project, 3.1-5.8%, due 9/1/2019	2,475,000	1,310,000	(155,000)	1,155,000	170,000
2003B Refunding Parkway Plaza Redevelopment Project, 3.1-5.8%, due 9/1/2019	<u>2,050,000</u>	<u>1,085,000</u>	<u>(135,000)</u>	<u>950,000</u>	<u>140,000</u>
Total Tax Allocation Bonds	<u>\$ 27,240,000</u>	<u>\$ 15,490,000</u>	<u>\$ (1,915,000)</u>	<u>\$ 13,575,000</u>	<u>\$ 2,010,000</u>
Notes & Loans					
Water Fund for Drainage Improvements Project, LAIF Interest %, due 2024	\$ 735,063	\$ 735,063	\$ -	\$ 735,063	\$ -
Total Notes & Loans	<u>\$ 735,063</u>	<u>\$ 735,063</u>	<u>\$ -</u>	<u>\$ 735,063</u>	<u>\$ -</u>

(b) Redevelopment Tax Allocation Bonds

In August, 2003, the Agency issued \$27 million in tax allocation bonds including: Series A Bonds were issued to provide \$12 million for redevelopment projects, \$2 million for a debt reserve fund and \$9 million to refund then outstanding 1993 Bonds. The 1993 Bonds were subsequently redeemed in full. Series B and C Bonds were issued to provide \$2.1 million for affordable housing projects and \$1.8 million for the refunding of the Housing Authority's 1999 revenue bonds. These bonds were secured by the Agency's 20% low & moderate housing set-aside of tax increment revenues. Upon dissolution of the Agency, the Successor Agency assumed this debt, which will be paid from distributions from the Redevelopment Property Tax Trust Fund.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Napa Community Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

At June 30, 2014, future debt service requirement for the Redevelopment Tax Allocation Bonds were as follows:

Fiscal year ending June 30	Principal	Interest	Total
2015	\$ 2,010,000	\$ 606,933	\$ 2,616,933
2016	2,100,000	507,883	2,607,883
2017	2,200,000	404,255	2,604,255
2018	2,310,000	295,533	2,605,533
2019	2,415,000	181,640	2,596,640
2020-2021	2,540,000	61,723	2,601,723
Total	<u>\$ 13,575,000</u>	<u>\$ 2,057,967</u>	<u>\$ 15,632,967</u>

D. State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 17 – EXTRAORDINARY ITEMS

A. Public Projects Funding Agreement

On September 17, 2013, the Successor Agency appropriated the remaining \$3,387,000 in proceeds from the 2003 Parkway Plaza Tax Allocation Bonds for priority capital projects approved by the Oversight Board of the Successor Agency to the former Napa Community Redevelopment Agency. The transfer of \$1,220,333 was completed in fiscal 2014 per the approved ROPS.

	Transfer from Successor Agency Private Purpose Trust (September, 2013)	Additions	June 30, 2014
Government Activities			
Public Projects Funding Agreement	\$ 1,220,333		\$ 1,220,333
Total Public Projects Funding Agreement	<u>\$ 1,220,333</u>		<u>\$ 1,220,333</u>

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 17 – EXTRAORDINARY ITEMS (Continued)

B. Capital Asset Transfer

On March 20, 2014, the Successor Agency transferred all of its public domain (infrastructure) capital assets, which included landscape, storm drain, street improvements and traffic systems to the City of Napa pursuant to the Long Range Property Management Plan approved from the Department of Finance.

Trust Fund:

Successor Agency (Redevelopment) Tax Allocation Bonds	Balance at June 30, 2013	Transfer to Governmental Activities from Successor Agency Trust	Balance at June 30, 2014
Capital assets not being depreciated:			
Land	\$ 3,546,650	\$ (3,511,170)	\$ 35,480
Total capital assets not being depreciated	3,546,650	(3,511,170)	35,480
Capital assets being depreciated:			
Building and improvements	7,324,890	(7,242,252)	82,638
Total capital assets being depreciated	7,324,890	(7,242,252)	82,638
Less accumulated depreciation for:			
Building and improvements	(6,196,241)	6,117,999	(78,242)
Total accumulated depreciation	(6,196,241)	6,117,999	(78,242)
Net capital assets being depreciated	1,128,649	(1,124,253)	4,396
Net, Capital Assets, Trust Fund	\$ 4,675,299	\$ (4,635,423)	\$ 39,876

NOTE 18 – SUBSEQUENT EVENTS

South Napa Earthquake: On August 24, 2014 at 3:20 a.m. an earthquake measuring 6.0 on the moment magnitude scale occurred in Napa Valley. The epicenter was located approximately 6 miles southwest of Napa, with a depth of approximately 5.8 miles, and caused severe damage in the City. Governor Jerry Brown declared a State of Emergency under section 8625 of the California Government Code on August 24th, 2014. On September 11, 2014 President Obama issued a Federal Disaster Declaration for Napa County, and authorized public assistance and hazard mitigation funds to the affected areas.

The estimated damage to the City of Napa owned buildings and infrastructure totaled approximately \$25 million. FEMA anticipates covering approximately 75% of the cost of the repairs, and the California Office of Emergency Services will be covering an additional 19.75% (75% of the remaining 25%), leaving the City of Napa with an estimated obligation of 6.25% or a projected \$1.6 million.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 18 – SUBSEQUENT EVENTS ITEMS (Continued)

The City of Napa Fiscal Policy, as adopted by the City Council, established an emergency reserve equal to 12% of the General Fund Operating Expenditure budget. In FY 2014-15 the General Fund emergency reserve totaled \$8.4 million, which will be appropriated by the City Council to offset the City's damage obligation, as well as offset any negative impacts to major General Fund revenues caused by damage from the earthquake.

Successor Agency Action to Issue Tax Allocation Refunding Bonds to Refinance Outstanding Redevelopment Agency Bonds: In 2003, the Community Redevelopment Agency (RDA) issued the 2003 Parkway Plaza Tax Allocation Bonds, Series A, B and C. The Series A bonds, issued in the amount of \$22.715 million, refinanced older bonds and generated \$12 million in funds. These bonds were secured by the tax increment of the former RDA and have an outstanding balance of \$11.47 million as of June 30, 2014. The Series B and C bonds were secured by the 20% housing set-aside tax increment. Series B taxable bonds were issued in the amount of \$2.475 million to refund older housing bonds, and the remaining balance is \$1.155 million. Series C, issued in the amount of \$2.05 million, provided funding for affordable housing projects. The outstanding balance is \$0.95 million. The bonds all have a final maturity of September 1, 2019.

AB1484 (Health and Safety Code 34177.5) allows for a Successor Agency to issue bonds provided certain factors are met. Requirements include no additional interest cost and no additional principal other than the refunding amount needed to defease the refinanced bonds, pay for issuance costs, and meet required debt reserves. The City of Napa obtained an analysis of bond refinancing options to determine whether the potential debt service savings are sufficient to undertake a refinancing, and presented the analysis to the oversight board on June 4, 2014, to receive direction on whether to pursue a refinancing. Based on the savings advantage and timing considerations, the Oversight Board directed staff to move forward with refinancing the tax exempt Series A and C outstanding bonds using a public offering format. The taxable series B bonds are not being refinanced due to the immaterial projected savings and the additional complexity of refinancing taxable bonds.

The Oversight Board approved the financing documents on August 6, 2014, which was immediately followed by submittal of documents to the California Department of Finance for approval. Approval was granted on October 6, 2014. The bonds closed in January, 2015.

NOTE 19 – PRIOR PERIOD ADJUSTMENT

An adjustment was made to reflect the change in presentation of the Service Concession Arrangement Deferred Inflow (in a prior year) from the Golf Fund balance sheet to the Government-wide Statement of Net Position. The result was a \$673,196 decrease to beginning net position.

In the business-type activities, the Water Fund had a restatement of net position at July 1, 2013 that resulted in an increase of \$5,781,151. This adjustment was made to reflect the change in presentation of the North Bay Aqueduct capital lease (Asset and Debt adjustments) of \$6,277,514, and an adjustment to the Water Revenue Bond Cost of Issuance (in a prior year) of \$496,363.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 19 – PRIOR PERIOD ADJUSTMENT (Continued)

The Private Purpose Trust Fund, a fiduciary fund, (Successor Agency to the Napa Community Redevelopment Agency) had a restatement of net position at July 1, 2013 that resulted in a decrease of \$363,200. This adjustment was made to reflect the change in presentation of the Redevelopment Bond Cost of Issuance (in a prior year) of \$363,200.

The July 1, 2013 restatements of net positions, at both the fund level and the government-wide level are presented as follows:

	Proprietary Funds - Water	
Fund balance / Net position at July 1, 2013, as previously stated	\$	71,048,664
- Prior period adjustment		5,781,151
Fund balance / Net position at July 1, 2013, as restated	\$	76,829,815

	Government-Wide Level	
	Governmental Activities	Business-type Activities
Fund balance / Net position at July 1, 2013, as previously stated	\$ 435,085,636	\$ 110,171,672
- Prior period adjustment	(673,196)	5,781,151
Fund balance / Net position at July 1, 2013, as restated	\$ 434,412,440	\$ 115,952,823

	Private Purpose Trust Fund	
Fund balance / Net position at July 1, 2013, as previously stated	\$	(3,616,482)
- Prior period adjustment		(363,200)
Fund balance / Net position at July 1, 2013, as restated	\$	(3,979,682)

NOTE 20 – PUBLIC-PRIVATE SERVICE CONCESSION ARRANGEMENT – CITY GOLF COURSE

At the end of the year ended June 30, 2013, the City entered into an agreement with Napa Golf Course, LLC under which the company will operate and collect user fees from the Napa Municipal Golf Course for the next ten (10) years. The company will pay the City of Napa installment payments over the course of the arrangement; the present value of these installment payments is estimated to be \$673,750. The company will also pay the City a percentage of the revenues it earns from the operation of the golf course (percentage rent based on tiers set forth in the agreement). The company is required to operate and maintain the golf course in accordance with the Agreement. The City plans to use the proceeds from the installment payments to offset the deficit net position of the golf course fund, with any additional revenues to be used to fund golf course improvements. The City reports the golf course and related equipment as a capital asset with a carrying amount of \$935,936 at June 30, 2014, and reports a receivable and deferred inflow of resources in the amount of \$673,750 at June 30, 2014, pursuant to the service concession arrangement.



REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NAPA
SCHEDULE OF FUNDING PROGRESS FOR
EMPLOYEES RETIREMENT PLAN
FOR THE YEAR ENDED JUNE 30, 2014

Public Employees Retirement System Schedule of Funding Progress

The tables below show a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the City's retirement and OPEB plans as of the valuation dates:

	Valuation Date June 30	Entry Age Normal Accrued Liability	Market Value of Assets (MVA)	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
Miscellaneous	2011	\$ 174,240,264	\$ 114,755,041	\$ 59,485,223	66%	\$ 21,586,618	276%
	2012	180,264,072	111,842,609	68,421,463	62%	21,191,940	323%
	2013	187,710,702	123,296,638	64,414,064	66%	20,992,340	307%
Public Safety	2011	169,719,728	116,578,237	53,141,491	69%	14,373,497	370%
	2012	177,428,559	113,628,223	63,800,336	64%	13,922,105	458%
	2013	183,849,624	125,528,407	58,321,217	68%	14,229,485	410%
Total	2011	343,959,992	231,333,278	112,626,714	67%	35,960,115	313%
	2012	357,692,631	225,470,832	132,221,799	63%	35,114,045	377%
	2013	371,560,326	248,825,045	122,735,281	67%	35,221,825	348%

Asset Valuation Method

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. CalPERS will no longer use an actuarial value of assets and will use the market value of assets. This direct rate smoothing method is equivalent to a method using a 5-year asset smoothing period with no actuarial value of asset corridor and a 25 year amortization period for gains and losses. The change in asset value will also be amortized over 30 years with a 5-year ramp-up/ramp-down.

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

CITY OF NAPA
SCHEDULE OF FUNDING PROGRESS FOR
OTHER POST EMPLOYMENT BENEFITS (OPEB)
FOR THE YEAR ENDED JUNE 30, 2014

Retiree Health Plan Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A-B)/C]
12/31/2009		10,922,000	(10,922,000)	0.00%	34,927,000	-31.27%
6/30/2011	\$ 2,231,000	12,917,000	(10,686,000)	17.27%	32,613,000	-32.77%
6/30/2013	2,918,000	12,861,000	(9,943,000)	22.69%	34,801,000	-28.57%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
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- Note 1: This information is intended to help users assess the City's Public Safety and Miscellaneous Retirement Plans and the City's OPEB plan status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other employers.
- Note 2: The information presented relates to the City's Public Safety and Miscellaneous Retirement Plans and the City OPEB plan only.



OTHER SUPPLEMENTARY INFORMATION

CITY OF NAPA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 12,266,425	
Revenues:				
Intergovernmental	\$ 2,312,702	\$ 2,214,523	2,296,764	\$ 82,241
Charges for services		1,795,606	1,757,152	(38,454)
Miscellaneous revenues		40,497	61,173	20,676
Total Revenues	2,312,702	4,050,626	4,115,089	64,463
Expenditures:				
Current:				
Capital outlay	10,571,209	27,813,103	12,410,068	15,403,035
Total Expenditures	10,571,209	27,813,103	12,410,068	15,403,035
Other Financing Sources (Uses):				
Transfers in	36,805,889	13,790,857	8,458,866	5,331,991
Transfers (out)		(1,019,702)	(1,019,702)	
Total Other Financing Sources (Uses)	36,805,889	12,771,155	7,439,164	5,331,991
Extraordinary Items:				
Assets transferred from Successor Agency		25,000	1,220,333	(1,195,333)
Total Extraordinary Items		25,000	1,220,333	(1,195,333)
Net Change in Fund Balances	\$ 28,547,382	\$ (10,966,322)	364,518	\$ (11,201,914)
Ending Fund Balance			\$ 12,630,943	

See accompanying notes to financial statements

NON-MAJOR GOVERNMENTAL FUNDS

All funds not defined as major funds for the Fund Financial Statements are consolidated in one column entitled "Other Governmental Funds". These non-major funds are identified and included in this supplemental section and includes all the City's Special Revenue Funds and several distinct Capital Project Funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Assessment Districts

Tourism Improvement District (TID)

Community Development Block Grant

Traffic

Parking

Cal Home Grant

Public Safety Programs

Parks & Recreation Trust

Housing Inclusionary Program

Golf Fund

The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Street Resurfacing

Sidewalk Program

CITY OF NAPA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS						
	Assessment Districts	Tourism Improvement District	Community Development Block Grant	Traffic	Parking	CAL Home Grant	Public Safety Programs
ASSETS							
Cash and investments	\$4,687,045	\$ 293,721	\$ 11,751	\$1,084,464	\$4,546,795	\$ 203,541	\$ 26,123
Receivables:							
Accounts receivable	67,297			110,247	9,993		
Federal, state and other governments			81,922				
Interest receivable	7,861	281	20	1,808	7,581	338	45
Other receivable							
Loans receivable			2,014,024			917,272	
Land held for redevelopment				125,691			
Total Assets	<u>\$4,762,203</u>	<u>\$ 294,002</u>	<u>\$ 2,107,717</u>	<u>\$1,322,210</u>	<u>\$4,564,369</u>	<u>\$1,121,151</u>	<u>\$ 26,168</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 49,250	\$ 107,257	\$ 51,929	\$ 20,897	\$ 52,084		
Deposits payable	54,620						
Due to other funds							
Unearned Revenue							
Advances from other funds							
Total Liabilities	<u>103,870</u>	<u>107,257</u>	<u>51,929</u>	<u>20,897</u>	<u>52,084</u>		
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - Housing loans			2,014,024			\$ 917,272	
Total Deferred Inflows			<u>2,014,024</u>			<u>917,272</u>	
Fund balances (Deficit):							
Restricted	4,658,333	186,745	41,764	1,301,313		203,879	\$ 26,168
Committed					4,512,285		
Assigned							
Unassigned							
Total Fund Balances (Deficit)	<u>4,658,333</u>	<u>186,745</u>	<u>41,764</u>	<u>1,301,313</u>	<u>4,512,285</u>	<u>203,879</u>	<u>26,168</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$4,762,203</u>	<u>\$ 294,002</u>	<u>\$ 2,107,717</u>	<u>\$1,322,210</u>	<u>\$4,564,369</u>	<u>\$1,121,151</u>	<u>\$ 26,168</u>

CITY OF NAPA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS		
	Parks & Recreation Trust Programs	Housing Inclusionary Program	Golf Fund	Street Resurfacing	Sidewalk Program	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 21,325	\$ 5,248,299		\$ 1,554,482	\$ 309,683	\$ 17,987,229
Receivables:						
Accounts receivable						187,537
Federal, state and other governments						81,922
Interest receivable	36	8,756				26,726
Other receivable		6,640				6,640
Loans receivable		1,470,676				4,401,972
Land held for redevelopment						125,691
Total Assets	\$ 21,361	\$ 6,734,371	\$ -	\$ 1,554,482	\$ 309,683	\$ 22,817,717
LIABILITIES						
Accounts payable and accrued liabilities	\$ 8,253	\$ 2,735	\$ 1,417	\$ 237,677	\$ 45,935	\$ 577,434
Deposits payable			10,000			64,620
Due to other funds			850,247			850,247
Unearned Revenue			1,000			1,000
Advances from other funds			858,600			858,600
Total Liabilities	8,253	2,735	1,721,264	237,677	45,935	2,351,901
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - Housing loans		1,477,316				4,408,612
Total Deferred Inflows		1,477,316				4,408,612
Fund balances (Deficit):						
Restricted	13,108					6,431,310
Committed		5,254,320				9,766,605
Assigned				1,316,805	263,748	1,580,553
Unassigned			(1,721,264)			(1,721,264)
Total Fund Balances (Deficit)	13,108	5,254,320	(1,721,264)	1,316,805	263,748	16,057,204
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$ 21,361	\$ 6,734,371	\$ -	\$ 1,554,482	\$ 309,683	\$ 22,817,717

CITY OF NAPA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS						
	Assessment Districts	Tourism Improvement District	Community Development Block Grant	Traffic	Parking	CAL Home Grant	Public Safety Programs
REVENUES							
Taxes		\$ 633,059					
Intergovernmental			\$ 540,128	\$ 2,331,777	\$ 3,660,000	\$ 250,000	\$ 10,000
Charges for services	\$ 1,208,642		72,014	442,641	518,279	2,000	
Investment income	42,580	651		4,475	37,458	1,227	120
Miscellaneous revenues			4,645				5,610
Total Revenues	1,251,222	633,710	616,787	2,778,893	4,215,737	253,227	15,730
EXPENDITURES							
Current:							
Public safety							
Police				360,024	296,178		5,785
Public works	223,062						
Parks and recreation	124,424				159,212		
Community Development	336,933	650,063	1,079,915			373,338	
Capital outlay							
Debt service:							
Principal repayment				50,000			
Interest and fiscal charges				4,500			
Total Expenditures	684,419	650,063	1,079,915	414,524	455,390	373,338	5,785
Excess (Deficiency) of Revenues over (under) Expenditures	566,803	(16,353)	(463,128)	2,364,369	3,760,347	(120,111)	9,945
OTHER FINANCING SOURCES (USES)							
Transfers in				349,000	70,000		
Transfers (out)	(324,142)	(8,535)	(86,209)	(2,052,481)	(217,538)		
Total Other Financing Sources (Uses)	(324,142)	(8,535)	(86,209)	(1,703,481)	(147,538)		
Net Change in Fund Balances	242,661	(24,888)	(549,337)	660,888	3,612,809	(120,111)	9,945
Beginning Fund Balances (Deficit)	4,415,672	211,633	591,101	640,425	899,476	323,990	16,223
Ending Fund Balances (Deficit)	\$ 4,658,333	\$ 186,745	\$ 41,764	\$ 1,301,313	\$ 4,512,285	\$ 203,879	\$ 26,168

CITY OF NAPA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS		
	Parks & Recreation Trust Programs	Housing Inclusionary Program	Golf Fund	Street Resurfacing	Sidewalk Program	Total Nonmajor Governmental Funds
REVENUES						
Taxes						\$ 633,059
Intergovernmental				\$ 239,572		7,031,477
Charges for services		\$ 328,591	\$ 8,474	2,955		2,583,596
Investment income	\$ 163	41,076	2,911			130,661
Miscellaneous revenues	12,500		80			22,835
Total Revenues	12,663	369,667	11,465	242,527		10,401,628
EXPENDITURES						
Current:						
Public safety						
Police						661,987
Public works						223,062
Parks and recreation	8,301		42,868			334,805
Community Development		105,354				2,545,603
Capital outlay				2,586,614	\$ 1,224,419	3,811,033
Debt service:						
Principal repayment						50,000
Interest and fiscal charges						4,500
Total Expenditures	8,301	105,354	42,868	2,586,614	1,224,419	7,630,990
Excess (Deficiency) of Revenues over (under) Expenditures	4,362	264,313	(31,403)	(2,344,087)	(1,224,419)	2,770,638
OTHER FINANCING SOURCES (USES)						
Transfers in				2,654,351	1,358,057	4,431,408
Transfers (out)		(96,649)		(349,000)		(3,134,554)
Total Other Financing Sources (Uses)		(96,649)		2,305,351	1,358,057	1,296,854
Net Change in Fund Balances	4,362	167,664	(31,403)	(38,736)	133,638	4,067,492
Beginning Fund Balances (Deficit)	8,746	5,086,656	(1,689,861)	1,355,541	130,110	11,989,712
Ending Fund Balances (Deficit)	\$ 13,108	\$ 5,254,320	\$ (1,721,264)	\$ 1,316,805	\$ 263,748	\$ 16,057,204

CITY OF NAPA
ASSESSMENT DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 4,415,672	
Revenues:				
Charges for services	\$ 959,890	\$ 963,890	1,208,642	\$ 244,752
Investment income	53,460	53,460	42,580	(10,880)
Total Revenues	1,013,350	1,017,350	1,251,222	233,872
Expenditures:				
Current:				
Public works	179,262	207,598	223,062	(15,465)
Parks and recreation	159,766	159,766	124,424	35,343
Community Development	132,585	136,585	336,933	(200,348)
Capital outlay	166,116	58,350		58,350
Total Expenditures	345,378	562,299	684,419	(122,121)
Other Financing Sources (Uses):				
Transfers in				
Transfers (out)	(412,860)	(1,227,699)	(324,142)	903,557
Total Other Financing Sources (Uses)	(412,860)	(1,227,699)	(324,142)	903,557
Net Change in Fund Balances	\$ 255,112	\$ (772,648)	242,661	\$ 1,015,308
Ending Fund Balance			\$ 4,658,333	

CITY OF NAPA
TOURISM IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 211,633	
Revenues:				
Taxes	\$ 522,720	\$ 542,720	633,059	\$ 90,339
Investment income	1,000	1,000	651	(349)
Total Revenues	<u>523,720</u>	<u>543,720</u>	<u>633,710</u>	<u>520,043</u>
Expenditures:				
Current:				
Community Development	<u>506,465</u>	<u>708,465</u>	<u>650,063</u>	<u>58,402</u>
Total Expenditures	<u>506,465</u>	<u>708,465</u>	<u>650,063</u>	<u>58,402</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(8,535)</u>	<u>(8,535)</u>	<u>(8,535)</u>	
Total Other Financing Sources (Uses)	<u>(8,535)</u>	<u>(8,535)</u>	<u>(8,535)</u>	
Net Change in Fund Balances	<u>\$ 8,720</u>	<u>\$ (173,280)</u>	<u>(24,888)</u>	<u>\$ 578,445</u>
Ending Fund Balance			<u>\$ 186,745</u>	

CITY OF NAPA
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 591,101	
Revenues:				
Intergovernmental	\$ 616,483	\$ 1,047,002	540,128	\$ (506,874)
Charges for services	63,316	63,316	72,014	8,698
Miscellaneous revenues			4,645	4,645
Total Revenues	679,799	1,110,318	616,787	(493,531)
Expenditures:				
Current:				
Community Development	603,402	1,183,713	1,079,915	103,798
Total Expenditures	603,402	1,183,713	1,079,915	103,798
Other Financing Sources (Uses):				
Transfers (out)	(203,703)	(283,870)	(86,209)	197,661
Total Other Financing Sources (Uses)	(203,703)	(283,870)	(86,209)	197,661
Net Change in Fund Balances	\$ (127,306)	\$ (357,265)	(549,337)	\$ (192,072)
Ending Fund Balance			\$ 41,764	

CITY OF NAPA
TRAFFIC FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	
Beginning Fund Balance			<u>\$ 640,425</u>	
Revenues:				
Intergovernmental	\$ 2,216,684	\$ 2,216,684	2,331,777	\$ 115,093
Charges for services	369,744	369,744	442,641	72,897
Investment income	30,000	30,000	4,475	(25,525)
Miscellaneous revenues	14,000	14,000		(14,000)
Total Revenues	<u>2,630,428</u>	<u>2,630,428</u>	<u>2,778,893</u>	<u>148,465</u>
Expenditures:				
Current:				
Police	375,744	478,851	360,024	118,827
Debt Service				
Principal repayment	50,000	50,000	50,000	
Interest and fiscal charges	4,000	4,000	4,500	(500)
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>414,524</u>	<u>118,327</u>
Other Financing Sources (Uses):				
Transfers in			349,000	
Transfers (out)	(1,972,431)	(2,617,849)	(2,052,481)	565,368
Total Other Financing Sources (Uses)	<u>(1,972,431)</u>	<u>(2,268,849)</u>	<u>(1,703,481)</u>	<u>565,368</u>
Net Change in Fund Balances	<u>\$ 653,997</u>	<u>\$ 357,579</u>	<u>660,888</u>	<u>\$ 832,160</u>
Ending Fund Balance			<u>\$ 1,301,313</u>	

CITY OF NAPA
PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 899,476	
Revenues:				
Intergovernmental			3,660,000	
Charges for services	\$ 478,000	\$ 478,000	518,279	\$ 40,279
Investment income	73,200	73,200	37,458	(35,742)
Total Revenues	551,200	551,200	4,215,737	4,537
Expenditures:				
Current:				
Police	325,933	326,434	296,178	30,256
Parks and recreation	213,703	213,703	159,212	54,491
Total Expenditures	539,636	540,137	455,390	84,747
Other Financing Sources (Uses):				
Transfers in	162,682	162,682	70,000	(92,682.00)
Transfers (out)	(67,516)	(217,538)	(217,538)	
Total Other Financing Sources (Uses)	95,166	(54,856)	(147,538)	(92,682)
Net Change in Fund Balances	\$ 106,730	\$ (43,793)	3,612,809	\$ (3,398)
Ending Fund Balance			\$ 4,512,285	

CITY OF NAPA
 CAL HOME GRANT
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 323,990	
Revenues:				
Intergovernmental	\$ 640,000	\$ 640,000	250,000	\$ (390,000)
Charges for services			2,000	2,000
Investment income	500	500	1,227	727
Total Revenues	640,500	640,500	253,227	(387,273)
Expenditures:				
Current:				
Community Development	640,000	640,000	373,338	266,662
Total Expenditures	640,000	640,000	373,338	266,662
Net Change in Fund Balances	\$ 500	\$ 500	(120,111)	\$ (120,611)
Ending Fund Balance			\$ 203,879	

CITY OF NAPA
PUBLIC SAFETY PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 16,223	
Revenues:				
Intergovernmental			10,000	\$ 10,000
Investment income	\$ 250	\$ 250	120	(130)
Miscellaneous revenues	1,000	2,500	5,610	3,110
Total Revenues	1,250	2,750	15,730	2,980
Expenditures:				
Current:				
Police	5,000	6,500	5,785	715
Total Expenditures	5,000	6,500	5,785	715
Net Change in Fund Balances	\$ (3,750)	\$ (3,750)	9,945	\$ 3,695
Ending Fund Balance			\$ 26,168	

CITY OF NAPA
 PARKS & RECREATION TRUST PROGRAMS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 8,746	
Revenues:				
Investment income			163	\$ 163
Miscellaneous revenues			12,500	12,500
Total Revenues			12,663	12,663
Expenditures:				
Current:				
Parks and recreation	\$ 8,942	\$ 8,942	8,301	641
Total Expenditures	8,942	8,942	8,301	641
Net Change in Fund Balances	<u>\$ (8,942)</u>	<u>\$ (8,942)</u>	<u>4,362</u>	<u>\$ 13,304</u>
Ending Fund Balance			<u>\$ 13,108</u>	

CITY OF NAPA
HOUSING INCLUSIONARY PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 5,086,656	
Revenues:				
Charges for services			328,591	\$ 328,591
Investment income	\$ 28,545	\$ 28,545	41,076	12,531
Total Revenues	28,545	28,545	369,667	341,122
Expenditures:				
Current:				
Community Development	3,557,289	4,187,693	105,354	4,082,339
Total Expenditures	3,557,289	4,187,693	105,354	4,082,339
Other Financing Sources (Uses):				
Transfers in				
Transfers (out)	(2,059)	(96,649)	(96,649)	
Total Other Financing Sources (Uses)	(2,059)	(96,649)	(96,649)	
Net Change in Fund Balances	\$ (3,530,803)	\$ (4,255,797)	167,664	\$ 4,423,461
Ending Fund Balance			\$ 5,254,320	

CITY OF NAPA
GOLF FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Variance with
	<u>Original</u>	<u>Final Budget</u>	<u>Final Budget Positive (Negative)</u>
Beginning Fund Balance			<u>\$ (1,689,861)</u>
Revenues:			
Charges for services			8,474 \$ 8,474
Investment income			2,911 2,911
Miscellaneous revenues			80 80
Total Revenues			<u>11,465 2,991</u>
Expenditures:			
Parks and recreation			<u>42,868 (42,868)</u>
Total Expenditures			<u>42,868 (42,868)</u>
Net Change in Fund Balances	<u>\$</u>	<u>\$</u>	<u>(31,403) \$ (39,877)</u>
Ending Fund Balance			<u>\$ (1,721,264)</u>

CITY OF NAPA
STREET RESURFACING PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 1,355,541	
Revenues:				
Intergovernmental		\$ 239,572	239,572	
Charges for Services		2,955	2,955	
Total Revenues			242,527	
Expenditures:				
Capital outlay	\$ 2,654,350	3,888,173	2,586,614	\$ 1,301,559
Total Expenditures	2,654,350	3,888,173	2,586,614	1,301,559
Other Financing Sources (Uses):				
Transfers in	2,654,351	2,654,351	2,654,351	
Transfers (out)		(349,000)	(349,000)	
Total Other Financing Sources (Uses)	2,654,351	2,305,351	2,305,351	
Net Change in Fund Balances	\$ 1	\$ (1,582,822)	(38,736)	\$ 1,301,559
Ending Fund Balance			\$ 1,316,805	

CITY OF NAPA
 SIDEWALK REPLACEMENT PROGRAM
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 130,110	
Revenues:				
Total Revenues				
Expenditures:				
Current:				
Capital outlay	\$ 1,422,911	\$ 1,488,167	1,224,419	\$ 263,748
Total Expenditures	1,422,911	1,488,167	1,224,419	263,748
Other Financing Sources (Uses):				
Transfers in	1,422,911	1,358,057	1,358,057	
Total Other Financing Sources (Uses)	1,358,057	1,358,057	1,358,057	
Net Change in Fund Balances	\$ (64,854)	\$ (130,110)	133,638	\$ 263,748
Ending Fund Balance			\$ 263,748	

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds. For the Statement of Activities, the net revenues and expenses of each internal service fund are eliminated by netting them against the operations of the City departments that generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position. However, internal service funds are still presented separately in the Fund Financial Statements.

Risk Management Fund

The Risk Management Fund is an internal service fund established to account for resources and uses related to the City's self-insurance program. The City's self-insurance retention amounts are \$150,000 for general liability claims, \$300,000 for Workers' Compensation claims and 100% of Unemployment Claims. The risk management function is funded by charges to the various City departments.

Central Stores Fund

The Central Stores facility was established to manage inventory for the City's Water, Streets, Electrical, Parks, Building and Facilities Maintenance Divisions, as well as emergency (disaster preparedness) and general office operations. Materials used frequently by City departments or required for emergency repair are ordered and centrally stocked in the warehouse facility located at the Corporation Yard. Consolidation of various departments' usage allows effective cost control and effective quantity control. Staff works together to reduce inventory through effective techniques such as just-in-time delivery, vendor-managed inventory and establishment of correct minimum and maximum stock quantities. Central Stores also handles in-bound and out-bound freight as needed.

Fleet Fund

The Fleet Management Fund provides full-service, lifetime management of the vehicles and equipment used by all City operations. This begins with specification development and replacement scheduling, transitioning to in-service preparation, then performing regular repairs and scheduled maintenance and inspections. Also included in Fleet services are regulatory compliance, fuel data capture, decommissioning, and ultimately the disposal of said assets. The Fleet Management Division also administers the two City motor pools.

Information Technology Replacement Fund

The Information Technology (IT) Replacement Fund provides for the replacement of IT and telephone infrastructure throughout General Fund departments as necessary to maintain staff productivity.

Post-Employment Benefit Fund

The Post-Employment Benefits Fund is established to collect contributions from the General Fund and proprietary funds to cover the cost of retiree benefits for current and past employees. Expenditures from this fund includes payments for current retirees' benefits earned in prior years and contributions to an irrevocable trust to provide resources from which future retiree benefits will be paid.

CITY OF NAPA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	Risk Management	Central Stores	Fleet	Information Technology Replacement	Post Employment Benefit	Total
ASSETS						
Current Assets:						
Cash and investments	\$ 7,666,703		\$ 3,344,779	\$ 11,356	\$ 784,993	\$ 11,807,831
Accounts receivable	12,617		12,170			24,787
Federal, state and other governments	12,044		31,300		704,480	747,824
Interest receivable	12,803		5,481	60		18,344
Prepaid items	100,508					100,508
Inventory		\$ 272,161				272,161
Total Current Assets	7,804,675	272,161	3,393,730	11,416	1,489,473	12,971,455
Capital Assets:						
Nondepreciable			112,694			112,694
Depreciable, net		42,641	6,949,602			6,992,243
Total Assets	7,804,675	314,802	10,456,026	11,416	1,489,473	20,076,392
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued liabilities	322,305	3,885	153,912	137	(23,302)	456,937
Compensated absences	4,823	6,640	8,051			19,514
Claims payable	1,818,440					1,818,440
Capital lease			44,112			44,112
Due to other funds		323,551				323,551
Total Current Liabilities	2,145,568	334,076	206,075	137	(23,302)	2,662,554
Long-Term Obligations:						
Net OPEB Obligation					1,245,029	1,245,029
Compensated absences	1,768		14,986			16,754
Claims payable	3,922,360					3,922,360
Total Liabilities	6,069,696	334,076	221,061	137	1,221,727	7,846,697
NET POSITION						
Net investment in capital assets		42,641	7,062,296			7,104,937
Unrestricted	1,734,979	(61,915)	3,172,669	11,279	267,746	5,124,758
Total Net Position (Deficit)	\$ 1,734,979	\$ (19,274)	\$ 10,234,965	\$ 11,279	\$ 267,746	\$ 12,229,695

CITY OF NAPA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Risk Management</u>	<u>Central Stores</u>	<u>Fleet</u>	<u>Information Technology Replacement</u>	<u>Post Employment Benefit</u>	<u>Total</u>
OPERATING REVENUES						
Charges for services	\$ 4,436,162	\$ 886,877	\$ 3,525,973	\$ 167,200	\$ 1,046,971	\$ 10,063,183
Total Operating Revenues	<u>4,436,162</u>	<u>886,877</u>	<u>3,525,973</u>	<u>167,200</u>	<u>1,046,971</u>	<u>10,063,183</u>
OPERATING EXPENSES						
Cost of goods sold		610,296				610,296
Employee services and benefits	177,076	108,125	815,767			1,100,968
Materials and services	755,287	9,038	1,428,543	190,659		2,383,527
Insurance premiums and claims	2,069,168				879,697	2,948,865
Depreciation		4,487	1,173,616			1,178,103
Total Operating Expenses	<u>3,001,531</u>	<u>731,946</u>	<u>3,417,926</u>	<u>190,659</u>	<u>879,697</u>	<u>8,221,759</u>
Operating Income (Loss)	<u>1,434,631</u>	<u>154,931</u>	<u>108,047</u>	<u>(23,459)</u>	<u>167,274</u>	<u>1,841,424</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	<u>53,114</u>	<u>(5,313)</u>	<u>24,301</u>	<u>120</u>	<u>281</u>	<u>72,503</u>
Total Nonoperating Revenues (Expenses)	<u>53,114</u>	<u>(5,313)</u>	<u>24,301</u>	<u>120</u>	<u>281</u>	<u>72,503</u>
Income (loss) before transfers	<u>1,487,745</u>	<u>149,618</u>	<u>132,348</u>	<u>(23,339)</u>	<u>167,555</u>	<u>1,913,927</u>
TRANSFERS						
Transfers in			95,134		870,000	965,134
Transfers (out)	<u>(475,048)</u>	<u>(168,932)</u>	<u>(167,381)</u>			<u>(811,361)</u>
OTHER FINANCING SOURCES						
Sale of Capital Assets			67,430			67,430
Change in Net Position	1,012,697	(19,314)	127,531	(23,339)	1,037,555	2,135,130
Beginning Net Position (Deficits)	<u>722,282</u>	<u>40</u>	<u>10,107,434</u>	<u>34,618</u>	<u>(769,809)</u>	<u>10,094,565</u>
Ending Net Position (Deficits)	<u>\$ 1,734,979</u>	<u>\$ (19,274)</u>	<u>\$ 10,234,965</u>	<u>\$ 11,279</u>	<u>\$ 267,746</u>	<u>\$ 12,229,695</u>

CITY OF NAPA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Risk Management	Central Stores	Fleet	Information Technology Replacement	OPEB	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 4,436,216	\$ 886,877	\$ 3,488,182	\$ 167,200	\$ 1,092,318	\$ 10,070,793
Payments to suppliers	(635,547)	(429,621)	(1,740,166)	(191,106)	(260)	(2,996,700)
Payments to / or on behalf of employees	(2,239,653)	(107,803)	(829,381)		(1,041,884)	(4,218,721)
Net cash provided (used) by Operating Activities	<u>1,561,016</u>	<u>349,453</u>	<u>918,635</u>	<u>(23,906)</u>	<u>50,174</u>	<u>2,855,372</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in			95,134		870,000	965,134
Transfers out	(475,048)	(168,932)	(167,381)			(811,361)
Interfund receipts (payments)		(175,208)			(136,815)	(312,023)
Net cash provided (used) by Noncapital Financing Activities	<u>(475,048)</u>	<u>(344,140)</u>	<u>(72,247)</u>		<u>733,185</u>	<u>(158,250)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Sale of capital assets			67,430			67,430
Principal payments on capital debt			(54,330)			(54,330)
Acquisition of capital assets			(577,674)			(577,674)
Net cash provided (used) by Capital and Related Financing Activities			<u>(564,574)</u>			<u>(564,574)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	58,848	(5,312)	27,450	161	282	81,429
Net cash provided (used) by Investing Activities	<u>58,848</u>	<u>(5,312)</u>	<u>27,450</u>	<u>161</u>	<u>282</u>	<u>81,429</u>
Net Cash Increase (Decrease) in cash and cash equivalents	1,144,816		309,264	(23,745)	783,641	2,213,977
Cash and cash equivalents at beginning of period	<u>6,521,887</u>		<u>3,035,515</u>	<u>35,101</u>	<u>1,352</u>	<u>9,593,855</u>
Cash and cash equivalents at end of period	<u>\$ 7,666,703</u>	<u>\$ -</u>	<u>\$ 3,344,779</u>	<u>\$ 11,356</u>	<u>\$ 784,993</u>	<u>\$ 11,807,832</u>
Reconciliation of operating income (loss) to net cash flow:						
from operating activities:						
Operating income (loss)	1,434,631	154,931	108,047	(23,459)	167,274	1,841,424
Adjustments to reconcile operating income to net cash flow:						
from operating activities:						
Depreciation		4,487	1,173,616			1,178,103
Change in assets and liabilities:						
Receivables, net	54		(37,791)		45,347	7,610
Other assets	(508)	192,831				192,323
Accounts payable and other accrued expenses	(100,552)	(3,118)	(311,623)	(447)	(260)	(416,000)
Net OPEB Obligation					(162,187.0)	(162,187.0)
Claims payable	220,800					220,800
Vacation and sick leave payable	6,591	322	(13,614)			(6,701)
Net cash provided (used) by Operating Activities	<u>\$ 1,561,016</u>	<u>\$ 349,453</u>	<u>\$ 918,635</u>	<u>\$ (23,906)</u>	<u>\$ 50,174</u>	<u>\$ 2,855,372</u>

AGENCY FUNDS

These funds are used to account for assets held by the city as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Private Purpose Trust Fund

Successor Agency to the Napa Redevelopment Agency

To account for the activities of the Successor Agency to the Napa Community Redevelopment Agency.

Agency Funds

Payroll Fund

To account for the collection and payment of all payroll deductions made from the City employees and for monies collected from retirees to reimburse the City for their share of their health insurance premiums.

Napa Valley Corporate Park Assessment District Fund

To account for the collections and disbursements of the Napa Valley Corporate Park Assessment District's special assessments and bond payments.

This fund was closed in FY 2013-14 and all remaining monies were returned to the property owners.

CITY OF NAPA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>PAYROLL</u>				
Assets				
Cash and investments		\$ 31,134,709	\$ (31,120,096)	\$ 14,613
Accounts receivable	\$ 3,952	12,926	(9,902)	6,976
Loan receivable	57,729	2,642	(56,310)	4,061
Total Assets	<u>\$ 61,681</u>	<u>\$ 31,150,277</u>	<u>\$ (31,186,308)</u>	<u>\$ 25,650</u>
Liabilities				
Accounts payable	<u>\$ 61,681</u>	<u>\$ 31,150,277</u>	<u>\$ (31,186,308)</u>	<u>\$ 25,650</u>
<u>NAPA VALLEY CORPORATE PARK ASSESSMENT DISTRICT</u>				
Assets				
Cash and investments	\$ 86,148		\$ (86,148)	
Interest receivable	245		(245)	
Total Assets	<u>\$ 86,393</u>	<u></u>	<u>\$ (86,393)</u>	<u></u>
Liabilities				
Due to bondholders	<u>\$ 86,393</u>	<u></u>	<u>\$ (86,393)</u>	<u></u>
<u>TOTAL AGENCY FUNDS</u>				
Assets				
Cash and investments	\$ 86,148	\$ 31,134,709	\$ (31,206,244)	\$ 14,613
Accounts receivable	3,952	12,926	(9,902)	6,976
Interest receivable	245		(245)	
Loan receivable	57,729	2,642	(56,310)	4,061
Total Assets	<u>\$ 148,074</u>	<u>\$ 31,150,277</u>	<u>\$ (31,272,701)</u>	<u>\$ 25,650</u>
Liabilities				
Accounts payable	61,681	31,150,277	(31,186,308)	25,650
Due to bondholders	86,393		(86,393)	
Total Liabilities	<u>\$ 148,074</u>	<u>\$ 31,150,277</u>	<u>\$ (31,272,701)</u>	<u>\$ 25,650</u>



SECTION 3

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents:

Financial Trends Information

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain trend information to help the reader understand the City's most significant local revenue source, property taxes.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Napa - Financial Trends Information
Net Position by Component
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2005	2006	2007	2008	2009
Governmental Activities					
Net investment in capital assets	\$ 58,932	\$ 70,998	\$ 334,182	\$ 337,798	\$ 348,410
Restricted	35,223	43,799	50,670	52,663	39,645
Unrestricted	13,721	4,463	2,715		
Total governmental activities net position	\$ 107,876	\$ 119,260	\$ 387,568	\$ 390,461	\$ 388,055
Business-type Activities					
Net investment in capital assets	\$ 46,127	\$ 48,654	\$ 57,118	\$ 61,909	\$ 67,094
Restricted					9,523
Unrestricted	25,180	26,596	24,915	39,155	26,294
Total business-type activities net position	\$ 71,307	\$ 75,250	\$ 82,033	\$ 101,064	\$ 102,910
Primary Government					
Net investment in capital assets	\$ 105,059	\$ 119,652	\$ 391,300	\$ 399,707	\$ 415,504
Restricted	35,223	43,799	50,670	52,663	49,168
Unrestricted	38,901	31,059	27,630	39,155	26,294
Total primary government activities net position	\$ 179,183	\$ 194,510	\$ 469,601	\$ 491,525	\$ 490,965

Source: City of Napa - Audited Financials

City of Napa - Financial Trends Information
Net Position by Component
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2010	2011	2012	2013	2014
Governmental Activities					
Net investment in capital assets	\$ 332,285	\$ 338,198	\$ 356,311	\$ 356,406	\$ 365,826
Restricted	38,113	33,576	34,398	38,205	37,699
Unrestricted	37,658	49,287	47,907	40,475	49,510
Total governmental activities net position	\$ 408,056	\$ 421,061	\$ 438,616	\$ 435,086	\$ 453,035
Business-type Activities					
Net investment in capital assets	\$ 70,797	\$ 60,887	\$ 62,435	\$ 63,898	\$ 72,262
Restricted	1,187		1,077	799	534
Unrestricted	29,400	46,648	42,933	45,474	47,189
Total business-type activities net position	\$ 101,384	\$ 107,535	\$ 106,445	\$ 110,172	\$ 119,986
Primary Government					
Net investment in capital assets	\$ 403,082	\$ 399,085	\$ 418,746	\$ 420,304	\$ 438,088
Restricted	39,299	33,576	35,475	39,004	38,234
Unrestricted	67,059	95,935	90,840	85,948	96,699
Total primary government activities net position	\$ 509,440	\$ 528,596	\$ 545,061	\$ 545,257	\$ 573,020

Source: City of Napa - Audited Financials

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2005	2006	2007	2008	2009
Expenses					
Governmental activities					
General Government	\$ 13,403	\$ 14,224	\$ 15,527	\$ 18,376	\$ 22,803
Public Safety	26,841	26,880	32,219	27,477	34,179
Public Works	10,837	9,313	4,597	18,605	16,496
Parks & Recreation	6,099	5,983	6,185	5,197	4,903
Community Development					
Redevelopment	15,740	15,696	13,207	1,841	1,171
Interest on long term debt	1,152	1,335	1,123	1,124	1,056
Total Governmental activities expenses	\$ 74,072	\$ 73,432	\$ 72,857	\$ 72,621	\$ 80,607
Business-type activities					
Water	\$ 15,849	\$ 14,779	\$ 15,722	\$ 18,563	\$ 19,976
Materials Diversion	4,218	12,823	16,701	18,173	18,851
Golf	1,595	1,562	1,656	1,760	1,746
Housing	490	400	411	11,230	10,602
Total business-type activities expenses	22,152	29,563	34,490	49,725	51,175
Total Primary government expenses	\$ 96,224	\$ 102,995	\$ 107,346	\$ 122,346	\$ 131,782

Source: City of Napa Audited Financial Statements

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2005	2006	2007	2008	2009
Program Revenues					
Governmental activities					
Charges for Services					
General Government	\$ 7,567	\$ 5,139	\$ 5,246	\$ 4,700	\$ 4,658
Public Safety	1,952	2,120	2,815	2,561	2,919
Public Works	1,932	1,480	3,052	3,027	410
Parks & Recreation	2,380	2,695	2,803	1,917	1,216
Community Development					
Redevelopment					
Operating grants and contributions	13,345	14,550	14,465	5,931	5,246
Capital grants and contributions	11,354	9,674	7,249	17,857	9,535
Total governmental activities program revenues	\$ 38,531	\$ 35,658	\$ 35,629	\$ 35,992	\$ 23,985
Business type activities					
Charges for Services					
Water	\$ 15,645	\$ 16,571	\$ 19,659	\$ 21,111	\$ 19,721
Materials Diversion	4,453	13,474	18,971	21,290	20,848
Golf	1,519	1,364	1,755	1,757	1,673
Housing	285	150	156	520	540
Operating grants and contributions	382	774	491	10,644	10,086
Capital grants and contributions	693	2,209	1,018	1,015	71
Total business-type activities program revenues	22,977	34,542	42,050	56,337	52,939
Total Primary government revenues	\$ 61,508	\$ 70,200	\$ 77,680	\$ 92,329	\$ 76,923
Net (expense)/revenue					
Governmental activities	\$ (35,542)	\$ (37,773)	\$ (37,227)	\$ (36,629)	\$ (56,623)
Business-type activities	825	4,979	7,560	6,612	1,764
Total Primary government net expense	\$ (34,717)	\$ (32,794)	\$ (29,667)	\$ (30,017)	\$ (54,859)

Source: City of Napa-Audited Financial Statements

City of Napa - Financial Trends Information

Changes in Net Position

Last Ten Fiscal Years

(Accrual basis accounting, in thousands)

	2005	2006	2007	2008	2009
General Revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes	\$ 12,985	\$ 15,003	\$ 15,852	\$ 23,317	\$ 23,059
Property tax increment	3,070	3,167	3,487	4,538	4,975
Franchise taxes	1,935	1,439	1,377	1,423	1,561
Sales taxes	8,097	8,837	12,914	9,648	8,637
Transient Occupancy	5,697	6,249	7,779	8,725	8,175
Motor vehicle license fees	7,374	7,201	5,936	3,406	3,533
Business license	2,351	2,650	3,038	3,145	2,938
Investment earnings	1,632	1,672	3,266	4,436	3,030
Miscellaneous	726	1,269	918	2,590	2,331
Transfers	(40)	1,671	2,443	1,353	2,694
Total governmental activities	\$ 43,828	\$ 49,157	\$ 57,010	\$ 62,581	\$ 60,933
Business -type activities					
Investment earnings	731	570	1,666	4,136	2,777
Miscellaneous		65			
Transfers	40	(1,671)	(2,443)	(1,353)	(2,694)
Total business-type activities	771	(1,036)	(777)	2,782	83
Total primary government	\$ 83,130	\$ 83,780	\$ 91,862	\$ 101,356	\$ 85,000
<i>Special Items (Transfer to Successor Agency Trust)</i>					
<i>Extraordinary Items - Governmental activities</i>					
<i>Extraordinary Items - Business-type activities</i>					
Change in Net Position					
Governmental activities	\$ 8,286	\$ 11,384	\$ 19,783	\$ 25,952	\$ 4,310
Business-type activities	1,596	3,943	6,783	9,394	1,847
Total primary government	\$ 9,882	\$ 15,327	\$ 26,566	\$ 35,347	\$ 6,156

Source: City of Napa-Audited Financial Statements

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2010	2011	2012	2013	2014
Expenses					
Governmental activities					
General Government	\$ 20,261	\$ 16,605	\$ 19,664	\$ 19,452	\$ 10,614
Public Safety	34,152	29,081	32,266	34,946	36,764
Public Works	20,185	20,431	18,201	22,914	27,223
Parks & Recreation	8,569	7,241	6,734	6,765	7,269
Community Development	238	1,119	492	3,418	6,246
Redevelopment	1,418	1,363	580		
Interest on long term debt	1,058	986	937		
Total Governmental activities expenses	\$ 85,880	\$ 76,826	\$ 78,874	\$ 87,494	\$ 88,117
Business-type activities					
Water	\$ 21,423	\$ 19,494	\$ 21,627	\$ 21,173	\$ 23,801
Materials Diversion	19,776	19,747	20,505	21,277	21,078
Golf	1,768	1,778	1,783	1,459	
Housing	11,187	11,368	13,626	13,291	12,169
Total business-type activities expenses	54,154	52,387	57,542	57,200	57,047
Total Primary government expenses	\$ 140,034	\$ 129,213	\$ 136,416	\$ 144,695	\$ 145,164

Source: City of Napa Audited Financial Statements

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2010	2011	2012	2013	2014
Program Revenues					
Governmental activities					
Charges for Services					
General Government	\$ 2,106	\$ 2,975	\$ 1,876	\$ 3,230	\$ 10,156
Public Safety	3,784	4,076	2,953	4,722	4,487
Public Works	2,503	1,953	418	2,352	4,558
Parks & Recreation	1,481	1,470	1,257	1,966	1,659
Community Development				2,579	2,930
Redevelopment	179	20	1		
Operating grants and contributions	4,827	4,776	5,152	2,448	2,329
Capital grants and contributions	13,006	9,322	5,785	2,116	12,765
Total governmental activities program revenues	\$ 27,885	\$ 24,593	\$ 17,444	\$ 19,413	\$ 38,885
Business type activities					
Charges for Services					
Water	\$ 19,386	\$ 19,422	\$ 22,166	\$ 25,454	\$ 28,510
Materials Diversion	21,726	23,285	24,609	24,461	24,117
Golf	1,495	1,394	1,580	1,260	
Housing	1,322	5,167	1,163	1,160	1,116
Operating grants and contributions	10,376	11,611	10,221	11,501	10,543
Capital grants and contributions	334	322	352	462	729
Total business-type activities program revenues	54,639	61,201	60,092	64,298	65,015
Total Primary government revenues	\$ 82,524	\$ 85,794	\$ 77,536	\$ 83,711	\$ 103,900
Net (expense)/revenue					
Governmental activities	\$ (57,995)	\$ (52,233)	\$ (61,430)	\$ (68,081)	\$ (49,232)
Business-type activities	485	8,814	2,551	7,097	7,967
Total Primary government net expense	\$ (57,510)	\$ (43,419)	\$ (58,880)	\$ (60,984)	\$ (41,264)

Source: City of Napa-Audited Financial Statements

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years

(Accrual basis accounting, in thousands)

	2010	2011	2012	2013	2014
General Revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes	\$ 23,326	\$ 27,452	\$ 25,399	\$ 25,419	\$ 26,785
Property tax increment	6,278	6,235	3,057		
Franchise taxes	1,610	1,685	1,748	1,818	1,871
Sales taxes	11,559	12,192	13,019	14,267	15,150
Transient Occupancy	8,256	9,872	11,817	14,032	15,803
Motor vehicle license fees	221	358	39	40	**
Business license	2,508	2,572	2,661	2,766	**
Investment earnings	1,369	1,368	849	93	531
Miscellaneous					
Transfers	2,729	3,504	4,178	4,128	4,299
Total governmental activities	\$ 57,857	\$ 65,238	\$ 62,767	\$ 62,562	\$ 64,439
Business -type activities					
Investment earnings	717	841	537	11	364
Miscellaneous					
Transfers	(2,729)	(3,504)	(4,178)	(4,128)	(4,299)
Total business-type activities	(2,012)	(2,663)	(3,641)	(4,117)	(3,935)
Total primary government	\$ 83,731	\$ 62,575	\$ 59,126	\$ 58,445	\$ 60,504
Special Items (Transfer to Successor Agency Trust)			\$ 16,327		
Extraordinary Items - Governmental activities				\$ 3,995	\$ 3,415
Extraordinary Items - Business-type activities				747	
Change in Net Position					
Governmental activities	\$ (138)	\$ 13,005	\$ 17,664	\$ (1,524)	\$ 18,622
Business-type activities	(1,527)	6,152	(1,090)	3,727	4,033
Total primary government	\$ (1,664)	\$ 19,157	\$ 16,574	\$ 2,203	\$ 22,655

Source: City of Napa-Audited Financial Statements

** In fiscal 2014 Business License and Motor Vehicles Fees are included in General Government Charges for Services

City of Napa - Financial Trends Information
Changes in Fund Balances, Government Funds
Last Ten Fiscal Years

(Modified accrual basis accounting, in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 25,070	\$ 27,332	\$ 30,067	\$ 40,035	\$ 39,635	\$ 39,471	\$ 43,717	\$ 42,483	\$ 41,269	\$ 44,459
Licenses and permits	8,633	8,223	12,083	10,483	6,318	3,477	3,618	4,084	3,945	4,198
Intergovernmental	38,934	37,854	38,111	22,141	18,544	29,404	24,550	21,551	23,394	26,268
Charges for services	6,253	4,673	5,043	6,003	5,671	8,937	9,297	9,226	11,711	12,238
Investment earnings	1,809	1,784	3,029	4,110	2,739	1,155	1,003	726	93	531
Loan repayments	1,486	596	907	715	269	-	-	-	155	-
Miscellaneous	76	516	911	1,709	672	172	466	777	124	514
Total Revenues	82,261	80,979	90,151	85,196	73,847	82,616	82,652	78,846	80,692	88,208
Expenditures										
General government	13,456	14,094	15,364	18,595	23,178	17,610	16,588	16,538	12,691	-
City Council										279
City Clerk										623
City Manager										1,213
Finance										4,697
City Attorney										876
Human Resources										1,071
General Services										2,234
Public safety	25,888	27,238	28,618	30,557	33,202	34,781	33,268	34,009	34,946	-
Police										22,911
Fire										13,755
Public Works	5,478	8,458	6,094	6,494	6,840	8,871	6,752	6,773	7,257	7,252
Parks & Recreation	5,757	5,790	5,828	5,000	4,526	8,101	6,813	6,580	6,765	7,269
Community Development						238	392	3,849	3,418	6,246
Housing	12,637	12,109	12,152	1,574	1,088	-	-	-	-	-
Redevelopment	2,182	4,694	1,447	996	473	935	974	-	-	-
County Fees and pass-through			-		67	211	116	124	-	-
Capital Outlay	14,578	12,355	14,846	11,029	20,795	17,395	15,663	10,793	15,657	16,469
Debt Service										
Principal	735	865	1,020	1,210	1,240	1,535	3,365	1,730	-	328
Interest and fiscal charges	1,157	1,105	1,081	1,088	1,019	1,025	1,216	801	-	5
Total Expenditures	81,866	86,709	86,451	76,542	92,429	90,704	85,147	81,197	80,733	85,228
Excess of revenues over/(under) expenditures	395	(5,730)	3,700	8,654	(18,583)	(8,088)	(2,495)	(2,351)	(42)	2,980
Other financing sources (uses)										
Transfer in	10,934	8,290	14,382	16,904	18,748	15,385	30,927	11,822	22,210	17,369
Transfer out	(10,974)	(6,419)	(11,738)	(18,059)	(17,064)	(12,607)	(27,185)	(7,280)	(17,274)	(13,224)
Debt Proceeds										
Payments to refunded bond escrow agent										
Sale of capital assets						221			4	
Total Other Financing Sources	(40)	1,871	2,643	(1,154)	1,683	2,999	3,743	4,542	4,940	4,145
Change in Accounting Method		407								
Extraordinary Items (Transfer to/from Successor Agency Trust)								(1,199)		1,220
Net Change in fund balances	\$ 355	\$ (3,452)	\$ 6,344	\$ 7,499	\$ (16,899)	\$ (5,089)	\$ 1,248	\$ 991	\$ 4,899	\$ 8,345
Debt service as a percentage of non-capital expenditures	1%	1%	1%	2%	2%	2%	5%	3%	0%	0%

Source: City of Napa -Audited Financial Statements

City of Napa - Revenue Capacity
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in millions)

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Net Increase / (Decrease) Amount</u>	<u>Net Increase %</u>	<u>Direct Tax Rate</u>
2005	\$ 6,077	\$ 194	\$ 6,271	\$ 517	8%	0.015%
2006	6,823	203	7,027	756	11%	0.015%
2007	7,607	215	7,822	796	10%	0.015%
2008	8,369	242	8,611	789	9%	0.015%
2009	8,702	251	8,954	343	4%	0.015%
2010	8,455	256	8,711	(242)	-3%	0.015%
2011	8,382	259	8,641	(70)	-1%	0.015%
2012	8,414	251	8,665	23	0%	0.015%
2013	8,509	254	8,763	98	1%	0.015%
2014	8,970	248	9,219	456	5%	0.015%

Source: Napa County Auditor Controller's Office

**City of Napa - Revenue Capacity
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>County</u>	<u>City</u>	<u>Education</u>	<u>Lake Park Maintenance</u> <u>District</u>	<u>River Park Maintenance</u> <u>District</u>	<u>Total</u>
2004/05	1.0000%	0.0150%	0.0662%	0.1125%	0.1688%	1.3625%
2005/06	1.0000%	0.0150%	0.0703%	0.1125%	0.1688%	1.3666%
2006/07	1.0000%	0.0150%	0.0590%	0.1125%	0.1688%	1.3553%
2007/08	1.0000%	0.0150%	0.0875%	0.1125%	0.1688%	1.3838%
2008/09	1.0000%	0.0150%	0.0807%	0.1125%	0.1688%	1.3770%
2009/10	1.0000%	0.0150%	0.0986%	0.1125%	0.1688%	1.3949%
2010/11	1.0000%	0.0150%	0.0779%	0.1125%	0.1688%	1.3742%
2011/12	1.0000%	0.0150%	0.0973%	0.1125%	0.1688%	1.3936%
2012/13	1.0000%	0.0150%	0.0904%	0.1125%	0.1688%	1.3867%
2013/14	1.0000%	0.0150%	0.0986%	0.1125%	0.1688%	1.3949%

Source: Napa County Auditor Controller's Office

**City of Napa - Revenue Capacity
Principal Property Taxpayers
Current Year and Nine Years Ago**

		2014			2005		
				<u>Percentage of Total Assessed Valuation</u>			<u>Percentage of Total Assessed Valuation</u>
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>Rank</u>		<u>Assessed Value</u>	<u>Rank</u>	
Kaiser Foundation Hospitals	Hospital	\$ 213,242,187	1	2.43%	\$ 23,729,972	9	0.41%
Dey Laboratories LP	Chemical Products	87,745,237	2	1.00%	87,018,110	1	1.51%
Meritage Resort LLC	Hotels	87,293,487	3	1.00%			
Inland American Lodging Napa	Hotels	77,913,690	4	0.89%			
Hawthorn Village LP	Apartments	53,738,294	5	0.61%			
Hyatt Equities LLC	Hotels	49,966,500	6	0.57%			
Chelsea Financing Partnership LP	Real Estate	44,354,112	7	0.51%	34,189,284	4	0.59%
Shell Owners Association West	Timeshares	42,317,670	8	0.48%			
Intelsat Corporation	Industrial	39,193,581	9	0.45%			
First Napa Acquisition LLC	Apartments	39,134,169	10	0.45%			
Panamsat International Systems Inc					50,167,100	2	0.87%
Peter A. and Vernice H. Gasser Foundation	Non-profit Civic Foundation				42,526,432	3	0.74%
Sunstone Napa LLC					33,518,433	5	0.58%
Bedford Property Investors Inc					31,686,550	6	0.55%
Stanley Ranch Vineyards LLC					28,720,138	7	0.50%
AGS Ventures Inc					24,836,739	8	0.43%
Bayrock Napa LP					19,051,073	10	0.33%

Source: Napa County Auditor Controller's Office

**City of Napa - Revenue Capacity
Property Tax Levies and Collections
Last Ten Fiscal Years**

**Collected within the Fiscal Year
of the Levy**

<u>Fiscal Year ended June</u> <u>30</u>	<u>Total Tax Levy for</u> <u>Fiscal Year</u> ²	<u>Collected within the Fiscal Year</u> <u>of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2005	\$ -	\$ -	100%
2006	-	-	100%
2007	-	-	100%
2008	-	-	100%
2009	-	-	100%
2010	-	-	100%
2011	14,378,036	14,378,036	100%
2012	¹ 14,922,304	14,922,304	100%
2013	15,207,190	15,207,190	100%
2014	15,334,229	15,334,229	100%

Source: Napa County Auditor Controller's Office

¹ Information prior to fiscal year 2010 is not readily available.

² Levy does not include ERAF or RDA pass through.

City of Napa - Debt Capacity
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities				
<u>Fiscal Year</u> <u>Ended June</u> <u>30</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Redevelopment</u> <u>Bonds</u> ¹	<u>Capital</u> <u>Leases</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u>
2005	\$ -	\$ 26,505,000	\$ -	\$ 26,505,000
2006	-	25,640,000	-	25,640,000
2007	-	24,620,000	-	24,620,000
2008	-	23,410,000	121,664	23,531,664
2009	-	22,170,000	157,688	22,327,688
2010	-	20,635,000	432,534	21,067,534
2011	-	19,020,000	329,190	19,349,190
2012	-	-	240,944	240,944
2013	-	-	106,236	106,236
2014	-	-	44,112	44,112

¹ Redevelopment Bonds were previously classified as governmental. With the dissolution of Redevelopment in fiscal year 2012 they are now presented under a separate fiduciary fund.

City of Napa - Debt Capacity
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Business Type Activities							
<u>Fiscal Year</u> <u>Ended June</u> <u>30</u>	<u>Water</u> <u>Revenue</u> <u>Bonds</u>	<u>Solid Waste</u> <u>Revenue Bonds</u>	<u>Loans & Notes</u> <u>Payable</u>	<u>Total</u> <u>Business Type</u> <u>Activities</u>	<u>Total Primary</u> <u>Government</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u>	<u>Debt</u> <u>Per</u> <u>Capita</u>
2005	\$ -	\$ 6,880,000.00	\$ 2,807,184.35	\$ 9,687,184	\$ 36,192,184	1.06%	\$ 486
2006		6,545,000	3,859,374	10,404,374	36,044,374	0.99%	483
2007		6,200,000	7,964,758	14,164,758	38,784,758	1.03%	519
2008	47,350,000	5,840,000	7,611,029	60,801,029	84,332,693	2.20%	1,122
2009	47,350,000	5,465,000	7,263,293	60,078,293	82,405,981	2.23%	1,083
2010	47,350,000	5,075,000	6,904,816	59,329,816	80,397,350	2.14%	1,046
2011	46,300,000	4,665,000	6,535,107	57,500,107	76,849,297	1.95%	999
2012	45,205,000	4,235,000	6,154,139	55,594,139	55,835,083	1.31%	720
2013	44,065,000	3,785,000	5,760,697	53,610,697	53,716,933	1.22%	690
2014	42,880,000		7,623,965	50,503,965	50,548,077	1.14%	645

Source: California Municipal Statistics, Inc

¹ Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that if within the boundaries of the city divided by the district's total taxable assessed value.

² Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

**City of Napa - Debt Capacity
Legal Debt Margin Information
Last Ten Fiscal Years**

	2005	2006	2007	2008	2009
Assessed valuation	\$ 6,270,683,257	\$ 7,026,578,770	\$ 7,822,180,558	\$ 8,610,881,711	\$ 8,953,549,785
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,567,670,814	1,756,644,693	1,955,545,140	2,152,720,428	2,238,387,446
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 235,150,622	\$ 263,496,704	\$ 293,331,771	\$ 322,908,064	\$ 335,758,117
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$ 235,150,622	\$ 263,496,704	\$ 293,331,771	\$ 322,908,064	\$ 335,758,117
Total debt applicable to the limit as percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%
	2010	2011	2012	2013	2014
Assessed valuation	\$ 8,711,134,526	\$ 8,641,413,264	\$ 8,664,660,774	\$ 8,762,995,441	\$ 9,218,760,715
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,177,783,632	2,160,353,316	2,166,165,194	2,190,748,860	2,304,690,179
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 326,667,545	\$ 324,052,997	\$ 324,924,779	\$ 328,612,329	\$ 345,703,527
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$ 326,667,545	\$ 324,052,997	\$ 324,924,779	\$ 328,612,329	\$ 345,703,527
Total debt applicable to the limit as percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

City of Napa - Debt Capacity
Pledged Revenue Coverage
Last Ten Fiscal Years

Water								
<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Gross Water</u>			<u>Debt Service</u>			<u>City System</u> <u>Coverage</u>	
	<u>Revenues</u>	<u>Less Expenses</u>	<u>Net Available</u> <u>Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Notes Payable</u>		
2005	\$ 16,931,926	\$ 11,465,448	\$ 5,466,478	\$ 1,110,000	\$ 278,006	\$ 192,096		3.46
2006	18,117,923	10,241,233	7,876,690	1,160,000	240,266	192,096		4.95
2007	19,659,303	10,649,138	9,010,165	1,225,000	199,666	302,392		5.22
2008	21,111,182	12,610,256	8,500,926	1,270,000	2,487,730	382,464		2.05
2009	19,721,108	13,972,193	5,748,915	1,320,000	2,352,124	391,537		1.41
2010	19,385,902	15,789,037	3,596,865	1,365,000	2,300,644	391,537		0.89
2011	19,422,077	14,022,037	5,400,040	1,050,000	2,246,044	391,537		1.46
2012	22,160,235	15,389,343	6,770,892	1,095,000	2,204,044	391,537		1.83
2013	25,454,220	15,452,198	10,002,022	1,140,000	2,160,244	391,537		2.71
2014	28,510,172	14,339,154	14,171,018	1,541,062	5,313,787	391,537		1.96

Solid Waste Revenue Bonds								
<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Gross Solid Waste</u>			<u>Debt Service</u>			<u>City System</u> <u>Coverage</u>	
	<u>Revenues</u>	<u>Less Expenses</u>	<u>Net Available</u> <u>Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Notes Payable</u>		
2005	\$ 13,394,902	\$ 11,395,743	\$ 1,999,159	\$ 155,000	\$ 368,128			3.82
2006	13,482,083	12,191,639	1,290,444	335,000	342,926			1.90
2007	18,970,522	16,080,291	2,890,231	345,000	329,972			4.28
2008	21,290,455	17,546,499	3,743,956	360,000	316,542			5.53
2009	20,848,145	18,227,150	2,620,995	375,000	302,540			3.87
2010	15,567,913	14,105,116	1,462,797	390,000	285,529			2.17
2011	15,986,299	13,015,485	2,970,813	410,000	265,289			4.40
2012	16,538,005	14,061,154	2,476,851	430,000	244,037			3.67
2013	24,461,038	20,763,495	3,697,543	450,000	221,773			5.50
2014	24,117,179	20,464,194	3,652,985	3,552,784	278,931			0.95

City of Napa - Demographic and Economic Information
Demographic and Economic Information
Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Personal Income</u> <u>(in thousands)</u>	<u>Per Capita</u> <u>Income</u>	<u>School</u> <u>Enrollment</u>	<u>Unemployment</u> <u>Rate</u>
2005	74,499	\$ 3,428,593	\$ 46,022	19,654	4.4%
2006	74,620	3,630,860	48,658	19,908	3.9%
2007	74,688	3,777,047	50,571	20,087	4.0%
2008	75,186	3,831,479	50,960	20,108	5.1%
2009	76,090	3,696,376	48,579	20,370	8.6%
2010	76,856	3,756,337	48,875	20,520	9.7%
2011	76,915	3,937,587	51,194	20,582	9.1%
2012	77,513	4,271,199	55,103	20,593	7.8%
2013	77,881	4,410,713	56,634	20,725	6.3%
2014	78,358	4,437,727	56,634	20,868	5.4%

(1) California Department of Finance offers multiple statistics for City of Napa population. These numbers come from "E-4 Population and Housing Estimates for Cities, Counties and the State, 2001-2010." and "E-1 Current Population Estimates".

(2) Source: US Department of Commerce, Bureau of Economic Analysis. Per capita income represented is for Napa County. 2014 per capita income is not yet available.

(3) California Department of Education, Educational Demographics Unit (District and School Enrollment by Grade)

(4) United States Department of Labor, Bureau of Labor Statistics. Unemployment rate presented is for Napa County. 2014 unemployment rate is an average of January 2014 through August 2014.

City of Napa - Demographic and Economic Information
Principal Employers
Current Year and Nine Years Ago

Employer	2014		2005 ¹	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Napa Valley Unified School District	1,900	5.16%	2,000	2.97%
Queen of the Valley Medical Center	1,365	3.71%	1,400	2.08%
County of Napa	1,248	3.39%	1,289	1.91%
City of Napa	458	1.24%		
Target ²	292	0.79%		
Napa Valley College	290	0.79%	525	0.78%
Walmart Supercenter	275	0.75%		
Kohl's Department Store	200	0.54%		
Meritage Resort and Spa	190	0.52%		
Kaiser Permanente	180	0.49%		
Marriott-Napa Valley	165	0.45%		
Coldwell Banker Brokers of the Valley	159	0.43%		
Aldea Children & Family Services	150	0.41%		
Regulus Integrated Solutions	150	0.41%		
The Meadows of Napa Valley Assisted Living	150	0.41%		
Whole Foods	150	0.41%		

Source: Economic Development Division of the City of Napa and United States Census Bureau.

¹ Information prior to 2013 is not readily available.

² Includes two retail locations.

City of Napa - Demographic and Economic Information
Full Time Equivalent City Government Employees by Function / Program
Last Ten Fiscal Years

Function/Program	2005 ¹	2006 ¹	2007	2008	2009	2010	2011	2012	2013	2014
<i>Governmental Activities</i>										
General Government	57.00	57.00	49.45	58.62	59.27	62.88	57.62	57.35	54.88	56.43
Public Safety										
Police	129.00	122.00	131.89	134.76	137.85	132.79	126.28	125.18	128.53	130.03
Fire	70.00	66.00	68.12	70.74	70.56	70.93	65.36	65.57	65.60	67.84
Public Works	59.00	53.00	57.50	59.96	61.18	64.22	59.22	58.70	63.70	65.38
Parks and recreation	49.00	43.00	70.30	73.75	72.00	69.04	57.89	59.12	59.41	69.59
Community development and Housing	33.00	34.00	41.98	39.11	43.48	42.11	38.71	38.98	37.71	35.29
<i>Business type Activities</i>										
Water Utility	46.00	47.00	50.23	50.50	52.50	54.57	52.57	53.23	54.17	55.66
Materials Diversion	5.00	5.00	6.20	6.75	6.66	6.44	6.36	7.26	6.26	7.00
TOTAL	448.00	427.00	475.67	494.19	503.50	502.98	464.01	465.39	470.26	487.22

Source: Budget Document, City of Napa

¹ Excludes Part Time

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	-	-	3,728	3,923	4,602	4,170	3,752	3,505	3,205	3,440
Parking violations	8,787	9,597	9,501	8,512	8,159	6,497	6,551	6,408	7,683	8,683
Traffic violations	-	-	5,687	6,007	6,099	4,715	3,054	3,332	3,078	3,668
Fire										
Number of calls answered	6,159	6,553	6,976	6,807	7,002	6,953	6,941	7,197	7,646	7,897
Inspections	632	634	560	1,555	1,296	1,496	1,425	1,425	1,464	1,379
Highways and streets										
Street resurfacing (miles)	-	-	-	-	10	9.15	8.25	8.95	8.97	8.8
Potholes repairs	-	-	-	1,182	653	294	211	326	300	358
Solid Waste & Recycling										
Refuse collected (tons/day)	126	122	108	103	98	98	94	92	90	-
Recyclables collected (tons/day)	44	70	69	71	64	68	60	64	64	-
Culture and recreation										
Athletic field permits issued	46	26	25	21	29	37	30	25	10	17
Water										
New connections	-	-	-	127	618	-	-	326	-	-
Water Main breaks	-	-	123	98	59	99	64	93	63	-
Average daily consumption (per thousand gallons)	14.02	13.39	14.98	15.33	14.94	13.14	13.35	13.79	14.27	-

Source: City of Napa

¹ Information prior to 2014 is not readily available.

City of Napa - Operating Information
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	-	-	22	21	21	20	22	24	27	27
Police Motorcycles	-	-	4	4	5	5	5	5	5	5
Fire										
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire Apparatus	-	-	9	9	9	9	9	9	10	10
Highways and Streets										
Streets (miles)	-	-	-	-	-	-	-	-	234.4	237.3
Parks & Recreation										
Parks	48	48	49	49	50	50	51	52	53	53
Parks (acreage)	752	752	764	764	765	765	798	804	804	804
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Community Centers	3	3	3	3	3	3	3	3	3	3
Wastewater										
Storm Drain (miles)	150	150	151	152	152	152	152	152	152	152
Water										
Reservoirs	2	2	2	2	2	2	2	2	2	2
MDF:										
Facility	1	1	1	1	1	1	1	1	1	1
Golf Course:										
Napa Golf Course	1	1	1	1	1	1	1	1	1	1

Source: City of Napa

¹ Information prior to 2014 is not readily available.

CITY OF NAPA, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2014

Prepared by:

Finance Department, City of Napa
March, 2015

CITY OF NAPA

**SINGLE AUDIT REPORT
For The Year Ended June 30, 2014**

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and
Members of the City Council
City of Napa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napa, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2015. Our report included an emphasis of a matter paragraph disclosing beginning net position restatements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2014-1 and 2014-2, that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs, as item 2014-3, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varronek, Trine, Day & Co., LLP.

Pleasanton, California
March 25, 2015



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB
CIRCULAR A-133**

To the Honorable Mayor and
Members of the City Council
City of Napa, California

Report on Compliance for Each Major Federal Program

We have audited the City of Napa, California's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 31, 2014, which contained an unmodified opinion on those financial statements. Our opinion contained an emphasis of matter disclosing beginning net position restatements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Varrine, Trine, Day & Co., LLP.

Pleasanton, California
March 25, 2015

CITY OF NAPA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identification Number	Federal Expenditures
U.S. Department of Transportation State of California			
<u>Pass-Through Programs:</u>			
Highway Planning and Construction			
First Street Bridge over Napa River	20.205	BRLS-5042 (038)	\$ 2,488
Trancas Bridge Scour	20.205	BHLS-5042(042)	7,400
California Blvd Wide Pueblo/Perm	20.205	CML-5042 (054)	1,308
Linda Vista Fed Overlay	20.205	STPL-5042-055	767
National Highway Traffic Safety Administration			
Selective Traffic Enforcement Program (STEP)	20.600	PT1450	19,113
Selective Traffic Enforcement Program (STEP)	20.608	PT1450	39,902
Selective Traffic Enforcement Program (STEP)	20.600	PT13110	17,432
Selective Traffic Enforcement Program (STEP)	20.608	PT13110	14,350
Minimum Penalties for repeat offenders (Avoid DUI Campaign)	20.608	AL1305	40,576
Minimum Penalties for repeat offenders (Avoid DUI Campaign)	20.608	AL1454	45,006
Subtotal U.S. Department of Transportation Pass-Through Programs			<u>188,342</u>
Total U.S. Department of Transportation State of California			<u>188,342</u>
U.S. Department of Housing and Urban Development			
<u>Direct Programs:</u>			
Community Development Block Grants Entitlement Cluster: ⁽¹⁾			
Community Development Block Grants/Entitlement Grants	14.218		1,166,127
Housing Voucher Cluster: ⁽¹⁾			
Mainstream Vouchers (MS5)	14.879		279,109
Section 8 Housing Choice Vouchers	14.871		9,496,978
Family Unification Program (FUP)	14.880		1,581,020
Housing Development Programs:			
Continuum of Care	14.267		68,947
Supportive Housing Program	14.235		1,828
Shelter Plus Care Program	14.238		14,772
Subtotal U.S. Department of Housing and Urban Development Direct Programs			<u>12,608,781</u>
<u>Pass-Through Programs:</u>			
Department of Housing and Community Development			
HOME Investment Partnership Program	14.239	B-09-MC-06-0028	<u>335,279</u>
Subtotal U.S. Department of Housing and Urban Development Pass-Through Programs			<u>335,279</u>
Total U.S. Department of Housing and Urban Development Programs			<u>12,944,060</u>
U.S. Department of Justice			
<u>Direct Programs:</u>			
Bureau of Justice Assistance			
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738		12,125
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738		18,803
Bulletproof Vest Partnership Program	16.607		6,977
Total U.S. Department of Justice Programs			<u>37,905</u>

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF NAPA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

U.S. Department of Homeland SecurityPass-Through Programs:

Federal Emergency Management Agency			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2013-FH-00717	<u>11,195</u>
Total U.S. Department of Homeland Security			<u>11,195</u>

U.S. Department of Health and Human ServicesPass-Through Programs:

Children's Justice Grants to States			
Children Exposed to Domestic Violence Response	93.643	EV12 01 7400	116,578
Children Exposed to Domestic Violence Response	93.643	EV13 02 7400	<u>48,843</u>

Total U.S. Department of Health and Human Services			<u>165,421</u>
--	--	--	----------------

Total Expenditures of Federal Awards			<u>\$ 13,346,923</u>
--------------------------------------	--	--	----------------------

⁽¹⁾ Tested as a major program

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF NAPA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. General**

The accompanying schedule of expenditures of federal awards presents the activity of all Federal awards programs of the City of Napa (City). The City's reporting entity is defined in Note #1 of the City's basic financial statements. All Federal awards received directly from Federal agencies, as well as Federal awards passed through other governmental agencies to the City are included in the accompanying schedule.

B. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note #1 of the City's basic financial statements.

C. Relationship to Basic Financial Statements

The amounts reported in the accompanying schedule of expenditures of federal awards agree, in all material respects, to amounts reported within the City's financial statements.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related Federal financial reports. However, certain Federal financial reports are filed based on cash expenditures. As such, certain timing differences may exist in the recognition of revenues and expenditures between the schedule of expenditures of federal awards and the Federal financial reports.

E. Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

F. Pass-Through Entities' Identifying Number

When Federal awards were received from a pass-through entity, the schedule of expenditures of federal awards shows, if available, the identifying number assigned by the pass-through entity.

NOTE 2 – SUBRECEIPIENTS

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grants/Entitlement Grants	\$ 107,110

CITY OF NAPA

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**
I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>Yes</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>14.871, 14.879, and 14.880</u>	<u>Housing Voucher Cluster</u>
<u>14.218</u>	<u>Community Development Block Grants/Entitlement Grants</u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 400,408</u>
Auditee qualified as low-risk auditee?	<u>No</u>

CITY OF NAPA

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

II. FINANCIAL STATEMENT FINDINGS

Finding Number 2014-1

IMPROPER APPLICATION OF ACCOUNTING STANDARDS AND IMPROPER FINANCIAL REPORTING

Criteria:

Governmental Accounting Standards should be applied with due diligence and consistency to ensure proper accounting and financial reporting.

Condition:

At the beginning of the audit City finance personnel brought to our attention concerns they had regarding the proper accounting and financial reporting in previous years and our audit concluded the following:

- During our audit of the North Bay Aqueduct (NBA) contract, we noted that the City had incorrectly recognized the contract as a capital lease liability and a related asset.
- During our audit, we noted that the City implemented GASB Statement No. 65 (Items Previously Reported as Assets and Liabilities) during fiscal year 2012-13, however not all aspects of the statement had been implemented properly. The City failed to expense the bond issuance cost as required and failed to properly reflect the change in presentation of a Service Concession Arrangement Deferred Inflow from the Golf Fund balance sheet to the Government-Wide Statement of Net Position.

Cause:

Improper interpretation and application of the financial accounting and reporting standards due to time constraints and pressure to issue the prior year financial statements timely.

Effect:

- The improper treatment of the financial reporting for the NBA contract resulted in an understatement of the beginning balance of current year Proprietary Funds and Government-Wide Business-Type Activities net positions totaling \$5,781,151, which was corrected by management restating the beginning net position in the current year financial statements.
- The partial implementation of GASB 65 resulted in an overstatement of the beginning balance of the current year Government-Wide Governmental Activities and Private Purpose Trust fund net positions by \$673,196 and \$363,200, respectively, which were corrected by management with a restatement in the current year financial statements.

Recommendation:

We recommend the City rely on authoritative guidance for all accounting and financial reporting matters. (i.e. GASB Statements, interpretations, technical guides, and implementation guides, and the American Institute of Public Accountants (AICPA) Audit and Accounting Guide and other related technical pronouncements). Another useful non authoritative source is the Government Finance Officers Association's (GFOA) Governmental Accounting, Auditing and Financial Reporting guide. For accounting and financial reporting matters that do not appear to have clear guidance the GASB, GFOA, and AICPA have technical hotlines that may be utilized.

CITY OF NAPA

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**
II. FINANCIAL STATEMENT FINDINGS

Views of responsible Officials and Planned Corrective Actions:

In 1991, the City of Napa reevaluated the accounting treatment given to its water supply contract with Napa County Flood Control and Water Conservation District (NCFCWCD) resulting in an adjustment to the Water Enterprise (Business-type activities) balance sheet to include both the asset and the liability for the capital lease obligation for the North Bay Aqueduct (NBA) and peripheral infrastructure. Based on additional research completed by the City, and discussions regarding GASB concept statement No. 4 and the classification of the North Bay Aqueduct contract with the City's financial auditors, the City adjusted the balance sheet of the Water Enterprise (Business-type activity) to correct the obligation to NCFCWCD from capital to operating. Additionally, although it was the City's intent to fully implement GASB Statement 65 during fiscal year 2012-13, errors of misunderstanding were evident upon further review and corrected in fiscal year 2013-14. Adjustments for all noted above were included in the June 30, 2014 financial statements and will not require additional adjustments. The City acknowledges the resources available for consultation and guidance on pronouncements, and will utilize those resources (e.g. AICPA, GFOA) in the future.

Finding Number 2014-2
COMPLETENESS AND ACCURACY OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Criteria:

In accordance with U.S. Office of Management and Budget Circular A-133, § ___.310(a) *Schedule of expenditures of federal Awards*, the auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. Further, under § ___.205 *Basis for determining Federal awards expended*, the determination of when an award is expended should be based on when the activity related to the award occurs.

Condition:

During our audit over the completeness and accuracy of the Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2014, we noted the following exceptions which were subsequently corrected by the management on the current year SEFA:

- The City improperly excluded current year rehabilitation loan expenditures related to a major program (Community Development Block Grant),
- The City has improperly reported multiple pass-through grants from National Highway Traffic Safety Administration (NHTSA) as direct programs,
- The City has improperly reported in the SEFA the Section 8 Housing Choice Voucher program revenues instead of the program expenses.
- The City failed to identify, in its accounts, the administrative expenses for the Family Unification Program (FUP), and also the FUP program expenses were improperly combined and presented under Section 8 Housing Choice Vouchers CFDA number in the initial SEFA.

Cause:

Lack of proper controls over financial reporting of the SEFA.

Effect:

Failure to accurately report federal awards on the SEFA could result in programs not being audited in accordance with OMB Circular A-133 and also result in not submitting the Single Audit to the Federal Audit Clearinghouse timely in accordance with OMB Circular A-133. Federal agencies could withhold grant funding to the City as a result.

CITY OF NAPA

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014****II. FINANCIAL STATEMENT FINDINGS**

Recommendation:

We recommend that management strengthen their policies and procedures to ensure that federal expenditures reported on the SEFA are accurate and in accordance with the requirements of OMB Circular A-133 by applying multiple levels of review procedures over the SEFA by staff that have experience with federal grant requirements to ensure completeness, accuracy and proper presentation.

Views of responsible Officials and Planned Corrective Actions:

The City acknowledges the mistakes in the presentation of CFDA numbers, the omission of rehabilitation loan expenditures, and the reporting of program revenues instead of expenditures, and will be making the following modifications to ensure completeness in the reporting on the schedule of expenditures of Federal Awards. These modifications are as follows: The Accounting Staff will be provided training through GFOA (or similar professional agencies) to ensure complete and current knowledge on all Federal Grants to ensure compliance with grant reporting requirements. Additionally, the Finance Manager will also attend training to ensure strong oversight in the preparation and review of the Single Audit.

Finding Number 2014-3**INADEQUATE CONTROLS OVER MAJOR FUND DETERMINATION****Criteria:**

The City should maintain adequate controls over the financial statements preparation including the major fund determination, and a proper review process should be in place

Condition:

During the review of the major fund determination work sheet prepared by the City, we noted an error in determining a major fund due to a spreadsheet formula error. The error was corrected before the financial statements were issued.

Cause:

Lack of proper controls over the major fund determination.

Effect:

Failure to accurately report the major funds on the financial statements could result in the financial statements are not being presented in accordance with the *Governmental Accounting Standards*.

Recommendation:

We recommend that management strengthen their policies and procedures by applying multiple levels of reviews procedures over the financial statements preparation process to ensure accuracy.

CITY OF NAPA

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014****II. FINANCIAL STATEMENT FINDINGS**

Views of responsible Officials and Planned Corrective Actions:

On August 24, 2014 the City of Napa experienced a 6.0 earthquake, which was declared an emergency at the Local, State and Federal levels. During the preparation of the June 30, 2014 financial statements, the Accounting staff was stretched beyond limits with the normal year-end close and preparation of the financial statements at the same time over \$25 million in emergency and permanent repairs were being conducted throughout the City. The City understands and acknowledges the review required to ensure accurate and complete statements are available for the auditors prior to fieldwork, and agrees the review time by the Finance Manager for the June 30, 2014 CAFR was compromised by the amount of additional work related to the earthquake response. In the future, the City will ensure the internal schedule for preparation of the financial statements is followed, or if impacted by an external situation, will adjust the schedule to ensure review of the document is not compromised, even if that results in a delay of the completion of the audit.

CITY OF NAPA

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

CITY OF NAPA

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

<u>Finding No.</u>	<u>Area</u>	<u>Status of Corrective Action</u>
2013-01	Segregation of Duties for Journal Entry Process	During the June 30, 2014 audit, we performed testing over the journal entry process and we noted that the City has separated the journal entry preparation function from the approval function, accordingly the finding deemed properly corrected.
2013-02	Update of Signature Cards	During the June 30, 2014 audit, we inspected the signature cards and noted that the City has updated all the signature cards to reflect the personnel changes in the past 2 years. This finding deemed properly corrected.
SA 2013-01	Award Package Submittal	During the June 30, 2014 audit, we requested the Highway Planning and Construction program award package submission letter (federal project No. CML-5042(054), and noted that the package had been submitted to the District Local Assistance Engineer on May 13, 2014, which was less than 60 days after the contract was awarded on May 6, 2014. The finding deemed properly corrected.

HOUSING AUTHORITY OF THE CITY OF NAPA
AGENDA REPORT

ADMIN CALENDAR
AGENDA ITEM 6.A.
Date: April 07, 2015

To: Honorable Chair and Commissioners

From: Rick Tooker, Community Development Director

Prepared by: Michael Kucz, Rental Assistance Program Supervisor

Subject: Housing Choice Voucher Program Administrative Plan Amendments

ISSUE STATEMENT:

Adopt a resolution approving Amendments to the Section 8 Housing Choice Voucher Program Administrative Plan and determine that the recommended action is not subject to CEQA.

DISCUSSION:

The Housing Choice Voucher Program Administrative Plan (the “Plan”) is a policy document that is used to ensure that the Section 8 voucher program is administered in compliance with HUD regulations and local policy. Each chapter of the Plan deals with different aspects of program implementation. For the most part, federal regulations dictate the way the Section 8 Program will be implemented. However, HUD requires that the Housing Authority (the “HACN”) establish local policies for the administration of the program in accordance with HUD regulations.

The Plan is a necessary reference tool for the HACN staff to administer the program accurately and to ensure that all applicants and participants are treated in a fair and equitable manner. Federal regulations for the Section 8 program are often extensive and complex. For that reason, it is important that the document is comprehensive, up to date, and meets all of Federal requirements. The current plan was adopted in 2008 and has been amended several times since to meet new program regulations, to address change in program operations, and to incorporate requirements of new grant applications.

The proposed modifications to the existing Plan include:

Updating the HACN’s policy regarding the use of Housing Choice Vouchers at the HACN owned senior apartment complex (Laurel Manor).

Deletion of the appendix pertaining to the Moderate Rehabilitation Program as the program has ended and the HACN does not anticipate future funding for this program.

Equal opportunity access to the Housing Choice Voucher program updated to include non-discrimination on the basis of gender identity.

The Plan will now reflect the HACN's policy regarding the option to perform housing quality standard inspections once every two years instead of yearly. The policy will outline the criteria for which units will continue to be inspected annually.

The Plan has been updated to include the HACN's policy in regards to participant families that separate or divorce and outlines the criteria used to determine which family unit retains the Housing Choice Voucher after the split.

The Plan has been modified to reflect that the HACN will allow the use of shared housing for all Section 8 Voucher holders.

The section pertaining to utility allowances has been changed to reflect the new HUD regulation that the utility allowance will be based on the lower of the size of the unit rented or the size of the family's voucher.

The Violence Against Women Reauthorization Act (VAWA) section has been modified to reflect the changes required under the VAWA Reauthorization Act of 2013.

The final modification outlines the HACN's policy regarding family occupancy of wrong sized or accessible units in the project based voucher program.

FINANCIAL IMPACTS:

There is no financial impact related to this action.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060 (c) and is categorically excluded from the requirements of NEPA and is not subject to review under the related laws and authorities.

DOCUMENTS ATTACHED:

1. Attachment 1: Resolution approving Amendments to the Section 8 Housing Choice Voucher Program Administrative Plan.
2. Attachment 2: Section 8 Housing Choice Voucher Program Administrative Plan Amendments

NOTIFICATION:

Resident Advisory Board

RECOMMENDED ACTION:

Staff recommends that the Authority Board move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Adopt a resolution approving amendments to the Section 8 Housing Choice Voucher Program Administrative Plan.

RESOLUTION HR2015-__

RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF NAPA,
STATE OF CALIFORNIA APPROVING AMENDMENTS TO
THE SECTION 8 HOUSING CHOICE VOUCHER
PROGRAM ADMINISTRATIVE PLAN

WHEREAS, the Housing Authority of the City of Napa (hereafter the "Authority") has an approved Section 8 Housing Choice Program Administrative Plan (hereinafter the "Administrative Plan") which is a policy document that is used to ensure that the program is administered in compliance with United States Department of Housing and Urban Development (HUD) regulations and local policy; and

WHEREAS, the revised Administrative Plan was originally approved by the Authority Board on August 5, 2008 and was amended on April 7, 2009, December 1, 2009, June 1, 2010, September 6, 2011, May 1, 2012, April 2, 2013 and July 11, 2014; and

WHEREAS, the Authority adopts changes to the Administrative Plan as program needs and requirements change.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of Napa, as follows:

1. The Authority Board finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the Authority's adoption of this Resolution.

2. The Authority Board hereby determines that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060 (c) and is categorically excluded from the requirements of NEPA and is not subject to review under the related laws and authorities.

3. The Authority Board hereby approves the Section 8 Housing Choice Program Administrative Plan ("Administrative Plan") which is on file with the City Clerk. The Administrative Plan is available for review on the websites of the City and the Authority, and it is also available for review upon request at the offices of the City Clerk or the Authority. The Administrative Plan, as approved by this resolution, incorporates the amendments shown on Attachment 2 (attached hereto and incorporated herein by reference, on which additions are shown underlined and deletions are shown in strike-out), which amends the previously approved Administrative Plan (as identified in the recitals to this resolution).

4. This Resolution shall take effect immediately upon its adoption.

ATTACHMENT 1

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Board of Commissioners of the Housing Authority of the City of Napa at a public meeting of said Housing Authority held on the 7th day of April 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____
Dorothy Roberts
Authority Deputy Secretary

Approved as to form:

Michael W. Barrett
Authority General Counsel

ATTACHMENT 2

APPENDIX XI. LAUREL MANOR

A HACN-OWNED-SENIOR FACILITY

Laurel Manor is a HACN-owned senior facility for persons sixty-two (62) years ~~old of~~ age or older. The HACN ~~will allow voucher holders to use their Housing Choice Vouchers at this facility and shall be subject to the same program requirements that apply to other owners in the program.~~ program is used to pay for the rental assistance for the seniors who live in the facility when subsidies are available and the tenant is eligible.

~~A. — Selection from waiting list~~

~~The waiting list for the facility is generated from the Housing Choice Voucher program waiting list. Those applicants who qualify for the senior units and come to the top of the waiting list are contacted by the HACN to determine their interest in occupying a unit in Laurel Manor.~~

~~B. — OCCUPANCY~~

~~1. When a family accepts an offer of tenancy in Laurel Manor, the HACN will give the family an oral briefing. The briefing will include information on how the program works and information regarding the family's and the HACN's responsibilities.~~

~~2. The HACN will give the family a briefing packet that includes all information in accordance with HUD regulations.~~

~~3. If the family head or spouse is a disabled person, the HACN will take appropriate steps to assure effective communication, in accordance with 24 CFR 8.6, in conducting the oral briefing and in providing the written information packet, including alternative formats for both.~~

~~4. The HACN will screen or cause to be screened all applicants to Laurel Manor for suitability for tenancy.~~

~~C. — LEASING~~

~~1. The tenant and the HACN will enter into a written lease for the unit.~~

ATTACHMENT 2

~~2. The lease will include a HUD-required tenancy addendum. The tenancy addendum will include, word for word, all provisions required by HUD.~~

~~3. The lease will include all of the following:~~

~~the HACN and the names of the tenant(s);~~

~~the unit rented (address, apartment number, if any, and any other information needed to identify the leased contract unit);~~

~~the term of the lease (initial term and any provision for renewal);~~

~~the amount of the tenant rent to HACN; and~~

~~a specification of what services, maintenance, equipment, and utilities are to be provided by the HACN.~~

~~4. The initial lease term must be for at least one year unless terminated by mutual agreement by HACN and the tenant.~~

~~D. RIGHT TO MOVE~~

~~1. The family may terminate the assisted lease at any time after the first year of occupancy. The family must give the HACN advance written notice of intent to vacate in accordance with the lease.~~

~~2. If the family has elected to terminate the lease in this manner, the HACN will offer the family the opportunity for continued assistance under the voucher program.~~

~~3. When providing notice to terminate the lease, a family must contact the HACN to request comparable tenant-based rental assistance if the family wishes to move with continued assistance.~~

~~A. The HACN will inform the family that they have the right to select any eligible unit available for lease, and a HACN owned unit is freely selected by the family, without HACN pressure or steering.~~

~~EB. RENT~~

~~1. At all times during the term of the HAP contract, the rent at Laurel Manor will not exceed the reasonable rent.~~

ATTACHMENT 2

2. The reasonable rent of a contract unit will be determined by comparison to rent for other comparable unassisted units utilizing such factors as the location, quality, size, unit type, amenities, housing services, maintenance, and utilities.

3. The ~~amount of the~~ reasonable rent will be determined by an ~~HACN contracted~~ independent ~~agency entity, approved by HUD. approved by HUD, rather than by the~~ HACN. The independent entity will ~~communicate the~~ furnish a copy of the independent ~~entity~~ determination of ~~rent~~ reasonable ~~ness~~ ~~rent~~ for HACN-owned units to the HACN ~~and the family and the HUD field office.~~

4. This independent agency approved by HUD shall also ~~HACN has will contracted with~~ ~~an independent agency entity approved by HUD to~~ assist the family negotiate the rent to the HACN for the units ~~in at~~ Laurel Manor.

FC. HQS INSPECTIONS

1. The HACN will ~~contracts~~ with an independent ~~agency entity approved by HUD~~ to conduct all HQS inspections for Laurel Manor and the independent ~~contractor entity~~ will communicate the results of each inspection to the family and the HACN.

ATTACHMENT 2

MOD REHAB PROGRAM APPENDIX VIII:

~~Delete all of Appendix VIII – moderate rehabilitation program ended~~

~~APPENDIX VIII. MODERATE REHABILITATION PROGRAM (SRO)~~

~~The HACN manages an eight (8) unit Section 8 Moderate Rehabilitation Program for Single Room Occupancy (SRO). At the time HUD approved this project, all requirements were complied with in accordance with Title 24 Part 882 Subpart H, 882.801 – 882.810. This section only addresses the ongoing operation requirements of one SRO facility.~~

~~A. TENANT OUTREACH~~

~~1. The HACN may utilize the Section 8 HCV program waiting list and referrals from other community agencies to fill the SRO units.~~

~~2. Homeless individuals will have the first priority for occupancy of housing under this program.~~

~~3. The HACN and the Owner have undertaken outreach efforts to homeless individuals. The HACN outreach efforts ensure that all persons of all race, color, religion, sex, age, national origin, or mental or physical disability who may qualify for admission to the program are reached. Outreach efforts include the notification of the availability of the facility to all local emergency shelter providers and other organizations that could provide referrals of homeless individuals. These agencies provide interested persons information concerning the existence and location of the facility.~~

~~B. TENANT SUPPORTIVE SERVICES~~

~~Community agencies that have referred clients to this facility will provide ongoing case management as needed. Community group activities on holidays will be provided by the Owner.~~

~~C. CONTRACT RENTS~~

~~Contract rents do not include the costs of providing supportive services, transportation, furniture, or other non-housing costs, as determined by HUD. The initial gross rent (contract rent plus any utility allowance) for these units will be 75 percent of the 0-~~

ATTACHMENT 2

PAGE 13 EQUAL ACCESS

E. EQUAL OPPORTUNITY

1. It is the policy of the HACN to comply fully with all Federal, State, and local nondiscrimination laws; the Americans with Disabilities Act; and the U. S. Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity.
2. No person shall, on the grounds of race, color, gender, religion, creed, national or ethnic origin, familial status, marital status, handicap, disability, gender identity or sexual orientation be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the HACN housing programs.
3. To further its commitment to full compliance with applicable Civil Rights laws, the HACN will provide Federal/State/local information to applicants for and participants in the Section 8 Housing Program regarding discrimination and any recourse available to them if they believe they may be victims of discrimination. All written information and advertisements will contain the appropriate Equal Opportunity language and logo.
4. If a family claims that illegal discrimination because race, color, gender, religion, creed, national or ethnic origin, familial status, marital status, handicap, disability or sexual orientation has prevented the family from finding or leasing a suitable unit with assistance under the Housing Choice Voucher program, HACN will provide the family with a HUD-903.1 discrimination claim form and assist the family in filling out and filing the housing discrimination complaint.
5. Fair Housing posters are posted throughout the Housing Authority office/s, including in the lobby and interview rooms. No individual with disabilities will be denied the benefits of, be excluded from participation in, or otherwise be subjected to discrimination because the HACN's facilities are inaccessible to or unusable by persons with disabilities. For example, posters and housing information are displayed in locations throughout the HACN's office in such a manner as to be easily readable from a wheelchair.

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PAGES 36 AND 45 UTILITY ALLOWANCE:

Circumstances may dictate a larger size than the subsidy standards permit when persons cannot share a bedroom because of a need, such as a verified medical or health reason, or if an elderly person or persons with disabilities requires a live-in aide.

A family may request in writing a larger sized voucher than indicated by the HACN's subsidy standards. The request must explain and document the justification for a larger bedroom. Documentation verifying the justification may be required. Requests based on health related reasons must be verified by a knowledgeable medical professional.

2. Changes for Participants - The members of the family residing in the unit must be approved by the HACN. The family must obtain approval of any additional family member before the new member occupies the unit except for additions by birth, adoption, or court-awarded custody of a child, in which case the family must inform the HACN within fourteen (14) calendar days of the addition to the family.

3. Under-housed and Over-housed Families - If a unit does not meet HQS space standards due to an increase in family size, the HACN will issue a new voucher of the appropriate size and assist the family in locating a suitable unit. When an appropriate sized unit is found by the family, HACN will terminate the current HAP contract in accordance with its terms.

D. UNIT SIZE SELECTED [24 CFR 982.402(c)]

1. If the family selects a different sized dwelling unit than that listed on the voucher, there are three criteria considered:

- a. The family unit size as determined for a family under the HACN subsidy standard for a family assisted in the voucher program is based on the HACN's adopted payment standards. The payment standard for a family will be the lower of:
 - 1) the payment standard amount for the family unit size; or
 - 2) the payment standard amount for the unit size rented by the family.
- b. The utility allowance ~~used to calculate the gross rent is based on the actual size of the unit the family selects, regardless of the size authorized on the family's voucher.~~ is determined by the lower of (1) the size of the unit the family leases or (2) by the size on the family's voucher (whichever is the lowest of the two).
- c. Housing Quality Standards allow two persons per living/sleeping room and permits maximum occupancy levels (assuming a living room is used as a living/sleeping area) as shown in the table below. The levels may be exceeded if a room other than a bedroom or living room is used for sleeping.

E. HQS GUIDELINES FOR UNIT SIZE SELECTED

Unit Size	Maximum Number in Household
0 Bedroom	2
1 Bedroom	4

ATTACHMENT 2

2 Bedrooms	6
3 Bedrooms	8
4 Bedrooms	10

1. The HACN's utility allowance covers the cost of utilities not included in the rent. It is not based upon actual usage by the family.
2. The utility allowance schedule is based on the typical cost of utilities and services paid by households that occupy housing of similar size and type in the same locality.
3. The HACN's utility allowance schedule, and the utility allowance for an individual family, includes the utilities and services that are necessary in the locality to provide housing that complies with Housing Quality Standards.
4. HACN will review the utility allowance schedule annually and it will revise the schedule if the utility rate has increased ten (10) percent or more since the last revision.
5. If the family provides their own range and/or refrigerator, HACN will establish an allowance allowing for the purchase or rent of each appliance. Allowances for ranges and refrigerators will be the cost of leasing or purchasing over a twelve month period, whichever cost is less.
6. If the HUD 50058 calculation results in a utility reimbursement, the HACN will provide a monthly utility reimbursement payment, on behalf of the family, to the utility company or to the owner if the owner pays the utility and subsequently bills the family.
7. At reexamination, the HACN will use the current utility allowance schedule.

8. A family's utility allowance is determined by the lower of the (1) size of the unit the family leases; or (2) by the size on the family's voucher.

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PAGE 64 AND ATTACHMENTS

C ANNUAL HQS INSPECTIONS [24 CFR 982.405(a)]

The HACN will conduct an inspection in accordance with Housing Quality Standards at least ~~annually biennially~~. Annual inspections will be done for units that failed the previous year's HQS inspection, for units with a history of failed HQS inspections, and for units whose owners have requested annual inspections. The family must allow the HACN to inspect the unit at reasonable times with reasonable notice. The family is responsible for an HQS breach caused by the family. Modifications or adaptations to a unit to accommodate a person with a disability must meet all applicable HQS standards.

D. SPECIAL/COMPLAINT INSPECTIONS [24 CFR 982.405(c)]

If at any time the family or Owner notifies the HACN that the unit does not meet Housing Quality Standards, the HACN will conduct an inspection within five (5) days of the request for an inspection. The HACN may also conduct a special inspection based on information from third parties.

E. EMERGENCY/NON-EMERGENCY REPAIR ITEMS [24 CFR 982.404(a)]

1. Emergency items which endanger the family's health or safety will be corrected by the Owner within twenty-four (24) hours of notification. Non-emergency item repairs will be corrected within thirty (30) days.

2. If the emergency repair item(s) are not corrected in the time period required by the HACN and the Owner is responsible, the Housing Assistance Payment (HAP) will be abated and the HAP contract may be terminated. No retroactive payments will be made to the Owner for the period of time the rent was abated and the unit did not comply with HQS. If repairs are completed before the effective termination date, the termination may be rescinded by the HACN, if the tenant chooses to remain in the unit. Only one Housing Quality Standards inspection will be conducted after the termination notice is issued.

3. If the emergency repair item(s) are not corrected in the time period required by the HACN, and it is an HQS breach caused by the tenant, the HACN will terminate the assistance to the family after providing an opportunity for an informal hearing. If emergency or non-emergency violations of HQS are determined to be the responsibility of the tenant, the HACN will require the tenant to make any repair(s) or corrections within twenty-four (24) hours to thirty (30) days, depending on the repair(s) necessary.

PAGE 69 FAMILY SPLIT

family member is added, family income must include any income of the new family member. The HACN will conduct a reexamination to determine such additional income and will make the appropriate adjustments in the housing assistance payment and

ATTACHMENT 2

family unit size. The U.S. citizenship/eligible immigrant status of additional family members must be declared and verified.

3. Changes in Income - Families are required to report all changes in income and/or assets within fourteen (14) calendar days of the change. Changes must be reported to the HACN in writing. Written verification of the changes must be provided when requested by the HACN. The HACN will conduct an interim re-examination of income and process an interim recertification if the reported change in income would result in a HAP change of fifty dollars (\$50) or more. The HACN will conduct an interim re-examination and calculate the HAP change if a decrease in income of any amount is reported.

4. If the HACN makes a calculation error at admission to the program or at an annual reexamination, an interim reexamination will be conducted, if necessary, to correct the error. The effective date of the corrective action will be retroactive to the date the calculation error took effect with regard to the HAP.

5. Other Reporting Issues - An interim reexamination may be scheduled for families with zero or fluctuating income every ninety (90) days. Families with fluctuating income may request a reassessment of their rent portion every ninety (90) days.

6. Income Changes Resulting from Welfare Program Requirements [24 CFR 5.615]

- a. The HACN will not reduce the family share of rent if the family's welfare assistance is reduced due to a specified welfare benefit reduction for fraud or noncompliance with a welfare agency requirement to participate in an economic self-sufficiency program.
- b. The HACN will reduce the family's share of rent if the welfare assistance reduction is a result of the expiration of a lifetime time limit on receiving benefits, or a situation where the family has complied with welfare program requirements but cannot or has not obtained employment, or a situation where a family member has not complied with other welfare agency requirements.

7. Family Split – If a participant family splits due to separation or divorce and the family cannot agree on who should continue to receive the assistance the following factors will determine which of the family units will continue to be assisted:

- a. which of the family units has custody of the dependent children;
- b. which of the family units contains elderly or disabled members;
- c. the recommendation of social service professionals;
- d. which family members remain in the unit;
- e. whether family members are forced to leave the unit as a result of actual or threatened domestic violence, dating violence or stalking;

If the family breakup results from an occurrence of domestic violence, dating violence, or stalking, the victim will retain the assistance.

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If a court determines the disposition of property between members of the assisted family in a divorce or separation under a settlement or judicial decree, the HACN is bound by the court's determination of which family members continue to receive assistance in the program.

The HACN cannot issue an additional Voucher and assist two family units separately after a breakup; only one family unit may continue to receive assistance.

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ATTACHMENT 2

PAGE 78 & 50 SHARED HOUSING

B. SHARED HOUSING [24 CFR 982.615]

1. The HACN will permit the use of shared housing ~~in its program in accordance with the requirements of the program. only if the applicant/participant can demonstrate that it is needed as a reasonable accommodation for a person with a disability.~~

~~2. Occupancy - If approved by the HACN, a live-in aide may reside with the family to care for a person with disabilities. The HACN will approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities. Both the disabled person and the aide must be working with a supportive services agency with a case management plan in place.~~

~~In the event that the head of household vacates the unit, the remaining assisted occupant(s) may qualify for the voucher. In the event that one of the occupants of the unit wishes to relocate, the HACN may qualify that individual for a voucher. In either case, the HACN will conduct an eligibility review. Live-in aides will not receive the voucher.~~

~~23.~~ Rent and HAP Contract - For shared housing, the term "pro-rata portion" means the ratio derived by dividing the number of bedrooms available for occupancy by the total number of bedrooms in the unit. The rent to Owner for the family may not exceed the pro-rata portion of the reasonable rent for the shared housing dwelling unit.

~~34.~~ Maximum Subsidy - For a family that resides in a shared housing unit the payment standard is the lower of the amount on the HACN payment standard schedule for the family unit size or the pro-rata portion of the amount on the HACN payment standard for the shared housing unit size, whichever is lower. ~~If the HACN approves a live-in aide, the live-in aide will be counted in determining the family unit size.~~

~~45.~~ Utility Allowance -The utility allowance for an assisted family living in shared housing is the pro-rata portion of the utility allowance for the shared housing unit.

~~6. Head of Household - In shared housing situations, one person will be designated as the head of household. The other occupant(s) of the unit must meet HACN criteria of either participating in a case management plan with a supportive services agency or be a live-in aide. In the event that the head of household vacates the unit, the remaining assisted occupant(s) may qualify for the Voucher. In the event that one of the occupants of the unit wishes to relocate, the HACN may qualify that individual for a Voucher. In either case, the HACN will conduct an eligibility review. Live-in aides have no right to the Voucher.~~

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B. ELIGIBLE TYPES OF HOUSING [24 CFR 982.353]

1. The HACN will approve any of the following types of housing in the voucher program:
 - a. all structure types can be utilized;
 - b. manufactured homes where the tenant leases the home and the pad;
 - c. manufactured homes where the tenant owns the home and rents or leases the pad;
 - d. shared housing ~~with appropriate supportive services plan~~;
 - e. single room occupancy;
 - f. units owned (but not subsidized) by the HACN (following HUD-prescribed requirements).

ATTACHMENT 2

PAGE 92 PROJECT BASED

Any changes in ownership must be approved in writing by HACN through a HAP contract amendment. HACN reserves the right to not make any requested amendments to the contract.

If contract is terminated prematurely, HACN will offer the PBV tenants an HCV voucher at the end of their existing lease term. The tenant may choose to remain on the property under the HCV program or can relocate using the HCV voucher.

N. Overcrowded, under-occupied, and accessible units.

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The HACN subsidy standards determine the appropriate unit size for the family size and composition. If ~~the~~ HACN determines that a family is occupying a wrong size unit, or a unit with accessibility features that the family does not require, and the unit is needed by a family that requires the accessibility features, ~~the~~ HACN will promptly notify the family and the owner of this determination and of ~~the~~ HACN's offer of continued assistance in another unit.

~~The~~ HACN's offer of continued assistance will be in the form of project based voucher assistance in an appropriate size unit (in the same project or in another project) or tenant based rental assistance under the voucher program.

If ~~the~~ HACN offers the family the opportunity to receive tenant based rental assistance under the voucher program, ~~the~~ HACN will terminate the housing assistance payments for a wrong sized or accessible unit at the earlier of the expiration of the term of the family's voucher (including any extension granted by ~~the~~ HACN) or the date upon which the family vacates the unit. If the family does not move out of the wrong sized unit or accessible unit by the expiration date of the term of the family's voucher, ~~the~~ HACN will remove the unit from the HAP contract.

If ~~the~~ HACN offers the family the opportunity of continued assistance in another project based unit in the same project or in another project and the family does not accept the offer or does not move out of the PBV unit within 30 days, ~~the~~ HACN will terminate the housing assistance payments for the wrong sized or accessible unit, at the expiration of 60 days and will remove the unit from the HAP contract.

SECTION XI. HOUSING QUALITY STANDARDS INSPECTIONS AND RENT REASONABLENESS

A. Pre-selection Inspection

HACN will examine the proposed site before the proposal selection date to determine if the units substantially comply with HQS. HACN shall inspect each Contract unit before executing a HAP Contract.

B. Pre-HAP Contract Inspections

ATTACHMENT 2

PAGE 154-155 VAWA

APPENDIX X. VAWA

NOTIFICATION REGARDING APPLICABLE PROVISIONS OF THE VIOLENCE AGAINST WOMEN REAUTHORIZATION ACT OF 2013 (VAWA)

~~The~~ HACN will post the information regarding VAWA in its offices and on its Web site. It will also make the information readily available to anyone who requests it.

A. NOTIFICATION TO PARTICIPANTS

~~The~~ HACN ~~will make available to~~ will provide all participants notification of their protections and rights under VAWA at the time of admission and ~~at is available to participants at~~ annual reexamination. Notification will also be provided when a tenant is notified of eviction or termination of housing benefits. This notice will explain the protections afforded under the law ~~and~~ inform the participant of HACN confidentiality requirements. ~~The HACN and~~ provides contact information for local victim advocacy groups or service providers. ~~The HACN will also include in all assistance termination notices a statement explaining assistance termination protection provided by VAWA and the HUD 50066 form will also be provided with the notification.~~

B. NOTIFICATION TO APPLICANTS

~~The~~ HACN will ~~make available provide to~~ all applicants notification of their protections and rights under VAWA at the time they receive their Housing Choice Voucher and in any notice of denial of assistance request an application for housing assistance. The notice will explain the protections afforded under the law ~~and~~ inform ~~each~~ applicants of ~~PHACN~~ confidentiality requirements. ~~The HACN and~~ provides contact information for local victim advocacy groups or service providers. ~~The HACN will also include in all denial of assistance letters a notice of rights and the form HUD-50066 form will also be provided with the notification.~~

C. NOTIFICATIONS TO OWNERS AND MANAGERS

~~The~~ HACN will inform property owners and managers of their screening and termination responsibilities related to VAWA. ~~The~~ HACN will utilize any or all of the following means to notify owners of their VAWA responsibilities:

- As appropriate in day to day interactions with owners and managers.
- Inserts in HAP payments, 1099s, owner workshops, classes, orientations, and/or newsletters.

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- Signs in the HACN lobby and/or mass mailings which include model VAWA certification forms.

4) D. – EMERGENCY TRANSFERS

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~~The~~ HACN will allow tenants who are victims of domestic violence, dating violence, sexual assault, or stalking to transfer to another unit assisted under the Housing Choice Voucher program if the tenant expressly requests the transfer and the tenant reasonably believes that ~~they~~ ~~tenant is are~~ threatened with imminent harm from further violence if ~~they~~ ~~tenant~~ remains within the same dwelling unit (and in the case of a tenant who is a victim of sexual assault, the sexual assault occurred on the premises during the 90 day period preceding the request-).

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These emergency transfers will be processed before all other voucher transfers and will be processed within ~~two 48~~ working ~~days hours~~ of the request.

~~The~~ HACN will require that all staff maintain confidentiality to ensure that they do not disclose the location of the dwelling unit to a person that commits an act of domestic violence, dating violence, sexual assault, or stalking against the tenant.

Information will not be entered into any shared database nor provided to any related entity, except to the extent that the disclosure (a) is requested or consented to by the individual in writing, (b) is required for use in an eviction proceeding, or (c) is otherwise required by applicable law.

~~The~~ HACN, when presented with a claim based on VAWA protections, will require that the individual making the claim document the abuse. The individual may satisfy ~~the~~ HACN's request by providing any one of the following three forms of documentation:

1) A completed and signed HUD-approved certification form (HUD-50066) which must include the name of the perpetrator.

2) A federal, state, tribal, territorial, or local police report or court record

3) Documentation signed by a person who has assisted the victim in addressing the abuse. This person may be an employee, agent, or volunteer of a victim service provider; an attorney; or a medical professional. The person signing the documentation must attest under penalty of perjury to the person's belief that the incidents in question are bona fide incidents of abuse. The victim must also sign the documentation.

The documentation must be provided or an extension must be requested within 14 calendar days of ~~the~~ HACN's request. ~~The~~ HACN may extend the deadline 14 additional days.

HOUSING AUTHORITY OF THE CITY OF NAPA
AGENDA REPORT

PUBLIC HEARING
AGENDA ITEM 7.A.
Date: April 07, 2015

To: Honorable Chair and Commissioners

From: Rick Tooker, Community Development Director

Prepared by: Michael Kucz, Rental Assistance Program Supervisor

Subject: 2015-2016 Housing Choice Voucher Five Year and Annual Plan

ISSUE STATEMENT:

Adopt a resolution authorizing adopting the Section 8 Housing Choice Voucher Five Year and Annual Plan for Fiscal Year 2015-2016 and determine that the recommended action is not subject to CEQA.

DISCUSSION:

On October 21, 1999, the U.S. Department of Housing and Urban Development (HUD) published a final rule that requires each public housing authority (PHA) to develop and adopt a Five Year and Annual Plan for the operation of the Section 8 Housing Choice Voucher Program. The Plan is a comprehensive guide to PHA policies, programs, operations, and strategies for meeting local housing needs and goals.

There are two parts to the PHA Plan: the Five Year Plan, which each PHA submits to HUD once every fifth fiscal year, and the Annual Plan, which is submitted to HUD every year. This Five Year and Annual Plan covers the Fiscal Years 2015-2020.

Item 6.0 of the Five Year and Annual Plan identifies all elements of the plan that have been revised since the last Annual Plan submission. The only revision in this year's Plan is the requirement to provide equal access to the Voucher program regardless of sexual orientation, gender identity or marital status.

Item 5.0 of the Five Year and Annual Plan reports on the Housing Authority's mission and goals. These include:

Expand the range and quality of housing choices available to participants. The Housing Authority will continue to actively encourage landlords to participate in the voucher program through ongoing, active outreach. The PHA will explore opportunities to implement project-based vouchers to ensure participants have access to quality rental housing despite the tight rental market. The PHA will allow the use of shared housing to expand the housing choices.

Manage the Section 8 Housing Choice Voucher Program in an efficient and effective manner. HUD uses the Section Eight Management Assessment Program (SEMAP) to annually assess how well a housing authority performs in a number of different categories. The Housing Authority received a high performer designation for SEMAP for the fiscal year ending June 30, 2014 and will continue to be designated a high performer.

Ensure equal opportunity in housing for all by ensuring equal opportunity and affirmatively furthering fair housing. The Housing Authority provides funds to Fair Housing Napa Valley in the amount of \$45,000 annually to provide fair housing assistance to tenants and work with mobile home organizations to ensure rents are maintained at a reasonable level. The PHA undertakes affirmative measures to ensure accessible housing for persons with disabilities. This includes, allowing additional time in searching for units, maintaining an active list of potential landlords who can provide accessible housing, and providing additional bedrooms in cases of reasonable accommodation needs.

Promote self-sufficiency and asset development of families and individuals. The Housing Authority's Family Self Sufficiency program currently has 66 families/individuals enrolled in the program. The Housing Authority submitted a funding application and was awarded \$136,849 to support the two Family Self Sufficiency Program Coordinator positions for the calendar year 2015.

Mission: Form effective partnerships with other agencies to maximize social and economic opportunities and availability of supportive services for participants in a non-discriminatory manner. The Housing Authority has partnered with agencies to provide services for participants in the Family Self Sufficiency Program, the Family Unification Program and the Mainstream Program. The Housing Authority actively participates in the Napa County Continuum of Care (COC).

Mission: Utilize staff resources and available local funds in a collaborative partnership with other governmental and community agencies to assist in achieving the stated goals in the City of Napa's Consolidated Plan, including the development of new affordable housing, supporting the Continuum of Care for Homeless, and first time homebuyer opportunities. The Housing Authority provided funding for Oak Creek Terrace, a 41 unit affordable rental new construction project developed by Napa Valley Community Housing which will expand the range and quality of housing choices available for participants in the Section 8 Housing Choice Voucher Program. The Housing Authority staff worked with Anton Napa, a newly constructed 134 unit apartment complex which includes 27 very low income units, to ensure applications were considered from Section 8 voucher holders.

Following the conclusion of the Public Hearing, the draft Plan will be modified to incorporate any revisions due to the public hearing process and then be submitted to HUD for approval.

FINANCIAL IMPACTS:

The proposed action will be implemented within the current Section 8 operating funds budgeted for this purpose.

CEQA:

The Deputy Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060 (c).

DOCUMENTS ATTACHED:

1. Attachment 1: Resolution of the Housing Authority Authorizing Adoption of the Housing Choice Voucher Five Year and Annual Plan
2. Attachment 2: 2015-2016 Housing Choice Voucher Five Year and Annual Plan

NOTIFICATION:

Notice announcing the availability of the draft Five Year and Annual Plan for a 45 day public review was published in the Napa Valley Register on February 20, 2015. Copies of the notice were posted at the Napa County Libraries located in Napa, American Canyon, Yountville, St. Helena and Calistoga. A copy of the draft Plan was available for review at the Housing Authority office and all Napa County Library branches. A copy of the Plan was placed on the City of Napa's website on the Housing Division page. A copy of the notice in Spanish was sent and posted at Puertas Abiertas Community Resource Center at 952 Napa Street, Napa, CA. Notification was also sent to the Resident Advisory Board.

RECOMMENDED ACTION:

Staff recommends that the Authority Board move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Adopt a resolution authorizing adoption of the Housing Choice Voucher Five Year and Annual Plan For Fiscal Year 2015-2016.

RESOLUTION HR2015-__

RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF NAPA,
STATE OF CALIFORNIA, AUTHORIZING ADOPTION OF
THE HOUSING CHOICE VOUCHER FIVE YEAR and
ANNUAL PLAN FOR FISCAL YEAR 2015-2016.

WHEREAS, on October 21, 1999 the U.S. Department of Housing and Urban Development published in the Federal Register a Final Rule, 24 CFR part 903, Public Housing Agency Plans, that requires all public housing authorities to develop and adopt through a public hearing process a Five Year and Annual Plan for the operation of its Section 8 Voucher Choice Program; and

WHEREAS, on April 7, 2015, a public hearing was held to allow the public to review and comment on the draft Five Year and Annual Plan for Fiscal Year 2015-2016, and these comments were incorporated into the final plan; and

WHEREAS, the Housing Authority (hereafter the "Authority") formed a Resident Advisory Board composed of participants in the Section 8 Program to review and comment on the draft plans and make recommendations regarding any significant modification to the plans, and these recommendation have been incorporated into the revised Plans; and

WHEREAS, the Authority Board of Commissioners has considered all information related to this matter, as presented at the public meetings of the Authority identified herein, including any supporting reports by Authority staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of Napa, as follows:

1. The Authority Board hereby approves the Housing Choice Voucher Five Year and Annual Plan for Fiscal Year 2015-16, attached hereto as Attachment 2 and incorporated herein by reference.
2. The Authority Board finds that the facts set forth in the recitals to this Resolution are true and correct and establish the factual basis for the Authority's adoption of this Resolution.
3. This Resolution shall take effect immediately upon its adoption.

ATTACHMENT 1

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Board of Commissioners of the Housing Authority of the City of Napa at a public meeting of said Housing Authority held on the 7th day of April 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____
Dorothy Roberts
Authority Deputy Secretary

Approved as to form:

Michael W. Barrett
Authority General Counsel

ATTACHMENT 2

PHA 5-Year and Annual Plan	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 4/30/2011
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1.0	PHA Information PHA Name: <u>Housing Authority of the City of Napa</u> PHA Type: <input type="checkbox"/> Small <input checked="" type="checkbox"/> High Performing <input type="checkbox"/> Standard <input checked="" type="checkbox"/> HCV (Section 8) PHA Fiscal Year Beginning: (MM/YYYY): <u>07/2015</u> PHA Code: <u>CA073</u>				
2.0	Inventory (based on ACC units at time of FY beginning in 1.0 above) Number of PH units: <u>0</u> Number of HCV units: <u>1,375</u>				
3.0	Submission Type <input checked="" type="checkbox"/> 5-Year and Annual Plan <input type="checkbox"/> Annual Plan Only <input type="checkbox"/> 5-Year Plan Only				
4.0	PHA Consortia <input type="checkbox"/> PHA Consortia: (Check box if submitting a joint Plan and complete table below.)				
	Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program
	PHA 1:				PH HCV
	PHA 2:				
	PHA 3:				
5.0	5-Year Plan. Complete items 5.1 and 5.2 only at 5-Year Plan update.				
5.1	Mission. State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years: The mission of the PHA is to serve the citizens of Napa County by: <ol style="list-style-type: none"> 1. Providing Section 8 Housing Choice Voucher Program rental assistance to families, seniors and individuals who apply and are eligible in a fair, cost effective, and timely manner. 2. Assuring the Section 8 Housing Choice Voucher Program-assisted housing is safe and of quality by requiring owners to maintain the housing to meet Housing Quality Standards. 3. Forming effective partnerships with other agencies to maximize social and economic opportunities and availability of supportive services for participants in a non-discriminatory manner. 4. Utilizing staff resources and available funds in a collaborative partnership with other governmental and community agencies to assist in achieving the stated goals in the City of Napa's Consolidated Plan, including the development of new affordable housing, the improvement of existing housing stock occupied by lower income households, supporting the Continuum of Care for homeless, and providing first time homebuyer opportunities. 				

5.2	<p>Goals and Objectives. Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.</p> <p>Goal: Promote self-sufficiency and asset development of families and individuals.</p> <p>The PHA currently has a remaining obligation to graduate 66 additional Family Self Sufficiency (FSS) Program participants. The FSS Program currently has 66 participants. The PHA continues to work towards increasing the number and percentage of employed persons in assisted families. The PHA continues to develop community partnerships in order to expand supportive services and improve employability of participants.</p> <p>Goal: Ensure equal opportunity in housing for all by ensuring equal opportunity and affirmatively further fair housing.</p> <p>The PHA continues to undertake affirmative measures to ensure access to assisted housing regardless of race, color, religion, national origin, sex, sexual orientation, gender identity, marital status, familial status, and disability by active outreach to the community. The PHA provides educational materials to landlords on fair housing requirements. The PHA undertakes affirmative measures to ensure accessible housing for persons with all varieties of disabilities regardless of unit size needed. This includes, but is not limited to, allowing additional time in searching for units, maintaining an active list of potential landlords who can provide accessible housing, and providing additional bedrooms in cases of reasonable accommodation needs. In addition, the PHA provides \$45,000 annually to the local fair housing agency, Fair Housing Napa Valley (FHNV), to provide fair housing assistance to tenants and work with mobile home organizations to ensure rents are maintained at a reasonable level.</p> <p>Goal: Manage the PHA Section 8 Housing Choice Voucher Program in an efficient and effective manner, thereby qualifying on a continuing basis on the Section 8 Management Assessment Program (SEMAP) as a high performing PHA.</p> <p>The PHA received a High Performer designation from HUD for the fiscal year ending Jun 30, 2014. The PHA will continue to be designated a High Performer for 2015 through 2020. The PHA operates a customer-friendly, fiscally prudent rental assistance program in accordance with federal regulations.</p> <p>Goal: Expand the range and quality of housing choices available to participants in the PHA tenant-based assistance program.</p> <p>The PHA's utilization rate is approximately 99% of funding received from HUD for the Housing Choice Voucher Program. However, due to reductions in federal funding and increasing rents in the local housing market, the number of households that can be assisted has continued to drop. The PHA will continue to actively encourage landlords to participate in the rental assistance program through ongoing, active outreach. The PHA will continue to apply for additional vouchers if funding becomes available from HUD. The PHA will explore opportunities to implement project-based vouchers to ensure participants have access to quality rental housing despite the tight rental market. The PHA will allow the use of shared housing for all participants to expand their housing choices.</p>
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6.0	<p>PHA Plan Update</p> <p>(a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission:</p> <p>Change in requirement to provide equal access to program to include sexual orientation, gender identity and marital status.</p> <p>(b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions.</p> <p>Copies of the 5-Year and Annual Plan may be obtained at the PHA's office, the City of Napa's main administrative offices, and on the City's website. Copies are also available at public libraries in Napa and the nearby cities of Calistoga, St. Helena, and American Canyon, and the Town of Yountville.</p>
7.0	<p>Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers. <i>Include statements related to these programs as applicable.</i></p> <p>The Housing Authority does not currently have any project-based vouchers. However, it intends to investigate utilizing project-based vouchers for both special needs and non-special needs individuals/families during the upcoming five-year Plan period.</p>
8.0	<p>Capital Improvements. Please complete Parts 8.1 through 8.3, as applicable. N/A</p>
8.1	<p>Capital Fund Program Annual Statement/Performance and Evaluation Report. As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i>, form HUD-50075.1, for each current and open CFP grant and CFFP financing. N/A</p>
8.2	<p>Capital Fund Program Five-Year Action Plan. As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i>, form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan. N/A</p>
8.3	<p>Capital Fund Financing Program (CFFP).</p> <p><input type="checkbox"/> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements. N/A</p>

Housing Needs. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.

Housing Needs Based Upon Income

Lower income households in Napa face a variety of unique housing needs including the cost burden of spending over 30% of household income on housing and overcrowding. Almost 8% of all Napa households live in overcrowded conditions (more than one person per room). Groups with special needs include the elderly, disabled persons, farmworkers, large households (those with five or more persons), people with HIV/AIDS and people who are homeless. Additionally, Napa has a very tight housing market with rental vacancy rates below 2%.

Income levels are defined based on the percentage of area median income (AMI) as follows:

Low income (LI) = 51-80% of AMI

Very low income (VLI) = 31-50% of AMI

Extremely low income (ELI) = 30% or less of AMI

Low Income Households

9.0

Low income households comprise 18% of Napa households. Forty eight percent of LI households rent their homes and 52% are homeowners. Thirty two percent of LI households are elderly and 15% are large families. Over 58% of LI households have some form of housing problem with renters more likely to face problems than owners. Renters who are large families are the most likely to face housing problems, with over 83% facing issues. This is likely due to overcrowding on top of cost burden.

Elderly comprise 32% of the low-income households in Napa. Approximately 77% of these households are homeowners.

Napa's low-income households have difficulty affording market rents. In 2013, the median rent for a three-bedroom unit was \$1,900. However, affordable rent for a low-income household of four ranges from \$1,200 to \$1,650. Similarly, homeownership remains unaffordable for low-income households. The median sales price in Napa in 2013 was approximately \$449,000. For a \$449,000 house to be affordable, a household would have to earn \$118,000 a year whereas low-income four person households earned \$65,000 or less.

The City of Napa projects the needs of low-income households will remain the same over the next five years.

Very-Low Income Households

Over 12% of Napa households fall in the Very-Low Income category. This includes 62% renters and 38% owners. Almost 78% of VLI households have some form of housing problems with 70% overpaying for housing. As is the case with LI households, more VLI renters face housing problems (91%) than owners (57%).

Large households make up 12% of VLI household. When compared to other VLI households, large households have more housing problems. One hundred percent of large VLI families face some type of housing problem. However, large family VLI renters are less likely to suffer from a cost burden than other VLI renter households. This may be because large families have two or

more wage-earners. Although smaller units supported by two or more incomes are more likely to be affordable, there is a greater possibility of overcrowding. However, this is not true of VLI large family owners. One hundred percent report paying over 30% of their incomes on housing.

Elderly households make up almost 38% of VLI households. Sixty two percent of these households are homeowners and 38% are renters.

It is anticipated that the needs of very-low income households will remain the same over the next five years.

Extremely-Low Income Households

Approximately 13% of Napa's households are extremely-low income (ELI). Of these, 67% are renters and 33% are homeowners.

Housing costs are a serious concern for ELI households both for renters and owners. Over 83% of ELI households overpay for housing. This is true for both renters and owners. And in fact, 64% of ELI households face an extreme cost burden, spending over 50% of their incomes on housing.

Large families with five or more members comprise 8% of ELI households and smaller families comprise 34% of ELI households. Approximately half of these ELI families are renters and half are owners. The ELI renter families are slightly more likely to be overcrowded or lack kitchen or plumbing facilities.

Elderly households make up 39% of Napa's ELI households compared to 28% of all Napa households. Elderly ELI households are more likely to own their own homes and less likely to have a cost burden or other housing problems. There is an ongoing need for rehabilitation assistance for ELI households. ELI seniors often have owned their homes for over 30 years, so they have equity in their homes as well as a need for upkeep on their homes but lack sufficient income to make loan payments.

Housing Needs Based on Family Characteristics

Large Households

Large households are defined as those containing five or more persons. Nine percent of Napa's households are large households. Forty five percent are renters while 55% are owners. Large families tend to have difficulties finding housing because large housing units are rarely affordable and units with three or more units are not common. Often large families must rent a house rather than an apartment. Large families tend to face more overcrowding. There is a shortage of large rental units. Large households make up approximately 31% of renters per the 2009-2013 American Survey. However, only 6% of the rental units in Napa have four or more bedrooms. The inventory of four-bedroom owner occupied units is closer in balance with large families making up 24% of owner households and units with four or more bedrooms totaling approximately 18% of the owner occupied units.

Housing Needs of Hispanic Households

According to 2010 Census Data, Hispanic households have an average households size of 4.15

persons compared to 2.21 for Whites. Given the lack of large rental units for larger families, it would appear overcrowding is a problem for Hispanic households. Additionally, based on 2000 Census Data, approximately 39% of Hispanic renters were cost burdened.

Housing Needs Based on Section 8 Waiting List

The Housing Authority of the City of Napa currently administers 1,175 Housing Choice Vouchers in the Section 8 Rental Program. Additionally, the Authority administers 30 Mainstream vouchers for the disabled. As of January 2015, there were 8,754 households on the closed Section 8 waiting list. This includes 4,977 families with children. Assisted families pay between 30% and 40% of their incomes towards rent.

Special Needs Groups

Seniors

Napa is home to a large population of seniors, which is projected to grow as baby boomers age. According to the 2010 Census, currently 15% of the population in the County of Napa is over 65. This is expected to grow to over 19% by 2020. Additionally, in the City of Napa, 27% of Napa's households include individuals 65 years and older. In general, seniors are more likely to be low-income and/or disabled than the populations as a whole. However, Napa seniors are less likely to be under the poverty line. A majority of seniors in all income groups are homeowners.

There are currently 55% of the affordable rental units in Napa are designated for seniors or disabled. However, many of these have long waiting lists. There are also currently no subsidized assisted living facilities in Napa. Approximately half of seniors have housing problems.

A major problem faced by seniors is the deterioration of their housing. As seniors age and their incomes decrease, they are less able to do home maintenance. In addition, seniors may need to modify their homes to fit their changing physical needs. For example, bathrooms may need to be retrofitted to add grab bars. Low-income seniors have limited resources to spend on these improvements. Although many seniors have equity in their homes, they also have limited incomes making it difficult for them to afford home equity loans.

Due to the anticipated growth of the elderly population in Napa, it is likely that the identified housing needs of the elderly will increase over the next five years.

Disabled

Approximately 20% of Napa's population has some type of disability per the American Community Survey (2008-2012). The most common type of disability is mobility (51.5%). Disabilities have a wide range of types and severities, so persons with disabilities represent a wide range of different housing needs. Persons with physical disabilities need housing that is ADA accessible. People with severe mental disabilities may need case management services in order to live independently or they may be better suited for group living situations.

Persons under the age of 65 with disabilities are more likely to live in poverty. Nineteen percent live in poverty compared to 10% of the general population. While a large number of persons over 65 have a disability, there is not a correlation between disability status and the rate of poverty in this age group.

The City of Napa projects the housing needs of disabled persons will remain the same over the next five years.

Farm Workers

According to the 2012 Napa County Farmworker Housing Needs Assessment completed by Bay Area Economics, there are over 7,000 farmworkers working in Napa County, with the number varying by the time of the year. Most farmworkers surveyed are not looking for temporary housing, but rather permanent housing for themselves and their families. Employers report just under half of farmworkers live in Napa County most of the year.

Farmworkers are likely to experience an extreme cost burden. According to the American Community Survey (2008-2010), 45% of farmworkers overpay for housing (including 18% with an extreme cost burden of over 50% of their incomes being used for housing). Farmworkers are also likely to experience overcrowding as they are often forced to double up in order to afford housing in Napa.

The Need Assessment's interviews with key stakeholders indicated that, with few housing options apart from overcrowded units, farmworkers are often vulnerable to attempted eviction by landlords. In the experience of some stakeholders interviewed, some landlords take advantage of the strong competition for units and knowingly rent sub-standard housing to farmworkers.

Overall, the constrained supply of housing units keeps the price of for-sale housing units high and out of reach for many low- and moderate-income households. The shortage of housing affordable to low-, very low-, and extremely low-income households makes it difficult for farmworkers to live in Napa County, prompting many to commute in to their jobs from less expensive areas in neighboring counties or the Central Valley.

The City of Napa projects that the housing needs of farmworkers will remain the same over the next five years.

People with HIV/AIDS

Dale Weid of the Care Network in Napa estimates that there are between 100 and 200 people in Napa living with HIV/AIDS. Care Network serves 70 to 80 clients at any one time, 50 percent of whom are in need of low-income housing. Weid estimates a similar percentage of need among the entire Napa HIV positive population. Housing Authority staff estimate the need for affordable housing for people with HIV/AIDS will remain the same over the next five years.

Homeless

According to Homebase, during the 2014 Point-in-Time count for Napa County, there were 285 homeless persons (91 unsheltered and 194 sheltered). This is an overall increase from 2013 of 30%. Of the homeless counted in 2014, 238 were adults and 47 were children. Of the homeless, 73 (26%) were chronically homeless, 76 (27%) had mental illness, 79 (28%) had substance abuse disorder, and three (1%) have HIV/AIDS. Twenty three (8%) were veterans and 54 (19%) were victims of domestic violence.

Additionally, the Napa Valley Unified School District's survey data for the 2014-2015 school year indicated there were 150 homeless households with children. The School District's definition of

homeless is broader than HUD's in that it includes households who have doubled up" with friends or family due to lack of housing. Homeless households in the School District's survey included eight households living in motels, 43 in shelters, and 99 "doubled up."

Homeless service providers are reporting that due to increasing rents and decreasing vacancies, it is becoming more difficult to move homeless persons out of shelters into permanent or transitional housing. This has led to waiting lists for the shelters because people are remaining in shelters longer and are even timing out and having to go back to living on the streets due to lack of available, affordable housing in Napa.

It is estimated the number of homeless will increase over the next five years as rents continue to climb.

Veterans (Homeless or At-Risk of Homelessness)

According to Marc Deal of the Veterans Resource Centers of America, they served 59 households with veterans in Napa during 2014. This included 27 at-risk of homeless veteran households and 22 homeless veteran households. Although the Housing Authority gives a preference for veterans for Section 8 Housing Choice vouchers, the waiting list is currently closed. This means veterans who are either homeless or at-risk of becoming homeless cannot apply for vouchers. To date, the Napa Housing Authority has not received an allocation of Veterans Affairs Supportive Housing (VASH) vouchers.

Housing Supply and Demand

There were 28,166 occupied housing units in Napa at the time of the 2010 Census. Of these , 16,148 were owner-occupied (57%) and 12,018 (43%) were renter-occupied. The California Department of Finance estimates there are 30,324 total housing units in Napa. Of these 20,885 (69%) were single family (18,776 were detached homes and 2,109 were attached homes) and 8,074(27%) were multifamily units, and 1,365 (4%) were mobile homes.

The City's Planning Division conducts an annual vacancy survey. The overall vacancy rate in July 2014 was 1.7%. The vacancy rate has fairly consistently decreased over the past five years from a high of 4% in 2009. The City considers a rental housing shortage to be indicated by a vacancy rate of under 5%. If a rental housing shortage is present, no condominium conversions may occur during that year.

According to City of Napa, construction of housing began to pick up in 2013 after the recession.

Housing Condition

Over half of Napa's housing stock was built before 1970. Typically, older units are more likely to be in need of repairs or significant maintenance. They also have the potential of lead-based paint hazards. Housing built before 1940 (10% of Napa's housing stock) has a 90% chance of having lead-based paint hazards, and HUD considers housing built during the 1940's, 1950's, 1960's, and 1970's (an additional 64% of Napa's housing stock) to potentially contain lead-based paint. Housing units from these decades are divided fairly proportionally between owner-occupied and rental units.

The 2009-2013 American Community Survey estimates 99.7% of occupied housing units have complete plumbing facilities. This is defined as the presence of hot and cold piped water, a flush toilet, and a bathtub or shower. It estimates 98.7% have complete kitchen facilities, defined as a sink with piped water, a range or cooktop and oven, and a refrigerator with less rental units (97.7%) having a complete kitchen than owner-occupied units (99.5%).

Cost of Housing

Following a decline in housing prices during the most recent recession, housing prices in the City of Napa have shown large recent increases. According to Bay Area Economics based on information from DQ News, the median sale price in the City of Napa was \$465,000, up 22% from March 2013. These rising prices will exacerbate affordability problems in the area. These prices increases are making homeownership even more unaffordable for low and moderate-income households.

According to Bay Area Economics, the maximum sales price a low-income homeowner can afford is \$298,900. Only 5.5% of the three-bedroom homes for sale between February 1, 2014 and April 30, 2014 fell under this price point. The maximum affordable sales price for a condominium is even lower because of homeowners' association dues, thus reducing the amount available for mortgage payments. Only one three-bedroom condominium (7.1 percent of total full and verified sales) sold in Napa between November 1, 2013 and April 30, 2014 period would be affordable to low-income households.

Increasing home sales prices and stagnating incomes are pushing single-family and condominium ownership out of reach for low-income households, and homeownership is virtually unattainable for very low- and extremely low-income households in Napa.

According to Bay Area Economics, the maximum affordable monthly gross rent was lower than average market rate gross rents for low-income households, with the affordable rent only slightly below market for two and three person households. Average market rents far exceeded the maximum affordable rent for very low- and extremely low-income households. The affordability gap for extremely low-income households ranged from \$915 to \$1,530 per month. These findings suggest that many extremely low- and very low-income households likely pay more than 30 percent of gross income to afford market rents in Napa.

Housing Stock Available to Serve Disabled and Other Special Needs Populations

There are 103 beds in year-round permanent housing facilities in Napa for the disabled and special needs populations, which include the following:

Progress Foundation – Skyline Apartments: 23 beds (10 for families, 13 for individuals)

- Buckelew Programs – 11 individual beds
- Community Action Napa Valley – 3 family beds
- Family Services of Napa Valley – 8 individual beds

- Housing Authority Shelter Plus Care/Supportive Housing Programs – 8 individual beds
- Progress Foundation (Hartle Court) – 17 individual beds

Transitional housing in Napa is provided for households with children, youth (under 18 years old), and single persons. There are 100 beds including:

- Catholic Charities (Rainbow House) – 33 family beds
- Family Services – 16 individual beds
- Napa County Health & Human Services (TRAIN) – 24 beds (19 for families, 5 for individuals)
- Progress Foundation (Hartle Court) – 12 individual beds for youth aging out of foster care
- Napa Valley Community Housing (Whistlestop Apartments) – 15 beds (13 for families, 2 for individuals)

Housing Stock Receiving Local, State or Federal Assistance

A review of assisted housing developments in 2013 revealed no units at risk of loss of subsidies by January 2025 or loss of inclusionary, low income status in the City of Napa (Housing Element, page 98).

The following is a list of the 1,645 units that either currently receive federal, state or local subsidies, or may have received federal, state, or local funding or loans in the past:

Low Income Housing

2010 Morlan	1	Low Income
Napa at Anton	27	Very-Low Income
Brown St. Apartments	8	Very Low Income
Brown St. Manor	12	Low & Moderate Income
Charter Oaks	75	Low Income
Hartle Court	24	Very Low Income Disabled & Special Needs
Magnolia Park	29	Low & Very Low Income
Mayacamas Village	51	Low & Very Low Income
Napa Park Apartments	140	Low, Very Low & Extremely Low Income
Oran Court	13	Low & Very-Low Income
Pecan Court	25	Low & Very-Low Income
Pueblo Orchard	15	Low-Income
Schoolhouse Court	14	Low & Very-Low Income
Silverado Creek Apartments	102	Low & Very-Low Income
Villa de Adobe	12	Low & Very-Low Income
Whistlestop Apartments	17	Low & Very-Low Income
Subtotal	683	

Senior Housing

Abaco Apartments	12	Low Income Seniors/Disabled
Bequia Apartments	12	Seniors/Disabled
Bridgeview Apartments	10	Seniors/Disabled
Brown St. Senior Apartments	12	Seniors/Disabled
Concordia Manor	146	Low Income Seniors
Folks Landing	14	Low & Very Low-Income Seniors/Disabled
Fourth Street Apartments	3	Seniors/Disabled
Jefferson St. Senior Apartments	78	Low Income Seniors
Laurel Manor	50	Low Income Seniors
Napa Creek Manor	84	Low Income Seniors
Redwood Retirement Residence	15	Seniors/Disabled
The Reserve	117	Low & Very-Low Income Seniors
Rohlf's Manor	209	Low Income Seniors
The Vintage	115	Low Income Seniors
Subtotal	877	

Inclusionary Housing/Density Bonus

The Grove Townhomes	1	Low Income
Hawthorne Apartments	20	Low Income
Hawthorne Village II	3	Low Income
308 Hickory	4	Low Income
La Homa Village	4	Low Income
Lincoln Gardens	3	Low Income
Montrachet	20	Low Income
Saratoga Downs	28	Low Income
Villa Lane Villas	2	Low Income
Subtotal	85	

The General Plan Housing Element was updated in 2015. The update process included an analysis of potential governmental constraints to the development of affordable housing. A key recommendation in the Housing Element update is to further changes to second unit standards and fees to encourage the development of second units.

Strategy for Addressing Housing Needs. Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.**

Extremely Low, Very-Low and Low Income Renter Households

- Provide rental assistance subsidies as they become available.
- Continue to operate the Section 8 Family Self Sufficiency Program and actively market the program to Section 8 Housing Choice Voucher holders. This program helps Section 8 households obtain employment that will lead to economic self-sufficiency.
- Provide assistance in the development of new affordable rental housing.
- allow the use of shared housing for all Section 8 Housing Choice voucher participants to expand their housing choices
- Explore project-based vouchers for families to expand housing opportunities available to Section 8 participants.

9.1

Elderly Renters

- Provide rental assistance to seniors.
- Continue to operate and consider expanding the Housing Authority's below-market rate (BMR) program at Laurel Manor, the Housing Authority's 50-unit senior housing complex. Under the BMR program, 10 of the units are rented at monthly rents equal to 30% of the tenant's income to seniors who do not have Section 8 vouchers.

Low-income Homeless Persons and Non-Homeless Persons with Special Needs

- Provide assistance in the development of supportive housing to special needs populations
- Provide rental assistance for people with special needs
- Continue to participate in the Napa County Continuum of Care (COC) and apply for funding for rental assistance for homeless as it becomes available.

<p>10.0</p>	<p>Additional Information. Describe the following, as well as any additional information HUD has requested.</p> <p>(a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year Plan.</p> <p>The following are the Housing Authority's achievements in 2014 towards the Housing Authority's mission and the goals identified in the Housing Authority's Five Year Plan for 2010-2015:</p> <ol style="list-style-type: none"> 1. The Housing Authority operated a Section 8 Housing Choice Voucher Program utilizing 99% of authorized funding. 2. The Housing Authority was designated a High Performer by HUD. 3. The Housing Authority partnered and contracted with Fair Housing Napa Valley to provide fair housing assistance to help ensure equal opportunity in housing. 4. The Housing Authority actively participated in the Napa County Continuum of Care (COC). 5. The Housing Authority provided funding for Oak Creek Terrace, a 41-unit affordable rental new construction project being developed by Napa Valley Community Housing which will expand the range and quality of housing choices available for participants in the Section 8 Housing Choice Voucher Program. 6. The Housing Authority worked with Anton Napa, a newly constructed mixed income apartment complex which includes 27 units for very-low income households, to ensure applications were considered from Section 8 Housing Choice Voucher participants. <p>(b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA's definition of "significant amendment" and "substantial deviation/modification"</p> <p>"Significant Amendment" and "Substantial Deviation Modification" are defined as discretionary changes in the plans or policies of the PHA that fundamentally change the mission, goals, objectives or plans of the Housing Authority and which require formal Board approval. An exception to this will be made for changes adopted to reflect HUD regulatory requirements, and such changes shall not be considered significant amendments or substantial deviations.</p>
<p>11.0</p>	<p>Required Submission for HUD Field Office Review. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. Note: Faxed copies of these documents will not be accepted by the Field Office.</p> <ol style="list-style-type: none"> (a) Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i> (which includes all certifications relating to Civil Rights) (b) Form HUD-50070, <i>Certification for a Drug-Free Workplace</i> (PHAs receiving CFP grants only) N/A (c) Form HUD-50071, <i>Certification of Payments to Influence Federal Transactions</i> (PHAs receiving CFP grants only) N/A (d) Form SF-LLL, <i>Disclosure of Lobbying Activities</i> (PHAs receiving CFP grants only) N/A (e) Form SF-LLL-A, <i>Disclosure of Lobbying Activities Continuation Sheet</i> (PHAs receiving CFP grants only) N/A (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations. (g) Challenged Elements (h) Form HUD-50075.1, <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> (PHAs receiving CFP grants only) N/A (i) Form HUD-50075.2, <i>Capital Fund Program Five-Year Action Plan</i> (PHAs receiving CFP grants only) N/A

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced 5-Year and Annual PHA Plans. The 5-Year and Annual PHA plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

Instructions form HUD-50075

Applicability. This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

1.0 PHA Information

Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

2.0 Inventory

Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

3.0 Submission Type

Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

4.0 PHA Consortia

Check box if submitting a Joint PHA Plan and complete the table.

5.0 Five-Year Plan

Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

5.1 Mission. A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan.

5.2 Goals and Objectives. Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

6.0 PHA Plan Update. In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

- (a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.
- (b) Identify where the 5-Year and Annual Plan may be obtained by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

PHA Plan Elements. (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.
3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.
4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.
5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.
6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: **1)** development name and number; **2)** designation type; **3)** application status; **4)** date the designation was approved, submitted, or planned for submission, and; **5)** the number of units affected.
7. **Community Service and Self-Sufficiency.** A description of: **(1)** Any programs relating to services and amenities provided or offered to assisted families; **(2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; **(3)** How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. **(Note: applies to only public housing).**
8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: **(i)** A description of the need for measures to ensure the safety of public housing residents; **(ii)** A description of any crime prevention activities conducted or to be conducted by the PHA; and **(iii)** A description of the coordination between the PHA and the

appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.
10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.
11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.
12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.
13. **Violence Against Women Act (VAWA).** A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers

- (a) **Hope VI or Mixed Finance Modernization or Development.** 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>
- (b) **Demolition and/or Disposition.** With respect to public housing projects owned by the PHA and subject to ACCs under the Act: (1) A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm

Note: This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed.

- (c) **Conversion of Public Housing.** With respect to public housing owned by a PHA: 1) A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or that the public housing agency plans to voluntarily convert; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>
- (d) **Homeownership.** A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.
- (e) **Project-based Vouchers.** If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

8.0 Capital Improvements. This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

8.1 Capital Fund Program Annual Statement/Performance and Evaluation Report. PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

- (a) To submit the initial budget for a new grant or CFFP;
- (b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and
- (c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year; until the program is completed or all funds are expended;
2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and
3. Upon completion or termination of the activities funded in a specific capital fund program year.

8.2 Capital Fund Program Five-Year Action Plan

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling

ATTACHMENT 2

basis) so that the form always covers the present five-year period beginning with the current year.

8.3 Capital Fund Financing Program (CFFP). Separate, written HUD approval is required if the PHA proposes to pledge any portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at:

<http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm>

9.0 Housing Needs. Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

9.1 Strategy for Addressing Housing Needs. Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

10.0 Additional Information. Describe the following, as well as any additional information requested by HUD:

- (a) **Progress in Meeting Mission and Goals.** PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**
- (b) **Significant Amendment and Substantial Deviation/Modification.** PHA must provide the definition of "significant amendment" and "substantial deviation/modification". **(Note: Standard and Troubled**

PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)

- (c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. **(Note: Standard and Troubled PHAs complete annually).**

11.0 Required Submission for HUD Field Office Review. In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace (PHAs receiving CFP grants only)*
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions (PHAs receiving CFP grants only)*
- (d) Form SF-LLL, *Disclosure of Lobbying Activities (PHAs receiving CFP grants only)*
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet (PHAs receiving CFP grants only)*
- (f) Resident Advisory Board (RAB) comments.
- (g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.1.
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.2.

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

CONSENT CALENDAR
AGENDA ITEM 12.A.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: Dorothy Roberts, City Clerk

Prepared by: Carlyce Banayat, Imaging Clerk

Subject: Proclamation "California Safe Digging Month April 2015"

ISSUE STATEMENT:

Proclamation designating April 2015 as "California Safe Digging Month".

DISCUSSION:

This proclamation was requested by Mark van Gorder, Government Relations Representative, Marin and Napa, Pacific Gas and Electric Company . Franco Massari, PG&E Supervisor, and Mark van Gorder, Government Relations Representative, Marin and Napa, Pacific Gas and Electric Company will be present to accept the proclamation.

FINANCIAL IMPACTS:

None

CEQA:

The City Clerk has determined that the recommended action described in this agenda report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

1. Attachment 1 - Proclamation

NOTIFICATION:

None

RECOMMENDED ACTION:

No motion required

CITY OF NAPA
PROCLAMATION

California Safe Digging Month
April 2015

WHEREAS, calling the 811 Underground Service Alert of Northern California and Nevada in advance of all digging projects provides effective damage prevention and protects California's citizens, communities, public services, environment, and underground facilities at no cost to the caller; and,

WHEREAS, calling the free 811 service provided by the Underground Service Alert of Northern California denotes five steps to a safe excavation: survey and mark, call before you dig, wait the required time, respect the marks, and dig with care; and,

WHEREAS, gas, electric, water, sewer, and storm drain utility lines are often buried only a few inches underground making them easy to strike and cause unintentional damage and harm; and,

WHEREAS, there are more than 170,000 underground utility lines struck yearly in the United States causing undesired consequences, such as service interruptions, outages, damage to infrastructures, and properties, personal injury, and death, by failing to call 811 before digging or safely marking utility lines.

NOW, THEREFORE, BE IT RESOLVED, that I, Jill Techel, Mayor of the City of Napa, along with the Napa City Council, do hereby proclaim, the **month of April 2015 as California Safe Digging Month** and encourage its residents, professional contractors and excavators to call 811 to be connected to a "One Call Center" before digging, to respect the color-coded lines that demarcate underground utilities and to dig with care around the marked lines.

Dated: April 7, 2015

JILL TECHEL, MAYOR
CITY OF NAPA

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

CONSENT CALENDAR
AGENDA ITEM 14.A.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: Dorothy Roberts, City Clerk

Prepared by: Carlyce Banayat, Imaging Clerk

Subject: Approval of the City Council Meeting Minutes

ISSUE STATEMENT:

Approve the March 3, 2015 Regular City Council Meeting Minutes.

DISCUSSION:

Approve the March 3, 2015 Regular City Council Meeting Minutes.

FINANCIAL IMPACTS:

None

CEQA:

The City Clerk has determined that the recommended action described in this agenda report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

1. Attachment 1 - March 3, 2015 Draft Regular City Council Meeting Minutes

NOTIFICATION:

None

RECOMMENDED ACTION:

Staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Approve the March 3, 2015 Regular City Council Meeting Minutes.

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REGULAR MEETING MINUTES FOR THE CITY COUNCIL OF THE CITY OF NAPA

March 3, 2015

3:30 PM Afternoon Session
6:30 PM Evening Session

City Hall Council Chambers
955 School Street

3:30 P.M. CITY COUNCIL MEETING: AFTERNOON SESSION

1. CALL TO ORDER:

1.A Roll Call 3:30 P.M.

PRESENT: Mott, Luros, Inman, Sedgley, Mayor Techel

ABSENT: None

2. AGENDA REVIEW AND SUPPLEMENTAL REPORTS:

City Clerk Roberts announced staff requested continuing Item 5A to the March 17th Regular City Council Meeting. Mayor Techel noted that would be discussed under the Item.

3. PUBLIC COMMENT:

Frank Lucier, on behalf of the Napa County Veterans Advocacy Coalition, announced "Veterans Connect", a resource for veterans. Group meetings will be held the second Thursday of each month from 9:00 a.m. to noon at the former Dey Labs facility on Corporate Drive.

Bonna Ross, resident, suggested the "moosehead" stump that was recently cut down for a new residential development off Dry Creek Road should be placed at city-owned Alston Park. Mayor Techel explained that the developer would determine its placement.

James Hinton voiced support for a medical marijuana dispensary in the City of Napa.

4. CONSENT CALENDAR:

Moved, seconded (Inman / Sedgley) to approve the Consent Calendar with one correction to the February 13, 2015 Minutes, to remove the incorrect reference of Dwight Murray Plaza to the correct reference of the Cinedome, under Councilmember Inman's comments on page 20. Councilmember Luros

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March 3, 2015
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abstained from the Minutes of January 31, 2015 as she was not appointed as Councilmember at that time.

Motion carried:

AYES: Inman, Sedgley, Mott, Luros, Mayor Techel

NOES: None

ABSENT: None

4.A Approval of the City Council Meeting Minutes

Approved the January 31, 2015 and the February 13, 2015 Special and the February 3, 2015 and the February 17, 2015 Regular City Council Meeting Minutes.

As noted, Councilmember Luros abstained from the 1/31/2015 vote.

4.B Resolution Continuing the Proclamation of Local Emergency

Adopted **Resolution R2015-24** continuing the Proclamation of a Local Emergency.

4.C Parks and Recreation Advisory Commission Vacancy

Directed the City Clerk to begin a new recruitment to fill a vacancy with an extended term on the Parks and Recreation Advisory Commission as recommended on the staff report.

4.D Health Officer Designation

Adopted **Resolution R2015-25** authorizing the enforcement of State laws and regulations by the Napa County Health Officer within the City of Napa.

5. ADMINISTRATIVE REPORTS:

5.A Agreement for Design-Build Services for Tulocay Creek Bicycle/Pedestrian Bridge

This item was continued to the March 17, 2015 Regular City Council Meeting.

Authorize the Public Works Director to execute an agreement with G.D. Nielson in the amount of \$497,610 for design-build services for Tulocay Creek Bicycle/Pedestrian Bridge (BR14PW03) with option 1 to add \$34,327 for stormwater pollution prevention plan (SWPPP)

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March 3, 2015
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tasks, and determine that the project was the subject of previous CEQA analysis.

5.B 2015 Long-Term Financial Plan

Deanna Andrews, Finance Manager, gave an overview of the City's 2015 Long Term Financial Plan.

City Council discussion and questions ensued.

Mayor Techel allowed public comment.

James Hinton, resident, spoke about taxing local banks that are actively trading Wall Street derivatives.

Moved, seconded (Inman / Luros) to receive the 2015 Long Term Financial Plan into the public record.

Motion carried:

AYES: Inman, Luros, Mott, Sedgley, Mayor Techel
 NOES: None
 ABSENT: None

6. COMMENTS BY COUNCIL OR CITY MANAGER:

Vice Mayor Sedgley voiced appreciation for the work that would be completed on the Hennessey dock; City Manager Parness stated staff would prepare a budget transfer item for a future meeting.

7. CLOSED SESSION:

City Attorney announced the closed session item.

7.A CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6): City designated representatives: Mike Parness, Nancy Weiss, Michael Barrett, Darlene Colaso, and Desiree Brun, and Charles Sakai of Renne, Sloan, Holtzman, and Sakai LLP. Employee organization: Napa City Firefighters' Association (NCFA).

4:23 P.M. to 6:30 P.M. CITY COUNCIL RECESS

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6:30 P.M. CITY COUNCIL MEETING: EVENING SESSION**8. CALL TO ORDER: 6:30 P.M.****8.A Roll Call**

PRESENT: Mott, Luros, Inman, Sedgley, Mayor Techel

ABSENT: None

9. PLEDGE OF ALLEGIANCE:**10. AGENDA REVIEW AND SUPPLEMENTAL REPORTS:**

City Clerk Roberts announced the following supplemental items for Agenda Item 13 A:

Letter of Support from Get a Grip on Growth; Letter of Support from Michael Okuma, Director of Real Estate Development with Costco Wholesale; Letter from Virginia Simms to Rick Tooker, Community Development Director; Letter from Chris Mitchell to Keith Rogal regarding Contribution to Mitigating Cumulative Impacts; Napa Redevelopment Partners; response to the Staff Report and Draft Agreement signed by Joshua Steinhauer, with the law firm of Coblentz, Patch Duffy and Bass; and a PowerPoint presentation from staff.

11. REPORT ACTION TAKEN IN CLOSED SESSION:

City Attorney Barrett announced there was no reportable action from Closed Session.

12. PUBLIC COMMENT:

There were no comments.

13. ADMINISTRATIVE REPORTS:**13.A Napa Pipe Project**

Review of the Napa Pipe Project documents and provide direction to staff whether all project-related impacts have been adequately addressed, consistent with the October 2013 Memorandum of Understanding and Agreement Between Napa County and the City of Napa Relating to the Development of the Napa Pipe Property ("MOU").

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Rick Tooker, Community Development Director, after introducing Mr. Dan DoPorto, the City's consulting attorney, provided a detailed background of the project including project documents, the current status of the project, and the eleven issues identified in the staff report as unresolved. He added that subsequent to the writing of the staff report, the city received several comments, particularly those issues identified in the letter from Josh Steinhauer on behalf of Napa Redevelopment Partners.

Discussion and questions ensued.

Mayor Techel called for public comment.

Ginny Simms, representing Get-a-Grip on Growth, voiced concern regarding flood protection accesses, river frontage, and the Kaiser Road improvements, adding that the City Planning Commission should have an opportunity to review and comment on the project.

Eve Kahn, Chairperson of Get-a-Grip on Growth, stated while GGG supports the project, she stated clarity is needed regarding the exportation of groundwater, future financial obligations, and annexing land which is not contiguous.

James Hinton, resident, stated Napa Pipe property could be a site for future cannabis collective.

Lowell Downey, resident, stated the project should have sufficient solar power and trees.

Matt Zachs, resident, voiced concerns regarding the importance of including input for former Napa Pipe employees, the state housing requirements, seawalls, earthquake safety and emergency vehicle lanes.

Keith Rogal with Napa Redevelopment Partners and lead developer, acknowledged city staff for their hard work and stated only a handful of issues remain and NRP would be looking forward to working with staff to resolve them.

Greg Weinerth, resident, voiced concerns regarding the placement of signage at the southern entrance to the Valley near the Grape crusher statute.

A resident (name inaudible) voiced a concern regarding the potential for a Costco superstore and lack of public transportation.

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Bernard Krevet, member of The Friends of Napa River, agreed with the comments from the members of Get-a-Grip on Growth and urged the placement of trails within the project.

Public Comment ended. Mayor Techel brought the issue back to City Council for discussion.

Mayor Techel stated she was part of the 2x2 discussion with county representatives where they pledged to move forward cooperatively, which would be measured by what was in the Memorandum of Understanding (MOU). Councilmember Inman added she was the second city member of the 2x2 and agreed the city and county had come a long way to achieve the goals of the MOU. She stated there remains more work on issues such as agreements on water, the Sphere of Influence and how to finalize the annexation plan, the eleven issues identified in the staff report, and the Kaiser Road intersection.

Vice Mayor Sedgley voiced concern regarding future encumbrances, placement of signage, and the importance of annexing, adding the key to find solutions to traffic and water would be to annex.

Mr. Tooker provided some comments on the process for annexation.

Councilmember Mott stated there must be guarantees from the County. He acknowledged the work that had been done on the project by all parties.

Councilmember Luross voiced the importance of standing firm to what was negotiated in 2013, adding that Measure A was overwhelmingly supported because it was known by the voters as the "Costco Measure".

Mayor Techel stated it was important to be sure the Development Plan is consistent with the Development Agreement.

Mayor Techel and City Councilmembers reviewed each of the eleven unresolved issues identified by city staff:

1. That Costco be under construction and issued a Certificate of Occupancy (CO) in Phase 1 before the first residential unit or other non-residential development in the Project is issued a CO. Council consensus: Yes.
2. The Phasing Plan Text and Diagrams be amended to ensure all improvements are clearly understood as to the obligations for their construction and completion prior to the issuance of a permit or CO for other components of the Project: Council

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consensus: Yes. Councilmember Inman noted the Phasing Plan illustration may not be possible to show in detail all the items in the Phasing Plan. Council agreed to provide flexibility in that area.

3. Kaiser Road improvements between SR 221 and the Project property are completed prior to the issuance of a CO for the first residential unit in Phase Three or the 351st unit, whichever comes first. Council consensus: Yes
4. The SR 221/ Kaiser Rd intersection improvements be completed by the Developer before issuance of the first CO (e.g., Opening Day Mitigation). Councilmember Mott noted this would be a definitive issue to the community and to refer to the Memorandum of Understanding (MOU) as to how it was defined.

Public Works Director Jack LaRochelle discussed the importance of the improvements at that intersection. Julie Lucido, Senior Civil Engineer stated the last memo that clarified issues in the Environmental Impact Report (EIR), incorrectly indicated there was an unacceptable level of service; instead it is a full Mitigation Measure.

5. The Phasing Plan Diagrams be reinserted into the Development Plan after they have been refined to provide clear triggers for initiation and/or completion of certain improvements before commencing with the next phase of the Project, as provided in the first issue. Council consensus: Yes
6. Remove reference in the City-County Sphere of Influence (SOI) Agreement to the provision of City water which is an agreement between the City and Developer and is contained in the draft Pre-Annexation Agreement. Council consensus: Yes
7. Provide reasonable time in the City County SOI Agreement for City review of documents such as building and grading permits and subdivisions commensurate with the amount of time afforded in the DA for the County to review plans. Council consensus: Yes
8. Provide in the City-County Tax Share Agreement that the existing City County Tax Share Agreement applies to all unincorporated (not yet annexed) property within the existing City SOI. Council consensus: Yes
9. Provide for reimbursement of City infrastructure improvements in one lump sum or annually with the total reimbursement paid

DRAFT

prior to annexation of the entire property in the City-Developer Pre-Annexation Agreement. Agreed to by the Developer.

10. Provide for City consent to future amendments to Project approvals in the City-Developer Pre-Annexation Agreement.

Council consensus: Yes

11. Require that groundwater may not be exported from the site in the City-County Pre-Annexation Agreement. Discussion ensued, after which Councilmember Inman stated that the MOU is clear on the issue.

14. PUBLIC HEARINGS/APPEALS:

Mayor Techel introduced the item and asked members of City Council if they had any disclosures to report; there were none.

Ken MacNab, Planning Manager provided details regarding the Housing Element Update.

Alexa Washburn Housing Element Consultant, provided information on what a housing element is, the update process, and next steps.

Council discussion and questions ensued.

Mayor Techel called for public comment

Joann Busenbark; a member of the Housing Element Advisory Committee stated there are multiple needs for housing and there is a need to provide creative solutions such as shared housing, housing over retail, smaller units, and underutilized property; she added that affordable housing and the needs of the growing senior population must be considered as priority.

Lynn Bell asked if all the possible sites had been identified in the Housing Element, to which Mr. MacNab responded affirmatively.

Matt Zachs, resident, asked about traffic impacts for housing, Mr. MacNab stated higher density housing is placed near public transportation.

Moved, seconded (Sedgley / Mott) to close the public hearing.

Motion carried:

AYES: Sedgley, Mott, Luros, Inman, Mayor Techel

NOES: None

ABSENT: None

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Moved, seconded (Inman / Luros) to adopt **Resolution R2015-26** certifying the Environmental Impact Report for the City of Napa General Plan Amendment updating the Housing Element, adopting certain findings of fact, adopting a Mitigation Monitoring and Reporting Program, and adopting a Statement of Overriding Considerations; and adopt **Resolution R2015-27** adopting a General Plan Amendment updating the City of Napa General Plan Housing Element for the 2015-2023 planning period.

Motion carried:

AYES: Inman, Luros, Mott, Sedgley, Mayor Techel

NOES: None

ABSENT: None

15. COMMENTS BY COUNCIL OR CITY MANAGER:

There were no comments.

16. ADJOURNMENT: 9:30 p.m.

Dorothy Roberts, City Clerk

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

CONSENT CALENDAR
AGENDA ITEM 14.B.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: Dorothy Roberts, City Clerk

Prepared by: Carlyce Banayat, Imaging Clerk

Subject: Resolution Continuing the Proclamation of Local Emergency

ISSUE STATEMENT:

Adopt a resolution continuing the Proclamation of a Local Emergency.

DISCUSSION:

In response to the magnitude 6.0 earthquake that occurred in Napa County on Sunday, August 24, 2014 at 3:20 a.m., the City Manager, acting in the capacity of the Director of Emergency Services, declared an emergency existed and Proclamation P2014 01 was signed at the Emergency Operations Center. Two days later, on Tuesday, August 26, 2014, City Council ratified that Proclamation by Resolution R2014-146. Seven subsequent Resolutions were approved by City Council on September 16th (R2014-151), October 7th (R2014-155), October 21st (R2014-162), October 30, 2014 (R2014-171), and November 18, 2014 (R2014-173), December 2, 2014 (R2014-188), December 16, 2014 (R2014-190), January 6, 2015 (R2015-1), January 20, 2015 (R2015-2), February 3, 2015 (R2015-12), February 17, 2015 (R2015-17), March 3, 2015 (R2015-24), and March 17, 2015 (R2015-29).

Due to the substantial damaged that the earthquake caused in the City of Napa, both to public and private property, local emergency conditions continue to exist. City resources are not sufficient to address the ongoing impacts of the earthquake, as the City continues to learn of damages to infrastructure that were not initially apparent, including damages to underground facilities. Therefore, pursuant to Napa Municipal Code Section 2.89.060, which requires an evaluation by the City Council of the need to continue the proclamation of local emergency every 21 days, City staff recommends that the Council adopt the attached resolution to continue the proclamation of a local emergency in response to the impacts of the earthquake.

On September 11, 2014, President Obama signed a California Disaster Declaration, providing federal funding to state, tribal, and eligible local governments and certain private nonprofit organizations on a cost-sharing basis for emergency work and repair or replacement of facilities which were damaged by the earthquake. That funding has not yet been received as of the writing of this report. In addition, Individual Assistance was declared on October 27, 2014 for private homeowners and small businesses.

FINANCIAL IMPACTS:

None by this action; however, adoption of this resolution will facilitate the ability for the City to request resources including financial support and reimbursement from the State Office of Emergency Services (OES) and Federal Emergency Management Agency (FEMA) for costs incurred as a result of earthquake damage.

CEQA:

City Staff recommends that the City Council determine that the Recommended Action is exempt from CEQA pursuant to CEQA Guidelines Section 15269 related to emergency resources.

DOCUMENTS ATTACHED:

1. Attachment 1 - Resolution Continuing the Declaration of a Local Emergency

NOTIFICATION:

State Director of the Office of Emergency Services (OES)
Nancy Watt, Napa County Executive Officer/ Director of Emergency Services

RECOMMENDED ACTION:

Staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Adopt a resolution continuing the Proclamation of Local Emergency and requesting the Governor to request a state of emergency and a Presidential Declaration for Disaster Relief.

RESOLUTION R2015-__

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NAPA,
STATE OF CALIFORNIA, CONTINUING THE PROCLAMATION OF
LOCAL EMERGENCY AND REQUESTING THE GOVERNOR TO
REQUEST A STATE OF EMERGENCY AND A PRESIDENTIAL
DECLARATION FOR DISASTER RELIEF

WHEREAS, California Government Code Section 8630 and Napa Municipal Code Section 2.89.060 authorize the City Manager, acting as Director of Emergency Services, to proclaim the existence of a local emergency when the City Council is not in session; and

WHEREAS, California Government Code Section 8558 and Napa Municipal Code Section 2.89.020 defines "local emergency" as the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the City caused by any of a list of conditions (including an earthquake), which conditions are or are likely to be beyond the control of the services, personnel, equipment, and facilities of the City, requiring the combined forces of other political subdivisions to combat; and

WHEREAS, on August 24, 2014, at 3:20 a.m., a magnitude 6.0 earthquake struck Napa County, with an epicenter approximately six miles south of the City, which caused severe damage within the City's jurisdictional limits (initial reports of the earthquake identified a magnitude of 6.1, but the U.S. Geological Survey currently identifies the magnitude of the South Napa Earthquake as 6.0); and

WHEREAS, on August 24, 2014, at 7:59 a.m., the City Manager (acting as the City's Director of Emergency Services) proclaimed the existence of a local emergency based on the earthquake, and the resulting conditions of extreme peril to the safety of persons and property (as documented in the Director's Proclamation No. P2014-01); and

WHEREAS, on August 24, 2014, the Napa County Executive Officer (acting as the County's Director of Emergency Services) proclaimed the existence of a local emergency based on the conditions caused by the earthquake, and the County Board of Supervisors adopted a resolution ratifying and continuing the proclamation of a local emergency based on the conditions caused by the earthquake; and

WHEREAS, on August 24, 2014, the Governor of the State of California proclaimed a state of emergency based on the conditions caused by the earthquake; and

WHEREAS, on August 26, 2014, the City Council adopted resolution R2014-146, by which the Council ratified and continued the proclamation of local emergency (as previously documented in Proclamation P2014-01) based on the conditions caused by the earthquake; and

WHEREAS, Napa Municipal Code Section 2.89.060 requires the City Council to review the need for continuing the proclamation of local emergency at least every 21 days; and

WHEREAS, the City Manager has informed the Council that there continues to exist within the City of Napa a condition of extreme peril to life and property due to the earthquake conditions, and has requested that the Council proclaim that a local emergency continues to exist.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Napa as follows:

1. The City Council hereby finds that the conditions of local emergency summarized herein (and as further discussed during the Council meeting on September 16, 2014, and described on the City's website, at www.cityofnapa.org) are beyond the control of the services, personnel, equipment, and facilities of the City, requiring the combined forces of other political subdivisions to combat.

2. The City Council hereby continues the proclamation of local emergency (previously documented in resolution R2014-146, dated August 26, 2014; resolution R2014-151, dated September 16, 2014; R2014-155 dated October 7, 2014; R2014-162 dated October 21, 2014; R2014-171 dated October 30, 2014; R2014-173 dated November 18, 2014; R2014-188 dated December 2, 2014; R2014-190 dated December 16, 2014; R2015-1 dated January 6, 2015; R2015-2 dated January 20, 2015, R2015-12 dated February 3, 2015, R2015-17 dated February 17, 2015, R2015-24 dated March 3, 2015, and R2015-29 dated March 17, 2015), and as described during the noticed public meeting of the City Council on September 16, 2014 October 7, 2014, October 21, 2014, October 30, 2014, November 18, 2014, December 2, 2014, January 6, 2015, January 20, 2015 February 3, 2015, February 17, 2015, March 3, 2015, and March 17, 2015, related to the conditions of extreme peril to the safety of persons and property caused by the earthquake on August 24, 2014.
3. The City Council hereby finds, due to the substantial damage caused to both public and private property (including structures) by the earthquake conditions, that the local emergency conditions continue to exist, and that such conditions continue to warrant and necessitate a proclamation of local emergency.
4. The City Council hereby proclaims and orders that, until the local emergency described in this resolution is terminated, the powers, functions, and duties of the City Manager and the emergency organization of the City of Napa shall be those authorized by City law (including "Emergency and Disaster Preparedness," Napa Municipal Code chapter 2.89, City resolutions, the City's emergency plans, and City Charter).
5. The City Council hereby requests the Governor of the State of California to declare a State of Emergency in and for the City of Napa, related to the earthquake described in this resolution, and make all relevant funds available to the City of Napa and all eligible community members and businesses, including but not limited to funds from the California Disaster Assistance Act and the State Private Nonprofit Organizations Assistance Program. The City Council acknowledges the Proclamation of a State of Emergency ordered by the Governor on August 24, 2014, related to the earthquake described in this resolution; and the City Council requests that the Governor continue to maintain in effect that Proclamation.
6. The City Council hereby requests that the Governor request that the President of the United States make a Presidential Declaration of Emergency in and for the City of Napa, and make all relevant funds available to the City of Napa and all eligible community members and businesses, including but not limited to, federal aid for individual assistance and public assistance, and aid provided by the Small Business Administration.
7. The City Manager is hereby directed to forward a copy of this resolution to the Governor of the State of California, to the State Director of the Office of Emergency Services, and to the Napa County Director of Emergency Services; all in support of the implementation of this resolution.
8. The City Council hereby ratifies and confirms the authority of the City Manager, to not charge fees for inspections or permits, to the extent that the City Manager (or designee) determines that the inspections or permits are needed to repair damages caused by the earthquake conditions described in this resolution. This

ATTACHMENT 1

authority to not charge these fees shall be terminated upon termination of the local emergency described in this resolution.

9. The City Manager is hereby ordered and directed to give this Resolution, and the proclamations and orders contained herein, widespread publicity and notice.
10. The City Council hereby determines that the actions authorized by this resolution are exempt from CEQA pursuant to CEQA Guidelines Section 15269.
11. The City Council hereby finds that the facts set forth in the recitals to this resolution are true and correct, and establish the factual basis for the City Council's adoption of this resolution.
12. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of the City Council on the 7th day of April, 2015, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____
Dorothy Roberts
City Clerk

Approved as to form:

Michael W. Barrett
City Attorney

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

CONSENT CALENDAR
AGENDA ITEM 14.C.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: Rick Tooker, Community Development Director

Prepared by: Lark Ferrell, Housing Manager

Subject: Affordable Housing for Seniors and Disabled Persons

ISSUE STATEMENT:

Adopt a resolution approving the Amended and Restated Developer's Agreement for Folks Landing Apartments and determine that the recommended action is not subject to CEQA.

DISCUSSION:

Folks Landing is a 14-unit affordable apartment complex (the "Project"). The Project is currently in escrow to be sold. The Project is governed by a Developer's Agreement and Addendum, which were simultaneously executed in February 1994. The Project is also currently bound by a HOME Regulatory Agreement due to financing received from the State HOME Program. However, the term of the HOME restrictions will soon end when the HOME loan is paid off in escrow. Because the HOME restrictions are more stringent than those in the Developer's Agreement, no one was aware that there is ambiguity between the requirements in the Developer's Agreement and in the Addendum.

Historically the Project has been rented to low-income seniors age 55 and over and low-income disabled households of any age consistent with HOME Program requirements. However, this is inconsistent with the Developer's Agreement, which requires the Project be rented to low- and moderate-income seniors 62 years and older and disabled households of any age. It is also inconsistent with the Addendum, which requires that the Project be rented to disabled seniors 62 and older.

The proposed Amended and Restated Developer's Agreement would restrict the Project to low-income seniors 55 and older or low-income disabled persons of any age consistent with how the Project is currently being operated. Rents would be restricted to no more than the Section 8 payment standards. This would help ensure the Project continues to be a viable housing option for Section 8 tenants. The Amended and Restated Developer's Agreement also would grandfather in any existing tenants who may not be disabled or a senior as an eligible tenant. The buyer of the property has reviewed and approved the proposed Amended and Restated Developer's Agreement.

FINANCIAL IMPACTS:

This item has no financial impact.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

1. Attachment 1: Resolution Approving the Amended and Restated Developer's Agreement for Folks Landing
2. Attachment 2: Agreement - Folks Landing Amended and Restated Developers Agreement

NOTIFICATION:

The prospective buyer and current owner of the property were notified of this item. Also, notice of this item was placed on an agenda at least 72 hours in advance of the meeting.

RECOMMENDED ACTION:

Staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Adopt a resolution approving the Restated and Amended Developer's Agreement for Folks Landing Apartments.

RESOLUTION R2015-__

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
NAPA, STATE OF CALIFORNIA, APPROVING THE
RESTATED AND AMENDED DEVELOPER'S AGREEMENT
FOR FOLKS LANDING APARTMENTS

WHEREAS, the City of Napa entered into a Developer's Agreement and Addendum Number 1 to Developer's Agreement on February 23, 1994 for Folks Landing, a 14-unit apartment complex located at 1356 Calistoga Avenue (the "Project"); and

WHEREAS, page one of the Developer's Agreement requires the Project to be rented to low- and moderate-income seniors at least 62 years or older or low- or moderate-income disable persons of any age; and

WHEREAS, the Addendum Number 1 states the Project will be rented to disabled seniors 62 or older; and

WHEREAS, the Project has been historically rented to low-income seniors age 55 and older and low-income disabled of any age; and

WHEREAS, the property owner desires to continue to rent the Project to low-income seniors 55 years and older and low-income disabled households of any age; and

WHEREAS, there is a need in the community for rental housing for low-income seniors and low-income disabled households of any age; and

WHEREAS, there is a need for clarification and modification to the Developer's Agreement to continue to allow for affordable rental opportunities for low-income seniors and for low-income disabled households of any age; and

WHEREAS; City Council has considered all information related to this matter as presented at the public meeting of the City Council identified herein, including any supporting reports by City staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Napa, as follows:

1. The City Council hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the City Council's adoption of this Resolution.

2. The City Council hereby determines that the action approved by this resolution is exempt from CEQA pursuant to Government Code Section 15060(c).

ATTACHMENT 1

3. The City Council authorizes the City Manager to sign the Restated and Amended Developer's Agreement for Folks Landing Apartments restricting the Project to low-income seniors at least 55 years or older or to low-income disabled persons of any age. Rents would be restricted to no more than the Section 8 payment standards.

4. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of said City Council held on the 7th day of April, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____
Dorothy Roberts
City Clerk

Approved as to form:

Michael W. Barrett
City Attorney

<p>RECORDING REQUESTED BY AND WHEN RECORDED, RETURN TO:</p> <p>City of Napa P.O. Box _____ Napa, CA 94559 Attention: _____</p> <p>EXEMPT FROM RECORDING FEES PER GOVERNMENT CODE §§6103, 27383</p> <p>APN: 003-133-030</p>	<p>Space above this line for Recorder's use.</p>
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**AMENDED AND RESTATED DEVELOPER'S AGREEMENT AND DECLARATION OF
RESTRICTIVE COVENANTS**

(Apartments at 1356 Calistoga Avenue, Napa, CA)

This Amended and Restated Developer's Agreement and Declaration of Restrictive Covenants (this "Agreement") is entered into effective as of _____, 2015 ("Effective Date"), by and between the City of Napa, a municipal corporation ("City"), and _____, a (insert corporate-legal identity of Developer)("Developer"), with reference to the following facts.

RECITALS

A. Developer owns fee simple title to the real property located in the City of Napa, and described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. Under the terms of that certain "Developer's Agreement: Special Residential," archived as City of Napa Agreement No. 6609 and recorded as Instrument No. 1994, 021480 in the Official Records of Napa County, California ("the Developer's Agreement"), as amended by that certain "Addendum No. 1 to Developer's Agreement: Special Residential," archived as Appendix A to City of Napa Agreement No. 6609 and recorded as Instrument No. 1994, 021481 in the Official Records of Napa County, California ("the Addendum")(together, the Developer's Agreement and the Addendum may be referred to as "the Regulatory Agreement"), the Property is currently subject to certain use, rental eligibility and affordability restrictions imposed by contract as implementation of conditions of approval of a Use Permit approved for the Property by City Resolution No. 89-259. The Regulatory Agreement satisfied the requirements of the Special Residential Designation of City's 1982 General Plan, and generally required that units authorized under the Use Permit would be affordable and available exclusively to low and moderate income senior citizens or low or moderate handicapped persons.

C. Developer intends to operate a rental residential development consisting of 14 rental housing units for low income households who are seniors 55 years of age or older and/or disabled persons of any age (as further defined below in Section 1.1(l), the "Development") on the Property. The Development will include 14 dwelling units that are restricted for occupancy by low income households at affordable rents in accordance with the terms and conditions set forth in this Agreement.

D. Developer wishes to amend and restate the Regulatory Agreement to modify the eligibility criteria for tenants living at the units such that the Development would be available to low-income seniors 55 and older or low-income disabled persons of any age, and City is amenable to the modification as it will ensure the continued availability of the City's affordable housing inventory to older citizens of low income while expanding availability of the units to other special needs groups.

E. The Development is not subject to the requirements regarding the setting of initial and subsequent rental rates for residential real property set forth under the Costa-Hawkins Act, California Civil Code Section 1954.50 *et seq*, as the Development was initially constructed prior to February 1st, 1995. Moreover, the Developer is bound by a contract with a public entity that was entered into by the previous owner ("the Previous Owner") of the Property in consideration for direct financial contribution. The Previous Owner was the recipient of funding sources including Community Development Block Grants and Federal Housing and Urban Development HOME grants issued and administered by City, and in consideration of the receipt of these direct funding subsidies, the Previous Owner agreed by contract to be bound by the use, rental eligibility and affordability restrictions imposed under the Regulatory Agreement. This Agreement is intended to relax the eligibility restrictions on the Property initially memorialized in the Regulatory Agreement in a manner that will still further and promote the affordable and special needs objectives identified under City's General Plan.

NOW THEREFORE, for good and valuable consideration, the City and the Developer hereby agree as follows.

ARTICLE 1 AMENDMENT

1.1 Amendment. The Regulatory Agreement is hereby amended by repealing the previous language of the Developer's Agreement and the Addendum in its entirety and adopting new language to read as set forth in this Agreement.

ARTICLE 2 DEFINITIONS

2.1 Definitions.

When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

(a) "Actual Household Size" is the actual number of persons in the applicable household.

(b) "Affordable Rent" means a monthly Rent that does not exceed the maximum amount under the formula set forth under Section 3.2(a) or, if applicable, Section 3.2(c).

(c) "Agreement" is this Amended and Restated Developer's Agreement and Declaration of Restrictive Covenants.

(d) "Area Median Income" or "AMI" is the area median income for Napa County, California, adjusted for Actual Household Size, as determined by the United States Department of Housing and Urban Development ("HUD") and as published from time to time by the State of California Department of Housing and Community Development ("HCD") in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to California Health and Safety Code Section 50093(c).

(e) "Assumed Household Size" shall have the meaning set forth in Section 3.2(b) below.

(f) "City" is defined in the preamble to this Agreement.

(g) "Developer" is as defined in the preamble to this Agreement.

(h) "Development" is the Property and the approximately fourteen rental housing units to be located on the Property as described in Recital A, as well as any additional improvements, and all landscaping, roads and parking spaces existing thereon, as the same may from time to time exist.

(i) "Effective Date" means the date on which this Agreement has been executed by all of the parties.

(j) "Eligible Household" means a household for which gross household income upon initial occupancy does not exceed the maximum income level for a Restricted Unit as specified in Section 3.1.

(k) "Housing Authority" means the Housing Authority of the City of Napa.

(k) "Low-Income Household" is a household whose income does not exceed eighty percent (80%) of AMI.

(l) "Market Rate Rent" means a Rent that is consistent with other Rents in the City of Napa for comparable rental properties.

(m) "Person with a disability" shall have the meaning of that term as set forth under the Americans with Disabilities Act, 42 U.S.C 126.

(n) "Property" is defined in Recital A.

(o) "Rent" is the total of monthly payments by the Tenant of a Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by the Developer which are required of all Tenants, other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV, to be established annually by the Housing Manager of the City of Napa; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than the Developer, and paid by the Tenant.

(p) "Restricted Unit" means a dwelling unit which is reserved for occupancy at an Affordable Rent by a Low Income Household, as further specified in Section 3.1.

(q) "Section 8 Payment Standard" shall mean the amount, as established by the Housing Authority of the City of Napa as the responsible local public housing agency implementing the Department of Housing and Urban Development's Section 8 housing voucher program, as generally governed under 24 C.F.R. 982 et seq, needed to rent a moderately-priced dwelling unit in the local housing market.

(s) "Tenant" is a household legally occupying a Unit pursuant to a valid lease with Developer.

(t) "Unit" is one of the approximately fourteen (14) rental housing units constructed on the Property.

(u) "Utility Allowance" means the amount that the Housing Authority determines is necessary to cover a tenant's reasonable utility costs, and represents an estimate of the expenses associated with different types of utilities and their uses. The utilities for which allowances may be provided include electricity, natural gas, propane, fuel oil, wood or coal, and water and sewage service, as well as garbage collection. Functions or end-uses covered by an allowance may include space heating, water heating, cooling, refrigeration, lighting, or appliances. The Utility Allowance does not include telephone service.

ARTICLE 3 AFFORDABILITY AND OCCUPANCY COVENANTS

3.1 Occupancy Requirements.

(a) Fourteen (14) of the residential units in the Development shall be both Rent-Restricted (as defined below) and occupied (or if vacant, available for occupancy) by Eligible Households who qualify as Low-Income Households. .

(b) Restricted Units. All of the Restricted Units shall be rented to and occupied by or, if vacant, available for occupancy by Low-Income Households.

(c) Eligibility of Tenants. Tenants occupying the Restricted Units shall either be persons 55 years of age or older, or persons with a disability; provided, however, that any tenants living within the Development under a valid and current tenant lease as of the Effective Date shall be exempt from the eligibility requirements of this Section 3.1(c), and shall be entitled to live in the Development under the terms and conditions of their current lease until termination

of their lease. Upon vacation of any Restricted Unit occupied as of the Effective Date by a tenant under a pre-existing lease, Developer shall rent the vacant Restricted Unit to an Eligible Household in accordance with the occupancy requirements of this Section 3.1 and shall comply with the income certification provisions of Article 4 of this Agreement.

3.2 Allowable Rent.

(a) Affordable Rent for Restricted Units. Subject to the provisions of Section 2.3 below, the maximum Rent (including utility allowance) charged to Tenants of the Restricted Units shall not exceed the Section 8 Payment standard, minus a Utility Allowance, adjusted for Assumed Household Size.

(b) Assumed Household Size. In calculating the allowable Rent for the Restricted Units, the following Assumed Household Sizes shall be utilized (except that if any federal statutes or regulations require use of alternate household size assumptions in calculating rents, such federally-mandated household size assumptions shall be used instead of the assumptions provided below):

<u>Number of Bedrooms</u>	<u>Assumed Household Size</u>
One	2
Two	3
Three	4

(c) In the event that income determinations are no longer published by HUD, are not updated for a period of at least eighteen (18) months, or in the event that the Section 8 voucher program administered by HUD under the authority of the Housing Act of 1937, [42 U.S.C. § 1437f](#) is terminated, the maximum allowable rent shall not exceed one twelfth (1/12) of thirty percent (30%) of seventy percent (70%) of Area Median Income .

3.3 Section 8 Voucher and Certificate Holders.

The Developer will accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing certificate program or the Housing Choice Voucher Program under Section 8 of the United States Housing Act, or its successor. The Developer shall not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective Tenants, nor shall the Developer apply or permit the application of management policies or lease provisions with respect to the Units which have the effect of precluding occupancy of Units by such prospective Tenants.

ARTICLE 4 INCOME CERTIFICATION AND REPORTING

4.1 Income Certification.

Upon initial occupancy, the Developer will obtain, complete and maintain on file, income certifications for each Tenant renting any of the Restricted Units. Developer shall make a good faith effort to verify that the income statement provided by an applicant or Tenant is accurate by taking two or more of the following steps as a part of the verification process: (a) obtain a

minimum of the three (3) most current pay stubs for all adults age eighteen (18) or older; (b) obtain an income tax return for the most recent tax year; (iii) conduct a credit agency or similar search; (c) obtain the three (3) most current savings and checking account bank statements; (d) obtain an income verification form from the applicant's current employer or (f) if the applicant is unemployed and has no such tax return, obtain another form of independent verification. Copies of Tenant income certifications shall be made available to the City upon request. Tenants with Housing Choice Vouchers shall be presumed to be income eligible, and no additional income certification shall be required.

4.2 Annual Report to City.

(a) The Developer shall provide City with annual reports containing any information reasonably requested by the City in connection with the Development. In particular, the Developer shall provide the City with annual reports required by this Section, including but not limited to reports regarding the Development's rent and occupancy levels. Without limitation, the Developer shall provide the City no later than the sixtieth (60th) day after the close of each calendar year following the Effective Date, hardcopies and PDF copies of the following documents:

(1) an occupancy report of the Restricted Units including: (i) the initial verified income of each non-Section 8 tenant or household, (ii) the number of tenants in each household; (iii) the current rents charged each tenant or household and whether these rents include utilities, and (iv) the date tenancy commenced for each Unit;

(2) certifications of eligibility for all Tenants of Units at the time of initial occupancy. Such certification shall include verified income statements. Developer shall retain in the Tenant's file all verifications of Tenant's income (tax returns, W-2 forms, paycheck stubs, etc.);

(b) Substitution of Monitoring and Compliance Reports Prepared for Other Financing Programs. If similar reports on some or all of the Units are required for regulatory compliance with other financing programs, those reports may be deemed satisfactory for the purpose of this Section by the City, with respect to the portion of the requirements of this Section covered by such reports, provided that copies are provided on an annual basis to the City with an owner certification addressed to the City certifying that the Developer has complied with this Agreement.

4.3 Additional Information.

The Developer shall provide any additional information reasonably requested by the City. The City shall have the right to examine and make copies of all books, records or other documents of the Developer which pertain to the Units.

4.4 Records.

(a) The Developer shall maintain complete, accurate and current records pertaining to the Units, and shall permit any duly authorized representative of the City to inspect records, including but not limited to records pertaining to income and household size of Tenants

and Rent charged Tenants, upon reasonable prior notice during normal business hours. All Tenant lists, applications and waiting lists relating to the Units shall at all times be kept separate and identifiable from any other business of the Developer and shall be maintained as required by the City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. The Developer shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years.

(b) The City shall notify Developer of any records it deems insufficient. Developer shall have fifteen (15) calendar days after the receipt of such a notice to correct any deficiency in the records specified by the City in such notice, or if a period longer than fifteen (15) days is reasonably necessary to correct the deficiency, then Developer shall begin to correct the deficiency within fifteen (15) days and correct the deficiency within thirty (30) days, or as otherwise agreed by City if a longer time period is reasonably required.

4.5 On-site Inspection.

The City shall have the right to perform on-site inspections of the Development, including the Units, as is reasonably required to ensure compliance with this Agreement, but in any case at least once per year. The Developer agrees to cooperate in such inspection(s). If City desires to inspect the interior of the Units, City shall give Developer sufficient notice to allow Developer to give seventy-two (72) hours' notice to Tenants.

ARTICLE 5 OPERATION OF THE DEVELOPMENT

5.1 Residential Use.

The Property and the Units shall be used only for residential purposes, and the Units shall be operated and maintained as residences. No part of the Units shall be operated as transient housing in which the term of occupancy is less than thirty (30) days.

5.2 Taxes and Assessments

Developer shall pay all real and personal property taxes, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any line or charge from attaching to the Property; provided, however, that Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Developer exercises its right to contest any tax, assessment, or charge against it, Developer, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

ARTICLE 6 PROPERTY MANAGEMENT AND MAINTENANCE

6.1 Management Responsibilities.

The Developer is responsible for all management functions with respect to the Development, including without limitation the selection of tenants, certification and recertification

of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The City shall have no responsibility over management of the Development or the Units.

6.2 Property Maintenance.

(a) The Developer agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials, and in accordance with the following maintenance conditions:

(1) Landscaping. The Developer agrees to have landscape maintenance performed every other week, including removal of dead or diseased plants. No improperly maintained landscaping on the Property shall be visible from public streets and/or rights of way.

(2) Yard Area. No yard areas on the Property shall be left unmaintained, including:

(A) broken or discarded furniture, appliances and other, household equipment stored in yard areas for a period exceeding one (1) week;

(B) packing boxes, lumber trash, dirt and other debris in areas visible from public property or neighboring properties; and

(C) vehicles parked or stored in other than approved parking areas.

(3) Building. No buildings located on the Property may be left in an unmaintained condition so that any of the following exist:

(A) violations of state law, uniform codes, or City ordinances;

(B) conditions that constitute an unsightly appearance that detracts from the aesthetics or value of the Property or constitutes a private or public nuisance;

(C) broken windows;

(D) graffiti (must be removed within 72 hours); and

(E) conditions constituting hazards and/or inviting trespassers, or malicious mischief.

(4) Sidewalks. The Developer shall maintain, repair, and replace as necessary all public sidewalks adjacent to the Development.

(b) The City places prime importance on quality maintenance and ensure that all City-approved affordable housing projects within the City are not allowed to deteriorate due

to below-average maintenance. Normal wear and tear of the Units will be acceptable to the City assuming the Developer agrees to provide all necessary improvements to assure the Units are maintained in good condition. The Developer shall make all repairs and replacements necessary to keep the improvements in good condition and repair.

(c) In the event that the Developer breaches any of the covenants contained in this Section and such Default continues for a period of ten (10) days after written notice from the City with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from the City with respect to landscaping and building improvements, then the City, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the Default. Pursuant to such right of entry, the City shall be permitted (but is not required) to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the City and/or costs of such cure, which amount shall be promptly paid by the Developer to the City upon demand.

ARTICLE 7 NONDISCRIMINATION; FAIR HOUSING; LOCAL PREFERENCES

7.1 Nondiscrimination.

(a) Developer herein covenants by and for itself, its subcontractors, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, nor denial of the benefits of this Agreement to, any person or group of persons, on the basis of race, color, ancestry, national origin or ethnic group identification, religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age, mental disability, physical disability or medical condition (including cancer, HIV and AIDS) or political affiliation or belief, nor any unlawful discrimination against any employee or applicant for employment because of race, color, ancestry, national origin or ethnic group identification, religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age (over 40), mental disability, physical disability or medical condition (including cancer, HIV and AIDS), use of family care leave, or political affiliation or belief. Developer shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination or harassment. In addition to the foregoing general obligations, Developer shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900, et seq.), the regulations promulgated thereunder (Title 2, California Code of Regulations, section 7285.0, et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (sections 11135-11139.5) and any state or local regulations adopted to implement any of the foregoing, as such statutes and regulations may be amended from time to time. To the extent this Agreement subcontracts to Developer services or works required of City by the State of California pursuant to agreement between City and the State, the applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a) through (f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are expressly incorporated into this Agreement by reference and made a part hereof as if set forth in full, and Developer and any of its subcontractors shall give written notice of their obligations thereunder to labor organizations with which they have collective bargaining or other agreements.

(b) Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or part thereof. Developer shall include such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith.

(c) Notwithstanding paragraph (b), with respect to familial status, paragraph (b) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (b) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph b.

(d) The Developer shall include the provisions contained in this Section in all contracts and subcontracts related to the Development.

6.2 Fair Housing. Developer shall comply with state and federal fair housing laws in the marketing and rental of the units in the Development. Developer shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing Section 8 program or any successor thereto.

Article 7
COVENANTS BINDING ON SUCCESSORS

7.1 Covenants to Run With the Land.

The City and the Developer hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases such conveyed portion of the Property from the requirements of this Agreement.

**ARTICLE 8
INDEMNIFICATION; DEFAULT AND REMEDIES**

8.1 Indemnification

(b) To the full extent permitted by law, the Developer shall indemnify, defend, and hold the City and its elected officials, officers, employees and agents (collectively "Indemnitees") harmless from and against any and all claims, suits, actions, losses and liability of every kind, nature and description made against it and expenses (including without limitation, reasonable attorneys' fees) which arise out of or in connection with the purchase of the Property, the development, construction, marketing and operation of the Development, and any failure to perform any obligation as and when required by this Agreement, except to the extent such claim arises from the grossly negligent or willful misconduct of the Indemnitees. Each Party shall notify the other Party immediately in writing of any claim or damage related to activities performed under this Agreement. The Parties shall cooperate with each other in the investigation and disposition of any claim arising out of the activities under this Agreement, provided that nothing shall require either party to disclose any documents, records or communications that are protected under the attorney-client privilege or attorney work product privilege.

8.2 Default and Remedies; Remedies Cumulative.

An Event of Default shall arise hereunder if Developer fails to perform any obligation under this Agreement, and fails to cure such default within thirty (30) days after the City has notified the Developer in writing of the default or, if the default cannot be cured within thirty (30) days, has failed to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within sixty (60) days, or such longer period as approved by the City in writing, City shall have the right to enforce this Agreement by any or all of the following actions, or any other remedy provided by law.

(a) Action to Compel Performance or for Damages. The City may bring an action at law or in equity to compel the Developer's performance of its obligations under this Agreement, and/or for damages.

Each of the remedies provided herein is cumulative and not exclusive. The City may exercise from time to time any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement.

8.3 Limited Partners' Right to Cure.

Developer's limited partners shall have the right to cure any default of Developer hereunder upon the same terms and conditions afforded to Developer. Provided that City has been given written notice of the address for delivery of notices to the limited partners, City shall provide any notice of default hereunder to such parties concurrently with the provision of such notice to Developer.

**ARTICLE 9
MISCELLANEOUS**

9.1 Attorneys' Fees and Costs.

In any action brought to enforce or interpret this Agreement, the prevailing party shall be entitled to all costs and expenses of suit, including reasonable attorneys' fees. This Section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

9.2 Recording and Filing.

The City and the Developer shall cause this Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of Napa.

9.3 Governing Law and Venue.

This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflict of laws. The parties agree that any controversy arising under or in relation to this Agreement shall be litigated exclusively in state or federal courts with jurisdiction in the County of Napa.

9.4 Headings; Construction.

The titles of the sections and subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting the provisions of this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against either party.

9.5 No Implied Waiver.

No waiver of the requirements of this Agreement shall occur unless expressly waived by the City in writing. No waiver will be implied from any delay or failure by the City to take action on any breach or Default of Developer or to pursue any remedy permitted under this Agreement or applicable law. Any extension of time granted to Developer to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the City to any act or omission by Developer shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

9.6 Amendments.

This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the real property records of the County of Napa.

9.7 Entire Agreement.

This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the parties with respect thereto.

9.8 Notices.

Except for any notice, demand or communication required under applicable law to be given in another matter, all notices, demands and communications to be sent pursuant to this Deed of Trust shall be made in writing, and sent to the parties at their respective addresses specified below or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All notices demands or communications shall be shall be sent by person delivery, by reputable overnight delivery service (which provides a delivery receipt) or by certified or registered mail, return receipt requested, postage prepaid.

City:

City of Napa
1115 Seminary Street
Napa, CA 94559
Attention: Housing Manager

Developer:

Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to City or Developer as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

9.9 Severability.

ATTACHMENT 2

If any provision of this Agreement is held by court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired thereby.

9.10 Action by City.

Except as may be otherwise specifically provided herein, whenever any approval, notice, direction or consent by City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, or made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the City Council, unless the City Manager determines in his or her discretion that such approval is required.

9.11 Counterparts.

This Agreement may be executed in multiple counterparts, each of which is deemed to be an original, and all of which taken together shall constitute one and the same instrument.

[Signatures on following page.]

[Remainder of page intentionally blank.]

ATTACHMENT 2

IN WITNESS WHEREOF, City and Developer have executed this Agreement as of the date first written above.

CITY:

City of Napa, a municipal corporation

By: _____

Print Name: _____

Title: _____

APPROVED AS TO FORM:

City Attorney

:

DEVELOPER:

By: ,

By:

By: _____
President

By:

By:

By: _____

ATTACHMENT 2

STATE OF CALIFORNIA)
)
COUNTY OF NAPA)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF NAPA)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

EXHIBIT "A"
LEGAL DESCRIPTION

The land is situated in the State of California, County of Napa, City of Napa, and is described as follows:

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

CONSENT CALENDAR
AGENDA ITEM 14.D.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: Jacques R. LaRochelle, Public Works Director

Prepared by: Joy Eldredge, Water General Manager

Subject: Hazard Mitigation Grant Application and Budget Appropriation for Pipeline Rehabilitation Project PJ0415

ISSUE STATEMENT:

Adopt a resolution authorizing the Public Works Director to execute documents for funding under the California Governor's Office of Emergency Services (Cal OES) Hazard Mitigation Grant Program (HMGP), authorizing a budget appropriation, and determine that the action is exempt from CEQA pursuant to Section 15302(c).

DISCUSSION:

On August 24, 2014, at 0320 hours the magnitude 6.0 South Napa Earthquake occurred on the West Napa Fault. The extensive ground movement resulted in 241 known locations of water system breaks predominantly located in Browns Valley and southwest Napa known as the Westwood Area.

The City's water system experienced 120 water main breaks on the distribution system within the first six days. During the following six months the water system experienced an additional 121 water main breaks including three failures on the 36-inch major transmission main. The 36-inch transmission main is critical to supplying sufficient water to the service area. The section of transmission main from the Barwick Jamieson Treatment Plant on the south side of the water system is composed of asbestos cement (AC) pipe. This type of pipe is subject to failure due to earth movement. Failures of AC pipe tend to be catastrophic in nature because the pipe self-erodes resulting in a large break and greater water loss. When this occurs the water system rapidly loses in-system storage and tanks begin to drain as the system feeds the leak.

The leaks on the 36-inch pipe that have occurred in recent years have been first discovered by the water treatment facility operator who monitors treatment operations and storage tank levels using the Supervisory Controls and Data Acquisition (SCADA) system. The operators have observed what appears to be an abnormally high demand and either the draining of tanks or if in a fill cycle, the inability to fill a tank. To investigate the problem they contact on-call or on-duty staff who mobilize to the field along the pipeline alignment to locate the leak, then close valves to isolate the leak. Once the proper valves are identified it requires an additional 30 minutes to safely close

the transmission main valves to avoid transient pulses or water hammer in the pressurized system. After the leak is isolated, another challenge with making repairs on the large transmission main is the length of time required to drain the pipe in order to start repairs. Typical valve spacing on transmission mains is greater than a mile. Especially in flat areas the water drains slowly out of the isolated pipe and often has to be pumped out over a period of 36 – 72 or more hours before repairs can commence.

The South Napa Earthquake identified a band of faults that exist along the southwestern and western areas of the City of Napa. The aforementioned critical 36-inch water transmission main runs through this area. It was extremely fortunate that this major transmission main did not fail immediately following the August seismic event simultaneously with the initial 120 distribution system leaks that occurred, or the impacts to customers and the water system would have been significantly greater. Loss of fireflow and delivery of water for basic needs would have been the situation for weeks when people needed it most to clean up the aftermath and strive to return to normalcy. City of Napa customers have invested in a reliable water system and they are accustomed to a high level of service without interruption every day. For this reason interruption of water service would be extremely disruptive to one's daily life at a time when insecurities run high. The three leaks that occurred in the weeks following the earthquake were challenging. The two simultaneous leaks on the 36-inch line resulted in substandard service to nearly 400 customers along the west side of the City for several weeks while repairs were made. The fire department was put on notice of specific areas that would not have the normally expected flows from hydrants and special responses would have been necessary in the event of a fire.

The proposed Pipeline Rehabilitation Project PJ0415 (Project) includes installing eleven (11) valves in the transmission main system. Five (5) of these valves will include electric actuators that will be programmed into the SCADA system. This will allow the water treatment facility operator to press a button that starts the controlled slow manipulation of the valve to isolate the segment of pipe to stop the leak and prevent pipe erosion and system storage loss. The time gained in isolating the leak in an emergency situation is critical. In addition, six (6) manually operated valves will be installed to decrease the length of pipe that needs to be shut down in order to facilitate repairs.

The California Governor's Office of Emergency Services (Cal OES) Hazard Mitigation Grant Program (HMGP) sets aside funds estimated at 15% of the total damage due to the disaster, in this case the South Napa Earthquake, and allocates those funds to mitigating hazards in future events. This Project is an excellent example of the intent of this program. It will facilitate the availability of water for drinking and fire protection that is critical at all times, but especially during catastrophic events. The HMGP provides 75% of the funds for the Project and requires the applicant to match 25% of the funds.

The recommended resolution authorizes the Public Works Director as the City's representative to execute documents associated with the HMGP for this important Project and designates the 25% matching funds for the Project.

FINANCIAL IMPACTS:

The total project cost is estimated at \$2,074,000. If the grant is approved, the water enterprise 25% proportional share would be \$518,500 and the federal share would be \$1,555,500. Funds in the amount of \$7,389,126 are available in undesignated reserve account 53000 25399 within the water enterprise fund. Staff recommends council authorize the City Manager to approve the budget transfer of \$518,500 from 53000-25399 into Capital Improvement Account 53104 WT15PW03 and a budget increase of \$1,555,500 HMGP revenue into Capital Improvement Account 53104 WT15PW03 upon notification of grant award. The net impact to the water enterprise fund will be \$518,500.

CEQA:

City staff recommends that the City Council determine that the project is exempt from CEQA pursuant to CEQA Guidelines Section 15302(c), Replacement or Reconstruction, which exempts replacement and reconstruction of existing utility systems involving no expansion of capacity.

DOCUMENTS ATTACHED:

Attachment 1: Resolution authorizing the Public Works Director to execute documents for funding under the California Governor's Office of Emergency Services (Cal OES) Hazard Mitigation Grant Program (HMGP) and authorizing a budget appropriation.

NOTIFICATION:

Joe Peterson, Grant Administrator for California Governor's Office of Emergency Services (Cal OES) Hazard Mitigation Grant Program (HMGP)

RECOMMENDED ACTION:

Staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Adopt a resolution authorizing the Public Works Director to execute documents for funding under the California Governor's Office of Emergency Services Hazard Mitigation Grant Program and authorizing a budget appropriation.

RESOLUTION R2015-__

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
NAPA, STATE OF CALIFORNIA, AUTHORIZING THE
PUBLIC WORKS DIRECTOR TO EXECUTE DOCUMENTS
FOR FUNDING UNDER THE CALIFORNIA GOVERNOR'S
OFFICE OF EMERGENCY SERVICES HAZARD
MITIGATION GRANT PROGRAM AND AUTHORIZING A
BUDGET APPROPRIATION

WHEREAS, on November 28, 2014, the City of Napa submitted a Notice of Intent to the California Governor's Office of Emergency Services (hereinafter referred to as "Cal OES") for a Pipeline Rehabilitation Project PJ0415 (hereinafter referred to as "Project") under the Hazard Mitigation Grant Program (hereinafter referred to as the "HMGP"); and

WHEREAS, on March 4, 2015, the Cal OES issued a letter of invitation to City of Napa to complete an application to the HMGP for the Pipeline Rehabilitation Project PJ0415 subject to terms and conditions; and

WHEREAS, City of Napa acknowledges and confirms the City of Napa is responsible for providing 25% of the total Project expenditures to match federal 75% share of total Project costs; and

WHEREAS, the estimated expenditures for Pipeline Rehabilitation Project PJ0415 will be \$2,074,000 of which \$1,555,500 will be the federal share and \$518,500 will be the City of Napa proportional share; and

WHEREAS, the total cost for any HMGP Project will not exceed \$4,000,000; and

WHEREAS, the estimated expenditures for the Project will be charged to Capital Improvement Account 53104 WT15PW03; and

WHEREAS, the City of Napa will adopt a resolution formally authorizing the Project and designating person(s) to sign the Funding Agreement and any amendments thereto, to approve requests for reimbursement of claims, to sign the Budget and Expenditure Summary, to sign the certification of Project completion and to sign the final release form; and

WHEREAS, the City Council has considered all information related to this matter, as presented at the public meetings of the City Council identified herein, including any supporting reports by City Staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Napa, as follows:

ATTACHMENT 1

1. The City Council hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the City Council's adoption of this Resolution.

2. The City Council hereby determines that the Recommended Action described in this Agenda Report is exempt from CEQA pursuant to CEQA Guidelines Section 15302(c), Replacement or Reconstruction, which exempts replacement and reconstruction of existing utility systems involving no expansion of capacity.

3. The City Council hereby determines the Public Works Director is hereby authorized to execute all documents for the Project, enter into a funding agreement with the State, accept and expend HMGP funds for the Project.

4. The City Council hereby authorizes the City Manager, upon award of the grant, to authorize a transfer of funds from Water Enterprise Account 53000-25399 in the amount of \$518,500 to the Capital Improvement Account 53104 WT15PW03.

5. The City Council hereby authorizes an increase of \$1,555,500 in budgeted revenue to reflect the 75% federal share of project funds in the Capital Improvement Account 53104 WT15PW03.

6. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of said City Council held on the 7th day of April, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____

Dorothy Roberts
City Clerk

Approved as to form:

Michael W. Barrett
City Attorney

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

ADMIN CALENDAR
AGENDA ITEM 15.A.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: John Coates, Parks and Recreation Services Director

Prepared by: Greg Coleman, Recreation Supervisor 707-257-9205

Subject: Senior Center Feasibility Study Presentation

ISSUE STATEMENT:

Review draft concepts developed from the Senior Activity Center Needs Assessment and provide input and direction in order to finalize concepts to complete the study.

DISCUSSION:

The Department retained PROS Consulting on June 5, 2014 to develop a Needs Assessment for the future of the Senior Activity Center. The goal of the project is to develop concepts as well as funding and operational strategies that will provide clear direction for future programming and redevelopment of the Center. The project has been split into multiple, in depth phases and has a projected completion date of May 2015. The first phase of the project consisted of data and information gathering in order to identify unmet needs. Phase two takes this information and develops draft concept plans for programming and facility expansion. Phase three will finalize this concept and come up with a final design that will include a cost and operational plan.

The first phase of the project included site mapping and information gathering that identified development opportunities and constraints for the site. Stakeholder groups and members of the community participated in discussions through surveys, interviews and public workshops. Stakeholders consisted of City staff representatives as well as local senior service providers, partners, elected officials, commission members, and the general public that utilize the Senior Activity Center now or in the future. Additional information included demographic, trend and market analysis. Information compiled from these analyses was formulated into a list of prioritized community needs to be incorporated into conceptual design components.

We are now in the second phase of the project with the development of draft concept plans. Information collected in phase one was transferred into these design concepts which were presented to the Senior Advisory Commission and Parks & Recreation Advisory Commission at their March 11, 2015 meetings. Additional input from the community was also received at that time. Based on that input, the draft plans were altered slightly to enhance development of the effectiveness and efficiency of the building program. These draft plans are being presented to Council tonight for review.

The concept alternatives were developed to propose a core group of spaces that can accommodate the following needs:

- Fitness/Exercise Classes
- Special Events/Dances
- Meals
- Educational Classes
- Arts and Crafts Classes
- Enrichment Classes
- Bocce Ball
- Social Lounge Media/Technology/Café
- Meeting Space
- Information Resources
- Wellness Clinic
- Billiards

The goal in this phase is to take additional information gathered through public meetings and develop one draft concept.

The final phase of this project will develop one or two final concept plans. Estimates will then be formulated on probable capital and operational costs associated with constructing the improvements and the development of phasing considerations. Subsequent to Council's input, an additional public outreach meeting will be held to refine the plan. This plan will be presented to the Senior Advisory and Parks & Recreation Advisory Commissions for review and recommendation to the City Council for final approval.

PROS Consulting is presenting the draft concept plans for the City Council's review input.

FINANCIAL IMPACTS:

The process to develop the Feasibility Study is included in the existing approved Capital Improvement Project (FC14PR05).

CEQA:

The Parks and Recreation Services Director has determined that the Recommended Action described in this Agenda Report is not in-and-of-itself a "project" (pursuant to CEQA Guidelines Section 15378) since it does not result in a physical change to the environment. However, the Recommended Action is potentially part of a larger "project" that will be subject to environmental review in accordance with CEQA at the earliest feasible time prior to approval, consistent with CEQA Guidelines Sections 15004 and 15352. The larger "project" may include physical changes to the Senior Activities Center as described in the final Feasibility Study.

DOCUMENTS ATTACHED:

None

NOTIFICATION:

None

RECOMMENDED ACTION:

No motion required

Provide input and direction in order to finalize concepts to complete the study.

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

ADMIN CALENDAR
AGENDA ITEM 15.B.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: Jacques R. LaRochelle, Public Works Director

Prepared by: Julie Lucido, Senior Civil Engineer

Subject: Agreement for Design-Build Services for Tulocay Creek
Bicycle/Pedestrian Bridge

ISSUE STATEMENT:

Authorize the Public Works Director to execute an agreement with G.D. Nielson Construction, Inc., in the amount of \$497,610 for design-build services for Tulocay Creek Bicycle/Pedestrian Bridge (BR14PW03) with an option to add \$4,830 for one additional geotechnical boring and analysis, an option to add \$34,327 for Stormwater Pollution Prevention Plan (SWPPP) tasks, and determine that the project was the subject of previous CEQA analysis.

DISCUSSION:

As part of the Napa River Flood Protection Project (Flood Project), the east bank of the Napa River was reshaped and levees were constructed from Kennedy Park to north of Tulocay Creek. A future phase of the Flood Project is planned to construct a floodwall from the termination of the levee north of Hartle Court to the Riverfront Green Park near Third Street and Soscol Avenue. The completion of a maintenance road and recreation trail including an access bridge across Tulocay Creek was planned to be constructed with this future floodwall segment. Insufficient federal funding levels have slowed the progress of the Flood Project construction. The schedule for the completion of this future floodwall and trail is uncertain but will unquestionably take years.

The trail segment will become part of the Napa River Trail and eventually a segment of the Napa Valley Vine Trail which will traverse the City of Napa along the Commuter Bike Trail and the Napa River Trail. The City of Napa has supported the development of this trail system which is reflected in the City's General Plan. The Napa Valley Vine Trail, the Napa County Flood Control District, and City staff have met and concluded that there would be significant public benefit to construct this segment of trail sooner than can be constructed with the Flood Project.

In December 2012, the City Council approved an application for grant funds from the Recreation Trails Program for the Tulocay Creek Pedestrian/Bicycle Bridge Project. The grant application was successful and \$140,000 was awarded to the project. The Gasser Foundation generously agreed to provide matching funds for the grant in the

amount of \$100,000 to support the project. Additional funding in the amount of \$163,125 was obtained through the TDA-3 grant fund program. This totals \$403,125 obtained through grants and donations to support the project. As part of the Flood Project Cooperation Agreement between the Flood District and U.S. Army Corps of Engineers (USACE), the Flood District is responsible to fund 50% of project recreation features, such as the Tulocay Creek Pedestrian/Bicycle Bridge. Therefore, the Flood District has agreed to contribute funding to the City to complete the bridge project in the amount not to exceed \$150,000. City Council approved the appropriation of all these monies to the project in January 2015. With the approval of this agreement, construction of the bridge will occur during the summer of 2015 with estimated completion by October 2015.

Additionally, the City has applied for the Lifeline Transportation Program grant administered through the Metropolitan Transportation Commission (MTC) to pave the access trail from the location of the bridge north to Riverfront Green Park. If this grant is awarded for the project, the City may execute option 2 to add to the project (\$91,565). The anticipated date for announcement of the Lifeline Transportation Program project list is April 22, 2015. If the City is awarded the grant, we will return with a future item to accept the grant, increase the project budget for both revenues and expenditures, and authorize an amendment to the G.D. Nielson contract to add option 2 to pave the trail north from the bridge to Riverfront Green Park.

The City sent out a Request for Qualifications/Request for Proposal (RFQ/RFP) on August 15, 2014 using the design-build procurement. Attachment 2 includes documented rationale and findings under the City's contracting ordinance in support of the award of this design-build contract as a "specialty item."

The City received qualifications and proposals from three teams on September 25, 2014. The teams that submitted proposals are RNR Construction/Dokken Engineering, GD Nielson/RSA+, and NorthStar Construction/MGE Engineering. The Selection Committee included Eric Whan (Deputy Public Works Director – Engineering), Julie Lucido (Senior Civil Engineer – Development Engineering), Mark Tomko (Senior Civil Engineer – Construction), Kelli Schimmoeller (Junior Engineer – Development Engineering), and Andrew Butler (Associate Civil Engineer – Flood District). Teams were evaluated based on criteria detailed in the RFQ/RFP including: understanding of the work to be done (25 points), successful experience with similar kinds of work (25 points), quality of staff for work to be done (15 points), familiarity with state and federal procedures and compliance with public policy (20 points), financial responsibility (15 points), demonstrated technical ability (20 points), understanding of and experience with local conditions (20 points), and total contract cost (60 points) for a total of 200 points.

The qualifications and proposals that the G.D. Nielson team submitted scored the highest. The selection committee determined the G.D. Nielson team was best suited for this project and provided the best value to the City. The average score out of 200 possible was 172 for G.D. Nielson, 163 for RNR/Dokken, and 133 for NorthStar/MGE.

The contract scope of work includes the site investigations, topographic survey, material testing, design, and construction to deliver a pedestrian and bicycle bridge that is also

capable of supporting maintenance vehicles and emergency vehicles such as a police car or ambulance.

Limited geotechnical work was performed by the USACE in this specific area as part of the planning for the Flood Project. The first phase of work for this project includes geotechnical borings to a depth of 50-feet. The original scope proposal included one boring to augment the USACE geotechnical information but after further discussions between the City and Contractor, it was determined that completing a second boring would help reduce the risk of encountering unforeseen subsurface conditions including buried obstructions or poor soil conditions during construction. Identifying any adverse subsurface conditions during the design phase allows for alternatives to be evaluated in order to determine the least costly approach to mitigate. During the construction phase, encountering an unforeseen issue is often more costly as the materials are ordered and on-site and the completed construction work may have to be modified or repeated.

Environmental permits for the Tulocay Creek Pedestrian/Bicycle Bridge Project have been obtained as part of the overall permitting for the Flood Project. Staff has consulted with representatives from the USACE, the Regional Water Quality Control Board (RWQCB), and California Fish and Wildlife Services to inform the agencies that the City will be completing the Tulocay Creek Pedestrian/Bicycle Bridge Project. The agreement with the Flood District also documents that the City will be utilizing the Flood Project permits and that City agrees to indemnify the Flood District from liability associated with the City's construction of the Tulocay Creek Pedestrian/Bicycle Bridge Project with regards to permits obtained from resource agencies. The USACE will need to issue an encroachment permit because the work is part of the Flood Project. The USACE has agreed to issue the permit once the design plans have been completed and reviewed.

The second option item is for the preparation and implementation of a formal SWPPP. The task includes registering the project with the RWQCB, preparing and submitting a specific site plan with field implementation, water quality sampling and analysis, and multiple reports. This level of effort is required for compliance with the Flood Project RWQCB permit.

FINANCIAL IMPACTS:

City Council previously approved authorization for this appropriation which is to be offset by grant revenue, a reimbursement agreement, and a donation resulting in no net change to the CIP Fund Balance.

SOURCES:

\$140,000	Recreation Trails Grant (BR14PW03SG)
\$100,000	Gasser Foundation Donation for Grant Match Funds (BR14PW03PF)
\$163,125	TDA-3 (BR14PW03TD)
\$150,000	Flood District (not to exceed) (BR14PW03LG)

\$553,125 TOTAL

USES:

\$553,125 Tulocay Creek Pedestrian/Bicycle Bridge Project (Account # BR14PW03)
(includes Option 1 – SWPPP tasks)

Additionally, \$120,000 may be awarded to the City through the Lifeline Transportation Program grant to execute option 2 and pave the trail north of the bridge. The grant amount would completely cover the cost of the trail, and all required local match has been met by the other funding sources on the project. If the City is awarded the grant, we will return with a future item to accept the grant, increase the project budget for both revenues and expenditures, and authorize an amendment to the G.D. Nielson contract to add option 2 to pave the trail north from the bridge to Riverfront Green Park.

CEQA:

City staff recommends that the City Council determine that the potential environmental effects of the Recommended Action described in this Agenda Report were adequately examined by the overall Napa River/Napa Creek Flood Protection Project FEIS/FEIR, which was certified by the NCFCWCD on May 4, 1999 along with CEQA Findings (NCFCWCD Resolution 99-6), pursuant to CEQA Guidelines Sections 15063 and 15162.

DOCUMENTS ATTACHED:

1. Attachment 1: Agreement with G.D. Nielson Construction, Inc.
2. Attachment 2: Written Determination for Specialty Items Pursuant to Napa Municipal Code Section 2.91.050

NOTIFICATION:

Napa County Flood Control District
Gasser Foundation

RECOMMENDED ACTION:

Staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Authorize the Public Works Director to execute an agreement with G.D. Nielson Construction, Inc., in the amount of \$497,610 for design-build services for Tulocay Creek Bicycle/Pedestrian Bridge (BR14PW03) with an option to add \$4,830 for one additional geotechnical boring and analysis and an option to add \$34,327 for Stormwater Pollution and Prevention Plan (SWPPP) tasks.

AGREEMENT FOR TULOCAY CREEK BICYCLE/PEDESTRIAN BRIDGE PROJECT (BR14PW03)

This Agreement ("Agreement") by and between the City of Napa, (hereinafter "City") and G.D. Nielson Construction, Inc. (hereinafter "Contractor") is dated this _____ day of _____, 2015.

1. Contractor hereby agrees to complete all project planning, survey, physical investigations, design, and construction documents; and to furnish all tools, equipment, labor and material necessary to perform and complete in a good and workman-like manner, the design and construction of the Tulocay Creek Bicycle/Pedestrian Bridge ("the Project") within the time set forth and in accordance with the Scope of Work attached to this Agreement as Exhibit A. The following documents and all subparts in their entirety are hereby made a part of the complete Agreement: this Agreement, Scope of Work (Exhibit A,), Special Provisions (Exhibit B), bonds, design documents including specifications and detailed drawings to be prepared by the Contractor, description of Deliverables and Performance (Exhibit C), Project Compensation (Exhibit D), Concept Plan and Hydraulic Analysis (Exhibit E), Environmental Permits (Exhibit F), the Request for Proposal issued by the City dated August 15, 2014 including four addendums, proposal by the G.D. Nielson dated September 25, 2014 and all other documents on file in the office of the City Clerk of City relating to this Project ("the Contract Documents"). The intent of the Contract Documents is for the Contractor to deliver the Project ready for use when completed. The Contractor shall accomplish and complete all work described in Exhibit A and any other required items to bring the Project to completion.

2. City agrees to pay Contractor a total sum not to exceed \$497,610 (four-hundred ninety-seven thousand, six-hundred ten dollars) with an option to add \$34,327 (thirty-four thousand, three-hundred twenty-seven dollars) for Stormwater Pollution Prevention Plan (SWPPP) tasks, and an option to add \$91,565 (ninety-one thousand, five hundred sixty-five dollars) to pave the access road and northern side of the bridge, and an option to add \$4,830 (four thousand, eight hundred thirty dollars) one additional geotechnical boring and associated analysis. The City, at its sole discretion, may exercise the optional additive contract items. Contractor will be paid 90% of biweekly estimates of work based on contract prices in Exhibit D. Contractor will be paid 90% of such amount upon completion of the work. The retained ten percent (10%), excluding such sums as may be lawfully withheld by City, shall be paid to Contractor within sixty (60) days after completion of the work as required by the City of Napa Charter Section 102. It is understood and agreed that in accordance with California Public Contract Code §22300, the Contractor will be allowed to substitute securities for money withheld by City to insure performance under this Contract. In accordance with Public Contract Code §20104.50, City shall promptly review payment requests and if not suitable for payment, City shall no later than seven (7) days after receipt return the same with an explanation as to why the payment request is not possible. City shall make progress payments within thirty (30) days after receipt of an undisputed and properly executed request. Failure to comply with the time requirements shall subject City to interest equivalent to the legal rate set forth in subdivision (a) of Section 685.010 of the Code of Civil Procedure.

3. The following shall govern the responsibilities and indemnification by Contractor:

A. City and each of its officers, employees, consultants and agents including, but not limited to, the Public Works Director and each City's representative, shall not be liable or accountable in any manner for loss or damage that may happen to any part of the Work; loss or damage to materials or other things used or employed in performing the Work; injury, sickness, disease, emotional injury, or death of any person; or damage to property resulting from any cause whatsoever except their sole negligence, willful misconduct or active negligence, attributable to performance or character of the Work, and Contractor releases all of the foregoing persons and entities from any and all such claims.

B. To the furthest extent permitted by law (including without limitation California Civil Code Section 2782), Contractor shall assume defense of, release, and indemnify and hold harmless, City and each of its officers, employees, consultants and agents including, but not limited to, the Public Works Director and each City's representative (excluding agents who are design professionals), from claims, suits, actions, losses and liability of every kind, nature and description, including but not limited to claims, etc., and fines of regulatory agencies or relating to claims, etc., for copyright and/or infringement patent,

and attorney's fees and consultant's fees, directly or indirectly, from any cause whatsoever, directly or indirectly, arising out of, connected with, or resulting from performance of the Work, failure to perform the Work, or condition of the Work which is caused in whole or in part by any act or omission of Contractor, Subcontractors, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether it is caused in part by the negligence of City or by any person or entity required to be indemnified hereunder.

C. With respect to third-party claims against Contractor, Contractor waives any and all rights to any type of express or implied indemnity against City and each of its officers, employees, consultants, and agents including, but not limited to City, the Public Works Director and each City's representative.

D. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Contractor, its Subcontractors of any tier, or the officers or agents of any of them.

E. To the furthest extent permitted by law (including, without limitation, Civil Code Section 2782), the indemnities, releases of liability and limitations of liability, claims, procedures, and limitations of remedy expressed throughout Contract Documents shall apply even in the event of breach of contract, negligence (active or passive), fault or strict liability of the party(ies) indemnified, released, or limited in liability, and shall survive the termination, rescission, breach, abandonment, or completion of the Work or the terms of the Contract Documents.

F. The Contractor's obligation to defend and indemnify shall not be excused because of the Contractor's inability to evaluate liability or because the Contractor evaluates liability and determines that the Contractor is not liable to the claimant. The Contractor will respond within 30 days to the tender of any claim for defense and indemnity by the City, unless this time has been extended by the City. If the Contractor fails to accept or reject a tender of defense and indemnity within 30 days, in addition to any other remedy authorized by law, so much of the money due the Contractor under and by virtue of the contract as shall reasonably be considered necessary by the City, may be retained by the City until disposition has been made of the claim or suit for damages or until the Contractor accepts or rejects the tender of defense, whichever occurs first.

G. The indemnities in the Contract Documents shall not apply to any indemnified party to the extent of its sole negligence or willful misconduct; nor shall they apply to City or other indemnified party to the extent of its active negligence.

4. This Contract shall not be assigned without the written approval of the City.

5. The Contractor, at City's request, shall be required to deliver City any and all design materials. These materials include, but are not limited to: calculations, preliminary drawings, surveys, construction drawings, shop drawings, samples, electronic media data, sketches, illustrations, specifications, descriptions, models, mock-ups, and other information developed, prepared, furnished, or delivered in the prosecution of the design work for the Project.

6. Design Phase Responsibilities. The Design Phase includes the preparation of the Design Materials for the project including, but not limited to, all necessary engineering, including civil, geotechnical, and structural; and other required analyses, survey, project site evaluations and physical investigations, preparation of design documents, and necessary design modifications. The work shall also include all relevant plan reviews.

7. Ownership of Design Materials.

- a. All materials and documents developed in the performance of this Agreement shall be the property of City. City shall have unlimited rights, for the benefit of City, in all drawings, designs, specifications, notes and other work developed in the

performance of this Agreement, including the right to use same on any other City project at no additional cost to City. Contractor agrees to and does hereby grant to City a royalty-free license to all such data that Contractor may cover by copyright and to all designs as to which Contractor may assert any rights or establish any claim under the patent or copyright laws. The Contractor for a period of three (3) years after completion of the Project agrees to furnish and to provide access to the originals or copies of all such materials upon the request of City. City agrees to make no demand on Contractor for responsibility for the City's use of such materials for any other City project that is not the subject of a separate agreement between the City and Contractor for such use.

- b. City does not assume any obligation to employ the Contractor's services or pay Contractor royalties of any type as to future programs that may result from the work performed under this Agreement.

8. Design Errors. The Contractor shall be responsible for all design errors, including, but not limited to: errors, inconsistencies or omissions in the Design Materials, or errors, omissions and inconsistencies that do not conform to the minimum standards of the Contract Documents. The Contractor shall take field measurements and verify field conditions and shall carefully compare such field conditions and other information known to the Contractor from the Contract Documents.

9. The Contractor shall have full care, custody and control of the project to completion and shall maintain the same in a safe and tidy condition. The Contractor shall at all times maintain proper facilities and provide safe access for inspection by City to all parts of the work, and to the shops wherein the work is in preparation. Where the specifications require work to be specially tested or approved, it shall not be tested or covered up without timely notice to the City, or its representative, of its readiness for inspection, and without the approval thereof or consent thereto by the latter. Should any work be covered up without such notice, approval or consent, it must, if required by the City, or its representative, be uncovered for examination at the Contractor's expense.

10. The Contractor shall assume sole and complete responsibility for job site conditions for the duration of the project including, but not limited to, the safety and health conditions on the work site. This requirement shall apply continuously and shall not be limited to normal working hours. Contractor shall comply with all applicable provisions of law including the standards, rules, regulations and orders established by the California Division of Industrial Safety. Contractor shall furnish and use safety devices and safeguards and shall adopt and use practices, means, methods, operations, and processes which are reasonably adequate to render the work site safe and healthful. Contractor shall take all steps necessary to ensure that any hazardous condition is corrected promptly either by the Contractor or by assigning such responsibility to the appropriate subcontractor and ensuring that the corrections are completed. The City, City's design engineer, City's construction manager and the City's officers, agents or employees, shall not have control over or charge of or responsibility for construction or safety means, methods, techniques, procedures, as these are solely the responsibility of Contractor.

11. Should the City at any time during the progress of the work request any alterations, deviations, additions or omissions from said Contract, specifications or plans, it shall be at liberty to do so, and the same shall in no way affect or make void the Contract but will be added to or deducted from the amount of said contract price, as the case may be, by fair and reasonable valuation. However, additional work necessitated to meet the project objectives stated in the Scope of Work (Exhibit A) shall be at no additional cost to the City. The value of any extra work to expand or work deleted to decrease the project objectives documented in the Scope of Work (Exhibit A) shall be determined in one or more of the following ways:

- A. By estimate and acceptance of a lump sum.
- B. By unit price named in the contract or subsequently agreed upon.
- C. By cost and percentage or by cost and a fixed fee.

12. Contractor shall obtain insurance acceptable to the City in a company or companies acceptable to the City. The required documentation of such insurance shall be furnished to the City at the time Contractor returns the executed contract. The Contractor shall not commence work nor shall allow its employees or agents or anyone to commence work until all insurance and properly executed endorsements required hereunder have been submitted and approved. The Contractor shall take out and maintain at all times during the life of this Contract, the following policies of insurance with insurers (if other than the State Compensation Fund) with a current A.M. Best's rating of no less than A:VII, or its equivalent, against injury/death to persons or damage to property which may arise from or in connection with the performance hereunder by Contractor, its employees, agents and subcontractors:

A. Workers' Compensation Insurance with statutory limits as required by the Labor Code. The policy shall be endorsed to provide thirty (30) days prior written notice to City's Public Works Director prior to cancellation and shall provide for a waiver of subrogation against City, its officers, employees and agents.

B. Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001) in an amount no less than \$3,000,000 per project, or \$3,000,000 per occurrence/\$5,000,000 aggregate. If work involves explosives, underground or collapse risks, XCU must be included. The amount of any deductible or self-insured retention over \$100,000 shall be declared to and security posted guaranteeing payment of losses and defense costs. Said policy shall contain, or be endorsed with, the following provisions:

(1) The City, its officers, employees and agents, are covered as insureds for liability arising out of the operations performed by or on behalf of Contractor, including materials, parts or equipment furnished in connection with such work or operations, with coverage to include products and completed operations of Contractor and premises owned, occupied or used by Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, agents and employees.

(2) For claims related to this project, the Contractor's insurance is primary coverage to the City, and any insurance or self-insurance programs maintained by the City is excess to Contractor's insurance and will not be called upon to contribute with it.

(3) The policy shall not be canceled or materially reduced in coverage without 30 days prior written notice (10 days for non-payment of premium) to City by certified mail.

(4) Any failure to comply with reporting or other provisions of the parties, including breach of warranties, shall not affect coverage provided to City, its officers, employees and agents.

C. Automobile Liability, with coverage at least as broad as Insurance Services Office form number CA 00 01 06 92, Code 1 (any auto), in an amount of \$3,000,000 per accident. The amount of any deductible or self-insured retention over \$100,000 shall be declared to and approved by the City. Said policy shall contain, or be endorsed with the provision that coverage shall not be canceled or reduced in coverage without 30 days prior written notice to City (10 days for non-payment of premium).

D. If applicable, Builders Risk (or course of construction), written on an all-risk form, for 100% completed value on the insurable part of the project. The Builders Risk policy shall provide for losses to be payable to City and Contractor as their interests may appear, and that in the event of payment for any loss under the coverage provided, the insurer shall not have rights of recovery against City and Contractor.

E. Prior to City's execution of Contract, Contractor shall provide properly executed Certificates of Insurance and Endorsements evidencing the insurance required herein, including the amount of any policy deductible or self-insured retention, on forms approved by City.

F. Contractor shall include all subcontractors as insureds under its policies or require subcontractors to secure and maintain insurance in accordance with all the requirements stated herein.

13. This writing is intended both as the final expression of the agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Contract, pursuant to Code of Civil Procedure §1856. No modification of this Contract shall be effective unless and until such modification is evidenced by a writing signed by both parties.

14. The Contract shall be construed and interpreted according to California law; any action to enforce the terms of this Contract or for the breach thereof shall be brought and tried in the County of Napa.

15. The execution of this Contract shall constitute Contractor's authority to proceed immediately with the performance of the Contract. Performance of bridge construction shall be completed by October 15, 2015; provided, however, that if the performance is delayed by earthquake, flood, high water or other Act of God or by strike, lock-out or similar labor disturbances, the time for Contractor's performance shall be extended by a number of days equal to the number of days the completion has been. Further, the completion date may also be extended for any agreed upon change orders that necessitate an extension; the date for which will be outlined in the change order.

16. Contractor warrants to City that all materials and equipment furnished under this Contract will be new unless otherwise specified and that all work will be of good quality free from faults and defects and in conformance with the contract documents. Neither final payment nor use or occupancy of the work performed by the Contractor shall constitute an acceptance of work not done in accordance with the Contract or relieve Contractor of liability in respect to any express warranties or responsibilities for faulty material or workmanship. Contractor shall remedy any defects in the work and pay for any damage resulting therefrom which shall appear within the period of one (1) year from the date of final payment by the City for the work. The Contractor shall repair or replace any and all work, together with any adjacent work that may have been damaged or displaced, which was not in accordance with the requirements of the Contract Documents, or that may be defective in its workmanship or material within the guarantee period specified in the Contract Documents, without any expense whatsoever to City; ordinary wear and tear and abuse excepted. City will give notice of observed defects with reasonable promptness.

17. By execution of this Contract, Contractor warrants that it has carefully examined the site of the work contemplated and any plans and specifications and contract documents pertaining to the work and has satisfied itself of all local conditions affecting the work and delivery of materials; City specifically disclaims any warranties for information provided to Contractor. It is the obligation of Contractor to notify City of any and all ambiguities, conflicts, etc., in and among such plans, specifications and/or documents.

18. Contractor shall give its personal attention to the fulfillment of the Contract and shall keep the work under its control at all times. No subcontractor will be recognized as such, and all persons engaged in the work will be considered as employees of Contractor, and it will be held responsible for the work which shall be subject to the provisions of the Contract and specifications, if any. It is understood and agreed that Contractor may sublet a portion of this work to the subcontractors only who are hereinafter named, and that Contractor will perform all other work unless specifically authorized by the City as provided for in Public Contract Code §§4100, et seq., inclusive, with which provisions the parties hereto agree to comply. The said subcontractors and the work they will perform are set forth in the Contractor's proposal as follows:

Name of Subcontractor	Address of Office, Mill or Shop	Description of Work
RSA +	1515 Fourth Street Napa, CA 94558	Civil Engineering
Miller Pacific Engineering Group	135 Camino Dorado Suite 3	Geotechnical

Name of Subcontractor	Address of Office, Mill or Shop	Description of Work
	Napa, CA 94558	
The Vertex Companies	400 Libbey Parkway Weymouth, MA 02189	Structural
R&R Maher Construction Company, Inc.	1324 Lemon St. Vallejo, CA 94590	Construction

19. Whenever, in the opinion of the City, the Contractor is neglecting the work or is not prosecuting the same with diligence or is not fulfilling the provisions of the Contract and specifications, the work, wholly or in part, may be suspended by written order of the City. If the Contractor, within five (5) days after the date of receipt of such a written order, does not agree to provide the required remedies for such deficiencies, the City may declare this Contract terminated and itself proceed to complete the work herein specified or engage others to do the same. The cost of such work and necessary materials shall be charged against the Contractor and be deducted from next or subsequent estimate payment for same. If payments to Contractor are not sufficient to cover the charges, the balance may be recovered from the Contractor or its Sureties. If City declares the Contract terminated pursuant to this paragraph and the amount of any such charges is less than the amount which would have been due to Contractor upon completion of the work by it, the difference shall be paid it by City; should the amount of said charges exceed the latter, the difference shall be paid by Contractor to City.

20. In the event City declares this Contract terminated pursuant to the previous paragraph, Contractor shall discontinue work, and City reserves the further right to take possession of and use any materials or equipment of any nature whatsoever belonging to or used by the Contractor on the work. All expenses charged under this paragraph shall be deducted and paid by City out of any monies due Contractor under the Contract, and in such accounting City shall not be held to obtain the lowest figure for completing the Contract, but all sums actually paid therefore shall be charged to the Contractor.

21. Contractor shall procure all licenses, including, but not limited to, a City of Napa business license, and give all notices necessary and incident to the lawful prosecution of the work and comply with all conditions of any permit, license or authorization allowed. Contractor shall ensure that each subcontractor has all required permits and licenses (including, but not limited to, a City of Napa business license), given all required notices and complies with all conditions of any permit, license or authority.

22. Pursuant to Public Contract Code Section 7103.5, Contractor assigns to City all rights, title and interest in and to all causes of action it may have under Section 4 of the Clayton Act or under the Cartwright Act arising from purchases of goods, services or materials for this contract. This assignment shall be made and effective at final payment without further acknowledgment by the parties.

23. Contractor shall not be entitled to the payment of any additional compensation for any act, or failure to act, by the City, including failure or refusal to issue a change order, or for the happening of any event, thing, occurrence, or other cause, unless he/she shall have given the City due written notice of potential claim. The written notice of potential claim shall set forth the reasons for which the Contractor believes additional compensation will or may be due, the nature of the costs involved, and insofar as possible, the amount of the potential claim. The said notice as above required must have been given to the City prior to the time that the Contractor shall have performed the work giving rise to the potential claim for additional compensation if based on an act, or failure to act, by the City, or in all other cases within fifteen (15) days after the happening of the event, thing, occurrence, or other cause giving rise to the potential claim.

24. In the event the work requires Contractor to dig trenches or other excavations deeper than four (4) feet below the surface, Contractor shall promptly, and before the following conditions are disturbed, notify the public entity, in writing, of any:

A. Material that the Contractor believes may be material that is hazardous waste, as defined in §25117 of the Health & Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law.

B. Unknown physical conditions at the site of unusual nature including material appearing to include archaeological artifacts or different material from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the contract.

C. City shall promptly investigate the conditions, and if it finds that the conditions do involve hazardous waste or archaeological artifacts, shall direct Contractor to prepare and submit plan to lawfully manage the work area and proceed with contract work.

25. Contractor shall comply with all applicable provisions of federal, state and local law including, but not limited to, the following requirements of the California Labor Code:

A. City has obtained from the Director of the State Department of Industrial Relations the general prevailing rate of wages and employer payments for health and welfare, vacation, pension and similar purposes in the county in which said work is to be performed for each craft and type of workman or mechanic needed to execute the contract. These prevailing rates are on file in the City's office and will be made available to any interested party upon request. The Contractor shall post a copy of said prevailing rates at the job site. Pursuant to Sections 1770, et seq., the Contractor and all subcontractors under him shall pay not less than the prevailing wage rate. The Contractor shall forfeit to the City, as a penalty, Fifty Dollars (\$50.00) for each laborer, workman, or mechanic employed for each calendar day or portion thereof, such laborer, workman or mechanic employed for each calendar day or portion thereof, such laborer, workman, or mechanic who is paid less than the prevailing wage rate for any work done under this Contract by him, or by any subcontractor under him.

B. Pursuant to Sections 1810, et seq., eight (8) hours of labor shall constitute a legal day's work upon all work done hereunder, and it is expressly stipulated that no workman employed at any time by the Contractor, or by any subcontractor or subcontractors under this Contract, upon the work or upon any part of the work contemplated by this Contract, shall be required or permitted to work thereon more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, except as provided in Section 1815; all the provisions whereof are deemed to be incorporated herein, and it is further expressly stipulated that for each and every violation of said last named stipulation, said Contractor shall forfeit, as a penalty to the City, Twenty-five Dollars (\$25.00) for each workman employed in the execution of this Contract, or by any subcontractor under this Contract, for each calendar day during which said workman is required to labor more than either (8) hours in violation of the provisions of said sections of the Labor Code.

C. Contractor shall comply with Section 1776 relating to certified copies of payroll records including the maintenance of these records and their certification and availability for inspection.

D. Contractor agrees to comply with Sections 1777.5, 1777.6 and 1777.7 regarding employment of apprentices. The responsibility for compliance with these provisions is fixed with the prime contractor for all occupations.

E. In the event the work involves the excavation of any trench(es) five (5) feet or more in depth, Contractor shall submit a detailed plan showing the design of shoring, bracing, sloping or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench(es) in accordance with Section 6705.

26. Attached hereto and made a part hereof is a Performance Bond in the amount of 100% of the estimated contract price and a Labor and Materials Bond in the amount of 100% of the estimated contract price, which shall be duly executed by Contractor as Principal and an admitted surety company as Surety prior to City's execution of this Contract. In conjunction with submittal of the bonds, the Contractor

shall furnish the original, or a certified copy, of the unrevoked appurtenant Power of Attorney or other instrument authorizing the person who executed the bonds to do so and a certificate from the Clerk of Napa County that the certificate of authority of the surety has not been surrendered, revoked, canceled, annulled or suspended.

27. Contractor agrees to observe the provisions of Section 2.92.040 of the Napa Municipal Code obligating every contractor or subcontractor under a contract or subcontract to the City of Napa for public works, subject to Section 101, Napa City Charter, in the sum of twenty-five thousand dollars (\$25,000.00) or more, to refrain from discriminatory employment practices on the basis of sex, race, color, religious creed, national origin or ancestry of any employee of, or applicant for employment with, such contractor or subcontractor. Said Section 2.92.040 is by reference made a part of this contract.

28. If Contractor files a claim, it shall be in writing and include the documents necessary to substantiate the claim. Claims must be filed on or before the date of final payment. Nothing in this section is intended to extend the time limit or supersede notice requirements otherwise provided by the contract for the filing of claims. For claims covered by Public Contract Code §26104, the following also applies:

A. Claims of Less Than \$50,000.00.

(1) For claims of less than fifty thousand dollars (\$50,000.00), City shall respond in writing to any written claim within forty-five (45) days of receipt of the claim, or may request, in writing, within thirty (30) days of receipt of the claim, any additional documentation supporting the claim or relating to defenses or claims the local agency may have against the claimant.

(2) If additional information is thereafter required, it shall be requested and provided pursuant to this section upon mutual agreement of City and the claimant.

(3) City's written response to the claim, as further documented, shall be submitted to the claimant within fifteen (15) days after receipt of the further documentation or within a period of time no greater than that taken by the claimant in producing the additional information, whichever is greater.

B. Claims Over \$50,000.00.

(1) For claims of over fifty thousand dollars (\$50,000.00) and less than or equal to three hundred seventy-five thousand dollars (\$375,000.00), City shall respond in writing to all written claims within sixty (60) days of receipt of the claim, or may request, in writing, within thirty (30) days of receipt of the claim, any additional documentation supporting the claim or relating to defenses or claims City may have against the claimant.

(2) If additional information is thereafter required, it shall be requested and provided pursuant to this section upon mutual agreement of City and the claimant.

(3) City's written response to the claim, as further documented, shall be submitted to the claimant within thirty (30) days after receipt of the further documentation, or within a period of time no greater than that taken by the claimant in producing the additional information or requested documentation, whichever is greater.

C. If the claimant disputes City's written response, or City fails to respond within the time prescribed, the claimant may so notify City, in writing, either within fifteen (15) days of receipt of City's response or within fifteen (15) days of City's failure to respond within the time prescribed, respectively, and demand an informal conference to meet and confer for settlement of the issues in dispute. Upon a demand, City shall schedule a meet and confer conference within thirty (30) days for settlement of the dispute.

D. If following the meet and confer conference the claim or any portion remains in dispute, the claimant may file a claim pursuant to Chapter 1 (commencing with Section 900) and Chapter 2

(commencing with Section 910) of Part 3 of Division 3.6 of Title 1 of the Government Code. For purposes of those provisions, the running of the period of time within which a claim must be filed shall be tolled from the time the claimant submits his or her written claim pursuant to this section until the time the claim is denied, including any period of time utilized by the meet and confer conference.

29. In the event any party to this Contract brings an action to enforce or interpret the provisions of this Contract, the prevailing party in such action shall be entitled to recover reasonable attorney's fees from the other party, whether or not such action or proceeding is prosecuted to judgment. This provision shall be in addition to any provisions regarding attorney's fees set forth in the bonds securing this Contract.

30. This Contract may be subject to examination and audit by City or the State of California pursuant to Government Code Section 8546.7. Contractor shall retain records of contract performance costs, expenses, etc., and make the records available for inspection, audit and copying during the contract period and three (3) years after final payment. Such time for retention shall be extended if grant funds are used to fund this project require the same.

31. The City of Napa Standard Plans dated July 2008 and Standard Specifications and the Standard Plans dated 2010 (CalTrans), shall govern the work to be performed hereunder insofar as they may apply; however, in case of conflict with the terms of this Contract, the terms of this Contract shall take precedence over the conflicting provisions. In the case of conflict between the City of Napa Standard Plans dated July 2008 and Standard Specifications and the Standard Plans dated 2010 (CalTrans), the terms of the City of Napa Standards take precedence over the conflicting provisions. Moreover, unless otherwise provided by City, the definitions used therein shall be interpreted to have the same meaning and intent as set forth in the City of Napa Public Works Standard Contract re Standard Specifications.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed the day and year first above written.

CITY OF NAPA:

CONTRACTOR:

G.D. Nielson Construction, Inc.

(Signature)

Jacques R. LaRochelle, Public Works Director
(Type name and title)

By: _____
(Signature)

ATTEST:

(Type name and title)

(Signature)

Dorothy Roberts, City Clerk
(Type name and title)

By: _____
(Signature)

COUNTERSIGNED:

(Type name and title)

(Signature)

Desiree Brun, City Auditor
(Type name and title)

Address: 147 Camino Oruga
Napa, CA 94558

Telephone: 707-253-8774

APPROVED AS TO FORM:

(Signature)

Michael W. Barrett, City Attorney
(Type name and title)

Budget Code: BR14PW03

*Corporation, partnership, limited liability corporation, sole proprietorship, etc.

Unless corporate resolution delegates an individual to sign contracts, an agreement with a corporation shall be signed by the President or Vice President **and** the Secretary or Treasurer of the corporation. A general partner shall sign on behalf of a general partnership. The managing member, if authorized, may sign on behalf of a limited liability corporation.

FAITHFUL PERFORMANCE BOND
(Construction)

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Napa (hereinafter designated as "City"), a municipal corporation located in the County of Napa, State of California, has awarded a contract to and has entered into an agreement with G.D. Nielson Construction, Inc., hereinafter designated as "Principal," whereby Principal agrees to complete the improvements more particularly described in all documents forming the complete contract entitled "**Tulocay Creek Bicycle/Pedestrian Bridge**," which said agreement is hereby referred to and made a part hereof; and

WHEREAS, said Principal is required under the terms of said agreement to furnish a bond for the faithful performance of said agreement.

NOW, THEREFORE, we, the Principal and _____, as surety, are held and firmly bound unto the City in the penal sum of _____ dollars (\$_____) lawful money of the United States, being not less than one hundred percent (100%) of the estimated contract cost of the work for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above-bounded Principal, his/her/its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, therein provided, on his/her/its part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify, defend and save harmless City, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

IN WITNESS WHEREOF, the above-bounded parties have executed this instrument under their seals this ____ day of _____, 2015, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

NOTE: To be signed by Principal,
and Admitted Surety and
acknowledgement and notarial
seal for both attached. Attach
copy of authority for surety agent
and County Clerk certificate
under CCP §995.660)
[SEAL]

(Principal)

(Surety)

LABOR AND MATERIALS BOND
(Construction)

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Napa (hereinafter designated as "City"), a municipal corporation located in the County of Napa, State of California has awarded a contract to and has entered into an agreement with G.D. Nielson Construction, hereinafter designated as "Principal," whereby Principal agrees to complete the improvements more particularly described in all documents forming the complete contract entitled "**Tulocay Creek Bicycle/Pedestrian Bridge**" which said agreement is hereby referred to and made a part hereof; and

WHEREAS, said Principal is required to furnish a bond in connection and with said contract; provided that if said Principal, or any of his/her/its contractors, shall fail to pay for any materials, provisions, provider or other supplies or teams used in, upon, for, or about the performance of the work contracted to be done, or for any work or labor done thereon of any kind, the Surety of this bond will pay the same to the extent hereinafter set forth.

WHEREAS, we, the Principal and _____, as surety, are held and firmly bound unto the City in the penal sum of _____ dollars (\$_____) lawful money of the United States, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if said Principal, his/her/its heirs, executors, administrators, successors or assigns, or its subcontractors, shall fail to pay any of the persons named in Section 3181 of the Civil Code, or to pay for any materials, provisions, provider, or other supplies or teams used in, upon, for, or about the performance of the work contract to be done, or for any work or labor thereon of any kind or for amounts due under the Unemployment Insurance Code with respect to such work or labor, then said Surety will pay the same in or to an amount not exceeding the amount hereinabove set forth, and also will pay in case suit is brought upon this bond a reasonable attorney's fee in such suit, which fee shall be fixed by the Court.

AS FURTHER TERMS OF THIS BOND, IT IS UNDERSTOOD AS FOLLOWS:

1. This bond and all its provisions shall insure to the benefit of any and all persons named in Section 3181 of the Civil Code so as to give a right of action to such persons or their assigns in any suit brought upon this bond.

2. This bond is given to comply with the provisions of Chapter 7, Part 4, Division 3, of the Civil Code. The liability of the Principal and Surety hereunder is governed by the provisions of said chapter, all acts amendatory thereof, and all other statutes referred to therein. The said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder or the specifications accompanying the same shall in any way effect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder or the specifications accompanying the same shall in any way effect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the work or to the specifications.

IN WITNESS WHEREOF, the above-bounded parties have executed this instrument under their seals this ____ day of _____, 2015, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

NOTE: To be signed by Principal,
and Admitted Surety and
acknowledgement and notarial
seal for both attached. Attach
copy of authority for surety agent
and County Clerk certificate
under CCP §995.660)
[SEAL]

(Principal)

(Surety)

EXHIBIT A: Scope of Work and Schedule

Contractor is to furnish all necessary services, labor, equipment and materials for the design and construction to complete all project components for the Tulocay Creek/Pedestrian Bridge Project as described within these Contract Documents. The detailed scope of work is attached as Exhibit A-1. Additional information regarding the scope of work for the pier foundation is attached as Exhibit A-2. The project schedule is attached as Exhibit A-3.

The Contractor team for this project includes the necessary licensed engineering professionals to design the improvements, the quality control professionals to complete necessary testing and inspections, and licensed contractor to complete the construction to deliver a fully functional bridge that complies with all applicable local, state and federal laws and standards.

The Contractor's licensed design engineer is responsible for the engineering, calculations, plan development, technical specifications development, recommendations for additions or modifications to the Special Provisions (Exhibit B), review and certification of submittals and shop drawings, construction quality control and inspections. The contractor's licensed design engineer is the responsible engineer of record for this project and shall be responsible to certify that completed construction complies with all contract documents.

Contractor is responsible to ensure the project improvements are designed and constructed to the Standard Specifications of the State of California Department of Transportation, dated 2010, Standard Plans of the State of California Department of Transportation, dated 2010, the City of Napa Standard Plans dated July 2008, and the Special Provisions described in Exhibit B. If any discrepancies between the Special Provisions and the State and City standards exist, the Special Provisions shall prevail. Specific materials and tasks required for this project are not included within the included special provisions. The design engineer shall develop technical specifications that comply with government and industry standards. All work performed under this agreement shall comply with current local, state and federal laws and design and construction standards.

Contract work includes compliance with environmental permits (Exhibit F) and compliance with TDA-3 and Recreation Trails Program grant funding requirements, clearing and grubbing, demolition, bridge and approach construction, site clean-up and finishing to return project areas improved and ready for public use. All areas not part of the improvement plans but impacted by construction activities shall be restored and repaired. Additional work beyond the specifically described tasks may be required by the Contractor to complete the project objective to provide a new bridge over Tulocay Creek.

Geotechnical boring(s) and investigations shall be completed as the first phase of the project. Based on the information available with the RFP and site visits, the assumed pier foundation requirements were approximated by the geotechnical and structural engineers of the contractor team. The proposed scope of work and pier foundation information has been attached as Exhibit A-2. Contractor shall notify City prior to commencing structural design of foundations/abutments if upon testing it is determined that the actual subsurface conditions vary substantially from the assumed conditions and work in excess of this contract scope is necessary. If this occurs, Contractor and City shall meet to determine course of action and negotiate the scope and compensation for any additional work required.

Contractor is required to coordinate construction schedules and project phasing with City forces, and any other contractors hired by City or the Napa County Flood Control and Conservation District and utility companies. Contractor shall complete the bridge construction for use by the public no later than October 15, 2015.



DESIGN-BUILD SERVICES TULOCAY CREEK BICYCLE/PEDESTRIAN BRIDGE SCOPE OF SERVICES

BASE PROPOSAL

1. **Mobilization.** In an effort to minimize impacts on the public and businesses around the work area, the bulk of mobilization will be executed in one move in. After investigating the ingress and egress access points, it was determined that all heavy equipment should be limited to working from the north side of the Napa river tributary. The south side access point would require heavy equipment to travel over the Napa Valley Vine Trail, which is a paved path. The structural section of this trail is only 2 inches of asphalt over 4 inches of class II aggregate base, which would fail under the stress imposed by mobilizing heavy equipment over it. Our design-build team reached out to the Napa Valley Wine Train and made arrangements to allow for access through their property in order to easily transverse across the tributary.
2. **Install BMP's, Clear and Grub Site.** Due to the close proximity to the Napa river and its tributary the environmental protection plan will be at the strictly adhered to and an onsite designated member of the design-build team will be constantly monitoring the BMP's in order to ensure compliance during the duration of the project. The site will be cleared of obstructions and hazards, construction signs will be posted and the site will be secured in order to maintain a safe working environment for our workers, agents and suppliers. This will serve most importantly for public awareness and safety.
3. **Earthwork/Excavations.** The project itself, due to mobilization constraints will be build north to south. The excavation phase of work is required in order to prep the site for the installation of the deep foundation and bridge abutments.
4. **Deep Foundation Installation.** A helical pier system will be used for the foundation system of the Tulocay Bridge.
 - a. *Bridge abutment.* The bridge abutment and wingwall configuration will allow for minimal environmental impacts while maintaining the structural integrity and aesthetic appeal we were looking for in the design.
 - b. *Deep foundation.* After the "pre-design" gathering of information stage, it was determined that a traditional pier foundation would not be a good option given what was known about the subgrade material. A high water table with saturated soils would slough and be expensive to drill though. If a large void was created during the traditional drilling operations and filled with concrete it could cause micro cracking in the long term lifespan of the pier which could create structural problems. Also with traditional drilling there would need to be de-watering measures put in place. This is why we decided to incorporate helical piles into our design. Helical piles do not require de-watering operation but provide the same structural integrity of traditional piles. They also do not require a pre-drilled hole prior to installation or any concrete encasement.
5. **12 foot wide, 125 foot long, 20,000LB capacity bridge installation.** This process was started by looking at the options for the type of bridge to be installed. A 12' wide bridge would be accommodating to the types of ambulances that the city of Napa uses while a 10' wide bridge

would not. That factor was the reasoning being decided on the wider option. The same scenario was looked at for the capacity of the bridge, while a 5" decking would meet the RFP's min requirements of 10000lbs, the ambulance dry weight is 10,000lbs., which fully loaded with equipment and personnel would exceed the weight capacity of the bridge. A 6" section of decking would be capable of handling up to 20,000lbs, which would be required in order to safely accommodate an ambulance's weight. The bridge, manufactured by Excel Bridge Manufacturing Company, will be lifted in place using a larger crane from the northern side of the tributary to eliminate the risk of damaging the structural section of the Napa Valley Vine trail's pavement section.

6. **North and South approach installation.** After the bridge option was decided upon, the approaches were looked at. Each approach would need to be safe for ADA access and wide enough with sweeping radiuses to accommodate the area required for an ambulance to safely transverse the bridge. It was determined that there should be a railing installed along the northern approach ramp for the leading 30' to the bridge decking for public safety and ADA access. Material required to build these approaches will all be brought into the site through the northern ingress point

7. **Engineering Services.**

- A. **Civil**

- a. **Project Management.** RSA+ will serve as primary design engineer and coordinate the efforts of the design team.
 - b. **Topographic Survey.** RSA+ will prepare a topographic survey of the project area. The survey will show boundary lines and easements within the project area.
 - c. **Design Development.** RSA+ will prepare a conceptual plan showing the placement of the foundations and the resulting span. We will then work with Client and structural engineer to identify bridge type options in order to determine the best one for this location. A critical factor will be the section thickness and its relationship to the 100-year flood elevation. Other critical factors to also weigh will be cost, aesthetics and access to site for delivery.
 - d. **Construction Plans.** RSA+ will prepare Construction Plans based on the conceptual plans prepared above and approved by Client.
 - i. *Grading Plan.* RSA+ will prepare Civil Plans for the grading and drainage improvements appurtenant to the bridge construction. We will coordinate and integrate the work of the Structural Engineer. The plan will show connections to existing trails. Erosion control measures will also be shown and an ESCP prepared.
 - ii. *Environmental Plans.* RSA+ will prepare an Environmental Protection and Re-Vegetation Plan. The plan will include measures to ensure no construction materials or substances enter the creek area. The plan will show all areas to be disturbed during construction and BMPs confining the work area. The plan will also show areas to remind undisturbed and protected from construction, and designated access points to the work area. This task includes miscellaneous coordination with CDFW and City staff and will include hydroseeding of all disturbed areas.
 - e. **Construction Staking.** RSA+ will provide construction staking for the construction of foundations, approach ramps and trail connections.

- f. **Construction Phase Services.** RSA+ will be available during construction to assist Nielson in building the project. This task will include a final certification letter that improvements constructed are in conformance with project plans and changes made in the field, if any.

B. Geotech

- a. **Geotechnical Investigation.** Geotechnical services will include subsurface exploration with one soil boring at the south abutment to supplement the existing Corps. data at both bridge abutments. This boring will be advanced to a depth of about 50 feet and we will obtain samples for laboratory testing that will allow a more detailed evaluation of liquefaction and soil strengths for design of a deep foundation or possible justification of a shallow foundation. A geotechnical design report will be prepared with a summary of the findings and conclusions, including recommendations and criteria for alternative deep foundation systems (the project team will be consulted prior to issuance of the report to determine the “most” cost effective foundation system). It is anticipated that a helical anchor foundation system may ultimately be selected, but driven mini-piles and other systems can also be considered. A summary of relevant geologic hazards and mitigation measures, criteria for abutment wall lateral design, 2013 CBC coefficients and recommendations for backfill and paving of the bridge approaches will be provided.
- b. **Supplemental Consultation.** Supplemental consultation will be provided, as requested, during the review and permitting process, including review of the plans to verify that the intent of the geotechnical recommendations has been implemented.
- c. **Construction Observation & Testing.** During construction, portions of the work will be observed to verify that the soil conditions are as anticipated and to observe and test the geotechnical portions of the work such as foundation excavations, concrete strength and placement, abutment wall backfill and other geotechnical items. The results of the construction services will be summarized in a brief letter upon satisfactory completion.

C. Structural

- a. **Schematic Design Services.** Preparation of Schematic Documents will include framing and foundation sketches of the proposed structural design, and preliminary material specifications for the proposed project, including the following:
 - i. Schematic design of the Gravity Force Supporting System.
 - ii. Schematic design of a Lateral Force Resisting System.
 - iii. Preliminary construction estimate, based on the proposed design.
- b. **Structural Design and Drafting Services.** Vertex will prepare Construction Documents required by the City of Napa to obtain a building permit for the proposed Commercial Renovations, using the International Building Code as modified by the State of California (2012 CBC), and the City of Napa.

Preparation of Construction Documents will include Calculations, Structural Drawings, and “on sheet” Specifications for the proposed project, including the following:

- i. Gravity structural analysis & design completing a structural design calculation package.

- ii. Design of a Lateral Force Resisting System completing a structural design calculation package.
- iii. Drafting to include the following:
 - a. General Structural Notes & Structural Specifications
 - b. Typical Structural Details
 - c. Foundation Plan & Details
- iv. Revisions as required to satisfy the City of Napa Building Department Plan Check.

Local ordinances and building standards will also be adhered to in the structural design process.

D. Construction Services.

Vertex will provide an engineer to inspect the bridge during the construction process for adherence to the approved design documents, local and state building code standards. Vertex will require structural observation of the foundation and framing at defined construction progress points. Construction Phase Services cannot be performed unless a Building Permit is issued.

Vertex will provide construction assistance for the proposed project, which includes the following:

- a. Site visits (3 estimated).
 - b. Respond to contractor questions (RFI's) concerning structural elements.
 - c. Review Change Order requests and provide recommendations to the Client.
 - d. Review vendor documents (Shop Drawings) and provide comments and/or approval.
 - e. Provide letter to the Client following each site visit, for either compliance or non-compliance.
8. **Demobilization and Clean Up.** Demobilization will be handled much like the mobilization phase, with the bulk of equipment being removed in one move. The worksite will be cleaned and returned to its original condition. Any area that was disturbed during the construction phase will be hydroseeded.

ADD ALT OPTIONS

- 9. **Pave approach and access road on the northern side of the Bridge.** Paving this road is based on the roadway being pave ready once the approaches are completed. A 2 inch section of asphalt will be laid down for the approximate $\frac{3}{4}$ mile stretch to connect the trail to the intersection near Soscol Ave. It will include a topographic survey, grading and drainage plan as well as a paving plan submitted prior to installation.
- 10. **Encasement of helical piers for future widening.** The upper 10' section of the helical piers installed vertically will be encased in concrete with a total diameter of 18". This will allow for the future widening of the channel and reduce the risk of undermining of the structural abutments and ensure the longevity of the lifespan of the bridge.
- 11. **Install a 10 foot wide bridge with a 5 inch thick deck.** This deductive alternate design is presented as an option to the city to install a bridge that meets the required minimums of the RFP.

EXCLUSIONS

1. Water surface determination (West Associates determination will be used)
2. Regulatory Permitting inc/ CDFW (permit has been acquired)
3. SWPPP, QSD or QSP Services
4. Subgrade preparation for new proposed asphalt section
5. Additional aggregate base required to pave northern section of roadway leading to where approach starts for northern access to bridge

EXHIBIT A-2: Proposed Scope: Pier Foundation

Helical piers (see <http://www.abchance.com/wp-content/uploads/2012/07/01-0505.pdf>) are essentially a deep “corkscrew” that can support both tension and compression loads on the order of 50 kips. They are advantageous in a project like this because they are installed with relatively small equipment (small to medium sized excavator or backhoe) vs. a very large crane that would be required for 40 foot long +/- driven concrete piles. The total estimated length required (480 feet) is due to soft and/or potentially liquefiable soils at the project site, along with the moderately large foundation loads anticipated from the relatively long span. Mobilizing the large crane to the site is both expensive and would likely cause significant damage to the existing pavements, especially on the south approach to the structure. Disadvantages of the helical anchor are that since they are smaller diameter, they do not achieve the lateral capacity that a concrete pile can provide, so we expect a few “battered” helical anchors will be installed to accommodate lateral loads. With the cost to mobilize a large crane and potential damage to existing asphalt from the crane, the helical anchors are expected to be a more economical alternative. Helical piers are galvanized steel for corrosion protection and we would expect a 50+ year design life. In addition, the traditional pier system would most likely require dewatering as opposed to the helical piers and may generate a large quantity of spoils (depending on the depth required) that will need to be off-hauled and disposed of.

Since there is already some Corps data near each abutment (maximum depth of about 30 feet for their exploration), one additional (deeper) boring on the south side (where liquefaction issues seem to be greater), was proposed. An additional boring is proposed as an additive option item.

Another advantage (not listed above) of helical anchors is that they are advanced with 5-10 foot long “extensions” and installation torque is related to capacity. Therefore, the helical anchor length can be easily adjusted during construction to fit the site conditions, unlike a precast concrete pile which cannot be easily lengthened. While we expect conditions at greater depth will be similar for the two sides of the channel, the helical anchors will be installed to the appropriate torque so the data from a 2nd geotechnical boring is less important. However the additive alternate item for an additional boring could reduce the risk associated with unknown subsurface conditions including possible obstructions or soil conditions during the design phase. The Contractor’s proposal for the base contract assumes that there are no underground obstructions that will require an adjustment of the helical pier system once the installation begins.

Whether a shallow foundation system will largely depend on the data gathered by the engineering team as we move forward but this may be an option for the bridge foundation. That being said, there is a greater potential risk of future liquefaction, settling etc. At this time, given the known information, it is assumed that a deep foundation will most likely be required for the bridge foundation.

The helical anchors rely on the adjacent soil for support, if the future widening of the channel did not leave enough support for the helical anchor system additional support will be required. Concrete encasement is one option to ensure the helical anchors have sufficient support once the channel is widened. There may be additional option that can be implemented in the future (i.e. rip rap placed along the bank near the bridge foundations). If the additive alternate item for the concrete encasement is exercised, it would increase rigidity (i.e. the section modulus) of the helical anchor which would increase their allowable lateral load along with resistance to buckling under axial loads if a significant portion of the helical anchor was unsupported by adjacent soil. For minimum distance between bank and piles, three feet minimum at top of bank is suggested.

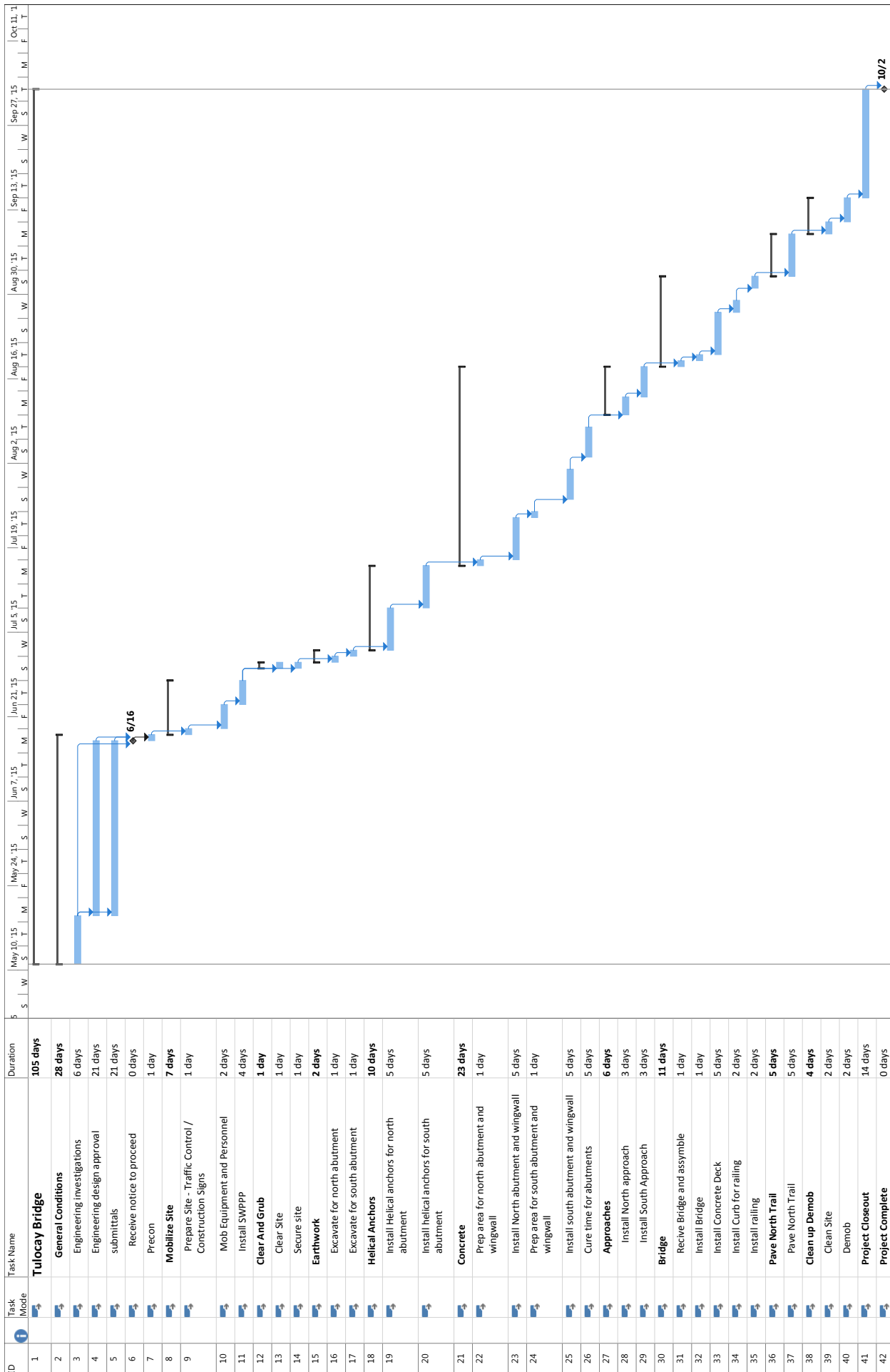


EXHIBIT B: SPECIAL PROVISIONS

The Contractor for this project includes the necessary engineering professionals to design the improvements, the quality control professionals to complete necessary testing and inspections, and licensed contractor to complete the construction to deliver a fully functional bridge that complies with all applicable local, state and federal laws and standards. These special provisions include the expected performance for aspects of the project.

The Contractor's design engineer is responsible for the engineering, calculations, plan development, technical specifications development, recommendations for additions or modifications to these special provisions, review and certification of submittals and shop drawings, construction quality control and inspections. The contractor's licensed design engineer is the responsible engineer of record for this project and shall be responsible to certify that completed construction complies with all contract documents.

MEASUREMENT AND PAYMENT

MEASUREMENT AND PAYMENT – The contract price includes full compensation for providing all labor, materials, tools, equipment and incidentals and for doing all the work involved in the design, construction, and delivery of the Tulocay Creek Bicycle/Pedestrian Bridge project in compliance with these special provisions, Standard Specifications, permits, and TDA-3 and Recreation Trails Grant program and no additional compensation will be allowed therefor. Attention is directed to section 5-1.03 of these Special Provisions related to the exclusion of hazardous material if encountered within the course of the work.

SECTION 1 STANDARD PLANS AND SPECIFICATIONS

In the case of conflict between the City of Napa Standard Plans dated July 2008 and Standard Specifications and the Standard Plans dated 2010 (CalTrans), the terms of the City of Napa Standards take precedence over the conflicting provisions.

The work embraced herein shall be done in accordance with the Standard Specifications of the State of California Department of Transportation, dated 2010, Standard Plans of the State of California Department of Transportation, dated 2010, and the City of Napa Standard Plans dated July 2008. In case of conflict between the Standard Specifications and specific instructions any other information within this contract, the contract shall take precedence over and be used in lieu of such conflicting portions. The primary units and measurements of the work shall be in United States Standard Measures. Measurement and Payment will be in United States Standard Units.

Amendments to the Standard Specifications set forth in these special provisions shall be considered as part of the Standard Specifications for the purposes set forth in Section 5-1.04, "Coordination and Interpretation of Plans, Standard Specifications and Special Provisions," of the Standard Specifications. Whenever either the term "Standard Specifications is amended" or the term "Standard Specifications are amended" is used in the Special Provisions, the indented text or table following the term shall be considered an amendment to the Standard Specifications. In case of conflict between such amendments and the Standard Specifications, the amendments shall take precedence over and be used in lieu of the conflicting portions. City of Napa Standard Plans shall take precedence if in conflict with the Caltrans Standard Plans and Specification.

When in the Standard Specifications or in any documents or instruments where the Standard Specifications govern, the following terms or nouns are used, the intent and meaning shall be interpreted as follows:

- A. City Standard Plans – The City of Napa Standard Specifications and Standard Plans dated July 2008.
- B. Days – As used in these Special Provisions, days shall mean working days.
- C. Department or Department of Transportation – Department of Public Works of the City of Napa, California.
- D. Director – Director of Public Works of the City of Napa, State of California, acting either directly or through properly authorized agents, such agents acting within the scope of the particular duties entrusted to them.
- E. Engineer – The Director of Public Works of the City of Napa, California, acting either directly or through properly authorized agents, such agents acting within the scope of the particular duties entrusted to them.
- F. Laboratory – The established laboratory of the City of Napa's current testing consultant, authorized by the Engineer to test materials and work involved in the contract.
- G. Liquidated Damages – The amount prescribed in the Special Provisions, pursuant to the authority of Government Code Section 53069.85, to be paid to the City of Napa to be deducted from any payments due or to become due the Contractor for each calendar day's delay in completing the whole or any specified portion of the Work beyond the time allowed in the Special Provisions.
- H. State Contract Act – all applicable provisions of the Public Contract Code (excluding Division 2, Part 2; Division 2, Part 3, Article 4; and Uniform Construction Cost Accounting Act under (22010, *et seq.*) therein), Government Code, Labor Code, Civil Code, Business and Professions Code, as they apply to contracts with local public agencies, as defined in said codes.
- I. Standard Plans – The 2010 edition of the Standard Plans of the State of California, Department of Transportation. Any reference therein to the State of California or a State agency, Office, or officer shall be interpreted to refer to the City or its corresponding agency, office, or officer acting under this contract.
- J. Standard Specifications – The 2010 edition of the Standard Specifications of the State of California, Department of Transportation. Any reference therein to the State of California or a State agency, Office, or officer shall be interpreted to refer to the City or its corresponding agency, office, or officer acting under this contract.
- K. State or Owner – The City of Napa, California, a legal entity organized and existing in the County of Napa, State of California.
- L. Transportation Building-Sacramento – City Hall, City of Napa, State of California.

SECTION 2 PROPOSAL REQUIREMENTS AND CONDITIONS

2-1.01 AFFIRMATIVE ACTION REQUIREMENTS

DEFINITIONS

For purposes of this section:

- 1. "City Manager or designee of the City Manager and/or the designated representative" means the person/s appointed to that position by the City Council.

2. "Prime Contractor" means a person, firm, partnership or corporation who has been awarded a contract by the City of Napa which is subject to Section 101, Napa City Charter and which is in the sum of \$25,000 or more.
3. "Principal Subcontractor" means a person, firm, partnership or corporation who has a contract with a prime contractor to supply labor and/or materials in the sum of \$12,000 or more.

AFFIRMATIVE ACTION REQUIRED

Contractor agrees to observe the provisions of Section 2.92.040 of the Napa Municipal Code obligating every contractor or subcontractor under a contract or subcontract to the City of Napa for public works, subject to Section 101, Napa City Charter, in the sum of twenty-five thousand dollars (\$25,000.00) or more, to refrain from discriminatory employment practices on the basis of sex, race, color, religious creed, national origin or ancestry of any employee of, or applicant for employment with, such contractor or subcontractor. Said Section 2.92.040 is by reference made a part of this contract.

If any Contractor or subcontractor under contract to the City of Napa for Public Works shall without good cause fail to appear at a public hearing of the Council after having been given written notice of such hearing, the Contractor forfeits further consideration of said appeal.

The contractor, sub recipient, or subcontractor must not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor must carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate. Each subcontract signed by you must include this assurance.

Failure by you to fulfill the requirements of the Special Provisions for submittals required to be furnished after bid opening, including but not limited to DBE submittals or escrowed bid documents, where applicable, may subject you to a determination of the bidder's responsibility in the event of being the apparent low bidder on future Public Works contracts.

2-1.06 FEDERAL LOBBYING RESTRICTIONS

Section 1352, Title 31, United States Code prohibits Federal funds from being expended by the recipient or any lower tier sub recipient of a Federal-aid contract to pay for any person for influencing or attempting to influence a Federal agency or Congress in connection with the awarding of any Federal-aid contract, the making of any Federal grant or loan, or the entering into of any cooperative agreement.

If any funds other than Federal funds have been paid for the same purposes in connection with this Federal-aid contract, the recipient must submit an executed certification and, if required, submit a completed disclosure form as part of the bid documents.

A certification for Federal-aid contracts regarding payment of funds to lobby Congress or a Federal agency is included in the Proposal. Standard Form - LLL, "Disclosure of Lobbying Activities," with instructions for completion of the Standard Form is also included in the Proposal. Signing the Proposal will constitute signature of the Certification.

The above referenced certification and disclosure of lobbying activities must be included in each subcontract and any lower-tier contracts exceeding \$100,000. All disclosure forms, but not certifications, must be forwarded from tier to tier until received by the Engineer.

You, the subcontractors, and any lower-tier contractors must file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by you, the subcontractors, and any lower-tier contractors. An event that materially affects the accuracy of the information reported includes:

- (1) A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or

- (2) A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or
- (3) A change in the officer(s), employees(s), or Member(s) contacted to influence or attempt to influence a covered Federal Action.

2-1.07 DISADVANTAGED BUSINESS ENTERPRISE (DBE)

Attention is directed to Section 2-1.12, "Disadvantaged Business Enterprises" of the Standard Specifications and these Special Provisions.

This project is subject to Title 49 CFR 26.13(b):

The contractor, sub recipient or subcontractor must not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. You must carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by you to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.

Take necessary and reasonable steps to ensure that DBEs have opportunity to participate in the contract (49 CFR 26).

To ensure equal participation of DBEs provided in 49 CFR 26.5, the Agency shows a goal for DBEs.

Make work available to DBEs and select work parts consistent with available DBE subcontractors and suppliers.

Meet the DBE goal shown in the Notice to Bidders or demonstrate that you made adequate good faith efforts to meet this goal.

It is your responsibility to verify that the DBE firm is certified as DBE at date of bid opening. For a list of DBEs certified by the California Unified Certification Program, go to:

http://www.dot.ca.gov/hq/bep/find_certified.htm

All DBE participation will count towards the Agency's Annual Anticipated DBE Participation Level and the federally mandated statewide overall DBE goal.

Credit for materials or supplies you purchase from DBEs counts towards the goal in the following manner:

1. 100 percent counts if the materials or supplies are obtained from a DBE manufacturer.
2. 60 percent counts if the materials or supplies are obtained from a DBE regular dealer.
3. Only fees, commissions, and charges for assistance in the procurement and delivery of materials or supplies count if obtained from a DBE that is neither a manufacturer or regular dealer. 49 CFR 26.55 defines "manufacturer" and "regular dealer."

You receive credit towards the goal if you employ a DBE trucking company that performs a commercially useful function as defined in 49 CFR 26.55(d)(1) through (4) and (6).

DBE Commitment Submittal

Submit DBE information on the "Local Agency Bidder DBE Commitment (Construction Contracts), Exhibit 15-G form, included in the Bid proposal. If the form is not submitted with the bid, remove the form from the Bid proposal before submitting your bid.

If the DBE Commitment form is not submitted with the bid, the apparent low bidder, the 2nd low bidder, and the 3rd low bidder must complete and submit the DBE Commitment form to the Agency. The DBE Commitment form must be received by the Agency no later than 4:00 p.m. on the 4th business day after bid opening.

Other bidders do not need to submit the DBE Commitment form unless the Agency requests it. If the Agency requests you to submit a DBE Commitment form, submit the completed form within four (4) business days of the request.

Submit written confirmation from each DBE stating that it is participating in the contract. Include confirmation with the DBE Commitment form. A copy of a DBE's quote will serve as written confirmation that the DBE is participating in the contract.

If you do not submit the DBE Commitment form within the specified time, the Agency finds your bid nonresponsive.

Good Faith Efforts Submittal

If you have not met the DBE goal, complete and submit the "DBE Information - Good Faith Efforts," Exhibit 15-H, form showing that you made adequate good faith efforts to meet the goal. Only good faith efforts directed towards obtaining participation by DBEs will be considered. Good faith efforts documentation must be received by the Agency no later than 4:00 p.m. on the 4th business day after bid opening.

If your DBE Commitment form shows that you have met the DBE goal or if you are required to submit the DBE Commitment form, you must also submit good faith efforts documentation within the specified time to protect your eligibility for award of the contract in the event the Agency finds that the DBE goal has not been met.

Good faith efforts documentation must include the following information and supporting documents, as necessary:

1. Items of work you have made available to DBE firms. Identify those items of work you might otherwise perform with its own forces and those items that have been broken down into economically feasible units to facilitate DBE participation. For each item listed, show the dollar value and percentage of the total contract. It is your responsibility to demonstrate that sufficient work to meet the goal was made available to DBE firms.
2. Names of certified UDBEs and dates on which they were solicited to bid on the project. Include the items of work offered. Describe the methods used for following up initial solicitations to determine with certainty if the DBEs were interested, and the dates of the follow-up. Attach supporting documents such as copies of letters, memos, facsimiles sent, telephone logs, telephone billing statements, and other evidence of solicitation. You are reminded to solicit certified DBEs through all reasonable and available means and provide sufficient time to allow DBEs to respond.
3. Name of selected firm and its status as a DBE for each item of work made available. Include name, address, and telephone number of each DBE that provided a quote and their price quote. If the firm selected for the item is not a DBE, provide the reasons for the selection.
4. Name and date of each publication in which you requested DBE participation for the project. Attach copies of the published advertisements.
5. Names of agencies and dates on which they were contacted to provide assistance in contacting, recruiting, and using DBE firms. If the agencies were contacted in writing, provide copies of supporting documents.
6. List of efforts made to provide interested DBEs with adequate information about the plans, specifications, and requirements of the contract to assist them in responding to a solicitation. If you have provided information, identify the name of the DBE assisted, the nature of the information provided, and date of contact. Provide copies of supporting documents, as appropriate.
7. List of efforts made to assist interested DBEs in obtaining bonding, lines of credit, insurance, necessary equipment, supplies, and materials, excluding supplies and

equipment that the DBE subcontractor purchases or leases from the prime contractor or its affiliate. If such assistance is provided by you, identify the name of the DBE assisted, nature of the assistance offered, and date. Provide copies of supporting documents, as appropriate.

8. Any additional data to support demonstration of good faith efforts.

The Agency may consider DBE commitments of the 2nd and 3rd bidders when determining whether the low bidder made good faith efforts to meet the DBE goal.

SECTION 3 AWARD AND EXECUTION OF CONTRACT

3-1.01 BONDS

The third paragraph of Section 3-1.05 "Contract Bonds" of the Standard Specifications is amended to read:

The contractor shall furnish a faithful performance bond in an amount equal to one hundred percent (100%) of the contract price, and a bond to guarantee payment of all claims for labor and material furnished, in an amount equal to one hundred percent (100%) of the contract price. Contract bonds shall be on the City of Napa forms, copies of which are included in these bid documents or on a substantially similar form as approved by the City Attorney.

In conjunction with the submittal of bonds, the successful bidder shall furnish the following information: (a) the original, or a certified copy, of the unrevoked appointment, power of attorney, bylaws, or other instrument entitling or authorizing the person who executed the bonds to do so; (b) a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California; and (c) a certificate pursuant to CCP 995.640(a) from the clerk of Napa County that the certificate of authority of the insurer has not been surrendered, revoked, canceled, annulled, or suspended, or, in the event that it has, that renewed authority has been granted.

SECTION 4 START OF JOB SITE ACTIVITIES, TIME, AND LIQUIDATED DAMAGES

4-1.01 START OF ACTIVITIES AND TIME

Attention is directed to Sections 8-1.04, "Start of Job Site Activities", 8-1.05, "Time", and 8-1.10, "Liquidated Damages", of the Standard Specifications and these Special Provisions.

You must diligently prosecute the work to completion before the expiration of eighty-five (85) working days. The contract time will begin five (5) working days after the date of the Notice to Proceed. The Notice to Proceed is expected to be issued May 1, 2015. The project schedule is attached as part of Exhibit A. Attention is directed to the section titled, "Schedule", of these Special Provisions.

The Notice to Proceed will not be issued until the contract is properly executed, good and approved bonds are furnished, and all insurance requirements have been met and the certificates have been approved by the City. No work under this contract may commence until the City issues the Notice to Proceed. A Storm Water Pollution Prevention Plan (SWPPP), if the SWPPP option is exercised, and a Traffic Control Plan, if any disruption to traffic is required, must be approved prior to the start of work. Attention is directed to the section titled, "Submittals," of these Special Provisions.

Notify the City in writing, forty-eight (48) Hours prior to beginning work.

The City of Napa calendar of holidays located in Appendix B-1 must be used to calculate working days.

4-1.02 LIQUIDATED DAMAGES

Attention is directed to Section 8-1.10, "Liquidated Damages," of the Standard Specifications and these Special Provisions. You must pay to the City of Napa the sum of **four hundred dollars (\$400)** per day, for each and every calendar day's delay in finishing the work in excess of the number of working days prescribed above.

SECTION 5 SCOPE OF WORK

5-1 SCOPE OF WORK

5-1.01 GENERAL

Attention is directed to Section 5, "Scope of Work," of the Standard Specifications and these Special Provisions for the requirements and conditions related to the scope of work.

5-1.02 EXAMINATION OF PLANS, SPECIFICATIONS, CONTRACT, AND SITE OF WORK

Attention is directed to the section titled, "Differing Site Conditions," of these Special Provisions regarding physical conditions at the site which may differ from those indicated in "Materials Information," log of test borings or other geotechnical information obtained by the Department's investigation of site conditions.

5-1.03 DIFFERING SITE CONDITIONS

Attention is directed to Section 4-1.06, "Differing Site Conditions (23 CFR 635.109)," of the Standard Specifications and these Special Provisions.

During the progress of the work, if subsurface or latent conditions are encountered at the site differing materially, the party discovering those conditions must promptly notify the other party in writing of the specific differing conditions before they are disturbed and before the affected work is performed including:

- A. Material that the Contractor believes may be material that is hazardous waste, as defined in §25117 of the Health & Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law.
- B. Unknown physical conditions at the site of unusual nature including material appearing to include archaeological artifacts or different material from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the contract.
- C. City shall promptly investigate the conditions, and if it finds that the conditions do involve hazardous waste or archaeological artifacts, shall direct Contractor to prepare and submit plan to lawfully manage the work area and proceed with contract work.

Contractor shall be obligated to perform all due diligence to investigate site conditions to ensure that all design and construction work required to complete the Project may be completed in accordance with the Scope of Work attached to the "Tulocay Creek Bridge Bicycle/Pedestrian Bridge Project" and any other requirements within this agreement.

This proposal excludes all costs and responsibility for permits, indemnification, handling and/or remediation of asbestos and/or hazardous materials, known or unknown, identified under the Federal Comprehensive, Environmental Response, Compensation and Liability Act of 1980 (CERCLA). This exclusion shall also apply to all other existing and/or proposed federal, state, county or local regulations

that apply to hazardous materials. Costs resulting from de-mobilization/re-mobilization will be paid as additional work.

You will be allowed five (5) days from the notification of the Engineer's determination of whether or not an adjustment of the contract is warranted, in which to file a notice of potential claim in conformance with the provisions of Section 5-1.42, "Requests for Information" and Section 5-1.43, "Potential Claims and Dispute Resolution," of the Standard Specifications and as specified herein; otherwise the decision of the Engineer will be deemed to have been accepted by you as correct. The notice of potential claim will set forth in what respects your position differs from the Engineer's determination and provide any additional information obtained by you, including but not limited to additional geotechnical data. The notice of potential claim must be accompanied by your certification that the following were made in preparation of the bid: a review of the contract, and an examination of the conditions above ground at the site. Adjustments will only be considered for subsurface hazardous material.

5-1.04 REMOVAL OF ASBESTOS AND HAZARDOUS SUBSTANCES

When the presence of asbestos or hazardous substances are not shown on the plans or indicated in the specifications and you encounter materials which you reasonably believe to be asbestos or a hazardous substance as defined in Section 25914.1 and 25914.2 of the Health and Safety Code, and the asbestos or hazardous substance has not been rendered harmless, you may continue work in unaffected areas reasonably believed to be safe. You must immediately cease work in the affected area and report the condition to the Engineer in writing.

In conformance with Section 25914.1 and 25914.2 of the Health and Safety Code, removal of asbestos or hazardous substances including exploratory work to identify and determine the extent of the asbestos or hazardous substance will be performed by separate contract, unless disclosed in the bid or contract documents.

If delay of work in the area delays the current controlling operation, you must submit an RFI to request a delay-related time or payment adjustment. Attention is directed to Section 8-1.07, "Delays," of the Standard Specifications.

5-2 CONTROL OF WORK

5-2.01 CONSTRUCTION STAKING

Section 5-1.26, "Construction Surveys," of the Standard Specifications must be deleted in its entirety and replaced with the following:

This work will consist of furnishing and setting construction marks to establish lines and grades required for the completion of the work as shown on the plans and as specified in the Standard Specifications and these Special Provisions.

You must provide all construction surveying, staking and layout necessary to establish the lines and grades required for the completion of the work shown on the plans and as specified in the Standard Specifications and these Special Provisions. The construction survey crew must follow the California Department of Transportation's Surveys Manual (Surveys Manual) at all times and be under the direction and "responsible charge" of a Professional Land Surveyor registered in the State of California or a Registered Civil Engineer authorized to practice land surveying in the State of California. Construction stakes must be removed from the site of the work when no longer needed

5-2.03 SANITATION FACILITIES

You must conform to the requirements of Section 13.16.070 of the Napa Municipal Code, requiring the maintenance of not less than one chemical toilet, approved by the Health Officer, on the premises, for each twenty (20) employees or fractional part thereof working at a construction job site, unless specifically exempt from this requirement by the Engineer. Alternate sanitary facilities if suitably located and adequately available may be substituted for the facilities required by Section 13.16.070, subject to

approval of the Engineer. The job site location(s) of the chemical toilet must be approved by the Engineer.

5-2.02 AREAS FOR CONTRACTOR'S USE

Attention is directed to Section 5-1.32, "Areas for Use," of the Standard Specifications and these Special Provisions.

The Contractor will have use of the truck turn-around area south of Tulocay Creek and existing gravel areas. Contractor shall make their own arrangements for any additional staging and storage area(s). Use of the Contractor's staging areas shall be at the Contractor's own risk and the City shall not be held liable for any damage or loss of materials of equipment located within such areas.

Areas within the work area are environmentally sensitive and disturbance to the surrounding area shall be minimized. Contractor shall submit a plan to show staging areas proposed for City approval.

5-2.03 WORK SAFETY

The Contractor shall assume sole and complete responsibility for job site conditions for the duration of the project including, but not limited to, the safety and health conditions on the work site. This requirement shall apply continuously and shall not be limited to normal working hours. Contractor shall comply with all applicable provisions of law including the standards, rules, regulations and orders established by the California Division of Industrial Safety. Contractor shall furnish and use safety devices and safeguards and shall adopt and use practices, means, methods, operations, and processes which are reasonably adequate to render the work site safe and healthful. Contractor shall take all steps necessary to ensure that any hazardous condition is corrected promptly either by the Contractor or by assigning such responsibility to the appropriate subcontractor and ensuring that the corrections are completed. The City, construction manager and the officers, agents or employees, shall not have charge of or responsibility for construction or safety means, methods, techniques, procedures, as these are solely the responsibility of Contractor.

5-2.04 EXTRA WORK

This Section is deleted in its entirety with an exception for hazardous materials. Contractor shall be obligated to perform all due diligence to investigate site conditions to ensure that all design and construction work required to complete the Project may be completed in accordance with the Scope of Work attached to the "Tulocay Creek Bicycle/Pedestrian Bridge" as Exhibit A.

This proposal excludes all costs and responsibility relating to hazardous materials including permits, indemnification, handling and/or remediation of asbestos and/or hazardous materials, known or unknown, identified under the Federal Comprehensive, Environmental Response, Compensation and Liability Act of 1980 (CERCLA). This exclusion shall also apply to all other existing and/or proposed federal, state, county or local regulations that apply to hazardous materials. Costs resulting from de-mobilization/re-mobilization will be paid as additional work.

5-2.05 PROJECT APPEARANCE

The Contractor shall maintain a neat appearance to the work.

In areas visible to the public, the following shall apply:

- A. When practicable, broken concrete and debris developed during clearing and grubbing shall be disposed of concurrently with its removal. Construction and/or demolition debris shall be hauled off-site at the end of each workday.

- B. Contractor shall furnish trash bins for debris from structure construction. Debris shall be placed in trash bins daily. Contractor shall secure Engineers approval of trash bin location prior to placement of trash bins. The City does not guarantee that a trash bin can be located within the project limits.
- C. Forms or falsework that are to be re-used shall be stacked neatly concurrently with their removal. Forms and falsework that are not to be re-used shall be disposed of concurrently with their removal.

5-3 CONTROL OF MATERIALS

5-3.01 DISPOSAL OF MATERIAL

Disposal of material shall conform to Section 5-1.20B "Contractor-Property Owner Agreement" and these Special Provisions.

The Contractor shall make arrangements for disposing of materials outside the street right-of- way, and pay all costs involved. Disposable material shall not be stockpiled in the street beyond the normal working hours. Material shall not be disposed of in any of the following areas:

1. Within the floodway of the City of Napa or the County of Napa.
2. Within the normal channel of any river, creek, stream, ditch, canal, swale or other water course and within the portions of the adjacent flood plain of same as are required to efficiently carry the flood flow, as determined by the Engineer.

Prior to any disposal of material, the Contractor shall obtain written permission from the owner of the proposed disposal site. Contractor shall submit the property owner's written permission to the Engineer and obtain the Engineer's written approval before moving the material offsite.

Whenever any material disposal location is visible from a public street, the disposal area shall be left in a neat and uniform manner to the satisfaction of the Engineer.

If the disposal site is within the City of Napa city limits, Contractor shall submit to the Engineer an approved grading permit and plan prior to disposing of the material. A grading permit and plan is required when 50 CY of material or more is disposed either temporarily or permanently at a site. Grading permits are issued at the City of Napa Building Department.

Whenever any material disposal location is visible from the public street, the disposal area shall be left in a neat and uniform manner to the satisfaction of the Engineer.

5-3.02 COMPACTION AND TESTING

Attention is directed to Section 6-3, "Quality", of the Standard Specifications and these Special Provisions. Compaction of all earthwork materials shall be in accordance with Section 19-5, "Compaction," of the Standard Specifications and these Special Provisions.

The Contractor will hire an independent and qualified testing firm to perform tests as deemed necessary by the City for acceptance of the various items of work. Compaction tests shall be taken on all subgrade, trench and structural backfill, aggregate base, asphalt concrete material unless otherwise approved by the Engineer.

The cost of the testing for construction of the bridge, its abutments, and approaches will be borne by the Contractor.

The Contractor shall provide a written notification to the Engineer for testing of the work at least forty-eight (48) hours in advance. Any cancellations shall be submitted in writing to the Engineer at least twenty-four (24) hours in advance.

The Contractor shall provide documentation from the qualified and independent testing firm that tested material meets required standards prior to proceeding with sequential tasks.

The provisions of this section shall not relieve the Contractor from the responsibility to control the quality of the work as specified in Section 6, "Control of Materials," of the Standard Specifications.

If accepted aggregate base becomes saturated and/or disturbed, the subgrade must again be proof-rolled and testing may be required. The cost of retesting shall be borne by the Contractor.

5-3.03 SUBMITTALS

GENERAL

Submit samples, drawings, and data for the Engineer's approval which will demonstrate fully that the construction, and the materials and equipment to be furnished will comply with the provisions and intent of this specification.

Submit all samples, drawings and data, unless specified otherwise, in the quantity required for return to the Contractor, plus three, which the Engineer will retain. Label each sample, naming the project, the source of the material, and the proposed location of use on the project.

Restrict each submittal to only one Specification Section or portion thereof. Unless otherwise specifically permitted by the Engineer, make all submittals in groups containing all associated items for complete systems. The Engineer may reject partial submittals as not complying with the provisions of the contract documents.

Specific items to be covered by submittals shall include, as a minimum, the following:

- Portland Cement Concrete Mix Design

- Aggregate Base

- Asphalt Concrete Mix Design

- Shop Drawings

- Substitutions

- Samples

- Traffic Control Plan (if disruption of traffic)

- Brochures, manuals, and test data on equipment proposed to be furnished

Where the specifications indicate that you must follow manufacturer's instructions for installation of materials or equipment, those instructions must be submitted to the City prior to the start of work whether or not instructions are listed specifically as a submittal. When referenced, the manufacturers printed installation instructions will have the same effect as if printed in the contract documents.

Make all shop drawings accurately to a scale sufficiently large to show all pertinent features of the item and its method of connection to the work. Make all shop drawing prints in blue or black line on white background. Reproductions of City drawings are not acceptable.

You must not use red color marks on submittals. Duplicate all marks on all copies submitted and ensure marks are photocopy reproducible.

Include legible scale details, sizes, dimensions, performance characteristics, capacities, test data, anchoring details, installation instructions, storage and handling instructions, color charts, layout drawings, parts catalogs, rough-in diagrams, wiring diagrams, controls, weights, and other pertinent data. Provide, at a minimum, the detail provided in the Contract Documents.

Prior to submittal for Engineer's review, use all means necessary to fully coordinate all materials, including the following procedures:

1. Determine and verify all field dimensions and conditions, materials, catalog numbers, and similar data.
2. Coordinate as required with all trades and with all public agencies involved.
3. Secure all necessary approvals from public agencies and others and signify by stamp, or other means, that they have been secured.

You must make all submittals far enough in advance of scheduled dates of installation to provide all required time for reviews, for securing necessary approvals, for possible revision and resubmittal, and for placing orders and securing delivery.

The design engineer must certify that the submittals comply with project plans and specifications and meet all applicable laws, standards, and permit requirement. In scheduling, allow at least seven (7) calendar days for the City's review after the submittals are approved by the design engineer, plus the transit time to and from the City office.

At least one copy of each submittal will be returned to you marked "Approved", "Approved as Noted", "Revise and Resubmit", or "Rejected." Submittals marked "Approved as Noted" need not be resubmitted, but the notes must be followed. If a submittal is rejected, it will be marked to indicate what is unsatisfactory. Resubmit revised drawings or data as indicated, in number of copies specified above.

Approval of each submittal by the Engineer will be general only and must not be construed as:

1. Permitting any departure from the contract requirements.
2. Relieving you of the responsibility for any errors and omissions in details, dimensions, or of other nature that may exist.
3. Approving departures from additional details or instructions previously furnished by the Engineer.
4. Relieving you from verifying all field conditions and dimensions.

Any submittals which are returned to you for resubmittal due to incompleteness or noncompliance more than once will cause additional review time and expense for the City. You must reimburse the City for all costs associated with the third and subsequent review of any submittals. The City reserves the right to deduct resubmittal review costs from amounts due to you.

SUBSTITUTIONS

The contract is based on the materials, equipment, and methods described in the proposal and contract documents. Any proposed substitutions by you are subject to the Engineer's approval.

The design engineer will consider proposals for substitution of materials, equipment, and methods only when such proposals are accompanied by full and complete technical data, and all other information required by the Engineer to evaluate the proposed substitution.

Requests for substitutions must be accompanied by a cover letter stating the reason for the substitution and any cost difference between the specified and proposed material.

Any deviations from the plans and specifications must be clearly identified on the submittal.

CERTIFICATE OF COMPLIANCE

Unless otherwise noted above, or noted elsewhere in these Special Provisions, the following materials will be accepted with the submission of a Certificate of Compliance. Certificates of Compliance must be provided to the City prior to incorporation of the material into the work.

Std. Specification Section	Material
20-2.03	Soil amendment
20-2.07	Fiber
20-2.08	Mulch
20-2.11	Stabilizing emulsion
24-1.02	Lime
39-1.01	Asphalt Concrete
51-1.12F(3)	Preformed elastomeric joint seal
51-1.12H(1)	Plain and fabric reinforced elastomeric bearing pads
51-1.12H(2)	Steel reinforced elastomeric bearing pads
52-11.02B	Epoxy coated bar reinforcement
52-1.04	Reinforcing steel
55-1.03	Structural steel
57-1.02A	Structural timber
57-1.02A	Treated timber and lumber
58-1.03	Lumber and timber
66-3.02	Corrugated steel pipe and corrugated steel pipe arch
67-1.02	Structural metal plate pipe arches and pipe arches
88-1.01	Engineering fabric
90-2.01	Cement
90-2.02A	Concrete coarse aggregate (Cleanness value)
90-2.02B	Concrete fine aggregate (Sand Equivalent)
90-4.03	PCC admixtures
92-1.03	Asphalt (Oil)
93-1.02	Liquid asphalt
94-1.05	Asphaltic emulsion

FORM OF SUBMITTAL

Before submitting materials, You must provide the Engineer a template or example submittal form for the Engineers approval or you may use the sample form located in Appendix B-2. The included sample form can be provided to you in Microsoft Word format if requested.

You must completely identify each submittal and re-submittal by using one of the aforementioned forms and number submittals consecutively beginning with 1. Re-submittals must retain the original number with an added suffix starting with "A". Said form must include the name of the Project Engineer and the Project Name. It must also clearly indicate the Item Description, Manufacturer, Specification Section Reference and Drawing Sheet Number(s) Reference. All submittals must be certified by you for completeness and for compliance with the contract documents with the following Certification:

I hereby certify that all material submitted has been checked for completeness, for correctness, and for compliance with the drawings and specifications, that field dimensions and conditions have been verified, and that exceptions, if any are clearly noted.

Allow a 3" x 4" space on the form for the City's Submittal Stamp.

Transmit all submittals to:

City of Napa
P.O. Box 660
1600 First Street
Napa, CA 94559-0660
Attn.: **Mark Tomko.**

CLOSE OUT SUBMITTALS

You must furnish and deliver to the City three (3) copies of operating and maintenance instructions and parts lists for all mechanical and electrical equipment furnished on the project. These instructions must be suitably bound in labeled and indexed ring binders. No progress payment in excess of ninety percent (90%) of the Contract amount will be made until all such instructions have been received from you.

5-3.05 BUY AMERICA REQUIREMENTS

Attention is directed to Section 6-2.05, "Buy America," of the Standard Specifications and the requirements set forth by the Surface Transportation Assistance Act of 1982 (Section 165) and the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) Sections 1041(a) and 1048(a).

Attention is additionally directed to the provisions in the State of California Department of Transportation Right of Way Manual Chapter 13, "Utility Relocations," section 13.07.03.05, "Section V. General Conditions;" paragraph V-9 as stated below:

V-9. Federal Aid Clause - Master Contract:

"It is understood that said highway is a Federal aid highway and accordingly, 23 CFR, Chapter 1, Part 645 and 23 U.S.C., section 313 as applicable, is hereby incorporated into this Agreement by reference; provided, however, that the provisions of any agreements entered into between the STATE and the OWNER pursuant to State law for apportioning the obligations and costs to be borne by each, or the use of accounting procedures prescribed by the applicable Federal or State regulatory body and approved by the Federal Highway Administration, governs in lieu of the requirements of said 23 CFR 645."

"The Buy America requirements are further specified in Moving Ahead for Progress in the 21st Century (MAP-21), section 1518."

"Owner hereby certifies that all manufacturing processes for these steel and iron materials, including the application of coatings (unless granted a waiver pursuant to 23 CFR 635.410), have occurred in the United States."

If the project does not have NEPA clearance, the "Buy America" requirements do not apply and the above clauses are not applicable. However, utility work that is accomplished through utility agreements that do not comply with the Buy America requirements (as specified in 23 U.S.C. and 23 CFR 635.410), cannot be used to meet the non-Federal share of costs for a project that uses Federal funds.

A Certificate of Compliance, conforming to the provisions in Section 6-3.05E, "Certificates of Compliance," of the Standard Specifications, and the section titled, "Submittals," of these Special Provisions, must be furnished for steel and iron materials and production. If foreign steel and iron is

used, you must furnish the Engineer acceptable documentation of the quality and value of the materials prior to incorporating them into the work.

5-4 LEGAL RELATIONS AND RESPONSIBILITIES

5-4.01 INSURANCE

Section 7-1.06, "Insurance," of the Standard Specifications is deleted in its entirety and replaced with the following **7-1.06 INSURANCE—**

ATTENTION IS DIRECTED TO THE AGREEMENT FOR REQUIREMENTS

5-4.02 INDEMNIFICATION

Section 7-1.05 "Indemnification" of the Standard Specifications is amended to read:

7-1.05 RESPONSIBILITY OF CONTRACTOR AND INDEMNIFICATION

ATTENTION IS DIRECTED TO THE AGREEMENT FOR REQUIREMENTS

5-4.03 LABOR NONDISCRIMINATION

Attention is directed to the following Notice that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

NOTICE OF REQUIREMENT FOR NONDISCRIMINATION PROGRAM (GOV. CODE, SECTION 12990)

Your attention is called to the "Nondiscrimination Clause", set forth in Section 7-1.01A(4), "Labor Nondiscrimination," of the Standard Specifications, which is applicable to all nonexempt state contracts and subcontracts, and to the "Standard California Nondiscrimination Construction Contract Specifications" set forth therein. The Specifications are applicable to all nonexempt state construction contracts and subcontracts of \$5,000 or more.

5-4.04 PREVAILING WAGE

Attention is directed to Section 7-1.02K(2), "Wages," of the Standard Specifications.

The general prevailing wage rates determined by the Director of Industrial Relations are available from the California Department of Industrial Relations' Internet Web Site at: <http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm>. These prevailing wage documents are not included in the Proposal and Contract for the project. Changes, if any, to the general prevailing wage rates will be available at the same location.

Attention is directed to the Federal minimum wage rate requirements located in Appendix B-3. If there is a difference between the minimum wage rates predetermined by the Secretary of Labor and the general prevailing wage rates determined by the Director of the California Department of Industrial Relations for similar classifications of labor, you and your subcontractors must pay not less than the higher wage rate. The Department will not accept lower State wage rates not specifically included in the Federal minimum wage determinations. This includes "helper" (or other classifications based on hours of experience) or any other classification not appearing in the Federal wage determinations. Where Federal wage determinations do not contain the State wage rate determination otherwise available for use by you and your subcontractors, you and your subcontractors must pay not less than the Federal minimum wage rate which most closely approximates the duties of the employees in question.

5-4.05 PUBLIC SAFETY

You must provide for the safety of traffic and the public in conformance with Section 7-1.04, "Public Safety," of the Standard Specifications and these Special Provisions. Attention is also directed to the section titled, "Temporary Traffic Control," of these Special Provisions for provisions concerning flagging and traffic handling equipment and devices used in carrying out the provisions of this Public Safety Section.

You must install Type K temporary railing between a lane open to public traffic and an excavation, obstacle or storage area when the following conditions exist:

- A. Excavations.—The near edge of the excavation is twelve (12) feet or less from the edge of the lane, except:
 - 1. Excavations covered with sheet steel or concrete covers of adequate thickness to prevent accidental entry by traffic or the public.
 - 2. Excavations less than one (1) foot deep.
 - 3. Trenches less than one (1) foot wide for irrigation pipe or electrical conduit, or excavations less than one foot in diameter.
 - 4. Excavations parallel to the lane for the purpose of pavement widening or reconstruction.
 - 5. Excavations in side slopes, where the slope is steeper than 1:4 (vertical:horizontal).
 - 6. Excavations protected by existing barrier or railing.
- B. Temporarily Unprotected Permanent Obstacles.—The work includes the installation of a fixed obstacle together with a protective system, such as a sign structure together with protective railing, and you elect to install the obstacle prior to installing the protective system; or you, for your convenience and with permission of the Engineer, remove a portion of an existing protective railing at an obstacle and does not replace such railing complete in place during the same day.
- C. Storage Areas.—Material or equipment is stored within twelve (12) feet of the lane and the storage is not otherwise prohibited by the provisions of the Standard Specifications and these Special Provisions.

The approach end of installed Type K temporary railing must be offset a minimum of fifteen (15) feet from the edge of the traffic lane open to public traffic. The temporary railing must be installed on a skew toward the edge of the traffic lane of not more than one foot transversely to ten (10) feet longitudinally with respect to the edge of the traffic lane. If the fifteen (15) foot minimum offset cannot be achieved, the temporary railing must be installed on the 10 to 1 skew to obtain the maximum available offset between the approach end of the railing and the edge of the traffic lane, and an array of temporary crash cushion modules must be installed at the approach end of the temporary railing.

Type K temporary railing must conform to Section 12-3.08, "Type K Temporary Railing," of the Standard Specifications. Type K temporary railing, conforming to the details shown on 2010 Standard Plan (T3A & T3B), may be used.

Temporary crash cushion modules must conform to Section 12-3.15, "Temporary Crash Cushion Module" of the Standard Specifications.

Except for installing, maintaining and removing traffic control devices, whenever work is performed or equipment is operated in the following work areas, you must close the adjacent traffic lane unless otherwise provided in the Standard Specifications, these Special Provisions, or approved by the Engineer:

Approach Speed of Public Traffic {Posted Limit}	Work Areas
30 to 45 Miles Per Hour	Within 3 feet of a traffic lane

The lane closure provisions of this section must not apply if the work area is protected by permanent or temporary railing or barrier.

When traffic cones or delineators are used to delineate a temporary edge of a traffic lane, the line of cones or delineators must be considered to be the edge of the traffic lane, however, you must not reduce the width of an existing lane to less than ten (10) feet without written approval from the Engineer.

When work is not in progress on a trench or other excavation that required closure of an adjacent lane, the traffic cones or portable delineators used for the lane closure must be placed off of and adjacent to the edge of the traveled way. The spacing of the cones or delineators must be not more than the spacing used for the lane closure.

Suspended loads or equipment must not be moved nor positioned over public traffic or pedestrians.

5-4.07 PROPERTY AND FACILITY PRESERVATION

Attention is directed to Section 5-1.36, "Property and Facility Preservation," of the Standard Specifications and these Special Provisions.

PLANTS

Existing trees, plants, shrubs, lawns, other landscaping, irrigation equipment, and other private property that are not to be removed as shown on the plans or specified in these Special Provisions, and are injured or damaged by reason of the Contractor's operations, shall be replaced by the Contractor. The minimum size of tree replacement shall be no. 24 inch box and the minimum size of shrub replacement shall be 15 gallon container. Replacement tree(s) shall be planted in accordance to City Standard Detail T-1. Replacement ground cover plants shall be from flats and shall be planted 12 inches on center. Replacement of Carpobrotus ground cover plants shall be from cuttings and shall be planted 12 inches on center. Replacement planting shall conform to the requirements in Section 20-4.07, "Replacement," of the Standard Specifications. The Contractor shall water replacement plants in conformance with the provisions in Section 20-4.06, "Watering," of the Standard Specifications.

Damaged or injured plants shall be removed and disposed of outside the highway right of way in conformance with the provisions in Section 7-1.13 of the Standard Specifications. At the option of the Contractor, removed trees and shrubs may be reduced to chips.

Replacement planting of injured or damaged trees, shrubs, and other plants shall be completed prior to the start of the plant establishment period. Replacement planting shall conform to the provisions in Section 20-4.05, "Planting," of the Standard Specifications.

Replacement planting of injured or damaged trees, shrubs and other plants shall be completed prior to acceptance of the work and shall conform to the provisions in Section 20-4.05, "Planting," of the Standard Specifications.

MONUMENTS

The Contractor shall be responsible for the protection of all existing survey monuments and control points. All monuments destroyed during construction shall be resurveyed and replaced at the Contractor's expense as outlined in the Business and Professions Code, Section 8771.

In the event the Contractor's operations destroy any of the Engineer's survey control points, the Contractor shall replace such control points at his expense, subject to verification by the Engineer. The cost of any such verification of the Engineer's survey control points will be deducted from any moneys due or to become due the Contractor. The Contractor will not be allowed any adjustment in contract time for such verification of survey control points by the Engineer.

5-4.06 PERMITS AND LICENSES

Attention is directed to Section 5-1.20B "Permit, Licenses, Agreements, and Certifications" of the Standard Specifications and these Special Provisions.

The Contractor shall provide any and all licenses and comply with all permits required by the Work. The Contractor shall abide by any and all Federal, State, County and City Laws and Rules affecting the work and shall maintain all required protection for property, employees and the public and insurance in connection with same, for all of which he shall bear necessary expense.

A valid City of Napa Business License is required.

5-4.07 SUBCONTRACTOR AND DBE RECORDS

Attention is directed to the section titled, "Disadvantaged Business Enterprises (DBE)," of these Special Provisions.

Use each DBE subcontractor as listed on the List of Subcontractors form and the "Local Agency Bidder DBE Commitment (Construction Contracts)," Exhibit 15-G, forms unless you receive authorization for a substitution.

The Agency requests you to:

1. Notify the Engineer of any changes to its anticipated DBE participation
2. Provide this notification before starting the affected work

Maintain records including:

1. Name and business address of each 1st-tier subcontractor
2. Name and business address of each DBE subcontractor, DBE vendor, and DBE trucking company, regardless of tier
3. Date of payment and total amount paid to each business

If you are a DBE contractor, include the date of work performed by your own forces and the corresponding value of the work.

Before the 15th of each month, you must submit Form CEM-2404(F), "Monthly DBE Trucking Verification" to the Engineer.

If a DBE is decertified before completing its work, the DBE must notify you or the Engineer in writing of the decertification date. If a business becomes a certified DBE before completing its work, the business must notify you or the Engineer in writing of the certification date. You must submit the notifications to the Engineer. Upon work completion, complete the form titled, "Disadvantaged Business Enterprises (DBE) Certification Status Change," Form CEM-2403(F). The form must be submitted to the Engineer within thirty (30) days from the date of contract acceptance.

Upon work completion, complete the form titled, "Final Report – Utilization of Disadvantaged Business Enterprises (DBE), First-Tier Subcontractors," Form CEM-2402(F). The form must be submitted to the Engineer within ninety (90) days from the date of contract acceptance. The amount of \$10,000 will be withheld from payment until a satisfactory form is submitted. The Agency releases the withheld upon submission of the completed form.

5-4.08 PERFORMANCE OF DISADVANTAGED BUSINESS ENTERPRISES

The subcontractors listed by you in conformance with Section 2-1.33C, "Subcontractor List," of the Standard Specifications, must perform the work and supply the materials for which they are listed, unless you have received prior written authorization to perform the work with other forces or to obtain the materials from other sources.

DBEs must perform work or supply materials as listed in the "Local Agency Bidder DBE Commitment (Construction Contracts)," Exhibit 15-G, included in the Bid.

Do not terminate or substitute a listed DBE for convenience and perform the work with your own forces or obtain materials from other sources without authorization from the Agency.

The Agency grants authorization to use other forces or sources of materials for requests that show any of the following justifications:

1. Listed DBE fails or refuses to execute a written contract based on plans and specifications for the project.
2. You stipulate a bond is a condition of executing the subcontract and the listed DBE fails to meet your bond requirements.
3. Work requires a contractor's license and listed DBE does not have a valid license under Contractors License Law.
4. Listed DBE fails or refuses to perform the work or furnish the listed materials.
5. Listed DBE's work is unsatisfactory and not in compliance with the contract.
6. Listed DBE is ineligible to work on the project because of suspension or debarment.
7. Listed DBE becomes bankrupt or insolvent.
8. Listed DBE voluntarily withdraws with written notice from the Contract
9. Listed DBE is ineligible to receive credit for the type of work required.
10. Listed DBE owner dies or becomes disabled resulting in the inability to perform the work on the Contract.
11. The Agency determines other documented good cause.

Notify the original DBE of your intent to use other forces or material sources and provide the reasons. Provide the DBE with five (5) days to respond to your notice and advise you and the Agency of the reasons why the use of other forces or sources of materials should not occur. Your request to use other forces or material sources must include:

1. One (1) or more of the reasons listed in the preceding paragraph
2. Notices from you to the DBE regarding the request
3. Notices from the DBE to you regarding the request

If a listed DBE is terminated or substituted, you make good faith efforts to find another DBE to substitute for the original DBE. The substitute DBE must perform at least the same amount of work as the original DBE under the contract to the extent needed to meet the DBE goal.

The substitute DBE must be certified as a DBE at the time of request for substitution.

Unless the Agency authorizes: (1) a request to use other forces or sources of materials or (2) a good faith effort for a substitution of a terminated DBE, the Agency does not pay for work listed on the "Local Agency Bidder DBE Commitment (Construction Contracts)," Exhibit 15-G, form unless it is performed or supplied by the listed DBE or an authorized substitute.

5-4.09 SUBCONTRACTING

Attention is directed to Section 2-1.33C, "Subcontractor List" and Section 5-1.13, "Subcontracting," of the Standard Specifications and these Special Provisions.

Pursuant to the provisions in Section 1777.1 of the Labor Code, the Labor Commissioner publishes and distributes a list of contractors ineligible to perform work as a subcontractor on a public works project. This list of debarred contractors is available from the Department of Industrial Relations web site at http://www.dir.ca.gov/dir/Labor_law/DLSE/Debar.html.

You must perform work equaling at least thirty percent (30%) of the value of the original total bid with your own employees and equipment, owned or rented, with or without operators.

Each subcontract and any lower tier subcontract that may in turn be made must conform to Section 14 of these Special Provisions. Noncompliance must be corrected. Payment for subcontracted work involved will be withheld from progress payments due, or to become due, until correction is made. Failure to comply may result in termination of the contract.

5-4.10 RELATIONS WITH CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD

Regional Water Quality Control Board Order No. CA 99-074, Order No. R2-2002-0010, and General Permit 99-08DWQ as amended has been issued covering work to be performed under the Napa River Flood Protection Project. You must fully inform yourself of all rules, regulations, resolutions, and conditions that may govern his operations in said area and shall conduct his work accordingly.

The location of the Tulocay Creek Bicycle/Pedestrian Bridge and Trail is within an area controlled by the Regional Water Quality Control Board. Regional Water Quality Control Board Order Nos. (CA 99-074, Order No. R2-2002-0010, and General Permit 2003-0005DWQ) have been issued covering work to be performed under this contract. You must be fully informed of rules, regulations, and conditions that may govern your operations in the areas and must conduct the work accordingly.

Copies of the Orders are attached in Appendix F. A copy of the General Permit may be obtained at the website of the State Water Resources Control Board:

<http://www.swrcb.ca.gov/stormwtr/construction.html>

Attention is directed to Sections", 5-1.39, "Damage Repair and Restoration" and 14-11, "Hazardous Waste and Contamination," of the Standard Specifications and the sections titled, "Property and Facility Preservation" and "Water Pollution Control," of these Special Provisions, and Appendix F (California Regional Water Quality Control Board Requirements).

Any changes to conditions established within the permits proposed by you must be submitted to the Engineer for transmittal to the Regional Water Quality Control Board for their approval. Changes must not be implemented until approved in writing by the Regional Water Quality Control Board.

Attention is directed to Section 8-1.05, "Time," of the Standard Specifications and these Special Provisions. Days when your operations are restricted by the requirements of this section must not be considered to be nonworking days whether or not the controlling operation is delayed.

Attention is directed to Section 8-1.05, "Time," of the Standard Specifications and these Special Provisions. Days during which your operations are restricted in the floodway by the requirements of this section must be considered to be nonworking days if these restrictions cause a delay in the current controlling operation or operations.

5-4.11 RELATIONS WITH CALIFORNIA DEPARTMENT OF FISH AND GAME

California Department of Fish and Wildlife (formerly Department of Fish and Game) Permit No. 1600-2008-0420-3 has been issued covering work to be performed under the Napa River Flood Protection Project including the Tulocay Creek Bicycle/Pedestrian Bridge. You must fully inform yourself of all rules, regulations, resolutions, and conditions that may govern his operations in said area and shall conduct his work accordingly.

5-4.12 RELATIONS WITH U.S. ARMY CORP OF ENGINEERS

A Nationwide permit was obtained from the US Army Corps of Engineers for this project. The contractor shall submit preliminary plans that will be submitted to the US Army Corps of Engineers and Napa County Flood Control District to obtain the section 408 approval by the Corps.

5-5 PROSECUTION AND PROGRESS**5-5.01 PROGRESS SCHEDULE AND SCHEDULE OF VALUES**

Progress schedules will be required for this contract and shall conform to requirements of Section 8-1.02, "Progress Schedule," of the Standard Specifications and these Special Provisions.

The Contractor shall submit three (3) copies of initial schedules before or at the Preconstruction Conference. The Engineer will review schedules and if not acceptable return review copy within three (3) working days after the receipt. If required, Contractor shall resubmit revised schedules within three (3) working days after return of review copy. A Notice to Proceed will not be issued and no work shall commence prior to review and approval of the schedule.

A two-week rolling schedule shall also be updated and provided to the Engineer at the beginning of each work week. The two-week rolling schedule shall include the Contractor's proposed daily activities and location(s) of work during the coming two-week period. During the contract period, the Contractor shall also coordinate his activities daily with the Engineer. Requests for water main shutdowns, testing, or tie-ins shall be submitted a minimum of **five (5) working days** prior to the requested work. Planned modifications to traffic control shall be submitted a minimum of five (5) working days prior to implementation.

The Contractor shall provide scheduled updates as requested by the Engineer. During the contract period, the Contractor shall also coordinate his activities daily with the Engineer.

Contractor shall submit a schedule of values for the lump sum items listed in Exhibit D to establish a schedule to be utilized in progress payment requests and approvals. If required, Contractor shall resubmit revised schedule of values within three (3) working days after return of review copy. A Notice to Proceed will not be issued and no work shall commence prior to review and approval of the schedule of values.

5-5.02 PROMPT PROGRESS PAYMENT TO SUBCONTRACTORS

Attention is directed to the provisions in Sections 10262 and 10262.5 of the Public Contract Code and Section 7108.5 of the Business and Professions Code concerning prompt payment to subcontractors.

A prime contractor or subcontractor must pay any subcontractor not later than seven (7) days of receipt of each progress payment in accordance with the provision in Section 7108.5 of the California Business and Professions Code concerning prompt payment to subcontractors. The seven (7) days is applicable unless a longer period is agreed to in writing. Any delay or postponement of payment over thirty (30) days may take place only for good cause and with the agency's prior written approval. Any violation of Section 7108.5 will subject the violating contractor or subcontractor to the penalties, sanction and other remedies of that section. This requirement must not be construed to limit or impair any contractual, administrative, or judicial remedies otherwise available to the contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the prime contractor, deficient subcontract performance, or noncompliance by a subcontractor.

The project is subject to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156. This Act sets forth standards for obtaining consistency and uniformity among Federal, State, and local governments, and non-profit organizations which are expending Federal awards.

5-5.03 WORKING DAYS AND HOURS OF WORK

Attention is directed to Section 8-1.05 "Time of Completion" of the Standard Specifications.

Contractor is responsible to perform public outreach activities and identify sensitive receptors and coordinate work schedule to minimize disruptions to residential areas, businesses, offices, and their guests. Work hours will be allowed Monday through Friday 7am to 7pm with no equipment start up before 8am.

5-5.04 TERMINATION OF CONTROL

Attention is directed to Section 8-1.13, "Contractor's Control Termination," of the Standard Specifications and these Special Provisions:

If, in the opinion of the Engineer, you have at any time during the life of the contract:

- a. failed to supply an adequate working force or equipment
- b. failed to supply materials of specified quality

c. failed to comply with these Special Provisions

To the extent that such failures violate the intent of the contract, the Engineer will give notice thereof in writing to you and specify in said notice a day by which you must attain full compliance with the provisions of the contract relating to said failures. Should you fail to comply with said notice within the time specified, the Engineer will have full power to temporarily suspend the operation of the contract pending final decision by the Engineer as to termination of the contract.

Notice of temporary suspension will be given to you in writing and a copy thereof will be filed with the Engineer. Upon receipt of said temporary suspension notice, your control of the work will temporarily cease and you must not work on any part of the contract. Within fifteen (15) days of receipt of said notice of temporary suspension, the Engineer will decide whether sufficient grounds are present for termination of your control over the work.

Should the Engineer decide that you have failed to provide means for satisfactory compliance with the contract as directed by the Engineer, within the time specified in the notice to comply, the Engineer will have the power to suspend the operation of the contract.

Upon receiving notice of such suspension, you must discontinue said work, or such parts of it as the Council may designate. Upon such suspension, your control will terminate and thereupon the Council or its duly authorized representative may take possession of all or any part of your materials, tools, equipment and appliances upon the premises, and use the same for the purpose of completing said contract, and hire such force and buy or rent such additional machinery, tools, appliances and equipment and buy such additional materials and supplies at your expense as may be necessary for the proper conduct of the work and for the completion thereof; or may employ other parties to carry the contract to completion, employ the necessary workmen, substitute other machinery or materials and purchase the materials contracted for, in such manner as the Engineer may deem proper; or the Engineer may annul and cancel the contract and relet the work or any part thereof. Any excess of cost arising therefrom over and above the contract price will be charged against you and your sureties, who will be liable therefore.

In the event of such suspension, all money due to you or retained under the terms of this contract will be forfeited to the City, but such forfeiture will not release you or your sureties from liability for failure to fulfill the contract. You and your sureties will be credited with the amount of money so forfeited toward any excess of cost over and above the contract price, arising from the suspension of the operations of the contract and the completion of the work by the City as above provided and you will be so credited with any surplus remaining after all just claims for such completion have been paid.

On completion of the contract, the original Contractor will be entitled to the return of all unused materials, equipment, tools, and appliances, except that they will have no claim on account of unusual and ordinary depreciation, loss and wear and tear.

In the determination of the question whether there has been any such non-compliance with the contract as to warrant the suspension or annulment thereof, the decision of the City will be binding on all parties to the contract.

5-5.05 PERFORMANCE OF SURETIES

In the event of any termination as hereinbefore provided, the City Council shall immediately give written notice thereof to the Contractor and to the Contractor's sureties, and the sureties shall have the right to take over and perform the contract; provided, however, that if the sureties, within five (5) days after receiving, said notice of termination, do not give the City written notice of their intention to take over the performance of the contract, and do not commence performance thereof within five (5) days after notice to the City of such election, the City may take over the work and prosecute the same to completion as hereinbefore provided.

5-5.06 FLOOD EVACUATION

Contractor shall be prepared to evacuate the construction site during a Flood Watch issued by the National Weather Service. The Contractor shall, upon 10 hours notification by the Engineer that the National Weather Service has issued a Flood Warning for the Napa River or Napa Creek, evacuate the construction site. Evacuation shall include removal of all vehicles, equipment, tools, materials, personnel, stockpiled material (including earthwork), trash, etc. Removal shall mean relocation to an area outside the limits of the flood plain, or to an onsite area acceptable to the Engineer, if such an area exists above expected flood elevations. Bridge falsework and constructed permanent improvements only may remain in place. In no event shall the Contractor allow any manmade object or substance to enter or contaminate the floodwaters.

The Contractor shall conduct such a flood evacuation whenever so notified by the Engineer, and as many times as requested prior to final acceptance of the project.

5-5.07 ENVIRONMENTALLY SENSITIVE AREAS

The work area is within an environmentally sensitive area. Full compliance with the environmental permits is required.

5-5.08 ARCHAEOLOGICAL SENSITIVE AREAS

No specific areas have been designated on the plans as "Archaeological Sensitive Areas,". However, no later than one day prior to any disturbance of the work area the representative from the Mishewal-Wappo Tribe must be contacted. The Mishewal-Wappo Tribe may provide a field representative to observe excavation activities. Chairman Gabaldon (707-494-9159) is the contact.

If, during excavation, archaeological resources are discovered, you must stop all work within a fifteen foot radius of the discovery and notify the Engineer of said discovery. Work must not proceed in this area until the significance of the find can be evaluated by the Engineer. If, in the opinion of the Engineer, your operations are delayed or interfered with by reason of such archaeological evaluation, the City will compensate you for such delays to the extent provided in Section 8-1.07, "Delays," of the Standard Specifications and these Special Provisions.

5-6 MEASUREMENT AND PAYMENT**5-6.01 PAYMENT**

Attention is directed to Sections 9-1.16, "Progress Payments" and 9-1.17, "Payment After Contract Acceptance," of the Standard Specifications and these Special Provisions.

City of Napa Charter Section 102, "Progressive Payments on Contracts", requires a ten percent (10%) retention on Public Works contracts. The City of Napa will retain ten percent (10%) of the value of all work done, including Mobilization, as part security for the fulfillment of the contract by you.

No partial payment will be made for any materials on hand which are furnished but not incorporated in the work.

5-6.02 GUARANTEE

Contractor hereby guarantees that all work performed and materials provided under the contract will meet fully with the requirements of the contract documents.

Contractor guarantees all materials and workmanship against defects for a period of one (1) year, unless noted otherwise, from the date of final acceptance of all work performed under the contract. "Final acceptance" as used herein is the filing of a "Notice of Completion" with the County Recorder by the City Engineer.

Contractor assumes responsibility for a similar one-year guarantee, unless noted otherwise, for all work and materials provided or performed by subcontractors, manufacturers, or suppliers.

Contractor hereby agrees that if, within a period of one (1) year, unless noted otherwise, after final acceptance of the work performed under the contract, any portion of the work installed, constructed, or performed by him fails to fulfill any of the requirements of the contract, you will, without delay and with the least practicable inconvenience and without further cost to the City, repair or replace defective or otherwise unsatisfactory work or materials.

Should Contractor fail to act promptly in accordance with this requirement, or should the exigencies of the case require repairs or replacements to be made before you can be notified or can respond to notification, the City may at its option make the necessary repairs or replacements, or perform the necessary work, and you must pay to the City the actual cost of such repairs plus fifteen percent (15%).

Contractor will be responsible for the full expense incidental to making good any and all of the above guarantees and agreements. The above guarantees and agreements are covenants, the performance of which will be binding upon you and your sureties.

The final acceptance of the work will be contingent upon your guaranty which may be either an extension of the original Faithful Performance Bond or a separate Maintenance Bond in the amount of ten percent (10%) of the final contract price in favor of the City. Should you not file said bond as required herein, the City may retain the remaining ten percent (10%) of the final contract price as a cash bond for said one (1) Year period.

5-6.03 RECORDS

You must maintain cost accounting records for the contract pertaining to, and in such a manner as to provide a clear distinction between, the following six categories of costs of work during the life of the contract:

- A. Direct costs of contract item work.
- B. Direct costs of changes in character in conformance with Section 4-1.05B, "Work-Character Changes," of the Standard Specifications.
- C. Direct costs of extra work in conformance with Section 4-1.05, "Changes and Extra Work," of the Standard Specifications.
- D. Direct costs of work not required by the contract and performed for others.
- E. Direct costs of work performed under a notice of potential claim in conformance with the provisions in Section 5-1.43, "Potential Claims and Dispute Resolution," of the Standard Specifications.
- F. Indirect costs of overhead.

Cost accounting records must include the information specified for daily extra work reports in Section 5-1.27D, "Cost Accounting Records," of the Standard Specifications and these Special Provisions. The requirements for furnishing the Engineer completed daily extra work reports will only apply to work paid for on a force account basis.

The cost accounting records for the contract must be maintained separately from other contracts, during the life of the contract, and for a period of not less than three (3) years after the date of acceptance of the contract. If you intend to file claims against the City, you must keep the cost accounting records specified above until complete resolution of all claims has been reached.

5-6.04 EXTRA WORK/FORCE ACCOUNT

Attention is directed to Sections 4-1.05 "Changes and Extra Work" and 9-1.04 "Force Account" of the Standard Specifications and these Special Provisions.

All extra work or force account work must be completed upon written direction and approval from the City. All daily extra work reports (DEWR) must be submitted to the project inspector by twelve (12) noon the following working day. The DEWR must only list the labor, hours, materials and equipment used to

perform the extra work. The DEWR reports must be on triplicate forms. When the project inspector signs the form, you will be given a copy for your records. If the project inspector is not available for review of the DEWR's, then you must submit the form to the Engineer within the stated timeframe for approval.

Completed billing for extra work, showing full cost extensions must be submitted to the project Engineer within fifteen (15) working days from the time the extra work was completed along with all backup invoices and material tags.

Your DEWR form and billing, as approved by the Engineer, must be submitted for approval at the preconstruction meeting. The City will approve the forms or require modifications within three (3) working days after being submitted.

SECTION 6 NOT USED

SECTION 7 WARRANTY

7-1.01 GUARANTEE AND MAINTENANCE BOND

The Contractor hereby guarantees that all work performed and materials provided under the contract will meet fully with the requirements of the contract documents.

The Contractor guarantees all materials and workmanship against defects for a period of one year, unless noted otherwise, from the date of final acceptance of all work performed under the contract. "Final acceptance" as used herein shall be the filing of a "Notice of Completion" with the County Recorder by the City Engineer.

The Contractor assumes responsibility for a similar one-year guarantee, unless noted otherwise, for all work and materials provided or performed by subcontractors, manufacturers, or suppliers.

The Contractor hereby agrees that if, within a period of one year, unless noted otherwise, after final acceptance of the work performed under the contract, any portion of the work installed, constructed, or performed by him fails to fulfill any of the requirements of the contract, he will, without delay and with the least practicable inconvenience and without further cost to the City, repair or replace defective or otherwise unsatisfactory work or materials.

Should the Contractor fail to act promptly in accordance with this requirement, or should the exigencies of the case require repairs or replacements to be made before the Contractor can be notified or can respond to notification, the City may at its option make the necessary repairs or replacements, or perform the necessary work, and the Contractor shall pay to the City the actual cost of such repairs plus fifteen percent (15%).

The Contractor shall be responsible for the full expense incidental to making good any and all of the above guarantees and agreements. The above guarantees and agreements are covenants, the performance of which shall be binding upon the Contractor and his sureties.

The final acceptance of the work shall be contingent upon a Contractor's guaranty which may be either an extension of the original Faithful Performance Bond or a separate Maintenance Bond in the amount of fifteen percent (15%) of the final contract price in favor of the City. Should the Contractor not file said bond as required herein, City may retain the remaining fifteen percent (15%) of the final contract price as a cash bond for said One (1) Year period.

SECTION 8 MATERIALS

8-1 MISCELLANEOUS

8-1.01 PREQUALIFIED AND TESTED SIGNING AND DELINEATION MATERIALS

Attention is directed to the most current State of California Department of Transportation, Authorized Materials List for "Signing Delineation Materials."

SECTION 9 DESCRIPTION OF BRIDGE WORK**9-1.01 GENERAL**

Contractor's Engineer is to supply technical specifications for bridge work.

SECTION 10 CONSTRUCTION DETAILS**10-1 GENERAL****10-1.01 ORDER OF WORK**

As required by these Special Provisions, you must follow the sequence of operations as set forth herein.

Attention is directed to the sections titled, "Obstructions" and "Potholing," of these Special Provisions. While a representative sample of the utilities crossing the project have been potholed and shown on the plans, you must pothole all buried utilities and other man-made objects throughout the proposed work area of work, check for conflicts, and provide the pothole data and written notice of any suspected conflicts between existing and proposed facilities to the Engineer prior to beginning any excavation. Said pothole data and written notice must be provided not less than ten (10) working days prior to beginning any such excavation. For longer facilities such as buried pipelines, you must pothole at a number of locations that is adequate, in the opinion of the Engineer, to determine or verify the type, profile, size, and material of the facility. The cost thereof will be included in the contract prices paid for Potholing, and no additional compensation will be allowed therefore.

Attention is directed to the section titled "Tree Removal," of these Special Provisions. Prior to removal of trees, you must coordinate with the residents of each property to determine which residents would like to retain all or some of the wood from the removed trees. You must provide the wood requested by the resident in no larger than eighteen (18) inch pieces, cut perpendicular to the grain, and stacked at a location outside of the public right-of-way designated by the resident. No wood or remnants of trees will be left in the public right-of-way. All tree removal work must be completed prior to the installation of any concrete work. The cost thereof will be included in the contract prices paid for Tree Removal, and no additional compensation will be allowed therefore.

10-1.02 WATER POLLUTION CONTROL

Water pollution control work shall conform to the provisions in Section 13, "Water Pollution Control," of the Standard Specifications and these Special Provisions. An Erosion and Sediment Control Plan (ESCP) and Environmental Protection Plan are required as part of the base contract. If the Storm Water Pollution and Prevention Plan (SWPPP) option is exercised by the City, the contractor is responsible for the preparation and compliance with the SWPPP.

GENERAL

The goal of these requirements is to prevent the pollution of storm water runoff from construction projects by keeping pollution out of storm drains, reducing the exposure and discharge of materials and wastes to storm water, and by reducing erosion and sedimentation. Storm drains discharge runoff directly to creeks

and the river without treatment. You must abide by all federal, state, and local regulations regarding water quality as it is affected by construction activities.

The project is within an area controlled by the San Francisco Regional Water Quality Control Board. The project will operate under Construction General Permit Order 2009-0009-DWQ. You must be fully informed of rules, regulations, orders, and conditions that may govern your operations in the areas and must comply with those rules, regulations, orders, and conditions in the performance of the work.

A copy of the Construction General Permit may be obtained at the following website of the State Water Resources Control Board:

http://www.waterboards.ca.gov/water_issues/programs/stormwater/constpermits.shtml

Attention is directed to Sections 5-1.39, "Damage Repair and Restoration," of the Standard Specifications and the sections titled, "Removal of Asbestos and Hazardous Substances" and "Property and Facility Preservation," of these Special Provisions.

If the additive option item is exercise, you must prepare and submit a Storm Water Pollution Prevention Plan (SWPPP) and a Project Registration Document (PRD) Site Map for the Engineer's approval in accordance with the Construction General Permit within five (5) working days of the issuance of the Notice to Proceed. When preparing the SWPPP and PRD Site Map, you must assume a Risk Level of 2 and must assume that the project is not a Linear Underground/Overhead Project, both as defined by the Construction General Permit.

You must be responsible for implementing and maintaining the SWPPP and submitting to the Engineer any revisions thereto in accordance with the Construction General Permit Order referenced above. You are responsible for complying with all requirements associated with Risk Level 2 as outlined in the General Construction Permit, including monitoring of effluent and reporting requirements.

- A. The following additional requirements must be met on all projects within the City of Napa Non-hazardous Material / Waste Management
 1. Designated Area - The CONTRACTOR shall propose designated areas of the project site and any staging areas, for approval by the ENGINEER, suitable for material delivery, storage, and waste collection that, to the maximum extent practicable, are near construction entrances and away from catch basins, gutters, drainage courses and creeks.
 2. Granular Material –
 - a. The CONTRACTOR shall store granular material at least ten feet away from catch basin and curb returns.
 - b. The CONTRACTOR shall not allow granular material to enter the storm drains or creeks.
 - c. When rain is forecast within 24 hours or during wet weather, the ENGINEER may require the CONTRACTOR to cover granular material with a tarpaulin and to surround the material with sand bags.
 3. Dust Control
 - a. The CONTRACTOR shall use reclaimed water to control dust on a daily basis or as directed by the ENGINEER.
 4. Street Sweeping
 - a. At the end of each working day or as directed by the ENGINEER, the CONTRACTOR shall clean and sweep roadways and on-site paved areas of all materials attributed to or involved in the work. The CONTRACTOR shall not use water to flush down streets in place of street sweeping.
 5. Recycling
 - a. The CONTRACTOR shall recycle aggregate base material, asphalt concrete, and Portland cement concrete.

- b. In addition, to the maximum extent practicable, the CONTRACTOR shall reuse or recycle any useful construction materials generated during the project providing the material complies with State and Federal regulations.
- 6. Disposal
 - a. At the end of each working day, the CONTRACTOR shall collect all scrap, debris, and waste material, and dispose of such materials properly.
 - b. The CONTRACTOR shall inspect dumpsters for leaks and contact trash hauling contractors to replace or repair dumpsters that leak.
 - c. The CONTRACTOR shall not discharge water on-site from cleaning dumpsters.
 - d. The CONTRACTOR shall arrange for regular waste collection before dumpsters overflow.
- B. Hazardous Material / Waste Management
 - 1. Storage
 - a. The CONTRACTOR shall label and store all hazardous materials, such as pesticides, paints, thinners, solvents, and fuels; and all hazardous wastes, such as waste oil and antifreeze; in accordance with the City of Napa Hazardous Materials Storage Ordinance and all applicable State and Federal regulations.
 - b. The CONTRACTOR shall store all hazardous materials and all hazardous wastes in accordance with secondary containment regulations, and it is recommended that these materials and wastes be covered, as needed to avoid potential management of collected rain water as a hazardous waste.
 - c. The CONTRACTOR shall keep an accurate, up-to-date inventory, including Material Safety Data Sheets (MSDSs), of hazardous materials and hazardous wastes stored on-site, to assist emergency response personnel in the event of a hazardous materials incident.
 - 2. Usage
 - a. When rain is forecast within 24 hours or during wet weather, the ENGINEER may prevent the CONTRACTOR from applying chemicals in outside areas.
 - b. The CONTRACTOR shall not over-apply pesticides or fertilizers and shall follow material manufacturer's instructions regarding uses, protective equipment, ventilation, flammability, and mixing of chemicals. Over-application of a pesticide constitutes a "label violation" subject to an enforcement action by the Napa County Agriculture Department.
 - 3. Disposal
 - a. The CONTRACTOR shall arrange for regular hazardous waste collection to comply with time limits on storage of hazardous wastes.
 - b. The CONTRACTOR shall dispose of hazardous waste only at authorized and permitted Treatment, Storage, and Disposal Facilities, and use only licensed hazardous waste haulers to remove the waste off-site, unless quantities to be transported are below applicable threshold limits for transportation specified in State and Federal regulations.
- C. Spill Prevention and Control
 - 1. The CONTRACTOR shall keep a stockpile of spill cleanup materials, such as rags or absorbents, readily accessible on-site.
 - 2. The CONTRACTOR shall immediately contain and prevent leaks and spills from entering storm drains, and properly clean up and dispose of the waste and cleanup materials. If the waste is hazardous, the CONTRACTOR shall handle the waste as described in section A.2.c above.
 - 3. The CONTRACTOR shall not wash any spilled material into streets, gutters, storm drains, or creeks and shall not bury spilled hazardous materials.

4. The CONTRACTOR shall report any hazardous materials spill to City of Napa Dispatch at (707) 257-9223.

D. Vehicle / Equipment Cleaning

1. The CONTRACTOR shall not perform vehicle or equipment cleaning on-site, in any staging area or in the street using soaps, solvents, degreasers, steam cleaning equipment, or equivalent methods.
2. The CONTRACTOR shall perform vehicle or equipment cleaning, with water only, in a designated, bermed area that will not allow rinse water to run off-site or into streets, gutters, storm drains, or creeks.

E. Vehicle / Equipment Maintenance and Fueling

1. The CONTRACTOR shall perform maintenance and fueling of vehicles or equipment in a designated, bermed area or over a drip pan that will not allow run-on of storm water or runoff of spills.
2. The CONTRACTOR shall use secondary containment, such as a drip pan, to catch leaks or spills any time that vehicle or equipment fluids are dispensed, changed, or poured.
3. The CONTRACTOR shall keep a stockpile of spill cleanup materials, such as rags or absorbents, readily accessible on-site.
4. The CONTRACTOR shall clean up leaks and spills of vehicle or equipment fluids immediately and dispose of the waste and cleanup materials as hazardous waste, as described in section A.2.c above.
5. The CONTRACTOR shall not wash any spilled material into streets, gutters, storm drains, or creeks and shall not bury spilled hazardous materials.
6. The CONTRACTOR shall report any hazardous materials spill to City of Napa Dispatch at (707) 257-9223.
7. The CONTRACTOR shall inspect vehicles and equipment arriving on-site for leaking fluids and shall promptly repair leaking vehicles and equipment. Drip pans shall be used to catch leaks until repairs are made.
8. The CONTRACTOR shall recycle waste oil and antifreeze, to the maximum extent practicable.
9. The CONTRACTOR shall comply with Federal, State, and City requirements for aboveground storage tanks.

F. Contractor Training and Awareness

1. The CONTRACTOR shall train all employees/ subcontractors on the storm water pollution prevention requirements contained in these Specifications.
2. The CONTRACTOR shall inform subcontractors of the storm water pollution prevention contract requirements and include appropriate subcontract provisions to ensure that these requirements are met.
3. The CONTRACTOR shall post warning signs in areas treated with chemicals.

ACTIVITY-SPECIFIC REQUIREMENTS

The following requirements shall be met on all projects within the City of Napa that include the listed activities.

A. Dewatering Operations

1. Sediment Control

- a. The CONTRACTOR shall route water through a control measure, such as a sediment trap, sediment basin, or Baker tank to remove settleable solids prior to discharge to the storm drain system.
 - b. Approval of the control measure shall be obtained in advance from the ENGINEER.
 - c. Filtration of the water following the control measure may be required on a case-by-case basis
 - d. If the ENGINEER determines that the dewatering operation would not generate an appreciable amount of settleable solids, the control measure requirement in 1) above may be waived.
 - e. The CONTRACTOR shall reuse water for other needs, such as dust control or irrigation, to the maximum extent practicable.
2. Contaminated Groundwater
 - a. If the project is with in an area of known groundwater contamination, then water from dewatering operations shall be tested prior to discharge. If the water quality meets Regional Water Quality Control Board (RWQCB) standards, then it may be discharged to the storm drain. If the water quality meets City of Napa Municipal Code section 8.36, then it may be discharged to the sanitary sewer with prior approval from the Napa Sanitation District. Otherwise, the water shall be treated or hauled off-site for proper disposal.
 - b. If the project is not within an area of known groundwater contamination, then monitoring shall only be required if directed by the ENGINEER. The CONTRACTOR shall follow section A.2.a above, if contamination is found.
 - c. If the project is found to be within an area of groundwater contamination not identified by the City in the project specifications, a change order shall be negotiated to cover additional work performed by the CONTRACTOR pursuant to 4-1.03D "Extra Work" of the Standard Specifications.
- B. Paving Operations
1. Project Site Management
 - a. When rain is forecast within 24 hours or during wet weather, the ENGINEER may prevent the CONTRACTOR from paving.
 - b. The ENGINEER may direct the CONTRACTOR to protect drainage courses by using control measures, such as earth dike, straw waddles, and sand bag, to divert runoff or trap and filter sediment.
 - c. The CONTRACTOR shall place drip pans or absorbent material under paving equipment when not in use.
 - d. The CONTRACTOR shall cover catch basins and manholes when paving or applying seal coat, tack coat, slurry seal, or fog seal.
 2. Paving Waste Management
 - a. The CONTRACTOR shall not sweep or wash down excess sand placed as part of a sand seal or to absorb excess oil) into gutters, storm drains, or creeks. Instead, the CONTRACTOR shall either, collect the sand and return it to the stockpile, or dispose of it in a trash container. The CONTRACTOR shall not use water to wash down fresh asphalt concrete pavement.
- C. Saw Cutting
1. During saw cutting, the CONTRACTOR shall cover or barricade catch basins using control measures, such as filter fabric, straw bales, sand bags, and fine gravel dams, to keep slurry out of the storm drain system. When protecting a catch basin, the CONTRACTOR shall ensure that the entire opening is covered.

2. The CONTRACTOR shall shovel, absorb, or vacuum saw cut slurry and pick up the waste prior to moving to the next location or at the end of each working day, whichever is sooner.
3. If saw cut slurry enters catch basins, the CONTRACTOR shall remove the slurry from the storm drain system immediately.

D. Contaminated Soil Management

1. On all projects involving grading or excavation, the CONTRACTOR shall look for contaminated soil as evidenced by site history, discoloration, odor, differences in soil properties, abandoned underground tanks or pipes, or buried debris. If the project is not within an area of known soil contamination and no evidence of soil contamination is found, then testing of the soil shall only be required if directed by the ENGINEER. The CONTRACTOR shall follow section D.2 and D.3 below, if contamination is found.
2. If the project is within an area of known soil contamination or evidence of soil contamination is found, then soil from grading or excavation operations shall be tested. The soil shall be managed as required by the Napa County Environmental Health Department or other agency.
3. If the project is found to be within an area of soil contamination not identified by the City in the project specifications, a change order shall be negotiated to cover additional work performed by the CONTRACTOR pursuant to 4-1.03D "Extra Work" of the Standard Specifications.

E. Concrete, Grout, and Mortar Waste Management

1. Material Management - The CONTRACTOR shall store concrete, grout, and mortar away from drainage areas and ensure that these materials do not enter the storm drain system.
2. Concrete Truck/Equipment Wash Out
 - a. The CONTRACTOR shall not wash out concrete trucks or equipment into streets, gutters, storm drains, or creeks.
 - b. The CONTRACTOR shall perform washout of concrete trucks or equipment off-site or in a designated area on-site where the water will flow onto dirt or into a temporary pit in a dirt area. The CONTRACTOR shall let the water percolate into the soil and dispose of the hardened concrete in a trash container. If a suitable dirt area is not available, then the CONTRACTOR shall collect the wash water and remove it off-site.

F. Earthwork - The CONTRACTOR shall maximize the control of erosion and sediment by using the BMPs for erosion and sedimentation in the latest edition of the *California Storm Water Best Management Practice Handbook – Construction Activity*.

G. Striping, Pavement Markings, and Pavement Markers Removal and Installation

1. The CONTRACTOR shall conform to the provisions of the sub-section titled "A. Non hazardous Material/Waste Management," of this "Water Pollution Control" section.

10-1.03 PRE-CONSTRUCTION MEETING

A Pre-Construction Meeting will be held after the contract is signed and prior to issuance of the Notice to Proceed. The Engineer will designate the time and place. The Prime Contractor (and major sub-contractors as required) must attend the meeting. The Contractor's representative at this conference shall include all major superintendents for the work, including the superintendent for the horizontal directional drilling operations, and may include major subcontractors.

At, or prior to, this meeting the Prime Contractor must submit:

1. A copy of their City of Napa business license
2. A letter or memorandum designating the authorized representative who shall have authority to represent and act for the Contractor during the entire contract period

3. A letter or memorandum designating two 24-hour emergency contact persons and their telephone numbers.
4. A project schedule per the section titled "Progress Schedule" of these Special Provisions.
5. A traffic control plan (if traffic on City streets will be disrupted) per the section titled "Maintaining Traffic" of these Special Provisions.

10-1.04 OBSTRUCTIONS

Attention is directed to Section 5-13.6D, "Non-Highway Facilities," and Section 15, "Existing Highway Facilities," of the Standard Specifications and these Special Provisions.

Attention is directed to the existence of certain underground facilities that may require special precautions be taken by the Contractor to protect the health, safety and welfare of workers and of the public.

Facilities requiring special precautions include, but are not limited to: conductors of petroleum products, oxygen, chlorine, and toxic or flammable gases; natural gas in pipelines greater than 6 inches in diameter or pipelines operating at pressures greater than sixty (60) pounds per square inch (gage); underground electric supply system conductors or cables, with potential to ground of more than 300 V, either directly buried or in a duct or conduit which do not have concentric grounded or other effectively grounded metal shields or sheaths.

The Contractor shall notify the Engineer and the appropriate regional notification center for operators of subsurface installations at least two (2) working days, but not more than fourteen (14) calendar days, prior to performing any excavation or other work close to any underground pipeline, conduit, duct, wire or other structure. Regional notification centers include, but are not limited to, the following:

Notification Center	Telephone Number
Underground Service Alert-Northern California (USA)	(800) 642-2444 (800) 227-2600

10-1.05 TEMPORARY TRAFFIC CONTROL

Flagging, signs, and all other traffic control devices furnished, installed, maintained, and removed when no longer required shall conform to the provisions in Section 12, "Temporary Traffic Control," of the Standard Specifications and these Special Provisions.

Category 1 traffic control devices are defined as those devices that are small and lightweight (less than 45 kg), and have been in common use for many years. The devices shall be known to be crashworthy by crash testing, crash testing of similar devices, or years of demonstrable safe performance. Category 1 traffic control devices include traffic cones, plastic drums, portable delineators, and channelizers.

If requested by the Engineer, the Contractor shall provide written self-certification for crashworthiness of Category 1 traffic control devices. Self-certification shall be provided by the manufacturer or Contractor and shall include the following: date, Federal Aid number (if applicable), expenditure authorization, district, county, route and kilometer post of project limits; company name of certifying vendor, street address, city, state and zip code; printed name, signature and title of certifying person; and an indication of which Category 1 traffic control devices will be used on the project. The Contractor may obtain a standard form for self-certification from the Engineer.

Category 2 traffic control devices are defined as those items that are small and lightweight (less than 45 kg), that are not expected to produce significant vehicular velocity change, but may otherwise be potentially hazardous. Category 2 traffic control devices include: barricades and portable sign supports.

Category 2 devices purchased on or after October 1, 2000 shall be on the Federal Highway Administration (FHWA) Acceptable Crashworthy Category 2 Hardware for Work Zones list. This list is maintained by FHWA and can be located at the following internet address:

<http://safety.fhwa.dot.gov/fourthlevel/hardware/listing.cfm?code=workzone>

The Department maintains a secondary list at the following internet address:

<http://www.dot.ca.gov/hq/traffops/signtech/signdel/pdf.htm>

If requested by the Engineer, the Contractor shall provide a written list of Category 2 devices to be used on the project at least 5 days prior to beginning any work using the devices. For each type of device, the list shall indicate the FHWA acceptance letter number and the name of the manufacturer.

10-1.06 CONSTRUCTION AREA SIGNS

Construction area signs shall be furnished, installed, maintained, and removed when no longer required in conformance with the provisions in Section 12, "Temporary Traffic Control," of these Special Provisions.

Attention is directed to the section titled, "Prequalified and Tested Signing and Delineation Materials," of these Special Provisions. Type II retroreflective sheeting must not be used on construction area sign panels.

You must notify the appropriate regional notification center for operators of subsurface installations at least two (2) working days, but not more than fourteen (14) calendar days, prior to commencing excavation for construction area sign posts. The regional notification centers include, but are not limited to, the following:

Notification Center	Telephone Number
Underground Service Alert-Northern California (USA)	1-800-642-2444 1-800-227-2600

Excavations required to install construction area signs must be performed by hand methods without the use of power equipment, except that power equipment may be used if it is determined there are no utility facilities in the area of the proposed post holes.

Sign substrates for stationary mounted construction area signs may be fabricated from fiberglass reinforced plastic as specified under "Prequalified and Tested Signing and Delineation Materials" of these Special Provisions.

You may be required to cover certain signs during the progress of the work. Signs that are no longer required or that convey inaccurate information to the public must be immediately covered, removed, or the information must be corrected. Covers for construction area signs must be of sufficient size and density to completely block out the complete face of the signs. The retroreflective face of the covered signs must not be visible either during the day or at night. Covers must be fastened securely so that the signs remain covered during inclement weather. Covers must be replaced when they no longer cover the signs properly.

You must notify residents and property owners in writing forty-eight (48) hours (excluding weekends and holidays) prior to performing any work at the site.

The notification form to be provided to residents and property owners must be submitted to the City for review and approval. Attention is directed to the section titled "Submittals," of these Special Provisions. Street parking may be restricted as necessary to facilitate construction activity. "No Parking" signs, as required, must be placed by you forty-eight (48) hours in advance of the parking restriction. "No Parking" signs must have the following information:

"Tow Away, No Parking"

Date of Restriction

Time of Restriction

Construction Zone

"Vehicles in Violation Subject to Tow at Owner's Expense"

"Napa Police Department: 707-257-9223"

CVC 22658 (1); CVC 22651 (L)

"No Parking" signs shall have red letters on a white background. "No Parking" signs shall be spaced no more than thirty (30) feet apart. The Contractor will not be allowed to restrict parking in all areas of the project for the entire duration of the project to facilitate their work. The placement of "No Parking" signs shall be conducted in a manner that reasonably reflects the location of the work at any given time during the project.

The contractor shall maintain or update information contained on the signs on a daily basis.

The cost of furnishing, installing, maintaining and removing signs, sign covers, lights, flares, temporary railing, barricades, flagmen, guards and all construction area traffic control devices shall be borne by the Contractor.

10-1.07 MAINTAINING TRAFFIC

Attention is directed to Sections 7-1.03, "Public Convenience" and 12-4, "Maintaining Traffic" of the Standard Specifications and the Section titled "Public Safety" of these Special Provisions. Nothing in these Special Provisions shall be construed as relieving the Contractor from the responsibilities specified in the Standard Specifications.

The Contractor must furnish and erect Standard W20-1 "Road Work Ahead" and Standard G20-2 "End Road Work" signs to provide advance warning to the traffic at the job site. W20-1 and G20-2 signs must also be installed along all side streets entering the work area. You must submit a traffic control plan that includes the exact locations of the signs.

Prior to saw cutting of existing curb, gutter, sidewalk, driveway, and asphalt concrete for removal and up to the time the new improvements are opened to the public, You must erect and maintain necessary signs and barricades as required in these Special Provisions.

Lane closures on City streets and private access drives shall conform to the provisions in section "Traffic Control System for Lane Closure" of these Special Provisions. The term closure, as used herein, is defined as the closure of a traffic lane or lanes, including ramp or connector lanes, within a single traffic control system. Bicycle traffic shall be maintained per these Special Provisions.

No work that would require a lane closure will be performed.

The Contractor shall provide for the safe and orderly movement of traffic at all times during construction. On all streets, one lane in each direction shall be maintained at all times. Temporary street closures or providing only one lane for both directions may be approved by the Engineer provided adequate circulation is maintained and/or adequate flagmen and signage satisfactory to the Engineer is provided.

No street closures will be allowed unless directed by the Engineer. If the Contractor desires a street closure, the Contractor shall submit a written request, accompanied with a traffic control plan, to the Engineer for review and approval. The request shall state the reason, locations, and times for the closure, and shall be submitted a minimum of five (5) working days prior to the request.

The Engineer shall approve or deny the request within three (3) working days after the receipt of the request. If approved, the Contractor shall notify the Police and Fire Department of the City, the Division of Forestry, local ambulance services, the V.I.N.E. Bus Service, Napa Garbage Service, Napa Valley

Unified School District Transportation Department and the U.S. Post Office in writing, forty-eight (48) hours in advance of all lane/street closures and keep the Fire Department posted at all times regarding available access to the streets. The Contractor shall also notify United Parcel Service (UPS), Federal Express and other mail delivery services of planned lane/street closures and the current schedule.

Signage stating that construction is ahead and stating no access shall be installed at the entry to the informal pathways. No street closures will be allowed overnight.

Access for emergency vehicles shall be provided for at all times. Any repairs due to damage caused by emergency vehicle usage during the periods of street closure must be paid for as extra work.

The Contractor shall furnish, install, maintain, and remove barricades, lights and signs as required, and shall provide flagmen and other facilities to safeguard adequately the general public and the work as may be deemed necessary by the Engineer. Changeable message signs for use on the project will be supplied by the City.

Traffic signs, flashing lights, lighted arrow boards, barricades, temporary railings, and other traffic safety devices used to control traffic shall conform to the requirements of Section 12, "Construction Area Traffic Control Devices," of the Standard Specifications and the current edition of the Manual of Uniform Traffic Control Devices (including the California Supplement). Flashing lights shall be provided on each barricade. Contractor shall inspect all safety devices at the beginning of each work day.

The Contractor shall take extra care to minimize disruption to the adjacent residences/businesses during the progress of work. The Contractor shall provide access to all residences and/or businesses at all times during the progress of the work. The Contractor shall phase the work to ensure that access to each residence and business is provided at all times. Commercial driveways shall be provided with at least ten (10) feet wide of unobstructed opening at all times.

Subject to the notification of property owners and approved in advance by the Engineer in writing, temporary closure of driveways may be allowed per these Special Provisions. However, unless a driveway is being reconstructed, a driveway must not remain closed outside of the hours of work as specified in the section titled, "Working Days and Hours of Work," of these Special Provisions unless otherwise authorized by the Engineer. If a property has more than one (1) driveway, no more than one (1) driveway closure will be allowed at any time unless otherwise approved by the Engineer. In the case of driveway reconstruction, a driveway must not remain closed or inaccessible for more than five (5) continuous working days (beginning on a Monday), to allow for demolition, preparation, PCC installation and, unless otherwise authorized by the Engineer. Prior to closure of driveways, you must coordinate and notify the property owner or resident at least twice of such closure. Closure notices must be given to the property owner and/or resident twenty-four (24) hours and one (1) hour prior to each closure. A copy of the closure notice must be furnished to the Engineer for review and approval prior to each closure.

The Contractor shall file, with the City Engineer and Police Department, the name and telephone number of his representative (provide minimum two contacts) to be notified after normal working hours and on weekends, in case of emergency. This information shall be provided at the Preconstruction Meeting.

The Contractor shall submit, prior to or at the Preconstruction Meeting, a traffic control plan which conforms to all requirements of these Special Provisions and the Standard Specifications. This plan shall include all lane closures, construction area signs, flag protection, changeable message signs, detours, and parking prohibitions. Traffic control plans shall conform to the most current edition of the "California Manual on Uniform Traffic Control Devices for Streets and Highways". No work shall commence prior to the submittal and approval of a satisfactory traffic control plan. A traffic control plan shall not be deemed satisfactory unless it conforms to the requirements of the aforementioned manual. More than one traffic control plan may be required for different phases of the work, and each traffic control plan shall conform to the requirements of these Special Provisions and the Standard Specifications.

10-1.08 CONSTRUCTION WATER

Construction Water and applying watering shall conform to the provisions in Section 17, "Watering," of the Standard Specifications and these Special Provisions.

Water required for the project shall be taken through a hydrant meter supplied by the City. The backflow device provided with the hydrant meter must remain attached immediately behind the water meter with no exception. No direct connections to fire hydrants, use of unmetered water services, or unauthorized connections to the existing water system will be allowed.

The Contractor is responsible for paying the deposit and fee and all quantity charges associated with the use of the hydrant meter and backflow device. Fees are to be paid at the City of Napa's Finance Department in City Hall at 955 School Street in Napa with the copy of the Construction Water Request Form.

The Contractor who applies for the hydrant meter and backflow device is fully responsible for protecting the meter, backflow device, and hydrant serving the hydrant meter from damages. The Contractor's deposit will not be returned if the equipment is lost, damaged, or stolen, and the Contractor will be required to obtain a new working hydrant meter from the City with payment of a new deposit.

The Contractor may not relocate a hydrant meter and backflow device. The Contractor shall contact the City's Corporation Yard at 707-257-9544 for hydrant meter relocation requests. The Contractor will be billed for each meter relocation. The Contractor shall additionally contact the City's Corporation Yard when they are finished with the hydrant meter and want to close the account. Upon return of the hydrant meter and backflow device in good working order and undamaged, \$1,750 shall be refunded to the Contractor. Any repairs or damages to the hydrant meter and/or backflow device will be deducted from the refund.

The current fees for construction water as of October 1, 2012, are as follows:

Connection Charges

Hydrant Meter Deposit	\$1,750.00
Hydrant Meter Set Fee (non-refundable)	\$140.00
Moving Meter within Project	\$35.00

Construction Water Rates

Each 1,000 gallons	\$7.05
Per day service charge (2 day minimum)	\$10.00
or 7 days	\$50.00

Meter will be set within two (2) working days of receipt of payment.

10-1.09 FINISHING WORK

Finishing Work shall conform to the requirements of Section 22, "Finish Roadway - Description," of the Standard Specifications and these Special Provisions.

Topsoil for filling and grading between the curb and sidewalk and filling, grading, and shaping behind the curb and sidewalk, and within the project area shall be in conformance with Section 20-2.01 "Topsoil" of the Standard Specifications, Section 4.02.06 "Landscaping Materials" of the City Standard Specifications, and these Special Provisions.

Cleanup of the roadway of all construction debris at the end of each workday shall be included as part of this section.

10-2 EARTHWORK AND STREETS**10-2.01 DUST CONTROL**

Attention is directed to Section 14-9.03 "Dust Control," and the section titled "Water Pollution Control," of the Standard Specifications and these Special Provisions.

The Contractor shall be familiar with and comply with all monitoring, reporting, notifications, and control requirements of agencies having jurisdiction over air quality.

The Contractor shall prevent the formation of an airborne dust nuisance by watering work areas as required by this section and pursuant to the Contractor's LSQWMP until the project is completed and accepted. The amount of water used shall not be excessive to cause soil carry-over or wash-off outside the boundaries of the working area. If soil wash-off occurs, the Contractor shall immediately notify the Engineer and identify the area where wash-off occurred. The Contractor shall provide polyethylene sheeting to place underneath and over any stockpiled soil. The stockpile shall be covered daily after completion of work. The sheeting shall be adequately weighted or secured to keep the sheeting in place during non-work periods.

10-2.02 CLEARING, GRUBBING, AND LANDSCAPE RESTORATION

Clearing and grubbing shall conform to the provisions in Section 16, "Clearing and Grubbing," and the section titled "Tree Removal" of the Standard Specifications and these Special Provisions.

Vegetation shall be cleared and grubbed only within the excavation and embankment slope lines.

At locations where there is no grading adjacent to a bridge or other structure, clearing and grubbing of vegetation shall be limited to 5 feet outside the physical limits of the bridge or structure.

Activities controlled by the Contractor, except cleanup or other required work, shall be confined within the graded areas of the roadway.

Clearing and grubbing shall include the removal and disposal of all vegetation, objectionable material including debris and loose rocks, and other items within the construction areas in order to perform the work. Within the limits of clearing, the areas below the natural ground surface shall be grubbed to a depth necessary to remove all stumps, roots, buried logs and all other objectionable material. In areas where P.C.C. will be placed, objectionable material shall be removed to firm undisturbed mineral soil only.

Landscape restoration includes the removal, relocation, height adjustment, and disposal of landscaping and irrigation equipment within the construction areas, as shown on the plans and as directed by the Engineer. You must salvage (reuse or return items to the property owner) existing landscaping materials, including turf, to the greatest extent possible.

All existing vegetation, highway facilities, and private property that have not been identified for removal shall be protected from injury or damage. In the event that existing vegetation and/or facilities to remain are damaged by the Contractor's operations, the Contractor shall replace the damaged items in kind and to the satisfaction of the property owner and the Engineer. Such items may include, but are not limited to, the reconnection of landscape electrical and/or irrigation to function as did prior to Contractor's operations.

Tree branches extending from private property over the public right of way shall only be removed per the Engineer's direction. Trees to be removed less than 6 inches DBH, as marked by the Engineer, shall be included in this section. Tree diameters are measured at approximately 4.5 feet above existing grade, further described as DBH (Diameter at Breast Height).

Construction and/or demolition debris, including but not limited to: vegetative matter, trees, roots, chips, etc., shall be hauled off site and disposed of by the Contractor.

Nothing herein shall be construed as relieving the Contractor of their responsibility for final cleanup of the highway as provided in Section 4-1.02, "Final Cleaning Up" of the Standard Specifications.

Vegetable growth from clearing and grubbing operations may be disposed of in embankments in conformance with the provisions in "Earthwork" of these Special Provisions.

10-2.03 EARTHWORK

Earthwork shall conform to the provisions in Section 19, "Earthwork," and the section titled "Finishing Work," of the Standard Specifications and these Special Provisions.

Upon the Engineer's approval of the subgrade, placement of the aggregate base material may proceed.

All surplus excavated material shall become the property of the Contractor and shall be disposed of in conformance with the provisions in the section titled "Disposal of Material," of these Special Provisions.

10-2.04 EXISTING FACILITIES

The work performed in connection with various existing highway facilities shall conform to the provisions in Section 15, "Existing Facilities," of the Standard Specifications and these Special Provisions.

10-2.05 POTHOLING

Attention is directed to the current edition of the USA North's California Excavation Manual, and the sections titled, "Property and Facility Preservation" and "Order of Work" of these Special Provisions.

Potholing shall be, at the option of the Contractor, either performed by hand digging or by vacuum excavation.

Hand digging shall be performed by excavating a pothole by manual means with hand held, non-mechanical equipment such as a shovel or hand auger.

Vacuum excavation shall consist of air or water pressure to break up the soil and a vacuum device to collect the spoils. The Contractor shall determine if air or water vacuum excavation shall be used dependent upon specific site and environment characteristics. Soil type such as a heavy clay may require water vacuum excavation. Air vacuum excavators shall be utilized if mud from water vacuum excavators cannot be disposed of properly. Air vacuum excavators shall be used if damage to utilities, such as cutting through cables, will occur with the use of water vacuum excavators. USA North and all facility owners shall be notified prior to start of work if vacuum excavation method is to be used.

1. Air: Air vacuum excavators shall utilize a high velocity air stream to penetrate, expand, and break up the soil. The loosened particles of soil and rock shall be removed from the excavation through the use of a vacuum.
2. Water: Water vacuum excavation systems shall excavate the pothole using high pressure water to reduce and loosen the soil. The wet soil and mud slurry shall be removed to a spoil tank using a vacuum.

The Contractor shall notify the appropriate regional notification center for operators of subsurface installations at least two (2) working days, but not more than fourteen (14) calendar days, prior to commencing excavation or other work close to any underground pipeline, conduit, duct, wire or other structure. The regional notification centers include, but are not limited to, the following:

Notification Center	Telephone Number
Underground Service Alert-Northern California (USA)	1-800-642-2444 1-800-227-2600

Potholes shall be sawcut round with a maximum size of twelve (12) inches in diameter unless otherwise directed by the Engineer

The design documents prepared by Contractor shall show the located paint marks. It is the Contractors responsibility to locate all existing facilities.

If the locate paint marks have improperly designated the location of a facility, and the facility is exposed during potholing, the facility owner and the Engineer shall be notified. The entity that exposed the facility shall document the horizontal and vertical location of the facility and communicate the information to the facility owner. If a utility cannot be located through potholing used in conjunction with locate marks, the facility owner and the Engineer shall be contacted.

Conditions requiring potholing:

1. Open-Cut Excavations: Potholing shall be completed to expose existing utilities, including mains and service lines, when open cut excavations are within tolerance zone of the marked utility. The tolerance zone, also known as the "approximate location", is a strip of land equal to the width of the underground utility plus twenty-four (24) inches on each side.
2. Trenchless Installation Methods: For trenchless operations with a bore path that parallels a utility (mains and service lines) within three (3) feet, potholing shall be completed at the beginning and the end of each bore and every fifty (50) feet along the route. For trenchless operations with a bore path that parallels a utility (mains and service lines) within five (5) feet, potholing shall be required at the beginning and end of the bore and every two hundred (200) feet along the route. Potholing shall be completed for all utilities, mains, and service lines) crossing the path of trenchless operations.
3. Congested Utilities: In congested areas having several facilities in close proximity and/or are crossing each other, locations have greater potential to be less accurate. Potholing shall be utilized for excavations near congested utility areas.

Facilities exposed during potholing shall be protected throughout the project. Utilities that are rendered unsupported due to potholing shall be temporarily supported by shoring or other means. The utility shall be protected from heavy and sharp items falling into the excavation that could damage or cut the facility.

Potholes shall be restored by the end of the work day after the utility has been located, or as otherwise directed by the Engineer. Potholes shall be backfilled with a slurry cement backfill conforming to Section 19-3.062, "Slurry Cement Backfill," of the Standard Specifications, unless otherwise directed by the Engineer. All potholes located in asphalt concrete shall have the edges tack oiled and permanently paved to match the existing asphalt concrete thickness (minimum 4"). Attention is directed to the section titled, "Paint Binder (Tack Coat)," and "Asphalt Concrete," of these Special Provisions. The repair of potholes in concrete driveways and sidewalks shall require the removal and replacement of the concrete to score lines unless otherwise approved by the City. Attention is directed to the section titled, "Miscellaneous Concrete Construction," of these Special Provisions.

10-2.06 HOT MIX ASPHALT (HMA)

GENERAL

Attention is directed to "Maintaining Traffic", "Construction Staking" and "Hot Mix Asphalt Concrete Plug" of these Special Provisions.

Work to be performed under this Section covers all labor, materials, tools, equipment, transportation, and incidentals necessary to construct HMA including "1" Type A 3/8" HMA Leveling Course", "2" Type A 1/2" HMA Overlay", "2" HMA Dike (Type E)", "4" HMA Dike (Type E)", "3" Type A 1/2" HMA Plug", "4" Type A 1/2" HMA Plug" and "6" Type A 1/2" HMA Plug".

All HMA materials and workmanship as described in this section shall conform to the State of California, Department of Transportation (Caltrans), Standard Specifications Section 39, 92 and 94 dated June

2010; these Special Provisions; and the plans and typical sections. The June 2010 Caltrans Standard Specifications are available on the Caltrans Website.

MATERIALS**Mix Types**

The materials production for both 3/8" and 1/2" HMA shall be per the Standard Construction Process of the Standard Specifications.

The HMA must be 1/2 inch Type A HMA for the overlay and asphalt concrete plugs. The HMA shall be 3/8 inch Type A HMA for the leveling course and dikes. In addition to the Aggregate Quality requirements indicated in the table in Section 39-1.02E Aggregate, the Durability Index for all HMA aggregates shall be a minimum of 35. The aggregate shall not be treated with lime, cement or other chemical material before the Durability Index test is performed.

Binder Type

For dikes, asphalt binder to be mixed with aggregate shall be grade PG 70-10. For all other asphalt items, asphalt binder to be mixed with aggregate shall be grade PG 64-16.

The Contractor shall submit mix designs for all asphalt concrete to be used on the project.

Tack Coat

Tack coat must be utilized and will be emulsified asphalt Grade RS-1, RS-1h, SS-1, or SS-1h and shall conform to Section 94, 'Asphaltic Emulsions', of the Standard Specifications.

Contractor-Supplied Job Mix Formula (JMF)

You must supply JMF information on Forms CEM 3511, 3512 and 3513. If the mix has not been verified, the Contractor shall pay for the cost of the Engineer to perform verification testing.

Delivery Tickets

Each delivery ticket shall include information on the material type, binder type, oil content, and the mix design number. Material delivered to the project without such annotations shall be subject to rejection. Only original delivery tickets (no photocopies) shall be delivered to the Engineer on a daily basis.

CONSTRUCTION**General**

The 3/8" HMA leveling course must be placed using the Method Construction Process.

The 1/2" HMA overlay course must be placed using the Standard Construction Process.

Surface Preparation

The work must consist of preparing the existing street surfaces prior to the commencement of paving. Such work shall include removing raised pavement markers, removing thermoplastic and painted traffic markings and legends, controlling nuisance water, sweeping, watering, and removing loose and broken asphalt concrete pavement and foreign material as specified in the Standard Specifications and these Special Provisions, and as directed by the Engineer. The removal of existing markers, striping and pavement markings shall conform to the sections titled "Removal of Pavement Markers" and "Removal of Traffic Stripes and Pavement Markings" of these special provisions.

Prime Coat

No prime coat is required.

Tack Coat

Tack coat must be applied to all existing asphalt concrete or Portland cement concrete surface to be paved over. The tack coat must conform to the requirements in Section 39 of the Standard Specifications. A heavy tack coat in the range of 0.04 to 0.07 gal/sy residual asphalt must be installed over the existing asphalt pavement horizontal surface prior to installing the leveling course. All vertical

edges to be paved against must be tack coated. These include, but are not limited to, gutter lips, gutter edges, and HMA edges.

Cold Joints

All cold joints, both longitudinal and transverse, must be heated with a torch immediately prior to paving. Cold joints include previously installed asphalt passes that are more than three hours old. All cold joints shall be tack coated.

Daily Paving Completion

You must schedule his paving operations such that each layer of HMA is placed across the entire roadway at the end of each work shift. At the end of each work shift, the distance between the ends of the layers of asphalt concrete on adjacent lanes must not be greater than 10 feet nor less than 5 feet. Additional asphalt concrete shall be placed along the transverse edge at the end of each lane and along the exposed longitudinal edges between adjacent lanes, hand raked, and compacted to form temporary conforms. Kraft paper, or other approved bond breaker, may be placed under the conform tapers to facilitate the removal of the taper when paving operations resume.

Layout

You must layout and mark the location of the edges of the paving passes of the surface course to match the layout of the lane lines. The layout must be made at least 24 hours prior to paving. The layout must be approved by the Engineer prior to paving. If the striping is to remain unchanged, the edges of the paving passes must conform to existing lane edges.

In all cases where practical, each vehicle lane shall be paved in a single pass. In tapered transition areas, the shoulder areas shall be paved first, then the through lane shall be hotlapped immediately after the shoulder paving.

For paving which incorporates new quarterpoints or gradebreaks due to keycuts or other conditions, the contractor shall provide equipment capable of adjusting to the new surface profile at the appropriate locations. The profile adjustments (grade break as screed) shall be within twelve inches of the actual quarterpoint or gradebreak.

You must take sufficient measurements during laydown to assure that the full design asphalt concrete layer depth is provided at each quarterpoint, gradebreak, and transition. Failure to provide the design depth at these areas will result in rejection of the work. Correction of this rejected work will include milling out the new asphalt concrete from the road edge to the centerline or nearest inside lane line and repaving. The minimum length of the milled and corrected area must be fifty feet.

Tolerances

The finished asphalt concrete surface must be 1/4 inch (0.02 feet or 6 mm) above, the gutter lips. The finished pavement surface must not be lower than the gutter lips.

The average pavement thickness shall be equal to the specified thickness for the project. For total pavement thicknesses of less than four inches, the minimum allowable thickness will be 1/4 inch less than that specified. For total pavement thicknesses of four inches or more, the minimum allowable thickness will be 1/2 inch less than that specified.

The contractor is responsible for verifying the anticipated tonnage for each street segment using the data from the JMFs for the mix to be used at least 10 days prior to paving. If the anticipated quantity varies more than +/-5% from that indicated in the bid schedule, the Contractor shall notify the Engineer in writing of the discrepancy and provide computations regarding tonnage. When determining quantities, the Contractor's attention is directed to those locations on the plans where the HMA overlay is thickened at the east edge and varies in depth as required to form drainage swales that direct stormwater runoff across driveways and toward the varies existing drop inlets.

Rolling and Compaction

Field density acceptance testing shall be accomplished using the nuclear gauge except as noted otherwise in these Special Provisions.

Temperature conditions for surface and atmospheric conditions as well as temperatures for rolling for unmodified binders indicated in Section 39-3.04 shall apply to the work.

Breakdown rolling shall commence when the asphalt concrete is placed. Rolling shall be accomplished with the drive wheel forward and with the advance and return passes in the same line.

In lieu of the core testing indicated in the specifications referenced above, the following shall apply:

The compaction shall be computed for each lot, with a maximum lot size of 500 tons. Each street segment of less than 500 tons shall be its own unique lot. Core density/nuclear gauge shall be done per CTM 375, 'Determining the In-Place Density and Relative Compaction of Asphalt Concrete Pavement'. The average asphalt concrete density of each lot shall be between 92.0% and 96.0% of Maximum Theoretical Density. Individual test sites shall be between 91.0% and 97.0% of Maximum Theoretical Density. Core/nuclear densities shall be taken at a rate of no fewer than one per 50 tons of mix. If compaction fails by nuclear methods, then core density/nuclear gauge correlation and/or core densities shall be used to establish compaction.

If requested by the Contractor to verify nuclear densities by coring, the contractor shall perform the coring at no cost to the Engineer. The Engineer will randomly locate core locations and test cores for density at no cost to the Contractor. Coring will be performed on a lot by lot basis as requested by the Contractor. The Contractor shall backfill the core holes with HMA temperatures above 250°F. The HMA shall be firmly tamped in place in lifts not to exceed 3 inches. Tamping shall consist of a minimum of 20 blows with a ten pound minimum weight bar with an approximate 2 inch diameter head or by a suitable head attached to a demolition hammer or pneumatic hammer. The finished surface shall be flush with the adjacent pavement surface.

Compaction failing to meet the above criteria shall be subject to the payment reductions indicated in Section 39-2.03, "Reduced Payment Factors for percent of Maximum Theoretical Density and the payment shall apply to each 500 ton lot: The deductions shall be based on the average of the lot and/or reductions for individual test locations

The table for deductions indicated in the referenced Caltrans Section 39-2.03A "Testing" shall apply to individual cores. The following table shall apply to deductions for average compaction of a lot:

Reduced Payment Factors for Percent of Maximum Theoretical Density

HMA Type A Percent of Maximum Theoretical Density	Reduced Payment Factor	HMA Type Percent of Maximum Theoretical Density	Reduced Payment Factor
92.0	0.0000	96.0	0.0000
91.9	0.0125	96.1	0.0125
91.8	0.0250	96.2	0.0250
91.7	0.0375	96.3	0.0375
91.6	0.0500	96.4	0.0500
91.5	0.0625	96.5	0.0625
91.4	0.0750	96.6	0.0750
91.3	0.0875	96.7	0.0875
91.2	0.1000	96.8	0.1000
91.1	0.1125	96.9	0.1125

91.0	0.1250	97.0	0.1250
90.9	0.1375	97.1	0.1375
90.8	0.1500	97.2	0.1500
90.7	0.1625	97.3	0.1625
90.6	0.1750	97.4	0.1750
90.5	0.1875	97.5	0.1875
90.4	0.2000	97.6	0.2000
90.3	0.2125	97.7	0.2125
90.2	0.2250	97.8	0.2250
90.1	0.2375	97.9	0.2375
90.0	0.2500	98.0	0.2500
< 90.0	Remove and Replace	> 98.0	Remove and Replace

The Contractor shall have hand-compaction equipment immediately available for compacting all areas inaccessible to rollers. Hand-compaction shall be performed concurrently with breakdown rolling. If for any reason hand-compaction falls behind breakdown rolling, further placement of asphalt concrete shall be suspended until hand-compaction is caught up. Hand-compaction includes vibraplates and hand tampers. Hand torches shall be available for rework of areas which have cooled.

After compaction, the surface texture of all hand work areas shall match the surface texture of the machine placed mat. Any course or segregated areas shall be corrected immediately upon discovery. Failure to immediately address these areas shall cause suspension of asphalt concrete placement until the areas are satisfactorily addressed, unless otherwise allowed by the Engineer.

Smoothness

The HMA placed on the leveling course shall conform to the requirements of Section 39-1.12 with the exception that the PI_o requirements shall not apply. However, the final profilograph data shall be submitted to the Engineer. Must grinds will be determined by the profilograph on the vehicle travel lanes of the roadway and be straightedge for shoulders and all pavement conforms on side streets. The straightedge requirement does not apply where there is a designated gradebreak due to cold planing.

10-2.07 PAINT BINDER (TACK COAT)

The Contractor shall furnish all labor, materials, tools, equipment and incidentals necessary for the application of paint binder (tack coat) in accordance with the plans, the Standard Specifications and these Special Provisions. Unless otherwise revised by these Special Provisions, work associated with paint binder (tack coat) shall conform to the provisions in Section 39-4.02, "Prime Coat and Paint Binder (Tack Coat)", of the Standard Specifications and these Special Provisions.

Certificates of compliance from manufacturer stating the materials comply with the requirements of this section shall be submitted for approval in accordance with the section titled "Submittals" elsewhere in these Special Provisions.

Prior to placement of the binder, the Contractor shall mechanically broom or vacuum the street surface to completely clean the surface of debris.

Paint binder (tack coat) shall be, at the option of the Contractor, either slow-setting asphaltic emulsion, rapid-setting asphaltic emulsion or paving asphalt. Paint binder (tack coat) shall be applied in one application at a rate shown in the table below and as determined by the Engineer. When asphaltic emulsion is used as paint binder (tack coat), asphalt concrete shall not be placed nor shall construction

traffic be allowed on the binder until the applied asphaltic emulsion has completely changed color from brown to black. Before placing asphalt concrete, paint binder (tack coat) shall be applied to all surfaces of existing pavement (AC and PCC) and to vertical surfaces of curbs, gutters, conforms, and construction joints. Paint binder (tack coat) shall be applied in one application and shall be place no more than 6 hours before the surfacing operations.

Unless directed otherwise by the Engineer, application rates shall be as follows:

TACK COAT APPLICATION RATES			
ASPHALT CONCRETE OVERLAY (EXCEPT OPEN GRADED) GALLONS / SQUARE YARD			
TYPE OF SURFACE TO BE TACK COATED	SLOW-SETTING ASPHALTIC EMULSION	RAPID-SETTING ASPHALT EMULSION	PAVING ASPHALT
DENSE, TIGHT SURFACE (E.G. BETWEEN LIFTS)	0.04 - 0.08 (A)	0.02 - 0.04 (B)	0.01 - 0.02
OPEN TEXTURED OR DRY, AGED SURFACE (E.G. MILLED SURFACE)	0.08 - 0.20 (A)	0.04 - 0.09 (B)	0.02 - 0.06
OPEN - GRADED ASPHALT CONCRETE OVERLAY			
TYPE OF SURFACE TO BE TACK COATED	SLOW-SETTING ASPHALTIC EMULSION	RAPID-SETTING ASPHALT EMULSION	PAVING ASPHALT
DENSE, TIGHT SURFACE (E.G. BETWEEN LIFTS)	0.06 - 0.11 (A)	0.02 - 0.06 (B)	0.01 - 0.03
OPEN TEXTURED OR DRY, AGED SURFACE (E.G. MILLED SURFACE)	0.11 - 0.24 (A)	0.06 - 0.12 (B)	0.03 - 0.07
(A) ASPHALT EMULSION DILUTED WITH ADDITIONAL WATER. THE WATER MUST BE ADDED AND MIXED WITH THE ASPHALT EMULSION (WHICH CONTAINS UP TO 43 PERCENT WATER) SO THAT THE RESULTING MIXTURE WILL CONTAIN ONE PART ASPHALT EMULSION AND NOT MORE THAN ONE PART WATER. THE WATER MUST BE ADDED BY THE EMULSION PRODUCER OR AT A FACILITY THAT HAS THE CAPABILITY TO MIX OR AGITATE THE COMBINED BLEND.			
(B) UNDILUTED ASPHALT EMULSION.			

Once the paving operation has commenced all asphalt concrete seams shall receive an application of paint binder if the newly applied asphalt concrete surface is allowed to cool below 150 F. The Contractor must take care to ensure that the vertical edges are adequately tack coated to secure satisfactory bonding along the edges.

The area to which paint binder has been applied shall be closed to public traffic. Care shall be taken to avoid tracking binder material onto existing pavement surfaces beyond the limits of construction. A sand cover may be required in certain areas of this project if the asphaltic emulsion fails to penetrate the surface before paving and the cost thereof shall be included in the contract prices for the various items of work, and no additional compensation will be allowed therefore.

All areas proposed for paving shall be checked by the City a minimum of 24 hours prior to the scheduled paving operation. It shall be the Contractor's responsibility to notify the City such that appropriate inspections are provided.

10-2.08 ASPHALT CONCRETE

Attention is directed to Section 39, "Asphalt Concrete," and Section 92, "Asphalts," of the Standard Specifications. Attention is directed to the sections titled "Paint Binder (Tack Coat)", "Maintaining Traffic" and "Construction Staking" of these Special Provisions.

The following information shall be submitted for approval in accordance with the section titled "Submittals" elsewhere in these Special Provisions.

- Asphalt Concrete Mix Design including gradation and properties of aggregates for each mix proposed to be used.
- Certificate of Compliance for liquid asphalt from manufacturers stating material used complies with the requirements of this section.

Asphalt binder to be mixed with aggregate shall be grade PG 64-16. The Contractor shall submit mix designs for all asphalt concrete to be used on the project. The amount of asphalt binder to be mixed with the aggregate shall be between four (4) percent and six (6) percent by weight of dry aggregate. The exact amount of asphalt binder to be mixed with the aggregate will be determined by the mix design.

The Contractor must grind/plane, place the asphalt concrete plugs (if necessary), and asphalt concrete base course within the same working day, unless otherwise directed by the Engineer. Attention is directed to the section titled, "Maintaining Traffic" of these Special Provisions.

Asphalt concrete shall Type A, ½" maximum, medium for street applications to a depth as shown on the plans.

For all streets, asphalt concrete shall be spread and compacted in conformance with Section 39-6, "Spreading and Compacting," of the Standard Specifications, these Special Provisions, as shown on the plans, and as directed by the Engineer. Asphalt concrete shall not be placed adjacent to new concrete construction until said new concrete has cured for at least seven (7) calendar days.

The existing street centerline grade shall be maintained for the resurfacing operations as shown on the plans. The Contractor shall be responsible to establish the existing street centerline grade by survey before the street is planed. The minimum cross slope shall be two (2) percent. Attention is directed to the section titled "Construction Staking" of these Special Provisions.

Longitudinal asphalt concrete seams in the wearing course shall correspond with the edge of travel lanes and street centerline. Longitudinal seams in underlying courses shall be offset not less than 1-foot from the wearing course. Before asphalt concrete paving operations, the alignment of longitudinal asphalt concrete seams shall be approved by the Engineer.

Asphalt concrete shall be compacted and finished in conformance with said Section 39, amended as follows:

Section 39-5.02, "Compacting Equipment," of the Standard Specifications is amended to read:

"With consideration for the typical weather experienced at the anticipated time of resurfacing, the Contractor shall furnish a sufficient number of rollers to obtain the specified compaction and surface finish required by these Special Provisions.

All rollers shall be equipped with pads and water systems which prevent sticking of asphalt mixtures to the pneumatic or steel-tired wheels. A parting agent, which will not damage the asphalt mixture, as determined by the Engineer, may be used to aid in preventing the sticking of the mixture to the wheels." Diesel fuel shall not be considered an acceptable parting agent.

The fifth paragraph of Section 39-6.03, "Compacting," of the Standard Specifications is amended to read:

"All asphalt concrete and asphalt concrete base shall be compacted as follows:

Initial compaction shall consist of three (3) coverages of a layer of asphalt mixture and shall be performed with a 2-axle tandem steel-tired roller weighing not less than twelve (12) tons. Where the thickness of the layer of asphalt mixture is less than 0.15-foot, less than three (3) coverages may be ordered by the Engineer if necessary to prevent damage to the layer being compacted.

The breakdown compaction shall be followed immediately by additional rolling consisting of three (3) coverages with a pneumatic-tired roller. Coverages with a pneumatic-tired roller shall start when the

temperature of the mixture is as high as practicable, preferably above 180 F, and shall be completed while the temperature of the mixture is at or above 150 F.

Each layer of asphalt concrete shall be compacted additionally without delay by a final rolling consisting of not less than one coverage with a steel-tired roller weighing not less than 8 tons. Except as otherwise provided for low rates of production, a separate finish roller will be required."

Additionally, Section 39-6.03, "Compacting," of the Standard Specifications is amended by deleting the seventh through tenth paragraphs and adding the following before the eleventh paragraph:

"Asphalt concrete shall be compacted to a relative compaction of not less than 95 percent and shall be finished to the lines, grades, and cross section shown on the plans. In-place density of asphalt concrete and asphalt concrete base will be determined prior to opening the pavement to public traffic.

Relative compaction will be determined by California Test 375. Laboratory specimens will be compacted in conformance with California Test 304. Lots will be established for asphalt concrete and asphalt concrete base areas to be tested, as specified in California Test 375."

Final verification of compaction shall be determined by the engineer by means of coring the new asphalt concrete section and confirming the compaction through lab testing.

All core locations shall be backfilled by the Contractor with quick set concrete and capped with two (2) inches of 3/8 inch asphalt concrete.

Should the methods and equipment furnished by the Contractor fail to produce a layer of asphalt concrete conforming to the requirements, including straightedge tolerance, of Section 39-6.03, "Compacting", of the Standard Specifications, the paving operations shall be discontinued and the Contractor shall modify his equipment or furnish substitute equipment.

The asphalt concrete shall be placed on the roadway only after:

1. The existing pavement surface has been dry, free of moisture, for a period of ten (10) consecutive calendar days.
2. The air temperature is 50 F and rising, or above 60 F when using windrows and pickup paving machines.
3. The Contractor has removed all thermoplastic markings and raised pavement markers from the area to be paved.
4. If required elsewhere in these Special Provisions, the Contractor has ground, crack sealed, patched and seal coated the roadway.
5. Subgrade has been proof-rolled in the presence of the Engineer.

Before the placement of the asphalt wearing course the Contractor shall provide the Engineer with survey documentation that details the grade of the asphalt concrete base course as specified in these Special Provisions.

After compaction, the asphalt at the PCC gutter shall be a 1/4" above the lip of gutter grade, see detail titled "Standard Curb and Gutter Removal and Replacement" on the plans.

Asphalt concrete shall be placed along the transverse edge at the end of each lane hand raked and compacted to form temporary conforms. Kraft paper, or other approved bond breaker, may be placed under the conform tapers to facilitate the removal of the taper when paving operations resume.

Half-width surfacing operations shall be conducted in such manner that, at the end of each day's work, the distance between the ends of adjacent surfaced lanes shall not be greater than can be completed in the following day of normal surfacing operations.

10-2.09 ASPHALT CONCRETE PLUG

Asphalt concrete plug areas to be repaired shall be excavated to a depth of six (6) inches below the planned asphalt concrete surface as shown on the plans and as directed by the Engineer. The asphalt concrete section shall be replaced to the bottom of the planned asphalt concrete surface with Type A, $\frac{3}{4}$ " maximum coarse grade asphalt concrete.

The Engineer, accompanied by the Contractor, shall mark the exact limits and record the dimensions of asphalt concrete plugging to be removed and replaced. Unless otherwise authorized by the Engineer, any additional area removed and replaced beyond the limits as marked shall not be measured nor paid for. The Contractor and Engineer shall agree on the limits and area prior to the start of the removal. Once the work is completed, the Contractor shall provide the City with the final quantity of removal.

The Contractor shall be aware that the limits of the removal are various in width and length and may or may not be consistent with the width of the grinder. The City will not be responsible for Contractor error in removing material beyond the limits of the areas as marked in the field. All extra road sections removed beyond the limits marked are at the expense of the Contractor.

The outline of the asphalt concrete to be removed shall be cut to a neat, straight, clean vertical edge with square corners using a power-driven saw and removing the surfacing for a minimum depth of two (2) inches. If a grinder is used to excavate the asphalt concrete plug areas, the vertical edges perpendicular to the flow of traffic shall be prepared to a smooth vertical edge, full depth, after completion of excavation.

Surfacing and base shall be removed without damage to surfacing that is to remain in place. Damage to or removal of surfacing which is to remain in place shall be repaired/replaced in accordance with the requirements of this Section. Surfacing and base material removed for the Contractor's convenience shall be at the Contractor's expense and will not be measured nor paid for.

Removed materials shall be disposed of outside the highway right of way in conformance with the provisions in Section 7-1.13, "Disposal of Material Outside the Highway Right of Way," of the Standard Specifications.

After removing the surfacing and base to the required uniform depth, the undisturbed material at the base of the excavation shall be compacted. Compaction shall consist of three passes on the subgrade material using the same compaction equipment that will be used for the placement of asphalt concrete plug material, or an alternative method approved by the Engineer. The subgrade material must be proof-rolled in the presence of and approved by the Engineer prior to the placement of any asphalt concrete. If the subgrade material, in the opinion of the Engineer, is unsuitable the Engineer may direct the Contractor to remediate the subgrade. Areas of base material which are low as a result of over excavation not ordered by the Engineer shall be filled, at the Contractor's expense, with asphalt concrete conforming to the section titled "Asphalt Concrete," of these Special Provisions.

After approval of the subgrade material by the Engineer, the Contractor shall prime horizontal and vertical surfaces with paint binder. Paint binder shall be applied to all horizontal and vertical edges of the repair area in accordance with the section titled, "Paint Binder (Tack Coat)," of these Special Provisions.

Lift thicknesses of asphalt concrete shall conform to the Section 39-6.01 of the Standard Specifications, unless otherwise specified by the Engineer.

All debris generated from this activity shall be hauled off-site at the end of each work day.

10-2.10 AGGREGATE BASE

Aggregate base shall be Class 2, three quarter inch ($\frac{3}{4}$ ") maximum grading and shall conform to the provisions in Section 26, "Aggregate Bases," and the section titled "Miscellaneous Concrete" and "PCC Curb Ramp" of the Standard Specifications and these Special Provisions. Recycled material, if used, shall also be Class 2, three quarter inch ($\frac{3}{4}$ ") maximum grading and shall include a minimum of 30% virgin aggregates.

The Contractor shall place aggregate base to the dimensions shown on the plans. All subgrade and aggregate base placed shall be compacted to a minimum relative compaction of ninety-five percent (95%).

The engineer will provide ongoing laboratory testing on aggregate base samples at the plant of origin and in the field. If the material is found to be out of compliance with the Standard Specifications and these Special Provisions, the engineer will immediately notify the contractor and may stop the work in accordance with Section 8-1.05, "Temporary Suspension of Work" of the Standard Specifications and these Special Provisions. The contractor shall provide the Engineer a five (5) working day notice in writing of any production of aggregate base material used on this project including the specific dates of aggregate base production.

If accepted subgrade becomes saturated and/or disturbed or more than five (5) working days pass between acceptance of the material and placement of the upper layer, the subgrade must again be proof-rolled and retesting will be required. The cost of the retesting shall be borne by the Contractor.

10-2.11 MISCELLANEOUS CONCRETE CONSTRUCTION

All sidewalk, curb and gutter, curb ramps, cross gutters, and driveways shall conform to the provisions in Section 73, "Concrete Curbs and Sidewalks," Section 90, "Concrete", and the section titled, "PCC Curb Ramp," of the Standard Specifications and these Special Provisions.

The second paragraph of Section 73-1.01 "Description" of the Standard Specifications is amended to read:

This work shall be constructed of minor concrete conforming to the provisions in Section 90-10, "Minor Concrete," except as follows:

1. The maximum size of aggregate used for extruded or slip-formed curb construction shall be at the option of the Contractor, but in no case shall the maximum size be larger than one inch nor smaller than 3/8 inch.
2. The cement content of the minor concrete shall be not less than 564 pounds per cubic yard.

Primary aggregate nominal size shall be of 1" x No.4 coarse aggregate gradation per Section 90-3.02, "Coarse Aggregate Grading," of the Standard Specifications.

Lampblack shall be added to the Portland Cement Concrete at the rate of one (1) pound lampblack per cubic yard of concrete. All concrete installation shall take place within three (3) calendar days of its removal.

If within the areas of improvements the Contractor locates AT&T, PG&E, and/or Comcast utility boxes, the Contractor will not be responsible for setting said utility boxes to grade. However, the Contractor shall be responsible for coordinating with AT&T, PG&E, and/or Comcast for the adjustment of the facilities prior to installing new concrete and asphalt concrete. The Contractor shall provide written notice of the Contractor's schedule and coordinate concrete removal activities with the affected utility companies at least fourteen (14) calendar days' in advance of any concrete demolition work adjacent to the utility facilities. Should the Contractor's schedule change, the Contractor shall re-notify the utility company in writing at least fourteen (14) calendar days' in advance of any subsequent concrete demolition work. The Contractor shall allow the affected utility company unimpeded access to their facilities for all adjustment work.

Utility identification symbols, typically "S" for sanitary sewer and/or "W" for water, may exist on some curbs that require replacement. The Contractor shall reference mark these symbols prior to removal of the curb and gutter, and stamp a new symbol at the location of the original symbol or the where the utility line has been identified. New symbol shall be stamped where the underlying utilities are identified, 1/8" minimum depth, into the curing P.C.C., of a plain font that is easily read with a letter height of approximately 3" placed on top and face of curb.

All curb and gutters shall be flow tested with water prior to finishing the concrete to eliminate low areas and to maintain positive drainage. Gutters shall be placed with a uniform cross slope unless otherwise

shown on the Project Details or as directed by the Engineer. Any curb and gutter that retains water and does not drain positively shall be removed and replaced at the Contractor's expense.

Contractor shall be responsible for guarding or otherwise protecting concrete work from vandalism or other damage. All such etchings, graffiti or other damage to newly placed concrete shall be removed and replaced by the Contractor at the Contractor's own expense.

Constructing new PCC Curb and 12" Gutter, PCC Sidewalk 4", PCC Driveway 6", PCC Cross Gutter, and PCC Curb Ramp in areas where existing PCC is to be removed or there is no existing PCC, shall include any necessary excavation and backfill, furnishing and installing aggregate base, reinforcement, expansion joint filler, and all other required materials, including water.

If the Contractor elects to use the curing compound method for curing concrete improvements as described in this Section the curing compound shall be curing compound shall be non-pigmented, clear in color, conforming to the provisions in Section 90-7.01B, "Curing Compound Method," of the Standard Specifications. The curing compound shall be applied in the presence of the Engineer and in a manner that will provide a complete coating of all exposed faces of the concrete surface.

All minor concrete improvements shall be finished to a uniform light broom finish or as otherwise directed by the Engineer. All score lines, deep joint lines and expansion joints shall be neat and clean and tooled to a ¼ inch radius. All edges of the exposed concrete surface shall be finished and tooled to a ¼ inch radius.

10-2.12 SIDEWALK PLANING

Existing concrete sidewalk shall be planed by means of sawcutting the concrete horizontally. Once cut, the sidewalk surface shall have a relatively smooth uniform appearance and texture. Grinding or pulverization of the concrete sidewalk will not be allowed. All concrete to be sawcut in accordance with the requirements of the Americans with Disabilities Act. Concrete shall be cut only in areas where the sidewalk has a deformation of 1½" or less. Areas to be cut shall be identified by the Engineer.

All sawcutting work shall be done with hand-held equipment capable of cutting at any angle, and capable of removing the concrete completely to all edges, even when a wall may be present. All sawcutting shall be taken to the zero point of differential settlement at the adjacent opposing side, and to both edges of the concrete sidewalk to eliminate the deformation over the full width of the sidewalk.

Concrete removed shall be disposed of outside the highway right of way in conformance with the provisions in Section 7-1.13, "Disposal of Material Outside the Highway Right of Way," of the Standard Specifications. Said material shall be hauled off-site by the end of each workday. Additionally, any concrete dust shall be cleaned from the sidewalk surface as well as surrounding sidewalks, driveways, landscaping, and/or other objects in the vicinity of work.

10-3 LANDSCAPE AND IRRIGATION

10-3.01 TREE REMOVAL

Attention is directed to the sections titled "Clearing, Grubbing, and Landscape Restoration," and "Concrete Removal" of these Special Provisions, Section 4 "Landscaping Standards" of the City Standard Plans, and the Standard Specifications.

Tree removal shall be defined as the removal of the entire tree, including:

1. Stump removal to a minimum of twenty-four (24) inches below the new curb and sidewalk grade. All stumps and roots that cannot be reached by mechanical means in excess of twenty-four (24) inches shall be treated with a systemic herbicide specifically identified for woody plant material or stump treatment. The Contractor shall apply systemic herbicide per the directions on the manufacture's label and per the Napa County Agricultural requirements.
2. Root removal, shall include those which interfere with the installation of the new curb, gutter, driveways, and sidewalks. In addition to all roots that may be wrapped around possible utility lines.
3. Removal of "surface" roots within the planter strip to a minimum depth of twelve (12) inches below the new curb and sidewalk grade. Said removal is only within the tree drip line, unless existing homeowner improvements conflict with the work. The Contractor shall mark the edge of the tree drip line as a reference for the required removal limits.

All the above listed work shall be done prior to the installation of any concrete work. The Contractor shall take all safety precautions while stump removal procedures are in operation. Guards shall be in place to protect vehicles, homes, pedestrians, and employees during the removal process. Existing landscaping improvements shall be protected by means of tarps or approved equivalent during the stump removal operations.

All tree removal shall conform to the requirements of American National Standards Institute's Standard for Tree Care Operations (ANSI Z133.1-2006 and ANSI A300-Part 1 -2001). Contractor shall determine the depth of any underground utility within the area of the tree removal prior to digging or stump grinding. Gas lines and other utilities may vary in depth. Attention is directed to the section titled "Obstructions" of these Special Provisions,

All tree removal shall be done by a qualified tree service contractor with a valid C-61 Limited Specialty (D-49 Tree Service) license approved by the State Contractors License Board. The Contractor shall provide proof of being licensed accordingly prior to performing any tree removal work. Work performed in the vicinity of power lines shall be performed by personnel qualified to perform work in proximity of electrical hazards in accordance with ANSI Z133.1.

The trees to be removed are classified by size, as specified in the Bid Schedule and in the plans. The classification sizes are measured by DBH (Diameter at Breast Height) the tree trunk diameters measured at approximately 4.5 feet above existing grade. By submitting a proposal, the Contractor represents that he has visited the site of the work and has confirmed the conditions to be encountered.

All trees scheduled for removal shall be marked only by the City of Napa Parks and Recreation Services Department or the Engineer.

In areas where trees are scheduled for removal, the Contractor shall remove all concrete prior to any tree and root removal operations. The Contractor shall contact the Engineer a minimum of twenty-four (24) hours prior to concrete removal at said sites for evaluation of the exposed tree roots. The Contractor shall not perform any additional earthwork operations at the site until there has been approval to proceed by the Engineer.

All tree, roots, and chip material created by the tree removal process shall be hauled off-site at the end of each work day. Holes created by the removal of the tree shall be backfilled to grade with soil backfill. Additionally, the Contractor shall place topsoil 1" – 2" below the new curb and sidewalk grade within the project limits unless otherwise directed by the Engineer. Attention is directed to the section titled "Finishing Work" of these Special Provisions.

10-3.02 TREE PLANTING

Tree Planting shall conform to the provisions in Section 20, "Landscape" of the Standard Specifications, Section 4 "Landscaping Standards" of the City Standard Plans, and these Special Provisions. Proposed new tree planting locations will be directed by the City of Napa Parks and Recreation Services Department or the Engineer prior to any replanting operations.

All tree plantings shall be done by a qualified landscape contractor with a valid C-27 license or a tree service contractor with a valid C-61 Limited Specialty (D-49 Tree Service) license. All licenses shall be approved by the State Contractors License Board. All new trees to be planted must conform to the American Standard for Nursery Stock (ANSI Z60.0-1990), City of Napa Nursery Standards. All trees shall be inspected by the City prior to planting. A forty-eight (48) hour minimum notice is required for all tree acceptance. Any trees that are brought into Napa County will require an additional inspection performed by the County Agricultural Commissioner's Office biologist. The Contractor shall contact the County Agricultural office at 707-253-4357 to make this appointment. The City shall reject all trees not meeting the standards mentioned above.

Attention is directed to Section 10-1.05, "Obstructions", of these Special Provisions. Utilities may be located within the public right of way. The Contractor will in some cases find it necessary to manually hand dig the planting hole to assure the proper planting depth is provided for new trees.

Soil in all planting areas shall be cultivated to a depth of eight (8) inches below finish grade. Water shall be added and cultivating shall be continued until the entire eight (8) inch depth is loose and friable. All debris, concrete and rocks shall be removed to the eight (8) inch depth and shall be disposed off-site by the Contractor. No rocks or debris over two (2) inches will be allowed to remain.

Root barriers shall be installed when planting new trees in planting strip. A root barrier shall be placed in the trench created alongside the new or existing sidewalk and along the curb. The barrier shall be a continuous length and shall extend from ½" above finished soil grade downwards to a minimum depth of eighteen (18) inches on the curbside and twelve (12) inches adjacent to the sidewalk. Root Barriers shall be the Deep Root Barrier panel LB 12-2 and UB 18-2, or approved equivalent. Refer to the manufacturer's specifications for all other applicable requirements. Root barriers shall be installed per City Standard Drawings T-5.

Contractor shall not plant a tree until the planting hole is inspected and approved by the City. Once planted, the Contractor shall contact the City of Napa Parks and Recreation Services Department for inspection to assure that it has been properly planted and adequately watered. Trees shall be planted per City Standard Drawings T-1 and T-2.

Tree Species to be planted are listed below and will vary depending on location and surroundings. The Engineer shall provide direction to the Contractor as to which species of tree will be planted at each listed location. Replacement trees sizes shall consist of a 15 gallon container tree not less than five (5) feet in height and ¾" in diameter and/or 24" box tree not less than eight (8) feet in height and 1-¾" in diameter. Where trees are identified to be planted, if a 12" or smaller DBH tree was removed than a 15 gallon container tree shall be planted. All other identified trees locations shall be planted with a 24" box tree, unless otherwise directed by the Engineer. The work site shall be left clean at the end of each work day. If planting pits are exposed the Contractor shall cover said pits with plywood and surround with barricades at the end of each work day or when work crews are not present.

Attention is directed to Section 20-4.08 "Plant Establishment Work" of the Standard Specifications. The Contractor shall be required to adequately water the new trees, replace unsuitable trees; do weed, rodent and other pest control; and perform other work as determined necessary by the Engineer, every working day until the Contractor has been notified that the project has been deemed complete.

SECTION 11 NOT USED

SECTION 12 NOT USED

SECTION 13 NOT USED**SECTION 14 FEDERAL REQUIREMENTS FOR FEDERAL-AID CONSTRUCTION PROJECTS**

Attention is directed to Section 7-1.11, "Federal Laws and Federal-Aid Contracts," and to Appendix B-4 of the Standard Specifications and these Special Provisions.

Contractor is required to conform to the requirements of 49 CFR 18 as outlined below:

Contract provisions. A grantee's and subgrantee's contracts must contain provisions in this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy.

(1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

(2) Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000)

(3) Compliance with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of \$10,000 by grantees and their contractors or subgrantees)

(4) Compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)

(5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)

(6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000, and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)

(7) Notice of awarding agency requirements and regulations pertaining to reporting.

(8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.

(9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.

(10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

(11) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.

(12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000)

(13) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).

Full compensation for conforming to the requirements of these Special Provisions and providing all labor, materials, tools, equipment and incidentals, and for doing all the work involved as described in these Special Provisions and the Standard Specifications, and as directed by the Engineer, shall be considered as included in the contract prices paid for the work and no additional compensation will be allowed therefor.

APPENDIX B-1

**CITY OF NAPA
CALENDAR OF HOLIDAYS**

2015

City of Napa

Recognized Holidays

January '15						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February '15						
Su	M	Tu	W	Th	F	Sa
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March '15						
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April '15						
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May '15						
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31						

June '15						
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July '15						
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August '15						
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30	31					

September '15						
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October '15						
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November '15						
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29	30					

December '15						
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01/01/15 - New Year's Day
 01/19/15 - Martin Luther King Jr. Day
 02/16/15 - Presidents Day
 05/25/15 - Memorial Day
 07/03/15 - Independence Day
 09/07/15 - Labor Day

10/12/15 - Columbus Day
 11/11/15 - Veterans Day
 11/26/15 & 11/27/15 - Thanksgiving Holiday
 12/24/15 & 12/25/15 - Christmas Holiday
 12/28/15 & 12/29/15 - Closure Days

APPENDIX B-2

SAMPLE SUBMITTAL FORM

SAMPLE FORM

- SUBMITTAL -

(Contractor's Letterhead)

(Date)

City of Napa
P.O. Box 660
Napa, CA 94559-0660

Attention: Mark Tomko

Project: "[Click here and insert PROJCT TITLE]"

Submittal No. (_____)

(allow space for City stamp)

The following is submitted for review:

Item Description	Manufacturer	Specification Section Reference	Drawing Sheet No.(s) Reference

I hereby certify that all material submitted has been checked for completeness, for correctness, and for compliance with the drawings and specifications, that field dimensions and conditions have been verified, and that exceptions, if any, are clearly noted.

(Authorized Signature)

COMMENTS: _____

APPENDIX B-3

FEDERAL MINIMUM WAGE RATES

Effective Date: February 20, 2015

General Decision Number: CA150009

Superseded General Decision Number: CA20140009

The applicable federal minimum wage rates can be found at the following Internet Website:

<http://www.wdol.gov/dba.aspx#8>

APPENDIX B-4

FEDERAL REQUIREMENTS FOR FEDERAL-AID CONSTRUCTION PROJECTS

REQUIRED CONTRACT PROVISIONS FEDERAL-AID CONSTRUCTION CONTRACTS

- I. General
- II. Nondiscrimination
- III. Nonsegregated Facilities
- IV. Davis-Bacon and Related Act Provisions
- V. Contract Work Hours and Safety Standards Act Provisions
- VI. Subletting or Assigning the Contract
- VII. Safety: Accident Prevention
- VIII. False Statements Concerning Highway Projects
- IX. Implementation of Clean Air Act and Federal Water Pollution Control Act
- X. Compliance with Governmentwide Suspension and Debarment Requirements
- XI. Certification Regarding Use of Contract Funds for Lobbying

ATTACHMENTS

A. Employment and Materials Preference for Appalachian Development Highway System or Appalachian Local Access Road Contracts (included in Appalachian contracts only)

I. GENERAL

1. Form FHWA-1273 must be physically incorporated in each construction contract funded under Title 23 (excluding emergency contracts solely intended for debris removal). The contractor (or subcontractor) must insert this form in each subcontract and further require its inclusion in all lower tier subcontracts (excluding purchase orders, rental agreements and other agreements for supplies or services).

The applicable requirements of Form FHWA-1273 are incorporated by reference for work done under any purchase order, rental agreement or agreement for other services. The prime contractor shall be responsible for compliance by any subcontractor, lower-tier subcontractor or service provider.

Form FHWA-1273 must be included in all Federal-aid design-build contracts, in all subcontracts and in lower tier subcontracts (excluding subcontracts for design services, purchase orders, rental agreements and other agreements for supplies or services). The design-builder shall be responsible for compliance by any subcontractor, lower-tier subcontractor or service provider.

Contracting agencies may reference Form FHWA-1273 in bid proposal or request for proposal documents, however, the Form FHWA-1273 must be physically incorporated (not referenced) in all contracts, subcontracts and lower-tier subcontracts (excluding purchase orders, rental agreements and other agreements for supplies or services related to a construction contract).

2. Subject to the applicability criteria noted in the following sections, these contract provisions shall apply to all work performed on the contract by the contractor's own organization and with the assistance of workers under the contractor's immediate superintendence and to all work performed on the contract by piecework, station work, or by subcontract.

3. A breach of any of the stipulations contained in these Required Contract Provisions may be sufficient grounds for withholding of progress payments, withholding of final payment, termination of the contract, suspension / debarment or any other action determined to be appropriate by the contracting agency and FHWA.

4. Selection of Labor: During the performance of this contract, the contractor shall not use convict labor for any purpose within the limits of a construction project on a Federal-aid highway unless it is labor performed by convicts who are on parole, supervised release, or probation. The term Federal-aid highway does not include roadways functionally classified as local roads or rural minor collectors.

II. NONDISCRIMINATION

The provisions of this section related to 23 CFR Part 230 are applicable to all Federal-aid construction contracts and to all related construction subcontracts of \$10,000 or more. The provisions of 23 CFR Part 230 are not applicable to material supply, engineering, or architectural service contracts.

In addition, the contractor and all subcontractors must comply with the following policies: Executive Order 11246, 41 CFR 60, 29 CFR 1625-1627, Title 23 USC Section 140, the Rehabilitation Act of 1973, as amended (29 USC 794), Title VI of the Civil Rights Act of 1964, as amended, and related regulations including 49 CFR Parts 21, 26 and 27; and 23 CFR Parts 200, 230, and 633.

The contractor and all subcontractors must comply with: the requirements of the Equal Opportunity Clause in 41 CFR 60-1.4(b) and, for all construction contracts exceeding \$10,000, the Standard Federal Equal Employment Opportunity Construction Contract Specifications in 41 CFR 60-4.3.

Note: The U.S. Department of Labor has exclusive authority to determine compliance with Executive Order 11246 and the policies of the Secretary of Labor including 41 CFR 60, and 29 CFR 1625-1627. The contracting agency and the FHWA have the authority and the responsibility to ensure compliance with Title 23 USC Section 140, the Rehabilitation Act of 1973, as amended (29 USC 794), and Title VI of the Civil Rights Act of 1964, as amended, and related regulations including 49 CFR Parts 21, 26 and 27; and 23 CFR Parts 200, 230, and 633.

The following provision is adopted from 23 CFR 230, Appendix A, with appropriate revisions to conform to the U.S. Department of Labor (US DOL) and FHWA requirements.

1. Equal Employment Opportunity: Equal employment opportunity (EEO) requirements not to discriminate and to take affirmative action to assure equal opportunity as set forth under laws, executive orders, rules, regulations (28 CFR 35, 29 CFR 1630, 29 CFR 1625-1627, 41 CFR 60 and 49 CFR 27) and orders of the Secretary of Labor as modified by the provisions prescribed herein, and imposed pursuant to 23 U.S.C. 140 shall constitute the EEO and specific affirmative action standards for the contractor's project activities under

this contract. The provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) set forth under 28 CFR 35 and 29 CFR 1630 are incorporated by reference in this contract. In the execution of this contract, the contractor agrees to comply with the following minimum specific requirement activities of EEO:

a. The contractor will work with the contracting agency and the Federal Government to ensure that it has made every good faith effort to provide equal opportunity with respect to all of its terms and conditions of employment and in their review of activities under the contract.

b. The contractor will accept as its operating policy the following statement:

"It is the policy of this Company to assure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, sex, color, national origin, age or disability. Such action shall include: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship, pre-apprenticeship, and/or on-the-job training."

2. EEO Officer: The contractor will designate and make known to the contracting officers an EEO Officer who will have the responsibility for and must be capable of effectively administering and promoting an active EEO program and who must be assigned adequate authority and responsibility to do so.

3. Dissemination of Policy: All members of the contractor's staff who are authorized to hire, supervise, promote, and discharge employees, or who recommend such action, or who are substantially involved in such action, will be made fully cognizant of, and will implement, the contractor's EEO policy and contractual responsibilities to provide EEO in each grade and classification of employment. To ensure that the above agreement will be met, the following actions will be taken as a minimum:

a. Periodic meetings of supervisory and personnel office employees will be conducted before the start of work and then not less often than once every six months, at which time the contractor's EEO policy and its implementation will be reviewed and explained. The meetings will be conducted by the EEO Officer.

b. All new supervisory or personnel office employees will be given a thorough indoctrination by the EEO Officer, covering all major aspects of the contractor's EEO obligations within thirty days following their reporting for duty with the contractor.

c. All personnel who are engaged in direct recruitment for the project will be instructed by the EEO Officer in the contractor's procedures for locating and hiring minorities and women.

d. Notices and posters setting forth the contractor's EEO policy will be placed in areas readily accessible to employees, applicants for employment and potential employees.

e. The contractor's EEO policy and the procedures to implement such policy will be brought to the attention of employees by means of meetings, employee handbooks, or other appropriate means.

4. Recruitment: When advertising for employees, the contractor will include in all advertisements for employees the notation: "An Equal Opportunity Employer." All such advertisements will be placed in publications having a large circulation among minorities and women in the area from which the project work force would normally be derived.

a. The contractor will, unless precluded by a valid bargaining agreement, conduct systematic and direct recruitment through public and private employee referral sources likely to yield qualified minorities and women. To meet this requirement, the contractor will identify sources of potential minority group employees, and establish with such identified sources procedures whereby minority and women applicants may be referred to the contractor for employment consideration.

b. In the event the contractor has a valid bargaining agreement providing for exclusive hiring hall referrals, the contractor is expected to observe the provisions of that agreement to the extent that the system meets the contractor's compliance with EEO contract provisions. Where implementation of such an agreement has the effect of discriminating against minorities or women, or obligates the contractor to do the same, such implementation violates Federal nondiscrimination provisions.

c. The contractor will encourage its present employees to refer minorities and women as applicants for employment. Information and procedures with regard to referring such applicants will be discussed with employees.

5. Personnel Actions: Wages, working conditions, and employee benefits shall be established and administered, and personnel actions of every type, including hiring, upgrading, promotion, transfer, demotion, layoff, and termination, shall be taken without regard to race, color, religion, sex, national origin, age or disability. The following procedures shall be followed:

a. The contractor will conduct periodic inspections of project sites to insure that working conditions and employee facilities do not indicate discriminatory treatment of project site personnel.

b. The contractor will periodically evaluate the spread of wages paid within each classification to determine any evidence of discriminatory wage practices.

c. The contractor will periodically review selected personnel actions in depth to determine whether there is evidence of discrimination. Where evidence is found, the contractor will promptly take corrective action. If the review indicates that the discrimination may extend beyond the actions reviewed, such corrective action shall include all affected persons.

d. The contractor will promptly investigate all complaints of alleged discrimination made to the contractor in connection with its obligations under this contract, will attempt to resolve such complaints, and will take appropriate corrective action within a reasonable time. If the investigation indicates that the discrimination may affect persons other than the complainant, such corrective action shall include such other persons. Upon completion of each investigation, the contractor will inform every complainant of all of their avenues of appeal.

6. Training and Promotion:

a. The contractor will assist in locating, qualifying, and increasing the skills of minorities and women who are

applicants for employment or current employees. Such efforts should be aimed at developing full journey level status employees in the type of trade or job classification involved.

b. Consistent with the contractor's work force requirements and as permissible under Federal and State regulations, the contractor shall make full use of training programs, i.e., apprenticeship, and on-the-job training programs for the geographical area of contract performance. In the event a special provision for training is provided under this contract, this subparagraph will be superseded as indicated in the special provision. The contracting agency may reserve training positions for persons who receive welfare assistance in accordance with 23 U.S.C. 140(a).

c. The contractor will advise employees and applicants for employment of available training programs and entrance requirements for each.

d. The contractor will periodically review the training and promotion potential of employees who are minorities and women and will encourage eligible employees to apply for such training and promotion.

7. Unions: If the contractor relies in whole or in part upon unions as a source of employees, the contractor will use good faith efforts to obtain the cooperation of such unions to increase opportunities for minorities and women. Actions by the contractor, either directly or through a contractor's association acting as agent, will include the procedures set forth below:

a. The contractor will use good faith efforts to develop, in cooperation with the unions, joint training programs aimed toward qualifying more minorities and women for membership in the unions and increasing the skills of minorities and women so that they may qualify for higher paying employment.

b. The contractor will use good faith efforts to incorporate an EEO clause into each union agreement to the end that such union will be contractually bound to refer applicants without regard to their race, color, religion, sex, national origin, age or disability.

c. The contractor is to obtain information as to the referral practices and policies of the labor union except that to the extent such information is within the exclusive possession of the labor union and such labor union refuses to furnish such information to the contractor, the contractor shall so certify to the contracting agency and shall set forth what efforts have been made to obtain such information.

d. In the event the union is unable to provide the contractor with a reasonable flow of referrals within the time limit set forth in the collective bargaining agreement, the contractor will, through independent recruitment efforts, fill the employment vacancies without regard to race, color, religion, sex, national origin, age or disability; making full efforts to obtain qualified and/or qualifiable minorities and women. The failure of a union to provide sufficient referrals (even though it is obligated to provide exclusive referrals under the terms of a collective bargaining agreement) does not relieve the contractor from the requirements of this paragraph. In the event the union referral practice prevents the contractor from meeting the obligations pursuant to Executive Order 11246, as amended, and these special provisions, such contractor shall immediately notify the contracting agency.

8. Reasonable Accommodation for Applicants / Employees with Disabilities: The contractor must be familiar

with the requirements for and comply with the Americans with Disabilities Act and all rules and regulations established there under. Employers must provide reasonable accommodation in all employment activities unless to do so would cause an undue hardship.

9. Selection of Subcontractors, Procurement of Materials and Leasing of Equipment: The contractor shall not discriminate on the grounds of race, color, religion, sex, national origin, age or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The contractor shall take all necessary and reasonable steps to ensure nondiscrimination in the administration of this contract.

a. The contractor shall notify all potential subcontractors and suppliers and lessors of their EEO obligations under this contract.

b. The contractor will use good faith efforts to ensure subcontractor compliance with their EEO obligations.

10. Assurance Required by 49 CFR 26.13(b):

a. The requirements of 49 CFR Part 26 and the State DOT's U.S. DOT-approved DBE program are incorporated by reference.

b. The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the contracting agency deems appropriate.

11. Records and Reports: The contractor shall keep such records as necessary to document compliance with the EEO requirements. Such records shall be retained for a period of three years following the date of the final payment to the contractor for all contract work and shall be available at reasonable times and places for inspection by authorized representatives of the contracting agency and the FHWA.

a. The records kept by the contractor shall document the following:

(1) The number and work hours of minority and non-minority group members and women employed in each work classification on the project;

(2) The progress and efforts being made in cooperation with unions, when applicable, to increase employment opportunities for minorities and women; and

(3) The progress and efforts being made in locating, hiring, training, qualifying, and upgrading minorities and women;

b. The contractors and subcontractors will submit an annual report to the contracting agency each July for the duration of the project, indicating the number of minority, women, and non-minority group employees currently engaged in each work classification required by the contract work. This information is to be reported on [Form FHWA-1391](#). The staffing data should represent the project work force on board in all or any part of the last payroll period preceding the end of July. If on-the-job training is being required by special provision, the contractor

will be required to collect and report training data. The employment data should reflect the work force on board during all or any part of the last payroll period preceding the end of July.

III. NONSEGREGATED FACILITIES

This provision is applicable to all Federal-aid construction contracts and to all related construction subcontracts of \$10,000 or more.

The contractor must ensure that facilities provided for employees are provided in such a manner that segregation on the basis of race, color, religion, sex, or national origin cannot result. The contractor may neither require such segregated use by written or oral policies nor tolerate such use by employee custom. The contractor's obligation extends further to ensure that its employees are not assigned to perform their services at any location, under the contractor's control, where the facilities are segregated. The term "facilities" includes waiting rooms, work areas, restaurants and other eating areas, time clocks, restrooms, washrooms, locker rooms, and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing provided for employees. The contractor shall provide separate or single-user restrooms and necessary dressing or sleeping areas to assure privacy between sexes.

IV. DAVIS-BACON AND RELATED ACT PROVISIONS

This section is applicable to all Federal-aid construction projects exceeding \$2,000 and to all related subcontracts and lower-tier subcontracts (regardless of subcontract size). The requirements apply to all projects located within the right-of-way of a roadway that is functionally classified as Federal-aid highway. This excludes roadways functionally classified as local roads or rural minor collectors, which are exempt. Contracting agencies may elect to apply these requirements to other projects.

The following provisions are from the U.S. Department of Labor regulations in 29 CFR 5.5 "Contract provisions and related matters" with minor revisions to conform to the FHWA-1273 format and FHWA program requirements.

1. Minimum wages

a. All laborers and mechanics employed or working upon the site of the work, will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions

of paragraph 1.d. of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph 1.b. of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

b. (1) The contracting officer shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The contracting officer shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(i) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(ii) The classification is utilized in the area by the construction industry; and

(iii) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(2) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the contracting officer agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by the contracting officer to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(3) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the contracting officer do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the contracting officer shall refer the questions, including the views of all interested parties and the recommendation of the contracting officer, to the Wage and Hour Administrator for determination. The Wage and Hour Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or

will notify the contracting officer within the 30-day period that additional time is necessary.

(4) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs 1.b.(2) or 1.b.(3) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

c. Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

d. If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program. Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

2. Withholding

The contracting agency shall upon its own action or upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract, or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the contracting agency may, after written notice to the contractor, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

3. Payrolls and basic records

a. Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-

Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

b. (1) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the contracting agency. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the contracting agency for transmission to the State DOT, the FHWA or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the contracting agency..

(2) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(i) That the payroll for the payroll period contains the information required to be provided under §5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under §5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(ii) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(iii) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(3) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph 3.b.(2) of this section.

(4) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

c. The contractor or subcontractor shall make the records required under paragraph 3.a. of this section available for inspection, copying, or transcription by authorized representatives of the contracting agency, the State DOT, the FHWA, or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the FHWA may, after written notice to the contractor, the contracting agency or the State DOT, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

4. Apprentices and trainees

a. Apprentices (programs of the USDOL).

Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice.

The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed.

Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly

rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination.

In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

b. Trainees (programs of the USDOL).

Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration.

The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration.

Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed.

In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

c. Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

d. Apprentices and Trainees (programs of the U.S. DOT).

Apprentices and trainees working under apprenticeship and skill training programs which have been certified by the Secretary of Transportation as promoting EEO in connection with Federal-aid highway construction programs are not subject to the requirements of paragraph 4 of this Section IV. The straight time hourly wage rates for apprentices and trainees under such programs will be established by the particular programs. The ratio of apprentices and trainees to journeymen shall not be greater than permitted by the terms of the particular program.

5. Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

6. Subcontracts. The contractor or subcontractor shall insert Form FHWA-1273 in any subcontracts and also require the subcontractors to include Form FHWA-1273 in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

7. Contract termination: debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

8. Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

9. Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

10. Certification of eligibility.

a. By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

b. No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

c. The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

V. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

The following clauses apply to any Federal-aid construction contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by 29 CFR 5.5(a) or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

1. Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

2. Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1.) of this section, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1.) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1.) of this section.

3. Withholding for unpaid wages and liquidated damages. The FHWA or the contracting agency shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2.) of this section.

4. Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1.) through (4.) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (1.) through (4.) of this section.

VI. SUBLETTING OR ASSIGNING THE CONTRACT

This provision is applicable to all Federal-aid construction contracts on the National Highway System.

1. The contractor shall perform with its own organization contract work amounting to not less than 30 percent (or a greater percentage if specified elsewhere in the contract) of the total original contract price, excluding any specialty items designated by the contracting agency. Specialty items may be performed by subcontract and the amount of any such specialty items performed may be deducted from the total original contract price before computing the amount of work required to be performed by the contractor's own organization (23 CFR 635.116).

a. The term "perform work with its own organization" refers to workers employed or leased by the prime contractor, and equipment owned or rented by the prime contractor, with or without operators. Such term does not include employees or equipment of a subcontractor or lower tier subcontractor, agents of the prime contractor, or any other assignees. The term may include payments for the costs of hiring leased employees from an employee leasing firm meeting all relevant Federal and State regulatory requirements. Leased employees may only be included in this term if the prime contractor meets all of the following conditions:

- (1) the prime contractor maintains control over the supervision of the day-to-day activities of the leased employees;
- (2) the prime contractor remains responsible for the quality of the work of the leased employees;
- (3) the prime contractor retains all power to accept or exclude individual employees from work on the project; and
- (4) the prime contractor remains ultimately responsible for the payment of predetermined minimum wages, the submission of payrolls, statements of compliance and all other Federal regulatory requirements.

b. "Specialty Items" shall be construed to be limited to work that requires highly specialized knowledge, abilities, or equipment not ordinarily available in the type of contracting organizations qualified and expected to bid or propose on the contract as a whole and in general are to be limited to minor components of the overall contract.

2. The contract amount upon which the requirements set forth in paragraph (1) of Section VI is computed includes the cost of material and manufactured products which are to be purchased or produced by the contractor under the contract provisions.

3. The contractor shall furnish (a) a competent superintendent or supervisor who is employed by the firm, has full authority to direct performance of the work in accordance with the contract requirements, and is in charge of all construction operations (regardless of who performs the work) and (b) such other of its own organizational resources (supervision, management, and engineering services) as the contracting officer determines is necessary to assure the performance of the contract.

4. No portion of the contract shall be sublet, assigned or otherwise disposed of except with the written consent of the contracting officer, or authorized representative, and such consent when given shall not be construed to relieve the contractor of any responsibility for the fulfillment of the contract. Written consent will be given only after the contracting agency has assured that each subcontract is

evidenced in writing and that it contains all pertinent provisions and requirements of the prime contract.

5. The 30% self-performance requirement of paragraph (1) is not applicable to design-build contracts; however, contracting agencies may establish their own self-performance requirements.

VII. SAFETY: ACCIDENT PREVENTION

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts.

1. In the performance of this contract the contractor shall comply with all applicable Federal, State, and local laws governing safety, health, and sanitation (23 CFR 635). The contractor shall provide all safeguards, safety devices and protective equipment and take any other needed actions as it determines, or as the contracting officer may determine, to be reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of the work covered by the contract.

2. It is a condition of this contract, and shall be made a condition of each subcontract, which the contractor enters into pursuant to this contract, that the contractor and any subcontractor shall not permit any employee, in performance of the contract, to work in surroundings or under conditions which are unsanitary, hazardous or dangerous to his/her health or safety, as determined under construction safety and health standards (29 CFR 1926) promulgated by the Secretary of Labor, in accordance with Section 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3704).

3. Pursuant to 29 CFR 1926.3, it is a condition of this contract that the Secretary of Labor or authorized representative thereof, shall have right of entry to any site of contract performance to inspect or investigate the matter of compliance with the construction safety and health standards and to carry out the duties of the Secretary under Section 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C.3704).

VIII. FALSE STATEMENTS CONCERNING HIGHWAY PROJECTS

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts.

In order to assure high quality and durable construction in conformity with approved plans and specifications and a high degree of reliability on statements and representations made by engineers, contractors, suppliers, and workers on Federal-aid highway projects, it is essential that all persons concerned with the project perform their functions as carefully, thoroughly, and honestly as possible. Willful falsification, distortion, or misrepresentation with respect to any facts related to the project is a violation of Federal law. To prevent any misunderstanding regarding the seriousness of these and similar acts, Form FHWA-1022 shall be posted on each Federal-aid highway project (23 CFR 635) in one or more places where it is readily available to all persons concerned with the project:

18 U.S.C. 1020 reads as follows:

"Whoever, being an officer, agent, or employee of the United States, or of any State or Territory, or whoever, whether a person, association, firm, or corporation, knowingly makes any false statement, false representation, or false report as to the character, quality, quantity, or cost of the material used or to be used, or the quantity or quality of the work performed or to be performed, or the cost thereof in connection with the submission of plans, maps, specifications, contracts, or costs of construction on any highway or related project submitted for approval to the Secretary of Transportation; or

Whoever knowingly makes any false statement, false representation, false report or false claim with respect to the character, quality, quantity, or cost of any work performed or to be performed, or materials furnished or to be furnished, in connection with the construction of any highway or related project approved by the Secretary of Transportation; or

Whoever knowingly makes any false statement or false representation as to material fact in any statement, certificate, or report submitted pursuant to provisions of the Federal-aid Roads Act approved July 1, 1916, (39 Stat. 355), as amended and supplemented;

Shall be fined under this title or imprisoned not more than 5 years or both."

IX. IMPLEMENTATION OF CLEAN AIR ACT AND FEDERAL WATER POLLUTION CONTROL ACT

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts.

By submission of this bid/proposal or the execution of this contract, or subcontract, as appropriate, the bidder, proposer, Federal-aid construction contractor, or subcontractor, as appropriate, will be deemed to have stipulated as follows:

1. That any person who is or will be utilized in the performance of this contract is not prohibited from receiving an award due to a violation of Section 508 of the Clean Water Act or Section 306 of the Clean Air Act.

2. That the contractor agrees to include or cause to be included the requirements of paragraph (1) of this Section X in every subcontract, and further agrees to take such action as the contracting agency may direct as a means of enforcing such requirements.

X. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION

This provision is applicable to all Federal-aid construction contracts, design-build contracts, subcontracts, lower-tier subcontracts, purchase orders, lease agreements, consultant contracts or any other covered transaction requiring FHWA approval or that is estimated to cost \$25,000 or more – as defined in 2 CFR Parts 180 and 1200.

1. Instructions for Certification – First Tier Participants:

a. By signing and submitting this proposal, the prospective first tier participant is providing the certification set out below.

b. The inability of a person to provide the certification set out below will not necessarily result in denial of participation in this

covered transaction. The prospective first tier participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective first tier participant to furnish a certification or an explanation shall disqualify such a person from participation in this transaction.

c. The certification in this clause is a material representation of fact upon which reliance was placed when the contracting agency determined to enter into this transaction. If it is later determined that the prospective participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the contracting agency may terminate this transaction for cause of default.

d. The prospective first tier participant shall provide immediate written notice to the contracting agency to whom this proposal is submitted if any time the prospective first tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

e. The terms "covered transaction," "debarred," "suspended," "ineligible," "participant," "person," "principal," and "voluntarily excluded," as used in this clause, are defined in 2 CFR Parts 180 and 1200. "First Tier Covered Transactions" refers to any covered transaction between a grantee or subgrantee of Federal funds and a participant (such as the prime or general contract). "Lower Tier Covered Transactions" refers to any covered transaction under a First Tier Covered Transaction (such as subcontracts). "First Tier Participant" refers to the participant who has entered into a covered transaction with a grantee or subgrantee of Federal funds (such as the prime or general contractor). "Lower Tier Participant" refers any participant who has entered into a covered transaction with a First Tier Participant or other Lower Tier Participants (such as subcontractors and suppliers).

f. The prospective first tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

g. The prospective first tier participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions," provided by the department or contracting agency, entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions exceeding the \$25,000 threshold.

h. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any lower tier prospective participants, each participant may, but is not required to, check the Excluded Parties List System website (<https://www.epls.gov/>), which is compiled by the General Services Administration.

i. Nothing contained in the foregoing shall be construed to require the establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of the prospective participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

j. Except for transactions authorized under paragraph (f) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

2. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – First Tier Participants:

a. The prospective first tier participant certifies to the best of its knowledge and belief, that it and its principals:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency;

(2) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (a)(2) of this certification; and

(4) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

b. Where the prospective participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

2. Instructions for Certification - Lower Tier Participants:

(Applicable to all subcontracts, purchase orders and other lower tier transactions requiring prior FHWA approval or estimated to cost \$25,000 or more - 2 CFR Parts 180 and 1200)

a. By signing and submitting this proposal, the prospective lower tier is providing the certification set out below.

b. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department, or agency with which

this transaction originated may pursue available remedies, including suspension and/or debarment.

c. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous by reason of changed circumstances.

d. The terms "covered transaction," "debarred," "suspended," "ineligible," "participant," "person," "principal," and "voluntarily excluded," as used in this clause, are defined in 2 CFR Parts 180 and 1200. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations. "First Tier Covered Transactions" refers to any covered transaction between a grantee or subgrantee of Federal funds and a participant (such as the prime or general contract). "Lower Tier Covered Transactions" refers to any covered transaction under a First Tier Covered Transaction (such as subcontracts). "First Tier Participant" refers to the participant who has entered into a covered transaction with a grantee or subgrantee of Federal funds (such as the prime or general contractor). "Lower Tier Participant" refers any participant who has entered into a covered transaction with a First Tier Participant or other Lower Tier Participants (such as subcontractors and suppliers).

e. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

f. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions exceeding the \$25,000 threshold.

g. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any lower tier prospective participants, each participant may, but is not required to, check the Excluded Parties List System website (<https://www.epls.gov/>), which is compiled by the General Services Administration.

h. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

i. Except for transactions authorized under paragraph e of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the

department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

* * * * *

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Participants:

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency.

2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

* * * * *

XI. CERTIFICATION REGARDING USE OF CONTRACT FUNDS FOR LOBBYING

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts which exceed \$100,000 (49 CFR 20).

1. The prospective participant certifies, by signing and submitting this bid or proposal, to the best of his or her knowledge and belief, that:

a. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

2. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

3. The prospective participant also agrees by submitting its bid or proposal that the participant shall require that the language of this certification be included in all lower tier subcontracts, which exceed \$100,000 and that all such recipients shall certify and disclose accordingly.

ATTACHMENT A - EMPLOYMENT AND MATERIALS PREFERENCE FOR APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM OR APPALACHIAN LOCAL ACCESS ROAD CONTRACTS

This provision is applicable to all Federal-aid projects funded under the Appalachian Regional Development Act of 1965.

1. During the performance of this contract, the contractor undertaking to do work which is, or reasonably may be, done as on-site work, shall give preference to qualified persons who regularly reside in the labor area as designated by the DOL wherein the contract work is situated, or the subregion, or the Appalachian counties of the State wherein the contract work is situated, except:

a. To the extent that qualified persons regularly residing in the area are not available.

b. For the reasonable needs of the contractor to employ supervisory or specially experienced personnel necessary to assure an efficient execution of the contract work.

c. For the obligation of the contractor to offer employment to present or former employees as the result of a lawful collective bargaining contract, provided that the number of nonresident persons employed under this subparagraph (1c) shall not exceed 20 percent of the total number of employees employed by the contractor on the contract work, except as provided in subparagraph (4) below.

2. The contractor shall place a job order with the State Employment Service indicating (a) the classifications of the laborers, mechanics and other employees required to perform the contract work, (b) the number of employees required in each classification, (c) the date on which the participant estimates such employees will be required, and (d) any other pertinent information required by the State Employment Service to complete the job order form. The job order may be placed with the State Employment Service in writing or by telephone. If during the course of the contract work, the information submitted by the contractor in the original job order is substantially modified, the participant shall promptly notify the State Employment Service.

3. The contractor shall give full consideration to all qualified job applicants referred to him by the State Employment Service. The contractor is not required to grant employment to any job applicants who, in his opinion, are not qualified to perform the classification of work required.

4. If, within one week following the placing of a job order by the contractor with the State Employment Service, the State Employment Service is unable to refer any qualified job applicants to the contractor, or less than the number requested, the State Employment Service will forward a certificate to the contractor indicating the unavailability of applicants. Such certificate shall be made a part of the contractor's permanent project records. Upon receipt of this certificate, the contractor may employ persons who do not normally reside in the labor area to fill positions covered by the certificate, notwithstanding the provisions of subparagraph (1c) above.

5. The provisions of 23 CFR 633.207(e) allow the contracting agency to provide a contractual preference for the use of mineral resource materials native to the Appalachian region.

6. The contractor shall include the provisions of Sections 1 through 4 of this Attachment A in every subcontract for work which is, or reasonably may be, done as on-site work.

EXHIBIT C: Design-Build Required Deliverables and Performance

The scope of work includes the planning, design, and complete construction of the project components described within this agreement. The Contractor is to deliver the specified project components in compliance with applicable City, State and Federal design and construction standards and all applicable laws, permits, grant requirements, and professional standards and practices. The components are to be fully operational upon delivery to the City.

The Contractor will manage the performance of all tasks and deliver all services required to complete the specified components of this design-build project, including but not limited to:

1. site investigations/reconnaissance and survey
2. location of existing utilities and coordination with and approval by utilities (including City of Napa Public Works Water Division)
3. preparation of designs and work plans for the various project components for city review and final approval including:
 - a. project management plan
 - b. schedules for planning, design and construction
 - c. construction phasing
 - d. utility protection and relocation plan
 - e. traffic control plan
 - f. SWPPP plan
 - g. geotechnical investigation and report
 - h. clearing, grubbing, demo plan, and work area protection plan
 - i. civil and structural design plans and technical specifications
 - j. materials submittals
 - k. public outreach plan
4. incorporation of city direction into designs, work plans, and submittals to prepare final documents to gain City approval
5. construction of improvements per Contractor's approved design and work plans
6. protection of vegetation and riparian zone, protection and restoration/repair if necessary of existing improvements
7. preparation of any design modifications as necessary to deliver project
8. incorporation of modifications as required into construction
9. public outreach
10. project management

EXHIBIT D: Project Compensation

Contractor is to provide all necessary services, labor, and material for the design and construction of the improvements described within this agreement. Compensation is based on lump sum payments for the delivery of project improvements. Monthly progress payments may be paid out to Contractor based on percentage of actual work completed per lump sum work item. Contractor is required to provide a schedule of values for the lump sum items with the initial submittal of the project schedule.

Compensation for the base contract shall not exceed \$497,610 for the delivery of the complete project. Additional compensation would be required in the amount \$91,565 for additive option item #10 to pave the approach and access road on the northern side of the bridge as listed on Exhibit D-1, \$34,327 for the SWPPP additive option for option listed on Exhibit D-2, and \$4,830 for the additional geotechnical boring shown on D-3 if the option items are exercised. At the sole discretion of the City, the City may choose to exercise any of these additional alternative options by issuing a written direction to the Contractor to proceed with the additional work.

The City does not anticipate exercising the additive alternate items #11 for the encasement of helical piers for future widening or #12 the deduction for a narrower bridge and reduced deck thickness listed on Exhibit D-1.



DESIGN-BUILD SERVICES TULOCAY CREEK BICYCLE/PEDESTRIAN BRIDGE BUDGET ESTIMATE

BASE PROPOSAL

1.	Mobilization.	\$ 20,050.00
2.	Install BMP's, Clear and Grub Site.	\$ 9,390.00
3.	Earthwork/Excavations.	\$ 6,980.00
4.	Deep Foundation Installation.	\$ 54,625.00
5.	PCC Improvements	\$103,525.00
6.	Bridge	\$195,020.00
7.	North and South approach installation.	\$ 42,260.00
8.	Engineering Services.	\$ 61,910.00
9.	Demobilization and Clean Up.	<u>\$ 3,850.00</u>
	Base Proposal Total	<u>\$497,610.00</u>

ADD ALT OPTIONS

10.	Pave approach and access road on the northern side of the Bridge.	\$ 91,565.00
11.	Encasement of helical piers for future widening.	\$ 20,000.00
12.	Install a 10 foot wide bridge with a 5 inch thick deck.	Deduct \$ 22,000.00

EXCLUSIONS

1. Water surface determination (West Associates determination will be used)
2. Regulatory Permitting inc/ CDFW (permit has been acquired)
3. SWPPP, QSD or QSP Services
4. Subgrade preparation for new proposed asphalt section
5. Additional aggregate base required to pave northern section of roadway leading to where approach starts for northern access to bridge



**DESIGN-BUILD SERVICES TULOCAY CREEK BICYCLE/PEDESTRIAN BRIDGE
SWPPP OPTION ESTIMATE**

SWPPP Option:

SWPPP option including all QSD and QSP responsibilities; this budget is based off Risk Level II requirements and the schedule dated 9/25/2014 (previously submitted with original project proposal)

INCLUDED:

1. Notice of Intent (NOI) for the Waste Discharge ID (WDID) Permit
2. SWPPP Plan.
3. Weekly Reporting.
4. REAPs.
5. Sampling for pH & Turbidity w/analysis
6. Annual Report.
7. NOT.

Option Proposal Total

\$34,327.00

Exclusion:

1. Risk Level III SWPPP requirements

Please don't hesitate to call with any questions.

A blue ink signature of Diann Nielson, consisting of a series of loops and a long horizontal stroke.

Diann Nielson, President

Tulocay Creek Bridge
14248
12-22-2014
Page 1 of 1

147 Camino Oruga ♦ Napa, CA 94558-6215 ♦ (707) 253-8774 ♦ Fax: (707) 253-0131 ♦ CA Lic. No. 648601

EXHIBIT D-3: Boring Additive Alternate Item

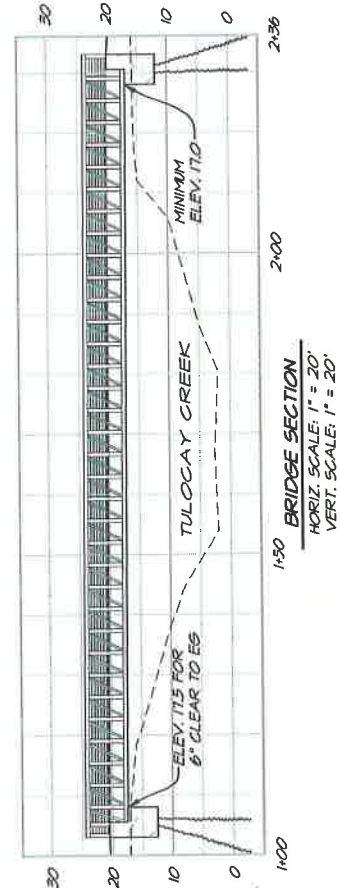
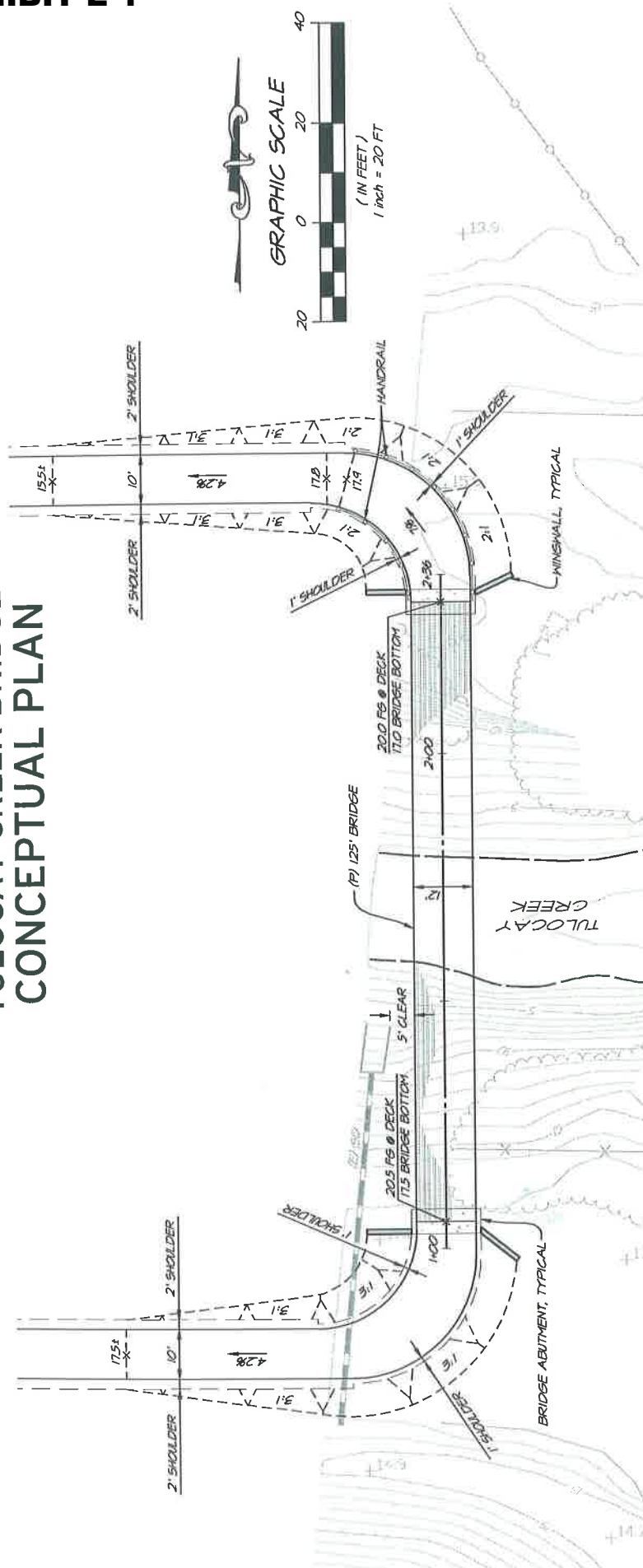
The base contract includes one geotechnical boring and the associated material testing to supplement the U.S. Army Corps of Engineers boring data included in the RFP. The existing boring data extends to approximately 20-feet below the surface. The additional boring is being proposed in order to help reduce the risk of encountering unforeseen subsurface conditions including buried obstructions. The boring will be advanced to a depth of approximately 50-feet.

Option Proposal: \$4,830.00

EXHIBIT E: Concept Plan and Hydraulic Analysis

Design and construction shall comply with the attached concept plan, the attached hydraulic analysis, all documentation included within the Request for Proposal issued by the City, and the Proposal submitted by G.D. Nielson. All work and contract administration shall be in compliance with the environmental permits and federal grant requirements.

TULOY CREEK BRIDGE CONCEPTUAL PLAN



RSA+

1515 FOURTH STREET
NAPA, CALIF. 94559
OFFICE (707) 252-3301
+ www.RSAcivil.com +

RSA+ CONSULTING CIVIL ENGINEERS + SURVEYORS + 1958
SEPTEMBER 24, 2014 414435.0.12 Conceptual Plans.dwg



TECHNICAL MEMO

Date: 23 January 2013
To: Andrew Butler, P.E., Napa County Flood Control and Water Conservation District
From: Jake Gusman, P.E., and Vicki Tripolitis, WEST Consultants, Inc.
RE: **Tulocay Creek Pedestrian Bridge – Hydraulic Analysis**

1 INTRODUCTION AND PURPOSE

The proposed Tulocay Creek Pedestrian Bridge is part of the Napa River/Napa Creek Flood Protection Project. In addition to the bridge, the U.S. Army Corps of Engineers (USACE) plans to make future improvements to the Tulocay Creek channel to increase its capacity from Soscol Avenue to the Napa River.

1.1 Updated Tulocay Creek Hydrology

These future channel improvements were not included in the USACE Supplemental General Design Memorandum (SGDM) for the Flood Protection Project because the Tulocay Creek¹ 100-year discharge (1,500 cfs) was lower than the design discharge (3,200 cfs) for the existing channel (SCS, 1963).

The 100-year peak discharge was later increased to 4,530 cfs based on a hydrology study performed by the Napa County Resource Conservation District—a study that was checked and confirmed by the USACE Sacramento District (USACE, 2006). The updated hydrology was adopted by all involved agencies, including the USACE, Napa County Flood Control and Water Conservation District (NCFWCWD), and the City of Napa. Because the adopted 100-year peak discharge is over 40 percent larger than the original design discharge, channel and/or levee improvements are now required.

1.2 Pedestrian Bridge Hydraulic Analysis

Due to Federal budget constraints and the timing of other flood project components, it will likely be many years before the Tulocay Creek improvements are designed and constructed. Because the pedestrian bridge will serve as a vital link for opening the Napa Valley Vine Trail between Tulocay Creek and 6th Street, the local community has proposed to design and construct the bridge early using local resources.

¹ The SGDM refers to the channel as New Tulocay Creek. In the current technical memo, "Tulocay Creek" and "New Tulocay Creek" are used interchangeably. Also, Some agencies refer to Tulocay Creek as "Tulucay Creek."

The NCFWCWD requested that WEST Consultants, Inc. (WEST) perform a hydraulic analysis of Tulocay Creek for the proposed bridge. Because future channel improvements may increase the width of the channel at the proposed bridge, these improvements were also included in the analysis.

The purpose of the analysis was to estimate the following:

- Tulocay Creek channel width and levee heights required to convey the 100-year flood discharge with adequate freeboard.
- Number of additional culverts required for the Wine Train Bridge/culvert to coincide with the channel widening.
- Required pedestrian bridge clear-span length and soffit (i.e., low chord) elevation.

Note: All elevations in this technical memo are in the NGVD29 vertical datum.

2 HYDRAULIC MODELING

WEST used the HEC-RAS (River Analysis System) hydraulic model of Tulocay Creek previously developed for the FEMA map revision. The model was rerun using the latest version of HEC-RAS (Version 4.1). Figure 1 shows the model extents and cross sections with the location of the proposed pedestrian bridge. Figure 2 provides an oblique view of the study area from Google Earth.

2.1 Tulocay Creek Improvement Alternatives

Before the pedestrian bridge dimensions could be estimated, the required Tulocay Creek channel and levee improvements needed to be modeled. WEST developed and modeled the following two channel improvement alternatives:

Alternative 1. Raise Tulocay Creek Levees

- Raise the north levee
- No changes to channel bottom width

Alternative 2. Widen Channel and Raise Levees

- Raise the north levee
- Widen the channel on the south side: raise the south levee and move it further south
- Increase the capacity of the Wine Train box culvert (i.e., add two boxes) without modifying the existing railroad grade

While these two conceptual alternatives were selected for their feasibility, confirmation from the USACE Sacramento District will be required.



Figure 1. Tulocay Creek HEC-RAS Model Geometry

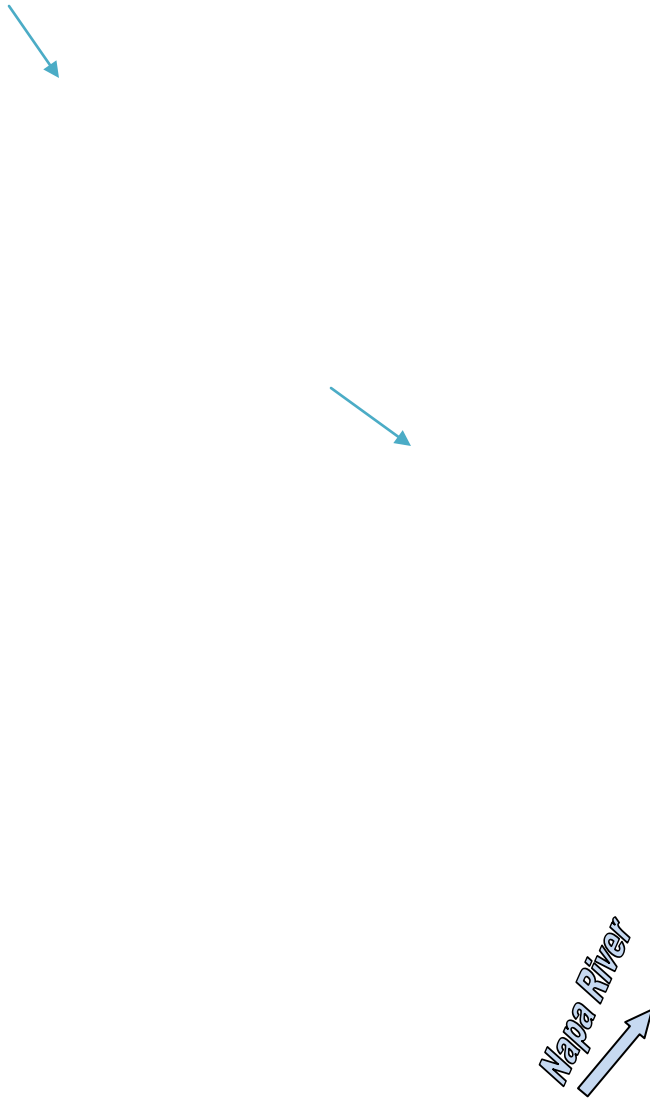


Figure 2. Oblique View of Tulocay Creek (Google Earth Image 2012)

2.2 Flow and Downstream Boundary Scenarios

Each alternative was modeled using two flow and downstream boundary scenarios:

1. Tulocay Creek 100-year peak flow with the downstream boundary based on the Napa River 50-year peak flow.
2. Tulocay Creek concurrent flow with the downstream boundary based on the Napa River 100-year peak flow.

The peak discharges used in the model are listed in Table 1, and are consistent with the latest computed flows from the USACE (2011). The Tulocay Creek downstream boundary condition is the Napa River WSE from WEST Consultants' Napa River HEC-RAS model. This model was run using the 50- and 100-year peak flows for the Napa River (USACE, 2011) along with the Corps downstream boundary for the Napa River.

At the Tulocay Creek confluence with the Napa River, there is no significant difference between the current interim conditions Napa River water surface elevation (WSE) and the ultimate conditions Napa River WSE (i.e., when the flood protection project has been completed).

Table 1. Tulocay Creek Flows and Downstream Boundary Conditions

No.	Flow Scenario	Tulocay Creek Discharge (cfs)*	Napa River Discharge d/s Tulocay Creek (cfs)	Tulocay Creek Downstream Boundary (ft, NGVD29)
1	Tulocay Creek 100-year peak flow with 50-year Napa River peak flow	4,530 (100-yr peak flow)	37,610 (50-yr peak flow)	12.94
2	Tulocay Creek concurrent flow with 100-year Napa River peak flow	1,660 (concurrent flow)	42,410 (100-yr peak flow)	13.91

2.3 Levee Freeboard and Bridge Clearance

FEMA requires a minimum freeboard of 3 feet for all levees and at least 4 feet within 100 feet of a bridge or culvert. Bridge clearance from the 100-year WSE to the low chord of the bridge was assumed to be 3 feet based on USACE Sacramento District requirements for the Behrens Street Pedestrian Bridge.

3 MODEL RESULTS

Proposed Alternatives 1 and 2 were each modeled with both flow scenarios. At the pedestrian bridge, the Napa River backwater associated with Flow Scenario #2 is higher than the WSE from the Tulocay Creek 100-year peak flow (13.91 ft vs. 12.97 ft).

Water surface elevation profiles for Tulocay Creek existing conditions and the two alternatives are shown in Figure 3. Profiles for existing conditions and Alternative 1 are equivalent because the increased levee heights in Alternative 1 provide the required freeboard, but do not affect computed flood elevations. In addition, the proposed pedestrian bridge in Alternative 1 does not affect 100-year flood elevations. Alternative 2, with its wider channel, represents the more conservative of the two alternatives in terms of determining the length of the pedestrian bridge. The 25-foot wider channel and two additional box culverts at the Wine Train crossing lower the water surface profile a maximum of 1.7 feet compared to existing conditions (see Figure 3).

Water surface elevations, freeboard, and proposed levee elevations for Alternatives 1 and 2 are provided in Table 2 and Table 3, respectively. While Alternative 1 does not require moving the levee or additional box culverts for the Wine Train Crossing, the required levee heights are greater than those required for Alternative 2. In addition, 100-year channel velocities are generally 5 to 6 ft/sec for Alternative 1, while they are 4 to 5 ft/sec for Alternative 2. This difference is important for a vegetated channel.

In terms of the pedestrian bridge, Alternative 1 yields a 100-ft clear-span bridge opening while Alternative 2 yields a 125-ft opening (see Figure 4 and Figure 5, respectively).

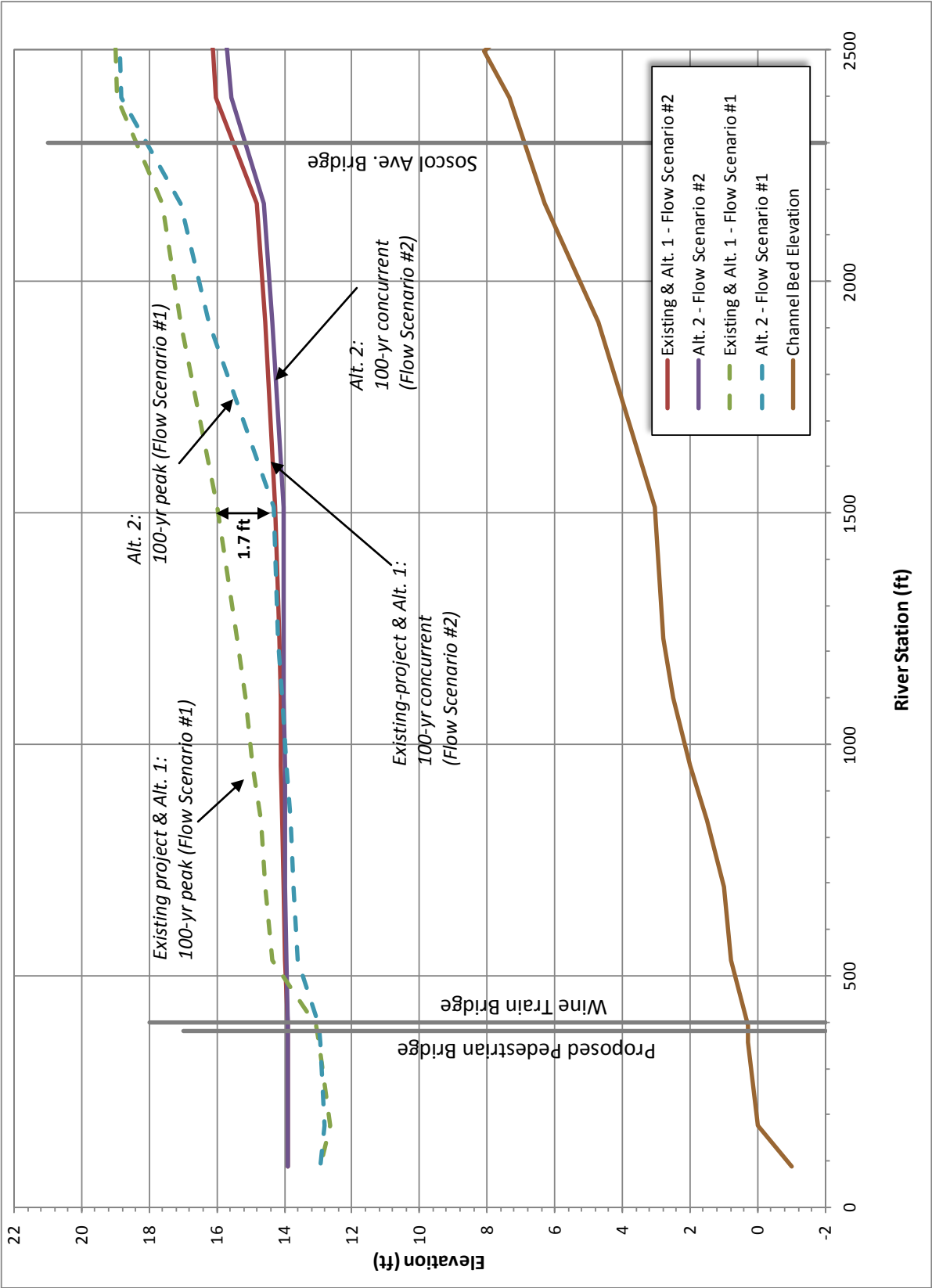


Figure 3. Tulocay Creek Computed Water Surface Profile Comparison

Table 2. Existing vs. Alternative 1 Levee Elevations

River Station	Existing Levee Elevation (ft)		Max 100-yr WSE ¹	Minimum Design Freeboard (ft)	Alternative 1
	South	North			Proposed Levee Elevations (ft)
1514	16.56	16.40	16.01	3	19.1
1230	16.58	15.93	15.42	3	18.5
1100	16.06	15.53	15.20	3	18.2
956	16.04	16.06	14.96	3	18.0
837	16.05	16.10	14.74	3	17.8
692	16.02	not applicable	14.60	3	17.6
533	16.02	not applicable	14.40	4	18.4
400	Wine Train Box Culvert				
394	16.19	16.07	13.93	4	18.0
380	Proposed Pedestrian Bridge				
357	16.19	16.07	13.92	3	18.0
178	15.81	15.78	13.89	3	16.9

1. Max WSE: Maximum of the Tulocay concurrent flow WSE and the peak flow WSE.

Table 3. Existing vs. Alternative 2 Levee Elevations

River Station	Existing Levee Elevation (ft)		Max 100-yr WSE ¹	Minimum Design Freeboard (ft)	Alternative 1
	South	North			Proposed Levee Elevations (ft)
1514	16.56	16.40	14.33	3	17.4
1230	16.58	15.93	14.20	3	17.2
1100	16.06	15.53	14.06	3	17.1
956	16.04	16.06	13.99	3	17.0
837	16.05	16.10	13.98	3	17.0
692	16.02	not applicable	13.97	3	17.0
533	16.02	not applicable	13.95	4	18.0
400	Wine Train Box Culvert				
394	16.19	16.07	13.91	4	18.0
380	Proposed Pedestrian Bridge				
357	16.19	16.07	13.91	3	18.0
178	15.81	15.78	13.90	3	17.0

1. Max WSE: Maximum of the Tulocay concurrent flow WSE and the peak flow WSE.

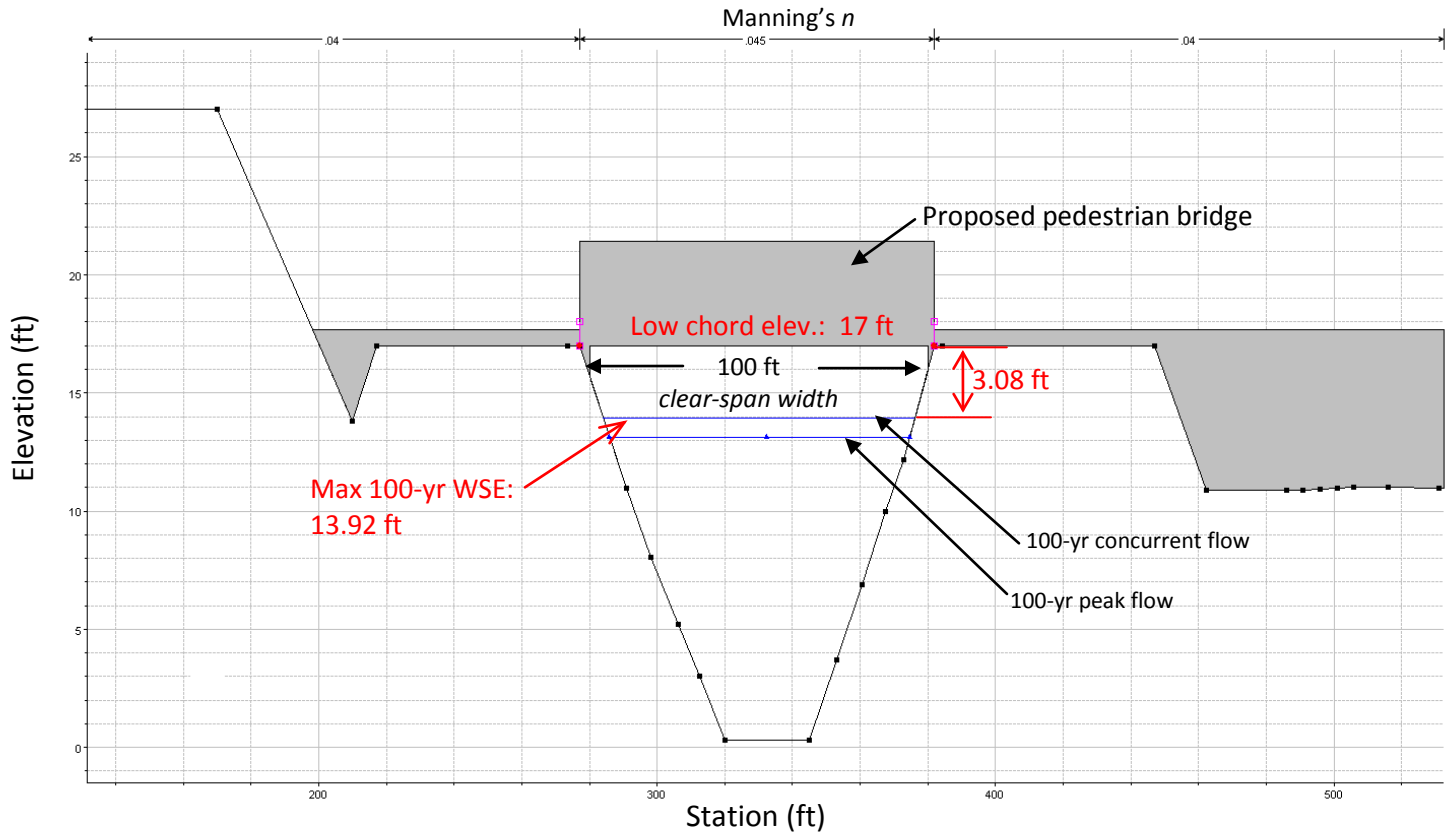


Figure 4. Alternative 1 - Upstream Side of Proposed Pedestrian Bridge

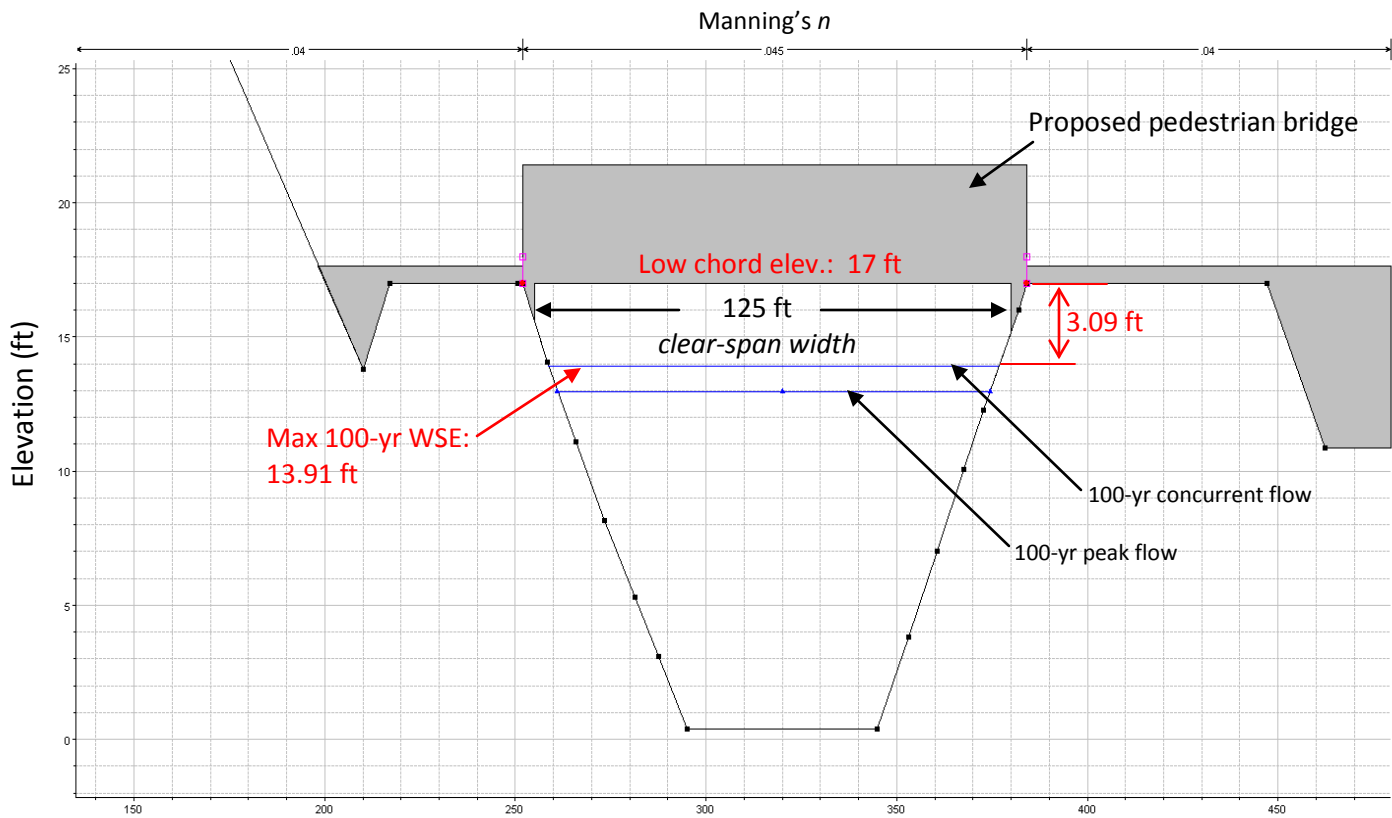


Figure 5. Alternative 2 - Upstream Side of Proposed Pedestrian Bridge

4 RECOMMENDED BRIDGE DIMENSIONS

Alternative 2 represents a conservative scenario in terms of the required clear-span length for the pedestrian bridge. The recommended pedestrian bridge dimensions are as follows:

- Clear-span length: 125 ft
- Minimum bridge low chord elevation: 17.0 ft (NGVD29)

5 REFERENCES

SCS (1963). "Napa River Watershed, Tulucay Creek Channel Design Calculations Hydrology." USDA Soil Conservation Service.

USACE (2006). "Tulocay Creek – Hydrology Review." Memorandum for Record dated 6 July 2006.

USACE (2011). "Napa River Hydrology, Computed Probability Flows." Memorandum for Record dated 13 January 2011.

Should you have any questions or comments, please feel free to contact me at (858) 487-9378.

Sincerely,



A. Jake Gusman, P.E.
Project Manager
WEST Consultants, Inc.



*This work was prepared by me or
under my supervision.*

EXHIBIT F: Environmental Permits

The construction of the Tulocay Creek Bicycle/Pedestrian Bridge was included in the environmental impact report and environmental permitting for the Napa River/Napa Creek Flood Protection Project. A water quality sampling plan is required to be prepared and implemented for any work below top of bank.

Rock slope protection shall not be used on this project. If construction is required below the surface of highest tide, a plan detailing the dewatering activities must be included and approved by the permitting agencies. The plan must protect the creek from sediment (and any other materials) and minimize the area impacted.

The design build team shall provide plans to and meet with (if necessary) the following agencies for the project: California Department of Fish and Wildlife Section 1600 Streambed Alteration Permit, San Francisco Bay Regional Water Control Board Section 404 Permit, and US Army Corps of Engineers (USACE). The City is currently completing the USACE Nationwide Permit process, and the 45-day review period of the preconstruction notification ends August 25, 2014. The City has recently consulted with the California Department of Fish and Wildlife and the San Francisco Bay Regional Water Quality Control Board to make these agencies aware of the project, and these two agencies indicated no specific concerns or requests regarding this project.



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE

Southwest Region
501 West Ocean Boulevard, Suite 4200
Long Beach, California 90802-4213

DEC 14 1998

Colonel Dorothy F. Klasse
District Engineer
U.S. Army Corps of Engineers
Sacramento District
1325 J Street
Sacramento, California 95814-2922

Dear Colonel Klasse:

Thank you for your August 26, 1998, letter requesting concurrence under section 7 of the Endangered Species Act that the Napa River Flood Reduction Project is not likely to adversely affect steelhead.

My staff worked closely with you, other agencies, the citizens of Napa, and many other stakeholders to develop this project, which is an exemplary, visionary approach towards flood management. Unlike a typical flood control project, which relies almost exclusively on channelization, levee-building, and other engineering features that remove natural habitat, this project provides protection to the city and county of Napa through minimal channel modifications, floodwalls, floodplain restoration, and wetland creation, retaining and/or enhancing the natural characteristics of the river wherever feasible. I strongly support this project and commend you and your staff for your excellent work.

Even though this project is designed to protect and restore habitat and is not expected to result in any long-term loss of habitat, there are some unavoidable, short-term impacts related to construction of this project that may result in incidental take of steelhead. The attached non-jeopardy biological opinion therefore includes an incidental take statement which authorizes unavoidable incidental take of this species.


This concludes section 7(a)(2) consultation for the threatened Central California coast steelhead ESU. Should project plans



change, or if additional information on the species becomes available, this determination may be reconsidered.

I look forward to working with you as this project is implemented and monitored. The coalition that was brought together to conceive this new project will need to continue to work together in order to ensure that this project is properly managed over the long-term. If you have any questions, please contact Mr. Miles Croom of my staff at (707) 575-6068.

Sincerely,


for William T. Hogarth, Ph.D.
Regional Administrator

Enclosure

**Endangered Species Act
Section 7 Consultation- Biological Opinion**

Agency: U.S. Army Corps of Engineers

Activity: Construct the Napa River/Napa Creek Flood Protection Project, which aims to provide flood protection by reconnecting the Napa River to its flood plain, creating wetlands through the area, maintaining fish and wildlife habitats, and retaining the natural characteristics of the river. It would provide most of the City of Napa between Trancas Street and Imola Avenue with a 100-year level of flood protection.

Consultation Conducted By:

National Marine Fisheries Service
Southwest Region, Habitat Conservation Division
Northern California Habitat Team

Date Issued: DEC 14 1998

Background/Proposed Activity (Corps, 1998)

The primary purpose of the Napa River/Napa Creek Flood Protection Project is to provide an economically feasible and environmentally sensitive method to protect the city and county of Napa from periodic flooding, up to the computed 100-year flood event in most of the city of Napa. No less than 27 significant floods have occurred in the city and county of Napa since 1862, including major floods in 1955 and 1986. In 1986, three people died, approximately 7,000 people were evacuated, 245 homes and 120 businesses were damaged, and 25,000 people were without electricity for several days. Napa County estimates that it sustained over \$100 million in property damage in the 1986 flood. Additional flooding in 1995 and 1997 caused significant flood damage and community disruption.

The current project was authorized as a federal project by the Flood Control Act of 1965, P.L. 89-298. The first project design, developed in 1970, met with considerable resistance from local citizens and was substantially altered to alleviate concerns regarding aesthetics, recreation, and river access.

The design proposal was modified further in 1975, and a federal Environmental Impact Statement was approved for the project. The 1975 proposal consisted of channel straightening, widening, and deepening. The existing oxbow was to be eliminated entirely, and most river banks were to be lined with riprap. This project was defeated in local referendums in 1976 and 1977.

In 1987 the project was reactivated in response to the impacts of the 1986 flood. A first Draft Supplemental General Design Memorandum and Draft Supplemental Environmental Impact Statement were released for public comment in April 1995. The 1995 proposal relied primarily on channel deepening and widening as a means of flood control, and also incorporated a "wet" bypass that would divert the Napa River from the downtown oxbow at all times. The 1995 proposal generated numerous comments from both citizens and resource protection agencies, including the U.S. Department of the Interior, National Marine Fisheries Service, California Department of Fish and Game, California Regional Water Quality Control Board, and California State Lands Commission. NMFS' concerns for fisheries included potential project impacts to riparian habitat, water quality (salinity and oxygen content), rearing habitat, sediment loads, instream temperatures, dredging and dredge disposal problems, and fish passage. NMFS was particularly concerned with potential impacts to Central California coast steelhead, which at the time was under consideration for listing under the federal Endangered Species Act (ESA).

Because of the large amount of public and agency concern regarding the 1995 proposal, a collaborative process was initiated with the local community and resource agencies to refine and re-design the flood management project. The Community Coalition, with the assistance of outside consultants, resource agencies, city/county staff, and the Corps of Engineers, developed the major concepts in the current preferred alternative to meet the dual objectives of flood damage reduction and environmental protection/enhancement. The Community Coalition process has been one of unprecedented cooperation among a large number of stakeholders and agencies, and has resulted in a preferred project that enjoys widespread agency and public support.

At one time, the Napa River supported a dense riparian forest, provided significant wetland habitats alongside the river, and included significant spawning areas for fish such as salmon and steelhead. However, the pressures of urbanization, agriculture, and grazing have degraded these habitats and the quality of the natural environment around the river.

The Community Coalition agreed to pursue a "living river" strategy. As defined by the Coalition, a living Napa River would consist of a system with structure, function, and diversity. It would have physical, chemical, and biological components that function together to produce complex, diverse communities of people, plants, and animals. A living Napa River would function properly when it conveys variable flows and stores water in the floodplain, balances sediment input with sediment transport, provides good quality fish and wildlife habitat, maintains good water quality, provides water supply, recreation, and aesthetic values, and generally enhances the human environment.

The Coalition's living river strategy was founded upon a recognition of the natural processes and characteristics of the river itself, following the principles of fluvial geomorphology:

- maintain the natural slope of the river- the slope should not be altered significantly by dredging or straightening;
- maintain the natural width of the river;
- maintain the natural width/depth ratio of the river;
- maintain or restore the connection of the river to its floodplain;
- allow the river to meander as much as possible;
- maintain channel features such as mudflats, shallows, sandbars, and a naturally uneven bottom; and
- maintain a continuous fish and riparian corridor along the river.

The proposed project has been developed to respond to the need to provide flood protection while restoring the habitat value of the

Napa River. The proposed project differs markedly from previously identified project alternatives, which were more traditional flood control projects. The proposed project includes the following:

- Dike lowering or removal south of Imola Avenue, which will allow the Napa River to flow in a wider area, thereby increasing conveyance capacity and reducing upstream water surface elevations.
- Channel modifications to create flood terraces, which will create additional flood capacity along the river and lower water surface elevations, while also providing valuable wetland and upland habitat. Channel widening has been proposed as an alternative to the previously proposed channel deepening.
- Development of a "dry" bypass channel to bridge the Napa River Oxbow. This bypass will allow low water flows to remain in the oxbow, thereby maintaining the oxbow's natural characteristics, but it will divert flood flows out of the oxbow and on a more direct route through Central Napa.
- New dikes, levees, and floodwalls will be constructed in certain areas to help contain 100-year flood flows.
- Pump stations will remove water from behind floodwalls and levees, and pump the water back to the Napa River.
- A number of bridges in downtown Napa will be replaced with bridges designed to have higher clearances that better pass flood flows.

The preferred alternative would be implemented along approximately 6.9 miles of the Napa River, from the Highway 29/121 bridge near Horseshoe Bend north to Trancas Street.

Additionally, the preferred alternative includes approximately 0.66 miles of channel modification on Napa Creek between the Napa River and Jefferson Street. Flood management features proposed on Napa Creek include installation of a dry bypass culvert between Jefferson and Seminary Streets, creation of a flood terrace through one-side overbank excavation between Seminary and

Clinton Streets, installation of a new dry bypass culvert between Pearl and Main Streets, bank erosion control, and removal of several existing bridges.

The project also includes one grade control structure on Napa Creek. To prevent stream degradation upstream of the project on Napa Creek, a grade control structure would be installed just below Jefferson Street. The structure would be designed so that it is not a barrier to fish passage (with review and approval by NMFS fish passage engineers) and it would have the appearance of a pool and riffle environment. Large boulders and rootwads would be incorporated into the design to improve aquatic habitat values in the grade control structure's footprint area.

Finally, the preferred project will lead to implementation of the conceptual Napa River Enhancement Plan, which will be funded and cost-shared separately from the flood protection project. The Enhancement Plan would restore physical processes and enhance ecologic functions in the South Wetlands Opportunity Area, which extends from the Newport North Marina to the Highway 29 bridge on the west side of the river. The Enhancement Plan calls for restoring 282 acres of intertidal marsh; 219 acres of high marsh; 350 acres of upland in historic alluvial floodplains; and restoring or preserving 176 acres of seasonal wetlands.

Listed Species and Critical Habitat

For general background information on the status of the threatened Central California coast steelhead, please refer to Attachment 1.

Central California coast steelhead primarily use the lower Napa River as a migration corridor from December to May to reach spawning and rearing grounds in Tulocay, Napa, Redwood, Milliken, Dry, and Bell Canyon creeks (Corps, 1998). Napa Creek can provide year-round rearing conditions for juvenile steelhead, but there are no spawning areas within the project area. Steelhead are not normally found in the Napa River from June through November. The total steelhead population in the Napa River watershed system has declined from historical estimates of 6,000 annual spawners to current estimates of a few hundred annual adult spawners (USFWS, 1997).

SURE
THROUGH
NOV.

Historically, large runs of coho salmon also utilized the Napa River watershed system. Coho salmon, now listed as threatened throughout their range in California, have been extirpated from the Napa system (USFWS, 1997).

Juvenile chinook salmon runs may use the estuarine portions of the lower Napa River for rearing during their outmigration period, but are expected to remain below the project area. Therefore, this project is not expected to affect any listed or proposed chinook salmon runs, including the endangered winter-run chinook salmon, the proposed-threatened Southern Oregon/California Coastal fall-run chinook salmon ESU, the proposed-endangered Central Valley spring-run chinook salmon, or the proposed-threatened Central Valley fall/late-fall chinook salmon. Threatened Central Valley steelhead are also not expected to move upstream beyond the lower, estuarine portions of the Napa River.

Assessment of Impacts

Direct impacts can be divided into three categories: construction-related impacts, short-term habitat impacts (before mitigation), and long-term habitat impacts (post-mitigation). Construction-related impacts potentially include 1) turbidity/sedimentation impacts, 2) displacement and disturbance of rearing animals in construction zones, and 3) other water quality impacts, such as fuel spills from construction equipment. Habitat components important to steelhead which are potentially affected by this project over the short-term and long-term include instream aquatic habitat (pools/riffles/fish passage), tidal marsh, tidal mudflats, and shaded riverine aquatic cover (that portion of riparian habitat along the stream that directly affects the live stream ecosystem).

Construction-Related Impacts Steelhead may avoid utilization of areas affected by increased turbidity during construction. To avoid this impact, in-water construction in the Napa River and Napa Creek will be limited to between June 1 and October 15. Silt curtains will be deployed around areas of bridge removal, bridge construction, and construction of culvert inlets and outlets to minimize the dispersion of suspended sediment. During the construction period, it is likely that juvenile steelhead would only be found in the Napa Creek portion

of the project. The turbidity management measures should minimize impacts to rearing juveniles in construction areas; however, it may be prudent to capture and relocate juvenile steelhead that are in areas which will be significantly disturbed by construction activities.

Instream Aquatic Habitat Impacts Juvenile steelhead could potentially be stranded in the dry bypass or Napa Creek bypass after a flood event. Fish passage could be affected by the instream grade control structure on Napa Creek. Final design of the bypasses and grade control structure will be reviewed and approved by NMFS to ensure that the all designs are adequate to minimize the risk of fish stranding and allow for fish passage under seasonal streamflow patterns.

Short-Term and Long-Term Habitat Impacts Construction of the project will result in initial losses of riparian habitat, shaded riverine aquatic cover (SRA), emergent marsh, and other habitat elements that may contribute to steelhead rearing habitat. Habitat impacts before and after mitigation, excluding habitat creation associated with the Napa River Enhancement Plan are summarized in the following table, (Corps, 1998):

Habitat Type	Acres Impacted	Acres Created	Net Change in Acres
Riparian Forest above oxbow	1.92	1.56	-0.36
Riparian forest below oxbow	2.55	15.15	+12.6
Riparian forest Napa Creek	0.97	0.97	0.00
Riparian scrub-shrub	1.80	10.68	+8.88
Low Value Woodlands	11.24	0.00	-11.24
High Value Woodlands	0.99	11.07	+10.08
Brackish emergent marsh	7.32	31.43	+24.11
Seasonal wetlands	44.18	45.00	+0.82
Tidal mudflats	0.61	27.50	+26.89
Shaded Riverine Aquatic Cover	0.19	2.57 145.93	+2.38

Table 1. Post-construction and post-mitigation habitat impacts, from Corps (1998), page 3.4-27, excluding the habitat created by the Napa River Enhancement Plan.

- 11.60
+ 82.96
+ 70.16
145.93
(110.10W)

As can be seen from the above table, there should be a net increase in habitat values for steelhead over the life of the project. The Napa River Enhancement Plan would create an additional 110.9 acres of high-value woodlands, and an additional 104.3 acres of brackish emergent marsh.

However, there could be short-term impacts during the period after original loss of habitat from project construction, and before the establishment of mitigation plantings.

Concern regarding the degradation of anadromous fish habitat as a result of shade losses from limited tree removal and grading on the north bank of Napa Creek prompted modeling to determine potential thermal impacts (Corps, 1998). Results of the shade simulation model indicate that construction of a flood terrace along the north bank, and removal of all north bank vegetation, will reduce total stream shading from 25 to 30%.

These assumptions are more extreme than the conditions proposed under the project, which would retain some trees and provide for replanting of trees between the proposed bank and terrace. Approximately 2 acres of riparian vegetation will be planted to compensate for the loss of approximately $\frac{1}{2}$ acre of non-native riparian loss between Seminary and Pearl streets. A riparian strip will be established along the terrace to provide shading for the low flow channel, and existing vegetation below the streambank terrace will be left in place. A new riparian strip, three feet in width, will be planted on the excavated terrace. The combination of existing vegetation and newly planted vegetation should result in a riparian strip with a combined width of 9 to 14 feet, depending on existing bank slopes.

However, even with these worst-case assumptions, the model analysis determined that implementation of the north streambank flood terrace would not have a significant effect on stream temperatures (Corps, 1998b). The Corps will provide status reports of planted vegetation growth during the 3-year vegetation establishment period (Corps, 1998b).

Napa Creek has limited water conveyance capacity; even after project construction, large woody debris that could form log jams will be removed from the channel to avoid loss of flood conveyance. However, the project proposal states that smaller woody debris will be left in the channel (Corps, 1998b).

Disturbance of bank habitat could promote rapid colonization by non-native invasive plant species, such as Arundo donax. However, the project includes preparation of a detailed Vegetation Establishment and Monitoring Plan (VEMP). The VEMP will restrict all plantings to native species; define site preparation and revegetation procedures, planting design, implementation schedule, and funding sources to ensure long-term management of the overall wetland and riparian revegetation effort; and provide for the initial and future control of invasive exotics during monitoring of the revegetation effort; and include performance criteria, survival rates, establishment rates and periods, long-term objectives, and contingency measures if performance standards and mitigation objectives are not met (Corps, 1998).

The project includes bank stabilization near bridges, culvert and bypass entrances/exits from the live channel, in the Napa River oxbow, and at other high-energy locations subject to active erosion. Riprap rock protection will be utilized in the areas with the highest expected erosion potential. However, the project designers are committed to using biotechnical methods to the extent feasible (Corps 1998b). Riparian pole plantings will be installed in riprapped areas at bypass culvert exits (Corps 1998b). Even with the expected riprap installations, the project is expected to result in a net increase in habitat as detailed in Table 1 above.

Over the long-term, the dramatic increases in tidal mudflats and brackish emergent marsh from habitat restoration activities should increase the available rearing habitat and food supply for steelhead.

Cumulative Effects Most actions affecting steelhead or their habitat within the mean high water line of the Napa River and its major tributaries should be subject to federal section 7 consultation with the Corps of Engineers prior to issuance of a Section 404 Clean Water Act permit. This includes new dredging, maintenance dredging of the Napa River navigation channel, fill activities, dock construction, and shoreline repair/revetment activities. New point discharges would be subject to regulation under the Environmental Protection Agency's NPDES permit program, and would therefore also be subject to section 7 consultation.

New, non-federal actions which are reasonably certain to occur in the action area during the term of this biological opinion, and which do not fall under section 7 consultation through either EPA or the Corps of Engineers include small-scale modifications to local infrastructure, such as new housing developments, minor changes to local water project operations, and minor changes to sewage treatment operations. None of these actions are expected to result in significant adverse impacts to Central California Coast steelhead within the Napa River watershed system. Nor are these actions expected to significantly degrade the existing environmental baseline.

Environmental Baseline

Central California coast steelhead primarily use the lower Napa River as a migration corridor from December to May to reach

spawning and rearing grounds in Tulocay, Napa, Redwood, Milliken, Dry, and Bell Canyon creeks (Corps, 1998). Napa Creek can provide year-round rearing conditions for juvenile steelhead, but there are no spawning areas within the project area. Steelhead are not normally found in the Napa River from June through November. The total steelhead population in the Napa River watershed system has declined from historical estimates of 6,000 annual spawners to current estimates of a few hundred annual adult spawners (USFWS, 1997).

The causes of this decline are described in Attachment 1. In general, riparian habitat loss and degradation, water quality degradation (from agricultural and urban development), construction of dams in spawning tributaries (e.g. Milliken Reservoir, Conn Dam, Rector Reservoir, Kimball Canyon Dam, Bell Canyon Reservoir), culverts and other barriers, and water diversions have contributed to the decline of steelhead production in the Napa River watershed.

No data are currently available to quantitatively assess the extent to which these impacts have increased or decreased within the Napa River watershed, or in other watersheds of the ESU, since the original listing of the ESU in 1997. In general, it is believed that these activities have probably resulted in limited additional cumulative impacts to steelhead and their habitat since the original listing, but that steelhead populations are at levels similar to those that occurred at the time of the listing. Some of these impacts may have been partially offset by various activities, such as the restoration of tidal wetland habitat in northern San Pablo Bay. Also, local steelhead populations may have recovered slightly since the end of the early-1990's drought.

Conclusion

Based on the best available scientific and commercial information and the analysis in this opinion, NMFS concludes that implementation of the Napa River/Napa Creek Flood Reduction Project is not likely to jeopardize the continued existence of the threatened Central California Coast steelhead ESU. Adverse effects are expected to be limited to short-term construction-related impacts and initial habitat losses. Incidental take of

steelhead is expected to be limited to displacement, relocation, and *de minimis* incidental mortality of juvenile steelhead from construction areas in Napa Creek during the construction period. However, the Napa Creek construction area constitutes a small fraction of available rearing habitat within the watershed system. Over the long-term, the project should result in a net increase in available habitat for the ESU within the Napa River watershed system, thereby contributing to recovery of the ESU.

Conservation Recommendations

Section 7(a)(1) of the ESA directs federal agencies to utilize their authorities to further the purposes of the ESA by carrying out conservation programs for the benefit of threatened and endangered species. These "conservation recommendations" include discretionary measures that the Corps of Engineers can take to minimize or avoid adverse effects of a proposed action on a listed species or critical habitat or regarding the development of information. In addition to the terms and conditions in the Incidental Take Statement, NMFS provides the following conservation recommendations that would reduce or avoid adverse impacts to steelhead:

(1) The Corps and local project sponsors should use biotechnical bank stabilization methods on an aggressive, adaptive management basis. Experienced consultants and designers should be used to develop biotechnical designs on a location-specific basis. Potential methods include cabling of logs and rootwads, cribwalls, planted gabion terraces, and other "fish-friendly" designs (Riley, 1998). If these approaches fail, then more traditional bank stabilization methods, such as riprap, can be considered on an adaptive management basis. However, riparian features should be incorporated into all bank stabilization designs to the maximum extent feasible, such as for projects proposed by the Corps on the Lower American River (USFWS, 1998).

(2) Prior to construction in the Napa Creek project reaches, the Corps of Engineers should conduct juvenile steelhead surveys in the project area to determine their location in rearing pools and riffles. Juvenile steelhead rearing in areas that cannot be adequately protected by turbidity control measures and other impact minimization measures should be relocated to other suitable rearing habitat before construction.

(3) The Corps of Engineers and other project partners and stakeholders should develop and implement a fish and wildlife population monitoring plan to assess the short-term impacts and long-term benefits of the project's habitat enhancements to fish and wildlife populations.

(4) The Corps of Engineers should provide technical and financial assistance to help ensure successful implementation of the Napa River Enhancement Plan. Specifically, the additional 104.3 acres of brackish emergent marsh that would be restored by the Enhancement Plan would provide a significant benefit to Central California coast steelhead.

Reinitiation of Consultation

Reinitiation of formal consultation is required if (1) the amount or extent of incidental taking in any incidental take statement is exceeded; (2) new information reveals effects of the action may affect listed species or critical habitat in a manner or to an extent not previously considered; (3) the action is subsequently modified in a manner that causes an effect to the listed species or critical habitat that was not considered in the biological opinion; or (4) a new species is listed or critical habitat designated that may be affected by the action.

Incidental Take Statement

Section 7(b)(4) of the ESA provides for the issuance of an incidental take statement for the agency action if the biological opinion concludes that the proposed action is not likely to jeopardize the continued existence of a listed species or result in the destruction or adverse modification of critical habitat. In such a situation, NMFS will issue an incidental take statement specifying the impact of any incidental taking of endangered or threatened species, providing for reasonable and prudent measures that are necessary to minimize impacts, and setting forth the terms and conditions with which the action agency must comply in order to implement the reasonable and prudent measures. Incidental takings resulting from the agency action, including incidental takings caused by activities authorized by the agency, are authorized under the incidental take statement only if those

takings are in compliance with the specified terms and conditions.

This statement authorizes minimal incidental take of threatened Central California Coast steelhead. It is expected that incidental take, if any, should be minimal- less than a few hundred juveniles per year, for all listed and unlisted salmonid ESU's. If incidental mortality of juvenile steelhead exceeds more than 100 juveniles per year, the Corps of Engineers shall re-initiate section 7 consultation, so that impact avoidance and minimization measures can be reviewed and modified as necessary.

Reasonable and Prudent Measures

(1) The Corps of Engineers will actively manage the Napa River/Napa Creek Flood Reduction Program, along with the Napa County Flood Control and Water Conservation District (NCFWCWD), other resource agencies, and the citizens of Napa, to minimize impacts to steelhead and their habitat, and to maximize habitat enhancement and restoration.

(2) The Corps of Engineers shall annually report to NMFS the status of project activities and any take of Central California coast steelhead resulting from construction or operation of the project.

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(3) All bank stabilization designs shall be reviewed and approved by NMFS.

(4) The habitat creation goals listed in Table 1 above for tidal mudflat, brackish emergent marsh, shaded riverine aquatic cover, and riparian habitat shall all be achieved by the project.

(5) The Corps of Engineers shall avoid stranding juvenile steelhead and minimize fish passage impacts from the instream grade control structure on Napa Creek.

Terms and Conditions

The *de minimis* level of incidental take identified above is authorized provided that the Corps of Engineers ensures compliance with the following terms and conditions, which are non-discretionary:

(1) The Corps of Engineers will actively manage the Napa River/Napa Creek Flood Reduction Program, along with the Napa County Flood Control and Water Conservation District (NCFWCWD), other resource agencies, and the citizens of Napa. Active management shall include implementation of all proposed mitigation, including habitat creation, seasonal construction windows, and construction impact minimization measures, as detailed in Corps (1998) and Corps (1998b).

(a) The Corps of Engineers shall prepare a compilation of the annual, cumulative effects of the program, and shall provide this report to NMFS by December 31st of each year.

(b) All projects shall adhere to all impact mitigation and seasonal construction window commitments described in Corps (1998) and Corps (1998b). No deviations from these commitments shall occur without the prior notification and approval of NMFS. NMFS-approved deviations should be reflected in subsequent Flood Reduction and VEMP Management Plan revisions.

(2) NMFS will be given an annual report summarizing all flood reduction, bank stabilization, and habitat mitigation/restoration activities conducted pursuant to the project, by December 31st. This report shall include an estimate of all incidental take of steelhead resulting from disturbance, relocation, or incidental mortality. This report shall also include a summary of all planned activities for the upcoming year.

(3) Biotechnical, "fish-friendly" bank stabilization designs shall be used to the maximum extent practicable. NMFS shall be given at least 60 days to review and comment on all bank stabilization plans and designs prior to their construction. If these biotechnical approaches fail, then more traditional bank stabilization methods, such as riprap, can be considered on an adaptive management basis. However, riparian features should be incorporated into all bank stabilization designs to the maximum extent feasible, such as in proposals by the Corps on the Lower American River (USFWS, 1998).

(4) The U.S. Fish and Wildlife Service's HEP (Habitat Evaluation Protocol) model shall be used to ensure that there is no net loss of tidal mudflat, brackish emergent marsh, shaded riverine

aquatic cover, or riparian habitat types over the life of the project. If it becomes apparent that the habitat creation goals listed in Table 1 above may not be met, the Corps of Engineers shall promptly propose project amendments designed to meet these goals and submit these amendments to NMFS for approval.

(5) Final design of the bypasses and Napa Creek grade control structure must be reviewed and approved by NMFS to ensure that the all designs are adequate to minimize the risk of fish stranding and allow for fish passage under seasonal streamflow patterns.

(a) Qualified fishery biologists approved by CDFG or NMFS shall relocate juvenile steelhead in the Napa Creek project area to minimize impacts from project construction. The numbers and disposition of fish handled and relocated by project personnel shall be reported in the annual project report to NMFS.

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Attachment 1

Species Life History, Biological Requirements, and Population Trends- Steelhead Trout

General life history information for steelhead (*Oncorhynchus mykiss*) is summarized below, followed by more detailed information on the Central California coast steelhead ESU, including any unique life history traits as well as population trends. Further detailed information on this and other steelhead ESUs is available in the NMFS Status Review of west coast steelhead from Washington, Idaho Oregon, and California (Busby et al. 1996), the NMFS proposed rule for listing steelhead (61 FR 41541), the NMFS Status Review for Klamath Mountains Province Steelhead (Busby et al. 1994), and the NMFS final rule listing the Southern California Coast steelhead ESU, South Central California Coast steelhead ESU, and the Central California Coast steelhead ESU (62 FR 43937).

Adult freshwater migration and spawning. The most widespread run type of steelhead is the winter (ocean-maturing) steelhead, while summer (stream-maturing) steelhead (including spring and fall steelhead in southern Oregon and northern California) are less common. There is a high degree of overlap in spawn timing between populations, regardless of run-type. California steelhead generally spawn earlier than steelhead in northern areas. Both summer and winter steelhead in California generally begin spawning in December, whereas most populations in Washington begin spawning in February or March. Among inland steelhead populations, Columbia River populations from tributaries upstream of the Yakima River spawn later than most downstream populations.

The stream-maturing type enters fresh water in a sexually immature condition and requires several months in freshwater to mature and spawn. The ocean-maturing type enters fresh water with well-developed gonads and spawns shortly thereafter (Barnhart 1986).

Steelhead may spawn more than once before dying, in contrast to other species of the *Oncorhynchus* genus. It is relatively uncommon for steelhead populations north of Oregon to have repeat spawning, and more than two spawning migrations is rare. In

Oregon and California, the frequency of two spawning migrations is higher, but more than two is unusual.

Juvenile rearing and outmigration. Juvenile steelhead live in freshwater between one and four years (usually one to two years in the Pacific Southwest) and then become smolts and migrate to the sea from November through May with peaks in March, April, and May. The smolts can range from 14 to 21 cm in length. Steelhead spend between one and four years in the ocean (usually two years in the Pacific Southwest) (Barnhart 1986). Fish size appears to be positively correlated with water velocity and depth (Chapman and Bjornn 1969, Everest and Chapman 1972).

Ocean Migration. North American steelhead typically spend 2 years in the ocean before entering freshwater to spawn. The distribution of steelhead in the ocean is not well known. CWT recoveries indicate that most steelhead tend to migrate north and south along the Continental Shelf (Barnhart 1986). Steelhead stocks from the Klamath and Rogue rivers probably mix together in a nearshore ocean staging area along the northern California before they migrate upriver (Everest 1973).

Biological Requirements. The timing of upstream migration is correlated with higher flow events, such as freshets or sand bar breaches, and associated lower water temperatures. Unusual stream temperatures during spawning migration periods can alter or delay migration timing, accelerate or retard maturation, and increase fish susceptibility to diseases. The minimum stream depth necessary for successful upstream migration is 18 cm (Thompson 1972). Reiser and Bjornn (1979) indicated that steelhead preferred a depth of 24 cm or more. The maximum velocity, beyond which upstream migration is not likely to occur, is 2.4 m/second (Thompson 1972).

Steelhead spawn in cool, clear streams featuring suitable gravel size, depth, and current velocity. Intermittent streams may be used for spawning (Barnhart 1986; Everest 1973). Reiser and Bjornn (1979) found that gravels of 1.3 cm to 11.7 cm in diameter and flows of approximately 40-90 cm/second (Smith 1973) were preferred by steelhead. The survival of embryos is reduced when fines of less than 6.4 mm comprise 20 - 25% of the substrate. Studies have shown a higher survival of embryos when intragravel velocities exceed 20 cm/hour (Phillips and Campbell 1961, Coble

1961). The number of days required for steelhead eggs to hatch varies from about 19 days at an average temperature of 60° F to about 80 days at an average of 42° F. Fry typically emerge from the gravel two to three weeks after hatching (Barnhart 1986).

After emergence, steelhead fry usually inhabit shallow water along perennial stream banks. Older fry establish territories which they defend. Streamside vegetation and cover are essential. Steelhead juveniles are usually associated with the bottom of the stream. In smaller California streams, the water levels may drop so low during the summer that pools are the only viable rearing habitat. No passage between pools can occur until river levels rise with the onset of the rainy season. Therefore, juvenile steelhead rearing in isolated summer pools are extremely vulnerable to disturbance or water quality impacts. Daytime temperatures in summer rearing pools may also be near lethal levels; riparian shading and the presence of sub-surface, cold water seeps are often essential to maintain pool temperatures at tolerable levels. In winter, they become inactive and hide in any available cover, including gravel or woody debris.

The majority of steelhead in their first year of life occupy riffles, although some larger fish inhabit pools or deeper runs. Juvenile steelhead feed on a wide variety of aquatic and terrestrial insects, and emerging fry are sometimes preyed upon by older juveniles. Water temperatures influence the growth rate, population density, swimming ability, ability to capture and metabolize food, and ability to withstand disease of these rearing juveniles. Rearing steelhead juveniles prefer water temperatures of 45° to 58° F and have an upper lethal limit of 75° F.

Dissolved oxygen (DO) levels of 6.5 to 7.0 mg/L affected the migration and swimming performance of steelhead juveniles at all temperatures (Davis et. al. 1963). Reiser and Bjornn (1979) recommended that DO concentrations remain at or near saturation levels with temporary reductions no lower than 5.0 mg/L for successful rearing of juvenile steelhead. Low DO levels decrease the rate of metabolism, swimming speed, growth rate, food consumption rate, efficiency of food utilization, behavior, and ultimately the survival of the juveniles.

During rearing, suspended and deposited fine sediments can

directly affect salmonids by abrading and clogging gills, and indirectly cause reduced feeding, avoidance reactions, destruction of food supplies, reduced egg and alevin survival, and changed rearing habitat (Reiser and Bjornn 1979). Bell (1973) found that silt loads of less than 25 mg/L permit good rearing conditions for juvenile salmonids.

1. Central California Coast steelhead ESU - Threatened

Only winter steelhead are found in this ESU and those to the south. The relationship between anadromous and non-anadromous *O. mykiss*, including possibly residualized fish upstream from dams, is unclear.

Only two estimates of historical (pre-1960s) abundance specific to this ESU are available: an average of about 500 adults in Waddell Creek in the 1930s and early 1940s (Shapovalov and Taft 1954), and 20,000 steelhead in the San Lorenzo River before 1965 (Johnson 1964). In the mid-1960s, 94,000 steelhead adults were estimated to spawn in the rivers of this ESU, including 50,000 and 19,000 fish in the Russian and San Lorenzo rivers, respectively (CDFG 1965). Recent estimates indicate an abundance of about 7,000 fish in the Russian River (including hatchery steelhead) and about 500 fish in the San Lorenzo River. These estimates suggest that recent total abundance of steelhead in these two rivers is less than 15 percent of their abundance 30 years ago. Recent estimates for several other streams (Lagunitas Creek, Waddell Creek, Scott Creek, San Vincente Creek, Soquel Creek, and Aptos Creek) indicate individual run sizes of 500 fish or less. Steelhead in most tributaries to San Francisco and San Pablo bays have been virtually extirpated (McEwan and Jackson 1996). Fair to good runs of steelhead still apparently occur in coastal Marin County tributaries. In a 1994 to 1997 survey of 30 San Francisco Bay watersheds, steelhead occurred in small numbers at 41 percent of the sites, including the Guadalupe River, San Lorenzo Creek, Corte Madera Creek, and Walnut Creek (Leidy 1997).

Little information is available regarding the contribution of hatchery fish to natural spawning, and little information on present run sizes or trends for this ESU exists. However, given the substantial rates of declines for stocks where data do exist, the majority of natural production in this ESU is likely not self-sustaining.

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United States Department of the Interior

FISH AND WILDLIFE SERVICE

Sacramento Fish and Wildlife Office
3310 El Camino Avenue, Suite 130
Sacramento, California 95821-6340

April 9, 1999

Walter Yep, Chief
Planning Division
(Attn: Karen Shaffer)
U.S. Army Corps of Engineers
Sacramento District
1325 J Street
Sacramento, California 95814-2922

Subject: Formal Endangered Species Consultation on the Napa River/Napa Creek
Flood Reduction Project, Napa County, California

Dear Mr. Yep:

This document transmits the U.S. Fish and Wildlife Service's (Service) biological opinion based on the Service's review of the proposed Napa River/Napa Creek Flood Reduction Project, and its effects on the endangered salt marsh harvest mouse (*Reithrodontomys raviventris*) (harvest mouse), the threatened delta smelt (*Hypomesus transpacificus*), and the threatened Sacramento splittail (*Pogonichthys macrolepidotus*) (splittail) in accordance with section 7 of the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 *et seq.*) (Act). The U.S. Army Corps of Engineers' (Corps) January 20, 1999, request for formal consultation was received on January 26, 1999.

This biological opinion is based on information provided in: (1) the Corps' March 1999 *Napa River/Napa Creek Flood Reduction Project Final Supplemental Environmental Impact Statement/ Environmental Impact Report* (FSEIS/R); (2) Phil Williams and Associates, Ltd., December 1997 *Conceptual Plan for Enhancement of the Alluvial Floodplains and Tidal Marshlands of the Upper Napa River Estuary* (Williams Report); (3) Chapter IV-F of Brady/LSA's August 1998 *Draft Stanley Ranch Specific Plan Environmental Impact Report*; (4) Wetlands Research Associates, Inc.'s, June 1995 (revised April 1996) *Stanley Ranch Special Status Species Surveys* (Stanley Ranch Report); (5) H.T. Harvey and Associates' September 30, 1993, *Stanley Ranch Salt Marsh Harvest Mouse Trapping Surveys*; (6) site visits attended by Service and Corps staff on December 2, 1998, and March 17, 1999; (7) the Corps' March 30, 1999, letter discussing project effects to the salt marsh harvest mouse; and

EXHIBIT F-1**ATTACHMENT 1**

Walter Yep, Chief

2

(8); additional information contained in Service files. A complete administrative record of this consultation is on file in this office.

CONSULTATION HISTORY

On August 26, 1998, the Service received the Corps' August 26, 1998, letter requesting concurrence with its determination that the proposed Napa River/Napa Creek Flood Reduction Project was not likely to adversely affect any listed and proposed threatened and endangered species. The Corps provided their July 1998 *Administrative Draft Napa River Flood Control Project FSEIS/R* as a biological assessment.

On January 26, 1999, the Service received the Corps' January 20, 1999, request for formal consultation on the proposed Napa River/Napa Creek Flood Reduction Project.

On March 8, 1999, the Service received three documents from the Corps, listed above, describing special status species' occurrence on the Stanley Ranch.

On March 16, 1999, the Service received the Corps' March 1999 *Napa River/Napa Creek Flood Reduction Project Final Supplemental Environmental Impact Statement/ Environmental Impact Report*.

On March 17, 1999, Dan Buford and Caroline Wilkinson of the Service and Karen Shaffer of the Corps attended a site visit to quantify the extent of suitable harvest mouse habitat in the South Wetlands Opportunity Area, described in the Williams Report.

On April 5, 1999, the Service received the Corps' March 30, 1999, letter providing additional information on the harvest mouse and long-term maintenance.

BIOLOGICAL OPINION**Description of the Proposed Action**

The Corps will implement the preferred alternative described in the March 1999 *Napa River/Napa Creek Flood Reduction Project Final Supplemental Environmental Impact Statement/ Environmental Impact Report* (Napa River Project) to provide a 100-year level of flood protection to the City of Napa and outlying areas and restore habitat values. The proposed project encompasses the Napa River from the City of Napa downstream to the Highway 29/121 bridge overcrossing at Horseshoe Bend.

EXHIBIT F-1**ATTACHMENT 1**

Walter Yep, Chief

The major components of the proposed project include:

- Lowering of dikes south of Imola Avenue and allowing the Napa River to flow in a wider area, thereby increasing conveyance capacity and reducing upstream water surface elevations.
- Channel modifications to create flood terraces, which would create additional capacity along the river and lower water surface elevations, while also providing valuable wetland and upland habitat. Channel widening has been developed as an alternative to the previously proposed channel deepening.
- Development of a "dry" bypass channel to bridge the Oxbow. This bypass will allow low water flows to remain in the Oxbow, thereby maintaining the Oxbow's natural characteristics, but it will divert flood flows out of the Oxbow and on a more direct route through central Napa.
- New dikes, levees, and floodwalls that will contain flood flows up to the 100-year event.
- Three pump stations that will transport water across floodwalls and levees, and into the Napa River.
- Removal and replacement of bridges in Downtown Napa. Replaced bridges would be designed with higher clearances to better pass flood flows.
- Accommodate the authorized federal navigation channel and project that extends from San Francisco Bay up the Napa River to Third Street.

The preferred alternative also includes channel modifications on Napa Creek between the Napa River and Jefferson Street. Project elements include installation of a dry bypass culvert between Jefferson and Seminary Streets, creation of a flood terrace through one-side overbank excavation between Seminary and Clinton Streets, installation of a new dry bypass culvert between Pearl and Main Streets, bank erosion protection, and removal of several existing bridges to contain flood flows up to the 100-year event within the banks of the creek.

Within the project reach, the Napa River currently supports suitable delta smelt and splittail habitat that will be temporarily impacted, including approximately 7.32 acres of brackish emergent marsh, 0.61 acre of tidal mudflats, and 0.19 acre of Shaded Riverine Aquatic (SRA) cover. In addition, the proposed project will also temporarily impact approximately 11.0 acres of suitable harvest mouse habitat on Horseshoe Bend Island. Under with-the-project conditions, most of these cover-types would also be created. The proposed project will result in the creation of 206 acres of tidal brackish marsh, 27.50 acres of tidal mudflats, and 2.57 acres of SRA cover.

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According to the FSEIS/R, the Corps and the Napa County Flood Control and Water Conservation District (County) will implement "performance-based maintenance" following project construction. The Corps will monitor emergent marsh areas on the marsh plain terrace and seasonal wetlands on the flood plain terrace for 3 years to ensure that appropriate conditions exist to allow for the establishment of these habitat types. If such conditions do not exist, the Corps will undertake remedial actions and an additional 3 years of monitoring. The County will be responsible for periodic inspection, monitoring, and maintenance for the life of the project. The maintenance regime includes: (1) the development of as-built plans, cross-sections, and a hydraulic model of the floodway; (2) vegetation establishment and monitoring, partly described above; (3) hydraulic monitoring of the floodway to track sedimentation, vegetation growth, and other factors affecting conveyance of flows; (4) limited vegetation removal to maintain flood flows, including removal of woody vegetation that becomes established in the marshplain terrace; (5) erosion control measures only where erosion threatens important structures, such as floodwalls, levees, and bridge structures; (6) sediment removal within the floodway, including sediment removal within the river channel approximately once every 10 years, and within the marshplain and floodplain terraces once every 25 years; (7) a Corps prepared Operations and Maintenance Manual to be approved by environmental resource agencies and provided to the County prior to transfer of each completed contract and/or phase; and (8) and annual reports provided by the County to the Corps for the life of the project.

Status of the Species

Salt Marsh Harvest Mouse

The salt marsh harvest mouse was federally listed as endangered in 1970 (35 FR 1604). A detailed account of the taxonomy, ecology, and biology of the harvest mouse is presented in the approved Recovery Plan for this species (Service 1984). Supplemental information on the harvest mouse is provided below and in the Service's August 31, 1990, biological opinion on the Corps' permit application No. 15283E49, which is hereby incorporated by reference.

The harvest mouse occurs in remaining tidal marshes and suitable diked wetlands within the Bay eastward to the vicinity of Collinsville-Antioch. There are two subspecies of harvest mouse; the northern subspecies (*R.r. halicoetes*) occurs in Suisun and San Pablo Bays north of Point Pinole in Contra Costa County and Point Pedro in Marin County; the southern subspecies (*R.r. raviventris*) occurs in southern San Pablo Bay and central and southern portions of San Francisco Bay. Male harvest mice are reproductively active year-long, but primarily from April through September. Females have a long breeding season that extends from as early as March to November (Fisler 1965). However, they apparently have a low reproduction potential with an average litter from 3.72 to 4.21 (Fisler 1965). Fisler (1965) estimated that females of the northern subspecies may have only one litter per year. The southern subspecies may have similar productivity.

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Harvest mice are endangered by loss of habitat, degradation of habitat quality, and fragmentation and isolation of remaining habitats. Of the 193,800 acres of tidal marsh that bordered the Bay in 1850, about 30,100 acres currently remain (Dedrick 1993). This represents an 84 percent reduction from historical conditions. Primary habitat for the harvest mouse historically was tidal pickleweed-dominated salt marsh and brackish marsh in the middle tidal marsh zone, complemented by natural creek levee vegetation (including tall, shrubby gumplants) and upland transition zones supporting vegetation cover which remains emergent even during the highest winter tides. Diking for agricultural reclamation and urban development eliminated the majority of both habitat components in the San Francisco Bay Estuary during the 19th and early 20th century. Even though other marsh conditions may be optimal, few harvest mice survive in marshes with little or no high tide escape cover.

Substantial populations of harvest mice often occupy diked salt marshes which undergo infrequent episodes of tidal flooding, and irregular periods of inundation from impounded rainwater and runoff from adjacent uplands. Populations of harvest mice in these diked salt marshes are subject to large fluctuations in numbers, with "crashes" following periods of prolonged, deep flooding. (H. Shellhammer, San Jose State University, pers. comm.). They provide, however, important refugial populations for the species because most existing salt marsh in the San Francisco Bay Estuary is geomorphically young (formed after widespread marsh diking and reclamation), and often lacks the features of mature tidal marsh that supply ample refugia from tidal flooding, such as high densities of natural channel levees and dense, tall gumplant vegetation.

Suitable salt marsh harvest mouse habitat on the project site is limited to approximately 11.0 acres of diked pickleweed on Horseshoe Bend Island. According to the Stanley Ranch Report, harvest mice have been captured on the Stanley Ranch, south of the Highway 29/121 bridge, in 1979 and 1993. According to the FSEIS/R, harvest mice have been at the southern border of the project area under the Highway 29/121 bridge.

Delta smelt

The delta smelt was federally listed as a threatened species on March 5, 1993 (58 FR 12854). Please refer to the Service (1993, 1994a) and Water Resources and Reclamation (1994) for additional information on the biology and ecology of this species. The delta smelt is a slender-bodied fish with a steely blue sheen on the sides, and it appears almost translucent (Moyle 1976). The delta smelt, which has a lifespan of one year, has an average length of 60 to 70 mm (about 2 to 3 inches) and is endemic to Suisun Bay upstream of San Francisco Bay through the Delta in Contra Costa, Sacramento, San Joaquin, Solano and Yolo counties, California (Figure 3). Historically, the delta smelt is thought to have occurred from Suisun Bay upstream to at least the City of Sacramento on the Sacramento River, and Mossdale on the San Joaquin River (Moyle *et al.* 1992, Sweetnam and Stevens 1993). In 1996, delta smelt were also collected in the Napa River. The delta smelt is an euryhaline species (tolerant of a wide salinity range) that spawns in fresh water and has been collected from estuarine waters up to 14 parts per thousand (ppt)

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salinity (Moyle *et al.* 1992). For a large part of its annual life span, this species is associated with the freshwater edge of the mixing zone (saltwater-freshwater interface; also called X2), where the salinity is approximately 2 ppt (Ganssle 1966, Moyle *et al.* 1992, Sweetnam and Stevens 1993).

The delta smelt is adapted to living in the highly productive Estuary where salinity varies spatially and temporally according to tidal cycles and the amount of freshwater inflow. Despite this tremendously variable environment, the historical Estuary probably offered relatively constant suitable habitat conditions for the delta smelt because it could move upstream or downstream with the mixing zone (Moyle, pers. comm., 1993). The final rule to list the delta smelt as threatened describes in detail the factors that have contributed to this species' decline (Service 1993).

Shortly before spawning, adult delta smelt migrate upstream from the brackish-water habitat associated with the mixing zone to disperse widely into river channels and tidally-influenced backwater sloughs (Radtko 1966, Moyle 1976, Wang 1991). Migrating adults with nearly mature eggs were taken at the CVP's Tracy Pumping Plant from late December 1990 to April 1991 (Wang 1991). Spawning locations appear to vary widely from year to year (Water Resources and Reclamation 1993). Sampling of larval delta smelt in the Delta suggests spawning has occurred in the Sacramento River, Barker, Lindsey, Cache, Georgiana, Prospect, Beaver, Hog, and Sycamore sloughs, in the San Joaquin River off Bradford Island including Fisherman's Cut, False River along the shore zone between Frank's and Webb tracts, and possibly other areas (Dale Sweetnam, CDFG, pers. comm.; Wang 1991). Delta smelt also may spawn north of Suisun Bay in Montezuma and Suisun sloughs and their tributaries (Lesa Meng, Service, pers. comm.; Sweetnam, CDFG, pers. comm.).

Delta smelt spawn in shallow, fresh, or slightly brackish water upstream of the mixing zone (Wang 1991). Most spawning occurs in tidally-influenced backwater sloughs and channel edgewaters (Moyle 1976; Wang 1986, 1991; Moyle *et al.* 1992). Although delta smelt spawning behavior has not been observed in the wild (Moyle *et al.* 1992), the adhesive, demersal eggs are thought to attach to substrates such as cattails, tules, tree roots, and submerged branches (Moyle 1976, Wang 1991).

The spawning season varies from year to year, and may occur from late winter (December) to early summer (July). Moyle (1976) collected gravid adults from December to April, although ripe delta smelt were most common in February and March. In 1989 and 1990, Wang (1991) estimated that spawning had taken place from mid-February to late June or early July, with peak spawning occurring in late April and early May. A recent study of delta smelt eggs and larvae (Wang and Brown 1994 as cited in Water Resources and Reclamation 1994) confirmed that spawning may occur from February through June, with a peak in April and May. Spawning has been reported to occur at water temperatures of about 7° to 15° C. Results from a University of California at Davis (UCD) study (Swanson and Cech 1995) indicate that although delta smelt tolerate a wide range of temperatures (<8° C to >25° C), warmer water temperatures restrict their distribution more than colder water temperatures.

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Laboratory observations indicate that delta smelt are broadcast spawners that spawn in a current, usually at night, distributing their eggs over a local area (Lindberg 1992 and Mager 1993 as cited in Water Resources and Reclamation 1994). The eggs form an adhesive foot that appears to stick to most surfaces. Eggs attach singly to the substrate, and few eggs were found on vertical plants or the sides of a culture tank (Lindberg 1993 as cited in Water Resources and Reclamation 1994).

Delta smelt eggs hatched in 9 to 14 days at water temperatures ranging from 13° to 16° C during laboratory observations in 1992 (Mager 1992 as cited in Sweetnam and Stevens 1993). In this study, larvae began feeding on phytoplankton on day four, rotifers on day six, and *Artemia nauplii* at day 14. In laboratory studies, yolk-sac fry were found to be positively phototactic, swimming to the lightest corner of the incubator, and negatively buoyant, actively swimming to the surface. The post-yolk-sac fry were more evenly distributed throughout the water column (Lindberg 1992 as cited in Water Resources and Reclamation 1994). After hatching, larvae and juveniles move downstream toward the mixing zone where they are retained by the vertical circulation of fresh and salt waters (Stevens *et al.* 1990). The pelagic larvae and juveniles feed on zooplankton, which typically shows highest densities in the mixing zone. When the mixing zone is located in Suisun Bay where there is extensive shallow water habitat within the euphotic zone (depths less than four meters), high densities of phytoplankton and zooplankton may accumulate (Arthur and Ball 1978, 1979, 1980). The introduction of the Asian clam, a highly efficient filter feeder, presently reduces the concentration of phytoplankton in this area. In general, Estuaries are among the most productive ecosystems in the world (Goldman and Horne 1993).

Observations of delta smelt swimming in a swimming flume and in a large tank show that these fish are unsteady, intermittent, slow-speed swimmers (Swanson and Cech 1995). At low velocities in the swimming flume (<3 body lengths per second), and during spontaneous, unrestricted swimming in a 1 m tank, delta smelt consistently swam with a "stroke and glide" behavior. This type of swimming is very efficient; Weihs (1974) predicted energy savings of about 50 percent for "stroke and glide" swimming compared to steady swimming. However, the maximum speed delta smelt are able to achieve using this preferred mode of swimming, or gait, was less than 3 body lengths per second, and the fish did not readily or spontaneously swim at this or higher speeds (Swanson and Cech 1995). Although juvenile delta smelt appear to be stronger swimmers than adults, forced swimming at 3 body lengths per second in a swimming flume was apparently stressful; the fish were prone to swimming failure and extremely vulnerable to impingement (Swanson and Cech 1995). Unlike fish, for which this type of measurement has been made in the past, delta smelt swimming performance was limited by behavioral rather than physiological or metabolic constraints (*e.g.*, metabolic scope for activity; Brett 1976).

Adult delta smelt spawn in central Delta sloughs from February through August in shallow water areas having submersed aquatic plants and other suitable substrates and refugia. These shallow water areas have been identified in the draft Delta Native Fishes Recovery Plan (Service 1994d) as essential to the long-term survival and recovery of delta smelt and other resident fish. A no net loss strategy for these areas is proposed in this Recovery Plan.

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The delta smelt is adapted to living in the highly productive Estuary where salinity varies spatially and temporally according to tidal cycles and the amount of freshwater inflow. Despite this tremendously variable environment, the historical Estuary probably offered relatively consistent spring transport flows that moved delta smelt juveniles and larvae downstream to the mixing zone (Peter Moyle, UCD, pers. comm.). Since the 1850's, however, the amount and extent of suitable habitat for the delta smelt has declined dramatically. The advent in 1853 of hydraulic mining in the Sacramento and San Joaquin rivers led to increased siltation and alteration of the circulation patterns of the Estuary (Nichols *et al.* 1986, Monroe and Kelly 1992). The reclamation of Merritt Island for agricultural purposes, in the same year, marked the beginning of the present-day cumulative loss of 94 percent of the Estuary's tidal marshes (Nichols *et al.* 1986, Monroe and Kelly 1992).

In addition to the degradation and loss of estuarine habitat, the delta smelt has been increasingly subject to entrainment, upstream or reverse flows of waters in the Delta and San Joaquin River, and constriction of low salinity habitat to deep-water river channels of the interior Delta (Moyle *et al.* 1992). These adverse conditions are primarily a result of drought and the steadily increasing proportion of river flow being diverted from the Delta by the CVP and SWP (Monroe and Kelly 1992). Figure 7 shows the relationship between the portion of the delta smelt population west of the Delta as sampled in the summer townet survey and the natural logarithm of Delta outflow from 1959 to 1988 (Water Resources and Reclamation 1994). This relationship indicates that the summer townet index increased dramatically when outflow was between 34,000 and 48,000 cfs, placing X2 between Chipps and Roe islands. Placement of X2 at Chipps and Roe islands would duplicate these favorable conditions.

Sacramento Splittail

The Sacramento splittail (*Pogonichthys macrolepidotus*) was federally listed as threatened on March 8, 1999 (64 FR 25). Please refer to the Service (1994a, 1994d, 1995), and Water Resources and Reclamation (1994) for additional information on the biology and ecology of the splittail.

The splittail is a large cyprinid that can reach greater than 12 inches in length (Moyle 1976). Adults are characterized by an elongated body, distinct nuchal hump, and a small blunt head with barbels usually present at the corners of the slightly subterminal mouth. This species can be distinguished from other minnows in the Central Valley of California by the enlarged dorsal lobe of the caudal fin. Splittail are a dull, silvery-gold on the sides and olive-grey dorsally. During the spawning season, the pectoral, pelvic and caudal fins are tinged with an orange-red color. Males develop small white nuptial tubercles on the head.

Splittail are endemic to California's Central Valley where they were once widely distributed in lakes and rivers (Moyle 1976). Historically, splittail were found as far north as Redding on the Sacramento River and as far south as the site of Friant Dam on the San Joaquin River (Rutter 1908). Rutter (1908) also found splittail as far upstream as the current Oroville Dam site on the

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Feather River and Folsom Dam site on the American River. Anglers in Sacramento reported catches of 50 or more splittail per day prior to damming of these rivers (Caywood 1974). Splittail were common in San Pablo Bay and Carquinez Strait following high winter flows until about 1985 (Messersmith 1966, Moyle 1976, and Wang 1986 as cited in Department and Reclamation 1994).

In recent times, dams and diversions have increasingly prevented upstream access to large rivers and the species is restricted to a small portion of its former range (Moyle and Yoshiyama 1989). Splittail enter the lower reaches of the Feather (Jones and Stokes 1993) and American rivers (Charles Hanson, State Water Contractors, *in litt.*, 1993) on occasion, but the species is now largely confined to the Delta, Suisun Bay, and Suisun Marsh (Service 1994a). Stream surveys in the San Joaquin Valley reported observations of splittail in the San Joaquin River below the mouth of the Merced River and upstream of the confluence of the Tuolumne River (Saiki 1984 as cited in Water Resources and Reclamation 1994).

Splittail are long-lived, frequently reaching five to seven years of age. Generally, females are highly fecund, producing over 100,000 eggs each year (Daniels and Moyle 1983). Populations fluctuate annually depending on spawning success. Spawning success is highly correlated with freshwater outflow and the availability of shallow-water habitat with submersed, aquatic vegetation (Daniels and Moyle 1983). Splittail usually reach sexual maturity by the end of their second year at which time they have attained a body length of 180 to 200 mm. There is some variability in the reproductive period because older fish reproduce before younger individuals (Caywood 1974). The largest recorded individuals of the splittail have measured between 380 and 400 mm (Caywood 1974, Daniels and Moyle 1983). Adults migrate into fresh water in late fall and early winter prior to spawning. The onset of spawning is associated with rising water temperature, lengthening photoperiod, seasonal runoff, and possibly endogenous factors from the months of March through May, although there are records of spawning from late January to early July (Wang 1986). Spawning occurs in water temperatures from 9° to 20° C over flooded vegetation in tidal freshwater and euryhaline habitats of estuarine marshes and sloughs, and slow-moving reaches of large rivers. The eggs are adhesive or become adhesive soon after contacting water (Caywood 1974, and Bailey, UCD, pers. commun., 1994, as cited in Water Resources and Reclamation 1994). Larvae remain in shallow, weedy areas close to spawning sites and move into deeper water as they mature (Wang 1986).

Splittail are benthic foragers that feed on opossum shrimp, although detrital material makes up a large percentage of their stomach contents (Daniels and Moyle 1983). Earthworms, clams, insect larvae, and other invertebrates are also found in the diet. Predators include striped bass and other piscivores. Splittail are sometimes used as bait for striped bass.

Splittail can tolerate salinities as high as 10 to 18 ppt (Moyle 1976, Moyle and Yoshiyama 1992). Splittail are found throughout the Delta (Turner 1966), Suisun Bay, and the Suisun and Napa marshes. They migrate upstream from brackish areas to spawn in freshwater. Because they

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require flooded vegetation for spawning and rearing, splittail are frequently found in areas subject to flooding.

The 1985 to 1992 decline in splittail abundance is concurrent with hydrologic changes to the Estuary. These changes include increases in water diversions during the spawning period from January through July. Diversions, dams and reduced outflow, coupled with severe drought years, introduced aquatic species, and loss of wetlands and shallow-water habitat have reduced the species' capacity to reverse its decline (Moyle *et al.* 1992). Please refer to 59 FR 862 and Department and Reclamation (1994) for additional information on the biology and ecology of the splittail.

Splittail have experienced a decline in population as a result of hydrologic changes in the Estuary and loss of shallow water habitat due to dredging and filling. Additional changes include increases in water diversions during the spawning period of January through July. Most of the factors that caused delta smelt to decline have also caused the decline of splittail. These factors include (1) diversions, (2) dams and (3) reduced outflow, coupled with (4) severe drought years, (5) introduced aquatic species such as the Asiatic clam (Nichols *et al.* 1990), and (6) loss of wetlands and shallow-water habitat (CDFG 1992) and appear to have perpetuated the species' decline.

Effects of the Proposed Action

Salt marsh harvest mouse

The Napa River/Napa Creek Flood Reduction Project is likely to result in injury or death, and harm to individual harvest mice through the temporary loss of their habitat. According to the Williams Report, Horseshoe Bend Island will be restored to intertidal marsh by breaching the existing levee in the southeastern corner of the island. Based upon the habitat projections in the Williams Report, the area of the Island presently supporting 11.0 acres of suitable harvest mouse habitat is likely to be converted to *Scirpus* dominated marsh within the first year after the breach. It will likely take many years for suitable harvest mouse habitat to become established at higher elevations, resulting in a temporal loss of habitat. Breaching of levees on Horseshoe Bend Island and the western shore of the Napa River will result in the creation of approximately 206 acres of tidal brackish marsh, a portion of which will support suitable harvest mouse habitat. Harvest mice are likely to become established in restored suitable habitats from populations immediately south of the restoration area.

Following the successful reintroduction of harvest mice, the proposed project could result in injury or death, and harm to individual harvest mice as a result of necessary remedial actions and long-term maintenance activities of the marshplain and floodplain terraces, including vegetation and sediment removal. The scale of the maintenance activities were not clearly defined nor was the extent of future habitat impacts quantified. Therefore, the Service anticipates that no more

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than 5 acres of suitable salt marsh harvest mouse habitat will be temporarily impacted during any one year.

Delta smelt and Sacramento splittail

Even though this project is designed to protect and restore habitat and is not expected to result in any long-term loss of habitat, there are some unavoidable, short-term impacts related to construction of this project that may result in direct, indirect, and cumulative effects on delta smelt and splittail.

Direct Effects

The proposed project is designed to protect and restore habitat and is not expected to result in any long-term loss of habitat. However, there are some unavoidable, short-term impacts related to the construction of this project that will impact suitable delta smelt and splittail habitat. Within the project reach, the Napa River currently supports suitable delta smelt and splittail habitat that will be temporarily impacted, including approximately 7.32 acres of brackish emergent marsh, 0.61 acre of tidal mudflats, and 0.19 acre of Shaded Riverine Aquatic (SRA) cover. However, the proposed project will restore approximately 31 acres of brackish emergent/tidal marsh, 27 acres of tidal mudflats, and 3 acres of SRA cover in an area that is a known spawning site for delta smelt and splittail. Therefore, this project meets the recovery objective to restore floodplain habitat that is stated in the Recovery Plan for Delta Fishes for spawning and rearing for delta smelt and splittail.

Direct effects encompass the direct or immediate effect of the project on the species or its habitat. These direct effects on delta smelt and splittail include, but are not limited to, harassment, displacement, and mortality that may occur during the construction of the lowered dikes, creation of flood terraces, construction of the "dry" bypass, and the creation of the new dikes, levees, and floodplain habitat. Hard fixes will be used at some of the restoration sites and would affect delta smelt and splittail habitat by the excavation and placement of the rock revetment through removal of aquatic vegetation and shallow water habitat. The use of this traditional bank protection method eliminates the long-term functional values of natural banks due to the absence of natural sediments, woody debris, and riparian plants that would be likely to accumulate. Rock revetment produces a rock-water interface which often fails to provide overhanging vegetation and in-stream woody debris that are key attributes of SRA, a unique habitat type. SRA provides variable habitat, shade, and food items for in-stream biota. Loss of SRA habitat can contribute to the decline of fish and wildlife species, such as delta smelt and splittail.

Delta smelt and splittail could be harassed, harmed, or killed by construction equipment, noise, or siltation and impaired water quality. Mortality may occur to the fish if they are present at the proposed site. Delta smelt and splittail adults could arrive in the proposed project area as early as January and may continue to linger in the area until late August. However, depending on water conditions, the two species have remained in the Napa River for a longer period of time.

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Juvenile and larvae delta smelt also may be present in the proposed project area from March 1 through late August. Because the fish are known to be in the proposed construction area, delta smelt and splittail could be harassed or harmed during construction.

Indirect Effects

Indirect effects are those that are caused by the proposed project and are later in time, but are still reasonably certain to occur. As stated previously, the restoration of floodplain habitat is an important recovery objective for both species of fish and when the restoration is complete, could provide suitable habitat for spawning and rearing.

Indirect effects include, but are not limited to, changes in hydrology due to the placement of the rock revetment. This could cause a shift in distribution of the fish, altering their normal behavior and migratory patterns. The rock revetment could displace the fish and send them in different directions. These structures are also known to attract and provide habitat for predatory fish that will prey upon the delta smelt and splittail. With the removal of vegetation, there is no cover for smelt or splittail. Therefore, they become easy prey for the larger fish.

During construction, the movements of heavy equipment could release toxins that have been bound in the sediments for years. These toxins could have an immediate or delayed lethal or sub-lethal affect on various fish life stages and may also affect the reproductive success of the fish. Submerged aquatic vegetation, which is good spawning habitat, may also be negatively affected by the toxic substances.

As stated in the project description, performance-based maintenance will follow the construction of the project. However, the scale of the maintenance activities were not clearly defined nor was the extent of future habitat impacts quantified. Therefore, the Service anticipates that no more than 5 linear feet of suitable delta smelt and Sacramento splittail habitat will be temporarily impacted during any one year.

Cumulative effects

Cumulative effects include the effects of future State, Tribal, local, or private actions affecting listed species that are reasonably certain to occur in the area considered in this biological opinion. Future Federal actions not related to this proposed action are not considered in determining the cumulative effects, but are subject to separate consultation requirements pursuant to section 7 of the Act.

One of the most serious cumulative effects on the harvest mouse has been the degradation of diked wetlands, typically by the elimination of wetland vegetation by grazing, discing, grubbing, and plowing, and/or the elimination of appropriate hydrologic conditions by installing drains,

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ditches, and pumps. The extensive conversion of South Bay salt marshes to brackish and freshwater habitat also has appreciably reduced available tidal habitat for this species.

Cumulative effects on the delta smelt and splittail include any continuing or future non-Federal diversions of water that may entrain adult or larval fish or that may decrease outflows incrementally, thus shifting the position of the delta smelt's preferred habitat upstream. Water diversions through intakes serving numerous small, private agricultural lands and duck clubs in the Delta, upstream of the Delta, and in Suisun Bay contribute to these cumulative effects. These diversions also include municipal and industrial uses, as well as providing water for power plants. State or local levee maintenance may also destroy or adversely modify habitat by disturbing spawning or rearing habitat. Delta smelt adults seek shallow, tidally influenced, fresh water (*i.e.*, less than 2 ppt salinity) backwater sloughs and edgewater for spawning. To assure egg hatching and larval viability, spawning areas also must provide suitable water quality (*i.e.*, low concentrations of contaminants) and substrates for egg attachment (*e.g.*, submerged tree roots, branches, emergent vegetation). Suitable water quality must be provided by addressing point sources of contaminants so that maturation is not impaired by pollutant concentrations. Levee maintenance disturbs spawning and rearing habitat, and resuspends contaminants into these waters.

Additional cumulative effects result from the impacts of point and non-point source chemical contaminant discharges. These contaminants include selenium and numerous pesticides and herbicides associated with discharges related to agricultural and urban activities. Implicated as potential sources of mortality for delta smelt and splittail, these contaminants may adversely affect delta smelt and splittail reproductive success and survival rates. Spawning habitat may also be affected if submersed aquatic plants used as substrates for adhesive egg attachment are lost due to toxic substances.

The introduction of exotic species may occur when the levees are breached or when separate creeks or river systems are reconnected during various projects. Several exotic species may adversely affect the delta smelt and splittail, including the Asian clam and three non-native species of euryhaline copepods. The Asian clam could potentially play an important role in affecting the phytoplankton dynamics. The exotic copepods may displace native species and at least one species of copepod (*Sinocalanus doerri*) is difficult for larval fishes to catch because of its fast swimming and effective escape response. Reduced feeding efficiency and ingestion rates weaken and slow the growth of young and make them more vulnerable to starvation and predation.

Other cumulative effects could include: wave action in the water channel caused by boats may degrade riparian and wetland habitat and erode banks; the dumping of domestic and industrial garbage may present hazards to the fish because they could become trapped in the debris, injure themselves, or ingest the debris; golf courses reduce habitat and introduce pesticides and herbicides into the environment; oil and gas development and production remove habitat and may introduce pollutants into the delta; agricultural uses on levees reduce riparian and wetland

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habitats; residential or agricultural land use can fragment and reduce wildlife habitat and corridors; unscreened agricultural diversions throughout the delta divert all life stages of the fish (Service 1996); and grazing activities may degrade or reduce suitable habitat.

Conclusion

After reviewing the current status of the salt marsh harvest mouse, delta smelt, and splittail, the environmental baseline, the effects of the proposed project, and the cumulative effects, it is the Service's biological opinion that the proposed Napa River/Napa Creek Flood Reduction Project is not likely to jeopardize the continued existence of the harvest mouse, delta smelt, and splittail.

INCIDENTAL TAKE STATEMENT

Section 9 of the Act, and Federal regulation pursuant to section 4(d) of the Act, prohibit the take of endangered and threatened species, respectively, without special exemption. Take is defined as harass, harm, pursue, hunt, shoot, wound, kill, trap, capture or collect, or to attempt to engage in any such conduct. Harass is defined by the Service as actions that create the likelihood of injury to listed species by annoying it to such an extent as to significantly disrupt normal behavior patterns which include, but are not limited to, breeding, feeding or sheltering. Harm is defined by the Service to include significant habitat modification or degradation that results in death or injury to listed species by significantly impairing behavioral patterns, including breeding, feeding, or sheltering. Incidental take is defined as take that is incidental to, and not the purpose of, the carrying out of an otherwise lawful activity. Under the terms of section 7(b)(4) and section 7(o)(2), taking that is incidental to and not intended as part of the agency action is not considered to be prohibited taking under the Act provided that such taking is in compliance with this Incidental Take Statement.

The measures described below are non-discretionary and must be undertaken by the Corps so that they become binding conditions of any grant or permit issued to the applicant, as appropriate, for the exemption in section 7(o)(2) to apply. The Corps has a continuing duty to regulate the activity covered by this incidental take statement. If the Corps (1) fails to require the applicant to adhere to the terms and conditions of the incidental take statement through enforceable terms that are added to the permit or grant document, and/or (2) fails to retain oversight to ensure compliance with these terms and conditions, the protective coverage of section 7(o)(2) may lapse.

Amount or Extent of Take

For the harvest mouse, we anticipate incidental take will be difficult to detect because of the variable, unknown size of the resident population over time, and the difficulty in finding killed or injured small mammals. Due to the difficulty in quantifying the number of harvest mice that will be taken as a result of the proposed action, we are quantifying incidental take as the number of

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acres of habitat that will be lost. We anticipate harvest mice may be killed, harmed, or harassed by heavy equipment, and habitat loss or alteration. We anticipate an unquantifiable number of harvest mice may be killed, harmed, or harassed as a result of the temporary loss of no more than 11.0 acres of suitable harvest mouse habitat on Horseshoe Bend Island. In addition, an unquantifiable number of harvest mice may be killed, harmed, or harassed as a result of the temporary loss of 5 acres of suitable harvest mouse habitat associated with proposed future maintenance and remediation activities.

The Service anticipates that incidental take of delta smelt and splittail will be difficult to detect for the following reasons: the small size of delta smelt and splittail eggs and larvae; their occurrence in aquatic habitat that make them difficult to detect; and the low likelihood of finding dead or impaired specimens. Due to the difficulty in quantifying the number of delta smelt and splittail that will be taken as a result of the proposed action, the Service is quantifying take incidental to the project in terms of acres of habitat that will become unsuitable for the species as a result of the action. Therefore, the Service estimates that 7.32 acres of brackish emergent marsh habitat, 0.61 acre of tidal mudflats, and 0.19 acre of SRA habitat will become unsuitable as a result of the proposed project. In addition, an unquantifiable number of delta smelt and Sacramento splittail may be killed, harmed, or harassed as a result of the temporary loss of 5 linear feet of suitable delta smelt and Sacramento splittail habitat associated with proposed future maintenance and remediation activities. The Service has developed the following incidental take statement based on the premise that the reasonable and prudent measures will be implemented. Upon implementation of the following reasonable and prudent measures, incidental take associated with the Napa River/Napa Creek Flood Reduction Project in the form 7.32 acres of brackish emergent marsh habitat, 0.61 acre of tidal mudflats, and 0.19 acre of SRA habitat of harm, harassment, or mortality on will become exempt from the prohibitions described under section 9 of the Act.

The Service anticipates that incidental take of delta smelt and Sacramento splittail will be difficult to detect for the following reasons: the small size of delta smelt and Sacramento splittail eggs and larvae; their occurrence in aquatic habitat that make them difficult to detect; and the low likelihood of finding dead or impaired specimens. Due to the difficulty in quantifying the number of delta smelt and Sacramento splittail that will be taken as a result of the proposed action, the Service is quantifying take incidental to the project in terms of acres of habitat that will become unsuitable for the species as a result of the action. Therefore, the Service estimates that 300 square feet of shallow water habitat will become unsuitable as a result of the proposed project. The Service has developed the following incidental take statement based on the premise that the reasonable and prudent measures will be implemented. Upon implementation of the following reasonable and prudent measures, incidental take associated with the project in the form of harm, harassment, or mortality on 300 square feet of shallow water habitat will become exempt from the prohibitions described under section 9 of the Act.

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Reasonable and Prudent Measures

The Service believes the following reasonable and prudent measure is necessary and appropriate to minimize incidental take of the harvest mouse, delta smelt, and splittail:

1. The potential for harassment, harm, injury and mortality to the harvest mouse, delta smelt and splittail shall be minimized.

Terms and Conditions

To be exempt from the prohibitions of section 9 of the Act, the Corps must ensure compliance with the following terms and conditions, which implement the reasonable and prudent measure described above:

The following terms and conditions implement the reasonable and prudent measure stated above:

1. The Corps' and County's Operations and Maintenance Manuals, described above, shall be reviewed and approved by the Service prior to implementation.
2. Future Corps and County maintenance activities and remedial actions that have the potential to impact suitable habitat for harvest mouse, delta smelt, and splittail shall be reviewed and approved by the Service prior to implementation.
3. The Corps and the County shall prepare and implement a detailed harvest mouse habitat restoration and monitoring plan which compensates for the loss of 11 acres of habitat for the harvest mouse in the project area. The final restoration plan shall provide for no less than a 2:1 replacement on an area basis, or 22 acres, of any harvest mouse habitat lost in the project area. The plan shall provide, but not be limited to, specific performance standards, monitoring methods and requirements, and contingency measures for habitat to be restored and managed for the harvest mouse. The final restoration plan must be submitted to the Service for review and approval prior to initiation of any project work.
4. Any in-water work shall be conducted within the August 1 to November 30 work window.
5. The use of siltation devices should be employed, during any in-water work, to reduce the mobilization of sediments and associated contaminants.
6. Stockpiling of construction materials, including portable equipment, vehicles and supplies, including chemicals, will be restricted to the designated construction staging areas and exclusive of the wetland avoidance areas.

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7. Refueling of construction equipment and vehicles within the leveed floodway will only occur within a designated, paved, bermed area where possible spills will be readily contained.
8. Equipment wash-down will not occur within the leveed floodway.
9. Equipment and vehicles operated within the leveed floodway shall be checked and maintained daily to prevent leaks of fuels, lubricants or other fluids to the river.
10. Litter and construction debris shall be removed from below the ordinary high water (OHW) line daily, and disposed of at an appropriate site.
11. Any spills of hazardous materials within delta smelt habitat shall be cleaned up immediately. Such spills shall be reported in post-construction compliance reports.
12. The Corps and the County shall prepare and implement a detailed fish monitoring plan to assess if the restoration project meets one of its objectives, to provide habitat for fish. The plan shall provide, but not be limited to, specific performance standards, monitoring methods and requirements, and contingency measures for habitat to be restored and managed for delta smelt and splittail. The final restoration plan must be submitted to the Service for review and approval prior to initiation of any project work.

Reporting Requirements

We shall be notified within twenty-four (24) hours of the finding of any injured or dead listed and proposed species, or any unanticipated harm to their habitat addressed in this biological opinion. Notification must include the date, time, and precise location of the specimen/incident, and any other pertinent information. The Service contact person is the Chief, Endangered Species Division in the Sacramento Fish and Wildlife Office (916-979-2725). Any dead or injured specimen shall be preserved according to standard museum practices and deposited at an appropriate academic institution approved by the Service, or with the Service's Division of Law Enforcement, 3310 El Camino Avenue, Suite 140, Sacramento, California 95821-6340 (916-979-2987). Any killed delta smelt and splittail that have been taken shall be properly preserved in accordance with Natural History Museum of Los Angeles County policy of accessioning (10% formalin in quart jar or freezing). Information concerning how the fish was taken, length of the interval between death and preservation, the water temperature and outflow/tide conditions, and any other relevant information shall be written on 100% rag content paper with permanent ink and included in the container with the specimen. Any killed harvest mice shall be placed in a sealed plastic bag and frozen. Information concerning how the individual was taken, length of the interval between death and preservation, the date, time, and

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precise location it was taken, and any other relevant information shall be written on 100% rag content paper with permanent ink and included in the container with the specimen.

CONSERVATION RECOMMENDATIONS

Section 7(a)(1) of the Act directs Federal agencies to utilize their authorities to further the purposes of the Act by carrying out conservation programs for the benefit of endangered and threatened species and the ecosystems upon which they depend. Conservation recommendations are discretionary agency activities to minimize or avoid adverse effects of a proposed action on listed species or critical habitat, to help implement recovery plans, or to develop information.

1. The Service recommends that the Corps develop procedures that minimize delta smelt, splittail, and harvest mouse habitat disturbance during various maintenance activities.
2. The Service recommends that the Corps develop procedures that minimize the effects of all other in-water activities on delta smelt and splittail.
3. The Service recommends that the Corps develop and implement restoration measures in areas designated in the Delta Fishes Recovery Plan, such as Prospect Island, and Liberty Island, and in the California Clapper Rail and Salt Marsh Harvest Mouse Recovery Plan.

In order for the Service to be kept informed of actions minimizing or avoiding adverse effects or benefitting listed species or their habitats, the Service requests notification of the implementation of any conservation recommendations.

REINITIATION - CLOSING STATEMENT

This concludes formal consultation on the proposed Napa River/Napa Creek Flood Reduction Project. As provided in 50 CFR 402.16, re-initiation of formal consultation is required where discretionary Federal agency involvement or control over the action has been maintained (or is authorized by law) and if: (1) the amount or extent of incidental take is exceeded; (2) new information reveals effects of the proposed action may affect listed species or critical habitat in a manner or to an extent not considered in this opinion; (3) the agency action is subsequently modified in a manner that causes an effect to listed species or critical habitat that was not considered in this opinion; or (4) a new species or critical habitat is designated that may be affected by the proposed action. In instances where the amount or extent of incidental take is exceeded, any operations causing such take must cease pending re-initiation.

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If you have any questions regarding this biological opinion, please contact Stephanie Brady (fish), Dan Buford (harvest mouse), or Ken Sanchez of my staff at (916) 979-2752.

Sincerely,



Cay C. Goude
Acting Field Supervisor

cc: PARD (ES), Portland OR
NMFS, Santa Rosa, CA
SFBRWQCB, Oakland, CA

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CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
SAN FRANCISCO BAY REGION

ORDER NO. 99-074

WASTE DISCHARGE REQUIREMENTS FOR:

**THE U.S. ARMY CORPS OF ENGINEERS AND THE NAPA COUNTY FLOOD
CONTROL AND WATER CONSERVATION DISTRICT, NAPA RIVER/ NAPA CREEK
FLOOD PROTECTION PROJECT, NAPA COUNTY**

The California Regional Water Quality Control Board, San Francisco Bay Region, hereinafter the Board, finds that:

General Findings

1. The U.S. Army Corps of Engineers (Corps) and the Napa County Flood Control and Water Conservation District (NCFCWCD), hereinafter the Dischargers, propose to implement the Napa River/Napa Creek Flood Protection Project (Project) along 6.9 miles of the Napa River and 0.67 miles of Napa Creek in Napa County (see Figures 1 and 2). The Dischargers applied for Waste Discharge Requirements on July 22, 1999. The primary purpose of the Project is to provide an economically feasible and environmentally sensitive method to protect the City of Napa from the computed 100-year storm event.

The Project will achieve flood protection and habitat enhancement by using environmentally beneficial methods such as the creation of wetlands, marshplain and floodplain terraces, selective removal of existing levees and use of open space as the floodway, setback levees, bypass channels and biotechnical bank stabilization. Environmentally damaging measures such as deepening the River by excessive dredging will be avoided.

Approximately 1.7 million cubic yards of material will be excavated to create the marshplain and floodplain terraces. The majority of this material (1.14 million cubic yards) will be dry soil, excavated from above tidal action elevations. 0.56 million cubic yards is assumed to be wet, with varying degrees of moisture content, from low to saturated.

2. The Project was developed by a two year community-wide coalition process. This process was coordinated by the NCFCWCD. The Community Coalition has been a cooperative process among a wide ranging group of stakeholders with diverse interests. This Community Coalition, with the assistance of the Corps, resource agencies¹ staff, and outside consultants, developed the major concepts in the Project to meet the dual objectives of reducing flood damage and maintaining and enhancing environmental quality. The resource agencies unanimously commented favorably on the Supplemental Environmental Impact Statement/Environmental Impact Report (SEIS/EIR) for the Project. The Project is described

¹ Board, California Department of Fish and Game (CDF&G), US Environmental Protection Agency (US EPA), Natural Resource Conservation Service (NRCS), National Marine Fisheries Service (NMFS), US Fish and Wildlife Service (USFWS), Coastal Conservancy, and State Lands Commission

in detail in the Supplemental General Design Memorandum (SGDM) dated October 1998, which is incorporated into this Order by reference.

3. The Water Quality/Habitat workgroup within the Community Coalition created the "Living River Guidelines". These guidelines contain geomorphic, habitat, and water quality objectives which were used to guide and evaluate design decisions for the Project. These guidelines will continue to be used by the Board staff to evaluate future design change requests.
4. Napa County residents approved "Measure A" which imposed a 1/2 cent local sales tax to help fund the Project. Measure A additionally created a Technical Advisory Panel (TAP) comprised of local citizens. The TAP meets monthly with the Corps and NCFWCWD to review implementation plans for the Project, and ensure they are consistent with the SGDM.
5. To protect the water quality in the Project area, to adequately address disposal of excavated material, to meet the objectives of California Wetland Conservation Policy, and to alleviate local flooding problems in an environmentally responsible way, the Board has determined to regulate the proposed activities by issuance of Waste Discharge Requirements (WDRs).
6. The Board, on June 21, 1995, adopted, in accordance with Section 13244 et. seq. of the California Water Code, a revised Water Quality Control Plan, San Francisco Bay Basin (Basin Plan). This updated and consolidated revised Basin Plan was approved by the State Water Resources Control Board and the Office of Administrative Law on July 20, 1995, and November 13, 1995, respectively. A summary of regulatory provisions is contained in 23 CCR 3912. The Basin Plan defines beneficial uses and water quality objectives for waters of the State, including surface waters and groundwaters. This Order is in compliance with the Basin Plan.
7. The existing beneficial uses of the waters of the Napa River as set forth in the Basin Plan are as follows:
 - a. Agricultural Supply
 - b. Cold and Warm Freshwater Habitat
 - c. Fish Migration and Spawning
 - d. Navigation
 - e. Preservation of Rare and Endangered Species
 - f. Water Contact Recreation
 - g. Noncontact Water Recreation
 - h. Wildlife Habitat
8. This Order allows construction and implementation of the Project as described in the SGDM, and evaluated in the March 1999 SEIS/EIR. It is anticipated that this Project will require

approximately 7 years to complete. Construction will occur in five phases. The first phase is anticipated to begin in March/April 2000.

9. The SGDM has been completed in sufficient detail to evaluate the environmental impacts of the Project. Detailed design plans for individual phases of the Project will be completed over the next seven years. This Order requires submission of the final design plans for each phase and a summary of changes with justifications.

The elements which are critical to ensuring that the Project protects water quality and habitat have been specified in this Order (e.g., elevation of the marshplain terraces). Flexibility to change these or other elements during any phase of the design process is provided by permitting minor design changes with the written authorization of the Executive Officer, and major changes with Board approval. Criteria for determining major and minor changes are specified in Provision C. 5.

10. Final design plans (95% complete) will be submitted to the TAP and Board staff to be reviewed for consistency with the SGDM and previously approved design changes. A summary report of changes, if any, will accompany the design plans submitted by the Dischargers. If there are no changes, then no further Executive Officer or Board action is required. Minor and major changes will require authorization as discussed in Finding 11.
11. A design review process is specified in this Order. The Dischargers will submit significant design changes from the SGDM to the TAP. If these changes are approved by the TAP, they will then be evaluated by Board and resource agencies staff, in consultation with the Dischargers. The changes will be evaluated to determine if they potentially affect water quality, wetland/riparian habitat, river geomorphology, or other areas of Board jurisdiction. Any changes which may potentially affect areas of Board jurisdiction will be submitted for Executive Officer (minor changes) or Board (major changes) approval. While Board staff will consult with the TAP, the Executive Officer or the Board will independently approve any changes.

Wetland Impacts and Mitigation Findings

12. The Dischargers have prepared a Wetland Mitigation Plan and a draft Wetland Maintenance and Monitoring Plan which are divided into components regarding funding, implementation and monitoring, as follows:
 - a. The Corps is responsible for the creation and/or restoration and monitoring of seasonal wetlands and emergent tidal marsh located in the marshplain and floodplain terraces, as mitigation for any existing wetlands which are adversely impacted by the Project. This monitoring shall occur for a minimum of three years (a longer timeframe shall be required if specified success criteria are not achieved);
 - b. The NCFCWCD is responsible for the monitoring of the wetlands referenced in Finding 12. a. above beginning in the fourth (4th) year, for a minimum of 5 years from the

completion of construction at the mitigation site(s) (this time period may be increased based on the performance of the mitigation). Riparian vegetation shall be monitored for 10 years, or until performance criteria have been satisfied (this may require longer than 10 years on Napa Creek); and,

- c. The NCFWCWD is responsible for the creation, restoration and monitoring of seasonal wetlands, emergent tidal marsh and associated uplands in the portion of the area known as the South Wetlands Opportunity Area (SWOA) (see Figures 3 and 4) that are not already included in the areas referenced in Finding 12. a. above. The design for the SWOA is detailed in the document, "Conceptual Plan for Enhancement of the Alluvial Floodplains and Tidal Marshlands of the Upper Napa River Estuary", and the SEIS/EIR.

13. Wetland impacts and mitigations are discussed in Findings 14-18 below. Wetland impacts due to the construction of the marshplain and floodplain terraces, bank stabilization, levee placement and soil disposal are as follows:

- 7.32 acres of tidal wetlands;
- 44 acres of diked, grazed, and farmed seasonal wetlands;
- 0.3 acres of tidal mudflats; and,
- 8.40 acres of riparian forest, riparian scrub-shrub, and shaded riverine aquatic cover.

The Basin Plan Wetland Fill Policy establishes that there is to be no net loss of wetland acreage and no net loss of wetland value when a project and any proposed mitigation are evaluated together, and that mitigation for wetland fill projects is to be located in the same area of the Region, wherever possible, as the project. The Policy further establishes that wetland disturbances should be avoided whenever possible, and if not possible, should be minimized, and only after avoidance and minimization of impacts should mitigation for lost wetlands be considered. The Dischargers have submitted documentation to show that appropriate effort was made to avoid and then to minimize wetland disturbance, as required by the Basin Plan.

14. The Dischargers' mitigation and enhancement for the impacts summarized in Finding 13 are described in the Wetland Mitigation Plan and are summarized as follows:

- Creation of 160.7 acres of emergent tidal marsh (56 acres marshplain terraces/ 104 acres SWOA);
- Creation of 56.2 acres of seasonal wetland (45 acres floodplain terrace/ 11.2 acres SWOA);
- Creation of 2.5 acres of tidal mudflat (riprap removal, marshplain terraces);
- Creation of 30.95 acres of riparian habitat (throughout the Project);
- Conversion and enhancement of 262 acres of diked and grazed seasonal wetlands to high value emergent tidal wetlands (SWOA);
- Enhancement of 136 acres of diked and grazed seasonal wetland (Stanley Ranch). This land will be maintained and managed for seasonal wetland values (55 acres Corps/ 81 acres SWOA);
- Creation of 11 acres of woodlands; and,

- Enhancement of 72 acres of uplands adjacent to wetlands.

In summary, this Project will impact 51.32 acres of emergent tidal marsh and seasonal wetland. This Project will create 217 acres of tidal and seasonal wetlands, and enhance 398 acres of wetlands and 72 acres of uplands contiguous to wetlands.

The existing seasonal wetlands are diked, grazed, and hay cropped. They exist as a mosaic of seasonal wetlands and uplands. They are isolated from the River except during very high flow flood events. The existing emergent tidal marsh is predominantly fragmented without a linear connection along the River. The created and enhanced wetlands will be high value emergent tidal, seasonal and riparian wetlands. There will be a high degree of connectivity between the River, emergent tidal wetlands, seasonal wetlands, riparian forest and upland areas. Wetland and riparian forest/scrub-shrub will be created in four main areas: 1) marshplain terraces; 2) floodplain terraces; 3) transition zones between marshplain and floodplain terraces; and 4) the SWOA. These are described in Findings 15-17 below.

15. The Dischargers propose to improve flood flow conveyance through the creation of marshplain and floodplain terraces (see Appendix C for detailed channel cross section). The marshplain terrace will be constructed by lowering the existing river banks to an elevation approximately equal to mean tide. The terrace will be sloped towards the River to provide varying hydrologic regimes for tidal wetland plants. This terrace will create 56 acres of emergent tidal marsh wetlands and 2.5 acres of tidal mudflats. Emergent tidal marsh will be created in a continuous linear band on the eastside of the River for approximately 2.6 miles, with a width ranging from 100 to 150 feet.
16. A transition zone between the marshplain and floodplain terrace will be constructed and vegetated with riparian species. Where it is not feasible to establish riparian species due to soil salinity, shrub and grassland will be established. The floodplain terrace starting elevation will vary from downstream to upstream (See Appendix A). 45 acres of seasonal wetlands will be established on the floodplain terrace. Construction will be done in coordination with the Mosquito Abatement District, CDF&G, NMFS, and USFWS to minimize mosquito breeding problems and fish stranding problems.
17. The SWOA extends south of the Newport North Marina to the Highway 29 Bridge. Currently, the main use of this land is grazing and hay cropping, with a small amount of vineyard development. Approximately 615 acres of wetlands will be created or enhanced within the SWOA. The emergent tidal wetlands will be created through lowering levees and breaching existing dikes. The SWOA will consist of an interconnected mosaic of emergent tidal wetlands, seasonal wetlands, riparian and upland areas which will be managed for wetland and upland habitat values. The River will be directly connected to the SWOA through overland flow (over low levees) and through existing and created channels. The wetlands in the SWOA will have a continuum of habitats beginning with the open water of the River that will flow into the tidal channels and onto the emergent tidal wetlands. Grasslands and woodlands will provide upland habitat contiguous to both the tidal emergent and seasonal wetlands (see Figure 3).

The wildlife benefits of the habitat continuum created on the SWOA are significant because of the association of the upland with wetlands, a rare habitat in this area of the North Bay. The upland provides refuge for wetland species during tidal and flooding events. This physical connection also provides upland species with access to the water. The primary expected benefit of this habitat for fish is to increase aquatic productivity and provide additional areas of feeding and rearing habitat. The tidal sloughs will serve as refuge for fish from high flood flows. They will provide an additional habitat type and potentially increase the number of fish species and life stages that could use the area.

The northwest 100 acres of this area currently is farmed, grazed and hay cropped, or planted in vineyard. The existing vineyard will remain, protected by a levee. Additionally, 80 acres on the periphery of the SWOA will be used for soil disposal and turned into vineyard (see Figure 3).

18. The Dischargers' draft Wetland Maintenance and Monitoring Plan contains provisions for the elimination and future control of invasive exotic vegetation on the marshplain and floodplain terraces, and within other habitat mitigation areas. The Corps is responsible for the elimination and monitoring of invasive species located in the marshplain and floodplain terraces, and Napa Creek. The NCFCWCD is responsible for elimination and monitoring of invasive species located within the SWOA and not already included in the Corps areas of responsibility (floodplain and marshplain terraces). Additionally, the NCFCWCD is responsible for all mitigation areas after the Corps' three-year monitoring agreement expires.

The final Wetland Maintenance and Monitoring Plan will be submitted for Executive Officer approval. A workgroup has been formed to review this Plan including representatives from the Board, CDF&G, NRCS, USFWS, USEPA and the TAP. While Board staff will consult with this workgroup, the Executive Officer will independently approve the Plan.

Design Findings

Napa River

19. The Dischargers propose to increase flood flow conveyance through the use of levees setback from the main River channel. Additionally, the lowering of existing dikes in the southern reach of the Project will improve flow conditions and allow flooding in the River's natural floodplain. The locations and setbacks of these levees and the lowering of the dikes are identified in the SGDM. The locations, setbacks, and degree of lowering are critical to the proper functioning of the environmental features of the Project through direct and indirect affects.
20. The Dischargers propose to construct a "dry" bypass channel for the River through the Oxbow in the northern reach of the Project (see Figure 1). The crest of the bypass controls the amount of flow through the bypass. To provide flood relief, the crest would allow only flood flows of a certain magnitude to be diverted through the bypass. The remainder of the

time, the bypass would be dry, and flows would be conveyed in the River's natural channel through the Oxbow. This would maintain the circulation and oxygen dynamics in the Oxbow channel, with only a predicted minor decrease in sediment transport capacity². This would lead to minor dredging approximately every eight years in the vicinity of the bypass entrance. A detailed geomorphic study was conducted to determine the proper height of this crest³. The height of the crest is important in insuring that the bypass functions as a "dry" bypass and only transports flows during high flow periods.

21. The Dischargers propose to remove, reconstruct, or replace numerous vehicular and pedestrian bridges in downtown Napa. Currently, these bridges obstruct the River's flow and increase flood level elevations. The plan for bridge removal and replacement is described in the SGDM. Final plans will be submitted for Executive Officer written approval. The plans will be reviewed to insure that the extent of rip rap and concrete used for bank stabilization and river bed stabilization have been minimized.
22. The Dischargers propose to maintain existing boat access structures at Fourth Street, the Sea Scouts Building, and the Napa Yacht Club. No additional structures are proposed.
23. The SGDM describes installation of three pump stations to pump flood water and stormwater which has become trapped behind the River's floodwalls. The Dischargers are re-analyzing this interior drainage system to determine if this design will efficiently convey interior drainage during flood events. The pump station designs do not incorporate pollution reduction measures. The technical and economic feasibility of installing such measures is not known. The Dischargers will evaluate the feasibility of incorporating stormwater pollutant removal measures into the interior drainage system. A report, acceptable to the Executive Officer, will be submitted discussing the findings of their study.
24. The Dischargers have developed a plan to stabilize the banks of both the Napa River and Napa Creek that uses nine different bank treatment methods. These treatment methods were developed through significant input from the Community Coalition and the resource agencies. The Corps' design regulations require bank treatment with adequate strength to protect river banks and associated structures such as levees from water's erosive forces. The most commonly used methods involve rock rip rap, keyed into the river bottom and placed high up on the bank. However, this method also has the most adverse impact on aquatic, wetland and riparian habitat. Therefore, the Corps has identified habitat enhancing bioengineering options which could be used in the majority of the Project reaches. In some cases, only vegetation will be used (Treatment Method 1), designed and installed specifically to provide strength to the banks. In other cases, a mixture of rip rap and vegetation will be used (Treatment Method 2). In cases where the highest erosive forces are present and important structures are located close to the River or Creek, rip rap will be used in conjunction with habitat enhancing elements, such as root wads and lunkers (Treatment Method 3).

² A detailed sediment transport study was conducted by Phillip Williams and Associates to predict sedimentation rates and dredging frequency throughout the Project.

³ set at the dominant discharge elevation

Treatment Method 2 will include placing rock rip rap at the toe of the bank, so that it would be submerged most of the time of day except at low tides. Treatment Method 3 incorporates the use of rock rip rap to a maximum elevation of mean tide level. Vegetation would be planted above this elevation. The elevations of the rip rap and locations of these bank treatments were carefully determined to provide the necessary river bank strength while maintaining or enhancing habitat (see Appendix B).

25. The Dischargers' proposed bank stabilization plan would place 4000 lineal feet of rock rip rap in areas where currently there is no rip rap. This would be mitigated by the removal of 8400 lineal feet of existing rip rap. The location of the rip rap to be removed is specified in Appendix B.
26. Implementation of the SGDM involves construction of the marshplain terrace and removal of rip rap which may elevate turbidities above background locally for short periods of time (less than 24 hours). These project features are environmental components of the Project which are essential to improving the wetland and aquatic habitat of the River. To mitigate any potential impact on migrating and spawning fish, USFWS, CDF&G and NMFS have prohibited in-water construction activities between October 15 and June 1. Provision has been made by the above mentioned agencies, to allow the Dischargers to petition to conduct construction for an extended timeframe, depending on the weather or other special circumstances.

Additionally, the Dischargers will prepare and implement a Best Management Plan to minimize any increases in turbidity. This will be done in consultation with Board staff and other resource agency staff.

Napa Creek

27. The Dischargers have submitted a design for 0.67 miles of Napa Creek which is included in the SGDM. The Dischargers propose to alleviate flooding in the vicinity of the Creek through the use of two bypass culverts and a floodplain terrace (see attached Figure 5). Elevations of the bypass culvert weirs and floodplain terrace heights are critical to the proper functioning of the Creek and were determined through consultation with the Community Coalition, resource agencies, and private hydrology consultants. The bypass culverts will allow the existing stream geometry and existing vegetation to remain intact. This is significant as these sections of the Creek contain numerous mature native trees, good shade and are a steelhead rearing area. The floodplain terrace has been designed to minimize the removal of existing trees. Vegetation would be replanted on the terrace after its construction. Construction of the terrace requires the purchase and removal of 10 homes and 5 garages. Only minor work will be done within the active channel.
28. The Dischargers propose to install grade control structures upstream of the Creek's flood conveyance improvements. Design plans for the grade control structure(s) will be submitted

to the Executive Officer for written approval. The Dischargers have been notified that appropriate permits must be obtained from CDF&G and NMFS.

29. The Dischargers propose to monitor bank stability in the Creek's project area on a yearly basis. The Dischargers will work with the City of Napa to develop a local permitting program for bank stabilization. In the event bank stabilization is needed, biotechnical bank stabilization will be used unless shown to be infeasible. The conceptual designs prepared by the Corps (see Appendix B) will be the basis for stream bank repair work in this area. This Order does not permit bank stabilization projects which are not included in this Project. Bank stabilization projects implemented by private landowners or the City, not in conjunction with this Project, will require separate Water Quality Certification or WDRs.

Soil Disposal Findings

30. The Dischargers have submitted a proposal for managing 1.7 million cubic yards of excavated soil depending upon the soil characteristics and locations of the excavation. This proposal will be modified to be consistent with Title 27, Division 2, Subdivision 1, Chapter 2 of the California Code of Regulations (Title 27). Final design plans for the soil disposal activities discussed in Findings 31-44 below, have not been completed in sufficient detail, with the exception of the west side disposal plan. Modifications to the westside disposal plan will be submitted to the Executive Officer for written approval. This Order requires submission of the final design plans for the remaining disposal sites and Board approval of these plans.
31. Excavated soil will be classified as inert, nonhazardous solid waste, designated waste and hazardous waste, consistent with Title 27. Inert waste is defined in Section 20230, Title 27, as, "that subset of solid waste that does not contain hazardous waste or soluble pollutants at concentrations in excess of applicable water quality objectives, and does not contain significant quantities of decomposable waste."
32. Designated waste is defined in Section 13173, Porter-Cologne Water Quality Control Act, Division 7, California Water Code.
33. Hazardous Waste is defined in Title 27 as follows: "means any waste which under Article 1, Chapter 11, Division 4.5 (Sect. 66261.3 et seq.) of Title 22, is required to be managed according to Division 4.5 of Title 22."
34. Nonhazardous Solid Waste is defined in Section 20220, Title 22, of the California Code of Regulations.
35. The Dischargers will develop criteria, in accordance with Title 27, which will be used to classify the excavated material as inert, nonhazardous solid waste, designated waste or hazardous waste.

36. Soil excavated below mean high tide elevation may be saturated. Soil disposal plans at each disposal site will include provisions for reducing the moisture content of saturated soil. The Dischargers will develop site specific criteria for the allowable moisture content of inert soil prior to placement in a final disposal site.
37. The Dischargers propose to dispose of the soil classified as inert at five sites as discussed in Findings 38 and 39 below (see Figure 6). An economic, technical feasibility and environmental analysis was conducted of different soil disposal options for inert soil. It was determined that the best option was to dispose of inert soil on the same side of the River (east or west) from which it was excavated. Transporting inert soil across the River by barge or slurry, or hauling it by truck across the Highway 29 or Imola Bridges was cost prohibitive, technically unfeasible (slurry), or had potentially significant environmental impacts. Additional factors such as land availability and the existence of willing land sellers (versus land condemnation) were taken into account.
38. The Dischargers propose to dispose of approximately 450,000 cubic yards of inert soil excavated on the west side of the Napa River at two sites (W-1 and W-2), where it will be used for levee construction and vineyard fill (see Figure 3). These sites are located in the northwest corner and on the periphery of the SWOA. Although these sites will impact 31.4 acres of diked, grazed seasonal wetlands, these sites were selected based on a Soil Disposal Alternatives Analysis with the goal to minimize the fill of wetlands and maximize the functions and values of the mitigation and enhancement wetlands (detailed in Findings 14-18).

The Dischargers propose to dispose of approximately 1,030,000 cubic yards of inert soil excavated on the east side of the River at the nearby Syar Quarry, where it will be used as fill to reclaim the quarry landscape. This is an upland site. Additionally, approximately 220,000 cubic yards of inert soil excavated on the east side of the River will be deposited in two upland areas (sites E-7 and E-8) identified as suitable for soil disposal on the east side. The inert soil will be hauled a short distance by truck to all three sites.

39. The Dischargers propose to create a temporary treatment and storage site for material not classified as hazardous. This material will be treated to levels suitable for disposal as inert soil, or transported to a suitable disposal site (Class III landfill or a Class I hazardous waste landfill), consistent with Title 27. The Dischargers will submit a plan acceptable to the Executive Officer for the creation and operation of the temporary soil treatment and storage site. At that time, this Order will be amended to permit such operation.
40. The Dischargers have conducted a review of site histories within the Project area to identify sites which may contain nonhazardous solid waste, designated waste or hazardous waste. Based on the results, site inspections and soil analyses (where deemed necessary), were conducted. Nine sites were identified which require remediation (discussed in Finding 43 below). These site histories and follow-up inspections/soil analyses, are adequate to identify major areas of contamination. However, they may not be sufficiently detailed to adequately identify appropriate soil disposal locations. Therefore, for each construction phase (I-V), the

Dischargers will conduct a review of the site histories, and soil and groundwater data which have already been collected, and identify data gaps. The necessary data will then be collected to adequately characterize the soil for disposal as required under Title 27.

41. Analysis of the site histories within the Project area indicated that numerous sites had no history of spills or industrial activities which might contaminate the soil or groundwater. The Dischargers have assumed that these sites are underlain by inert soil. However, the Dischargers will develop a sampling and analysis plan with appropriate sampling frequencies to confirm that soil from these sites meets the inert criteria for disposal purposes.
42. The Dischargers propose to develop a contingency plan for construction and excavation activities which will occur in known areas of contaminated material. An onsite contractor certified in OSHA and RCRA Guidelines will observe excavated materials at all times during excavation and grading of sites which may contain hazardous or petroleum contaminated waste. Soil which is suspected of containing contamination will be segregated and analyzed as described in the contingency plan.
43. Nine sites contaminated with petroleum hydrocarbons from bulk oil storage facilities are located within the Project's boundaries adjacent to the River. The Board has identified the parties responsible for cleaning up these sites, or is working to identify the parties. The Board has adopted five Site Cleanup Requirements. In the event additional cleanup work is necessary, the Board shall modify these Site Cleanup Requirements, or adopt new Site Cleanup Requirements.

Operations, Maintenance and Monitoring Findings

44. The Dischargers have submitted draft Operations and Maintenance (O&M) Manual sections which apply to environmental concerns such as: maintenance dredging; bank stabilization; vegetation removal; and hydraulic, sediment and vegetation monitoring. The Dischargers are investigating potential hydraulic models to incorporate into the monitoring program.

The final O&M Manual (environmental sections) will be submitted for Executive Officer approval. A workgroup has been formed to review this Manual including representatives from the Board, CDF&G, NRCS, USEPA and the TAP. While the Board staff will consult with this workgroup, the Executive Officer will independently approve the Manual.

45. This Order permits maintenance to be conducted in all reaches of the Project during the life of this Order or a maximum of 10 years. Maintenance will be conducted in conformance with the O&M Manual described in Finding 44. The Dischargers will submit an annual report of planned maintenance activities for written approval by the Executive Officer. The annual report for year ten shall include a Report of Waste Discharge for long-term maintenance activities necessary in all reaches of the Project after the initial ten years.
46. On May 4, 1999, the Dischargers adopted a Final SEIS/EIR for the Project. This Order includes mitigation measures that will mitigate or avoid any potential impacts to water

quality identified in the Final SEIS/EIR. The most significant mitigation measures are identified below:

Impact	Mitigation Measures
<p>Excess siltation</p> <p>Alteration of River's salinity regime</p> <p>Loss of River habitat complexity</p> <p>Fish migration barriers</p>	<ul style="list-style-type: none"> • The geomorphically based design incorporating marshplain and floodplain terraces, setback levees, and use of the floodway, has been designed to maintain the River's sediment transport capacity and thus minimize sedimentation; • The geomorphically based design minimizes alteration of the active channel and thereby minimizes alteration of the River's salinity regime; • The use of floodplain and marshplain terraces, and biotechnical bank stabilization measures, improve the River's habitat complexity and provides adequate cover for fish migration.
<p>Decrease in oxygen levels in the Oxbow</p> <p>Decrease in sediment transport capacity in the Oxbow</p>	<p>A dry bypass has been designed which allows the flow to remain totally in the Oxbow the majority of the time. The flows will be divided between the Oxbow and bypass structure only during high flood flow events. This will maintain the oxygen dynamics and sediment transport capacity of the Oxbow. Minor dredging is predicted (by sediment transport modeling) to be necessary in the Oxbow.</p>
<p>Loss of wetland and contiguous upland habitat</p>	<p>The Wetland Mitigation Plan is discussed in detail in Findings 12-18. This mitigation plan meets the Basin Plan requirements of no net loss of wetland acreage and no net loss of wetland value.</p>
<p>Loss of steelhead rearing habitat</p>	<p>The design of Napa Creek incorporates two bypass channels and a floodplain terrace. This design maintains the active channel intact and allows preservation of the majority of the mature trees. Trees which are removed will be replaced as part of the Wetland Mitigation Plan.</p>

47. The Board has notified the Dischargers and interested agencies and persons of its intent to prescribe WDRs for this Project.
48. The Board, in a public meeting, heard and considered all comments pertaining to the Project.

IT IS HEREBY ORDERED that the Dischargers, in order to meet the provisions contained in Division 7 of the California Water Code and regulations adopted thereunder, shall comply with the following:

A. Discharge Prohibitions

1. The discharge of wastes from soil removal sites or construction areas, to surface waters or surface water drainage courses is prohibited.
2. The discharge of fill as defined under Section 401 of the Federal Clean Water Act, except as identified in the SGDM/SEIS/EIR or Provisions of this Order, is prohibited.
3. Project activities subject to these requirements shall not cause a nuisance as defined in Section 13050(m) of the California Water Code.
4. The discharge of decant water from saturated soil drying sites, to surface waters or surface water drainage areas is prohibited.
5. The discharge of silt, sand, soil, clay, or other earthen materials from excavation or construction activities in quantities sufficient to cause deleterious bottom deposits, deleterious turbidity or deleterious discoloration in surface waters is prohibited.

B. Receiving Water Limitations

1. Soil removal or disposal, or construction activities shall not cause:
 - a. Floating, suspended or deposited macroscopic particulate matter or foam in waters of the State.
 - b. Alteration of apparent color beyond present natural background levels in waters of the State. For in-stream construction activities, this shall apply at any point beyond 1000 feet downstream of the point of the activity.
 - c. Visible floating, suspended, or deposited oil or other products of petroleum origin in waters of the State.
 - d. The Project activities shall not cause Waters of the State to exceed the following quality limits at any place:

- i. Dissolved Oxygen: 5.0 mg/l minimum. When natural factors cause lesser concentrations, then this discharge shall not cause further reduction in the concentration of dissolved oxygen.
 - ii. pH: A variation of natural ambient pH by more than 0.5 pH units.
 - iii. Toxic or other deleterious substances: None shall be present in concentrations or quantities which may cause deleterious effects on aquatic biota, wildlife or waterfowl, or which render any of these unfit for human consumption either at levels created in the receiving waters or as a result of biological concentrations.
2. Turbidity of the waters of the State, as measured in NTUs, shall not increase above background levels by more than the levels identified below. For in-stream construction activities, this shall apply at any point beyond 1000 feet downstream of the point of the activity.

Receiving Waters Background

Incremental Increase

<50 units
50-100 units
≥ 100 units

5 units, maximum
10 units maximum
10% of background

3. The groundwater shall not be degraded as a result of the soil disposal and handling operation or any other activities permitted by this Order.

C. Provisions

1. The Dischargers shall comply with all the Prohibitions, Receiving Water Limitations, and Provisions of this Order immediately upon adoption of this Order or as provided below.

Soil Excavation and Disposal

2. The Dischargers shall prepare, submit, and implement soil characterization and disposal plans of material to be excavated, which will be submitted for Board approval. These plans shall be consistent with Title 27, Division 2, Subdivision 1, Chapter 2 of the California Code of Regulations. Upon Board approval, this Order shall be amended or a separate Order adopted, to incorporate these plans. These plans shall include provisions for:

a. Development of Soil Classification Criteria:

Develop criteria, in accordance with Title 27, which will be used to classify the excavated material as inert, nonhazardous solid waste, designated waste and hazardous waste for the purposes of determining appropriate soil disposal locations.

b. Site Evaluations to Characterize Waste (Inert, nonhazardous solid waste, designated waste or hazardous waste):

This plan is to be done for each phase of the Project and shall include at a minimum the following activities:

- i. Review site histories and previously collected soil and groundwater data within the specified Project reach to identify data gaps;
- ii. Conduct field investigations of sites with known histories or suspected contamination to fill in data gaps;
- iii. Collect and analyze soil samples for appropriate constituents where necessary to fill in data gaps. Spatial distribution and frequency of samples shall be sufficient to adequately determine the lateral and vertical extent of contamination. The results will be used to predict volumes of inert versus contaminated material, and to insure that appropriate soil excavation and transport methods are used. In areas where excavation will occur to groundwater level, groundwater samples may be necessary; and,
- iv. Collect and analyze soil samples for appropriate constituents to confirm the assumption that soil excavated in areas with no known history of spills or industrial pollution, satisfy the criteria for inert waste.

The analyses in iii. and iv. above, may be conducted prior to excavation or during excavation, as specified in the plan.

c. Contingency Plan for Construction at Sites with Suspected or Known Designated or Hazardous Waste:

The Dischargers shall develop a contingency plan for construction and excavation activities which will occur in known areas of contaminated material. An onsite contractor certified in OSHA and RCRA Guidelines will observe excavated materials at all times during excavation and grading of sites which may contain hazardous or petroleum contaminated waste. Soil which is suspected of contamination will be segregated and analyzed as described in the contingency plan.

d. Best Management Practices to maintain water quality during in-water construction activities:

Prepare a Best Management Practices Plan to be implemented for each phase of the Project to minimize any increases in turbidity from in-water construction activities. This Plan will be prepared in consultation with Board staff and other resource agency staff.

e. Detailed plans for inert soil disposal on the east side of the River: (Syr Quarry, E-7 & E-8):

- i. Identify and map proposed soil disposal areas and existing wetland and drainage areas. Soil disposal areas shall be located to avoid impacts to groundwater, surface water and wetlands;
- ii. Discuss site evaluation, waste characterization, and management measures consistent with Title 27; and,
- iii. Identify site specific criteria for determining the allowable moisture content of inert soil prior to placement in the final disposal site and provisions for reducing the moisture content of saturated soil.

f. Detailed plans for the construction and operation of a temporary treatment and storage site for material classified as nonhazardous solid waste, designated waste or hazardous waste:

- i. Identify and map proposed soil treatment and storage areas and existing wetland and drainage areas. Soil treatment and storage areas shall be located to avoid impacts to groundwater, surface water and wetlands; and,
- ii. Discuss site selection and design, waste characterization, and management measures consistent with Title 27.

Due Date: March 15, 2000

3. The Dischargers shall submit by March 15, 2000, detailed final plans for inert soil disposal on the westside of the River (W-1& W-2):

Submit final plans for written approval of the Executive Officer for disposal of soil on the westside of the Napa River. This shall include: 1) site specific criteria for determining the allowable moisture content of inert soil prior to placement in the final disposal site; 2) provisions for reducing the moisture content of saturated soil; 3) detailed plans for modification of the existing drainageway; and 4) discussion of waste characterization and site management measures consistent with Title 27.

4. The Dischargers shall file with the Board a report of any material change or proposed change in the character, location, or quantity of this waste discharge (soil disposal). For the purpose of these requirements, this includes any proposed change in the boundaries of the disposal sites.

Design Provisions

5. The Dischargers shall submit design changes from the SGDM to the TAP. If these changes are approved by the TAP, they will then be evaluated by Board and resource agencies staff, in consultation with the Dischargers to determine if they potentially affect water quality, wetland/riparian habitat, river geomorphology, or other areas of Board jurisdiction. Any changes which may potentially affect areas of Board jurisdiction will be submitted for Executive Officer (minor changes) or Board (major changes) approval.

The criteria which will be used to determine whether a change is minor or major are as follows⁴:

⁴note: These criteria do not mean that Nationwide and Individual Corps Permits are required for these activities. Rather, the purpose here is to use existing Federal criteria, which is consistent with existing Board policy, to determine levels of potential environmental impact and thereby identify the proper mechanism (Executive Officer or Board) for approving minor and major design changes. The 404 CWA criteria for Nationwide and Individual permits will be applicable to the majority of design changes which may arise during final project design. Therefore, these criteria are well suited for determining whether a Project design change is minor or major.

- Minor Design Change: Any change which meets the CWA Section 404 criteria for a Nationwide Permit or impacts less than two acres of wetlands (e.g., addition of a new culvert); or,
A type of design change which is specified in Provision C. 6-8. below (e.g., minor change in elevation of marshplain terrace).
 - Major Design Change: Any change which meets the CWA Section 404 criteria for an Individual Permit, and impacts two acres or more of jurisdictional wetlands.
 - Design changes which do not meet the above criteria, but have been determined to have a potential affect on water quality or other areas of Board jurisdiction, will be evaluated by Board staff using appropriate Board policies to determine the level of significance (minor or major).
6. The Dischargers shall submit final design plans (95% complete) to the TAP and Board staff to be reviewed for consistency with the SGDM/SEIS/EIR, and previously approved design changes. A summary report of changes, if any, will accompany the design plans. If there are no changes, then no further Executive Officer or Board action is required.
 7. The Dischargers shall construct all features, including the marshplain and floodplain terraces, the Napa River dry bypass, Napa Creek bypasses, and the Napa Creek floodplain terrace, as described in the SGDM/SEIS/EIR and identified in Appendix A. Minor design changes include changes in feature elevation.
 8. The Dischargers shall construct the floodplain terrace in such a manner as to avoid fish stranding. This shall be done in consultation with CDF&G and NMFS.
 9. The Dischargers shall construct and locate setback levees, floodwalls, and remove and lower dikes as described in the SGDM/SEIS/EIR. Minor design changes include changes in levee location or elevation which do not impact two acres or more of jurisdictional wetlands.
 10. The Dischargers shall implement the bank stabilization designs as described in the SGDM/SEIS/EIR and Appendix B. Appendix B identifies critical features of each treatment method and the locations for each bank treatment method and rip rap removal.
 11. The Dischargers shall submit bridge final design plans for Executive Officer approval. The Dischargers shall minimize the use of rock rip rap and streambed alteration. The plans shall include a discussion of the location and extent (lineal feet, width and depth) of rip rap. Wherever possible, the rip rap shall be planted with appropriate vegetation. Silt curtains and other measures identified in the Storm Water Pollution Prevention Plan (Provision C. 18.) shall be installed to prevent suspended sediment from dispersing during bridge removal and construction.

12. The Dischargers shall submit final grade control design plans for Napa Creek for written approval by the Executive Officer. These plans shall be submitted to CDF&G and NMFS for comment and any applicable permits.
13. The Dischargers shall evaluate the technical and economic feasibility, and pollution reduction benefits of installing pollution reduction measures in the interior drainage system. A report describing the findings of this evaluation and proposed implementation plans for all feasible measures, acceptable to the Executive Officer, shall be submitted by September 30, 2000.

Mitigation, Monitoring and O&M Provisions

14. The Dischargers' mitigation and enhancement included in the Project and as described in the Wetland Mitigation Plan, is summarized as follows:
 - Creation of 160.7 acres of emergent marsh (56 acres marshplain terraces/ 104 acres SWOA);
 - Creation of 56.2 acres of seasonal wetland (45 acres floodplain terrace/ 11.2 acres SWOA);
 - Creation of 2.5 acres of tidal mudflat (rip rap removal, marshplain terraces);
 - Creation of 30.95 acres of riparian habitat (throughout the Project);
 - Conversion and enhancement of 262 acres of diked and grazed seasonal wetlands to high value emergent tidal wetlands (SWOA);
 - Enhancement of 136 acres of diked and grazed seasonal wetland (Stanley Ranch). This land will be maintained and managed for seasonal wetland values (55 acres Corps/ 81 acres SWOA);
 - Creation of 11 acres of woodlands; and,
 - Enhancement of 72 acres of uplands adjacent to wetlands.
15. The Dischargers have submitted an acceptable Wetland Mitigation Plan as outlined in Provision C. 14. This Plan shall be implemented. The Dischargers shall submit and implement a final Wetland Maintenance and Monitoring Plan, including an invasive species eradication component, by June 15, 2000, for written approval of the Executive Officer.
16. The Dischargers shall divide the responsibilities regarding the funding, implementation and monitoring described in the Wetland Mitigation Plan and draft Wetland Maintenance and Monitoring Plan, into components as follows:
 - a. The Corps is responsible for the creation and/or restoration and monitoring of seasonal wetlands and emergent tidal marsh located in the marshplain and floodplain terraces, as mitigation for any existing wetlands which are adversely impacted by the Project. This monitoring shall occur for a minimum of three years (a longer timeframe is required if specified success criteria are not achieved);
 - b. The NCFCWCD is responsible for the monitoring of the wetlands referenced in Provision C. 16. a. above beginning in the fourth (4th) year, for a minimum of 5 years from the completion of construction at the mitigation site(s) (this time period may be increased

based on the performance of the mitigation). Riparian vegetation shall be monitored for 10 years, or until performance criteria have been satisfied (this may require longer than 10 years on Napa Creek); and,

- c. The NCFCWCD is responsible for the creation, restoration and monitoring of seasonal wetlands and emergent tidal marsh in the SWOA (see Figures 3 and 4) that are not already included in the areas referenced in Provision C. 16. a. above.
17. The Dischargers shall submit by June 15, 2000, for written approval of the Executive Officer, final Operations and Maintenance (O&M) Manual sections, which apply to environmental concerns such as maintenance dredging; bank stabilization; vegetation removal; and hydraulic, sediment and vegetation monitoring. The extent and location of vegetation and sediment removal shall be determined through the use of hydraulic modeling. O&M shall be conducted according to the Manual. The O&M Manual may be amended with written approval of the Executive Officer.

General Provisions

18. The Dischargers shall obtain coverage for all construction activities under the State Board's NPDES General Permit for Storm Water Discharges Associated With Construction Activities. The General Permit requires, in part, the development of a Storm Water Pollution Prevention Plan (SWPPP) for all construction activities, prior to commencement of construction, to insure that there is no discharge of waste or wastewater into Waters of the State. The Dischargers shall submit the SWPPP to Board staff prior to commencement of construction.
19. The Dischargers shall remove and relocate any wastes which are discharged at any sites in violation of this Order.
20. Soil removal, transport or disposal operations shall cease immediately whenever violations of requirements are detected through implementation of the Self-Monitoring Program (SMP), and operations shall not resume until alternate methods of compliance are provided. The Dischargers shall notify the Board immediately whenever violations are detected.
21. The Dischargers are considered to have full responsibility for correcting any and all problems which arise in the event of a failure which results in an unauthorized release of waste or wastewater during soil removal, transport or disposal, or general construction operations.
22. The discharge of any hazardous, designated or non-hazardous waste as defined in Title 27, Division 2, Subdivision 1, Chapter 2 of the California Code of Regulations shall be conducted in accordance with applicable state and federal regulations.
23. During Project construction, included but not limited to construction and monitoring of wetlands, the Dischargers shall permit the Board or its authorized representative, upon presentation of credentials:

- a. Entry on to the premises on which wastes are located or in which records are kept.
- b. Access to copy any records required to be kept under the terms and conditions of this Order.
- c. Inspection of any treatment equipment, monitoring equipment, or monitoring method required by this Order.
- d. Sampling of any discharge or surface water covered by this Order.

Monitoring Report Provisions

- 24. All reports pursuant to these Provisions shall be prepared under the supervision of a suitable professional registered in the State of California.
- 25. The Dischargers shall comply with all applicable items of the SMP (Appendix E).
- 26. The Dischargers shall submit the following monitoring and maintenance reports:
 - a. Quarterly self-monitoring reports performed according to the SMP appended to this Order or as amended by the Executive Officer.
 - b. Wetland mitigation monitoring reports by November 15th of each year for a minimum of 5 years from the completion of construction at the mitigation site(s) (this time period may be increased based on the performance of the mitigation). Riparian vegetation shall be monitored for 10 years, or until performance criteria have been satisfied (this may require longer than 10 years on Napa Creek). Upon successful completion of the Wetland Mitigation and Monitoring Plan, the Dischargers shall submit a notice of mitigation completion to the Executive Officer. The notice of mitigation completion shall include a plan for long-term maintenance and management, acceptable to the Executive Officer, for the mitigation sites. After submittal of the acceptable notice of mitigation completion, submittal of annual mitigation monitoring reports is no longer required.
 - c. Annual O&M reports by April 15th of each year which describes the previous year's maintenance activities, monitoring activities required in the O&M manual, and the planned maintenance activities for the following year. The annual O&M report for year ten shall also include a Report of Waste Discharge for long-term maintenance activities necessary in all reaches of the Project after the initial ten years. This report shall include at a minimum, a description of all activities proposed to maintain long-term performance of all elements of the Project, the alternatives considered to those activities proposed, and the basis for the need of the activities proposed.
- 27. The Dischargers shall maintain one copy of as-built plans and submit one copy to the Board 90 days after the completion of each Project phase. These plans will be based on a re-survey of the channel and associated Project features after construction completion. These surveys

and plans will be done in adequate detail such that they can be used to evaluate the performance of the Project (e.g., degradation/aggradation rates, bank stability, etc.).

28. These Requirements do not authorize commission of any act causing injury to the property of another or of the public; do not convey any property rights; do not remove liability under federal, state or local laws, regulations or rules of other programs and agencies nor do these Requirements authorize the discharge of wastes without appropriate permits from other agencies or organizations.
29. The Dischargers shall submit to the Board copies of all necessary approvals and/or permits for the Project from the applicable government agencies, including CDF&G, and USFWS.

I, Loretta K. Barsamian, Executive Officer, do hereby certify that the foregoing is a full, complete and correct copy of an Order adopted by the California Regional Water Quality Control Board, San Francisco Bay Region, on September 15, 1999.



Loretta K. Barsamian
Executive Officer

Attachments:

Figures 1-6

Appendices A-E

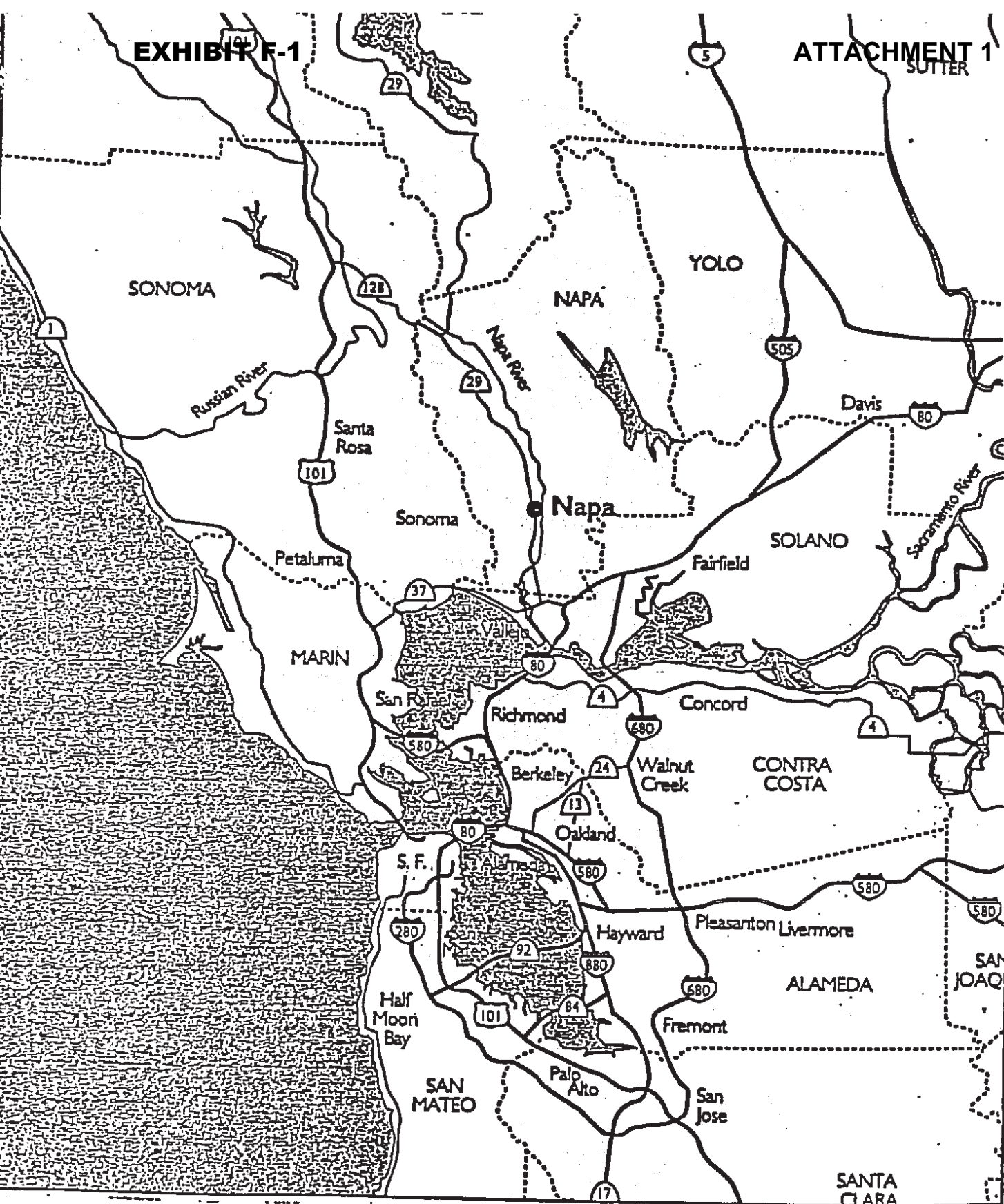


Figure 1. Regional location map for the Napa River Flood Damage Reduction Project area (source: DCE 1996).

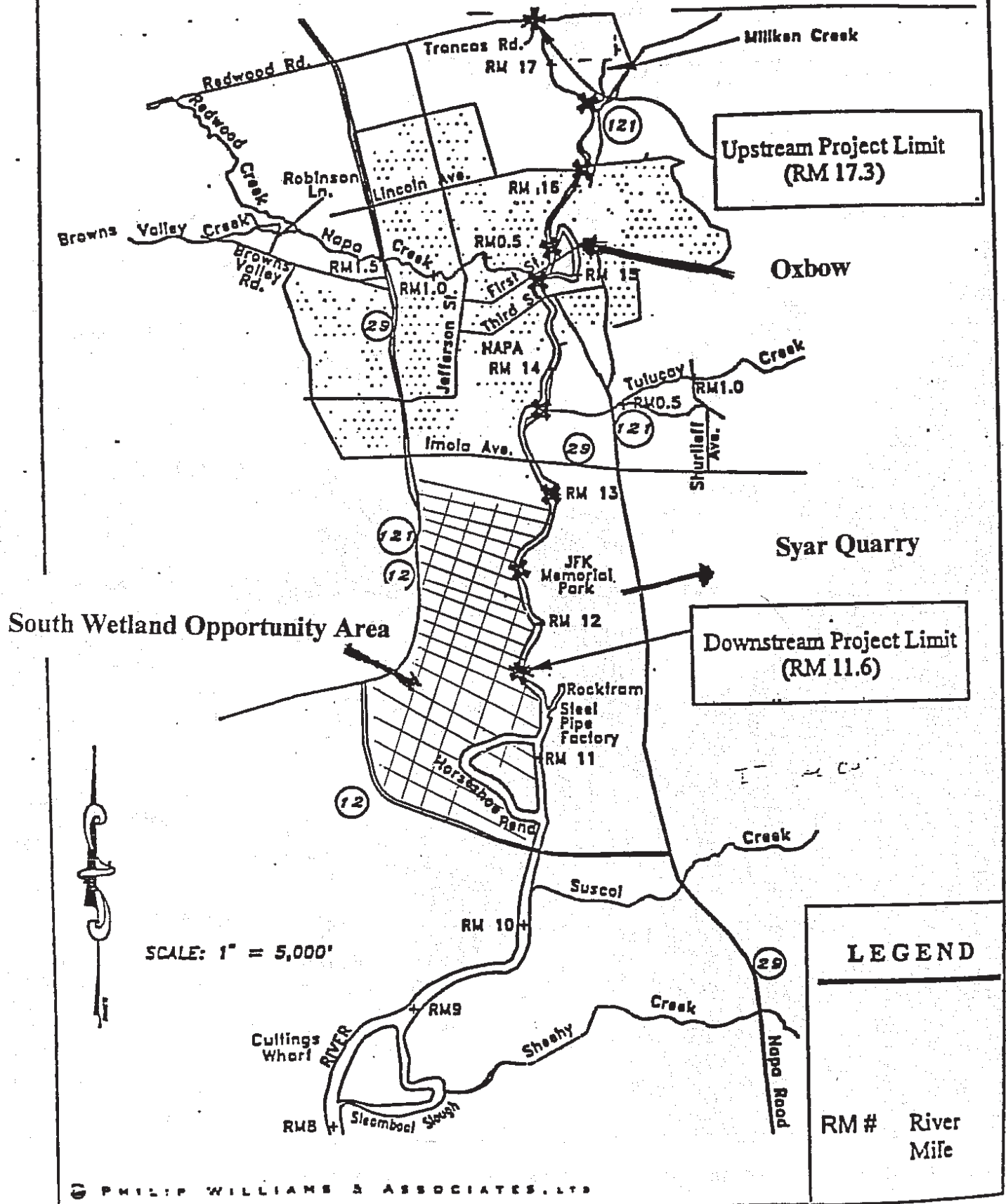


Figure 2. Napa River Project vicinity (source: PWA 1996).

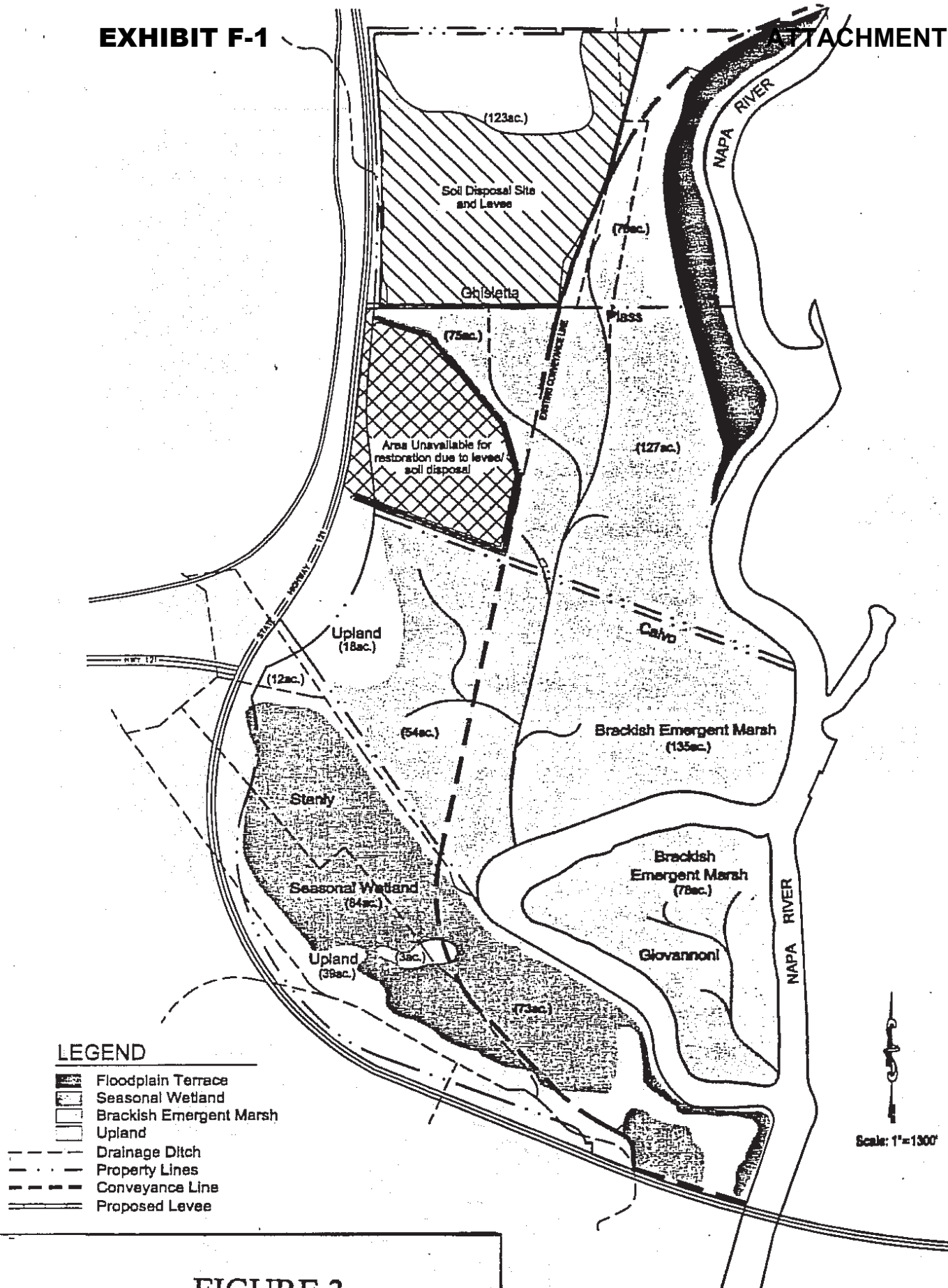
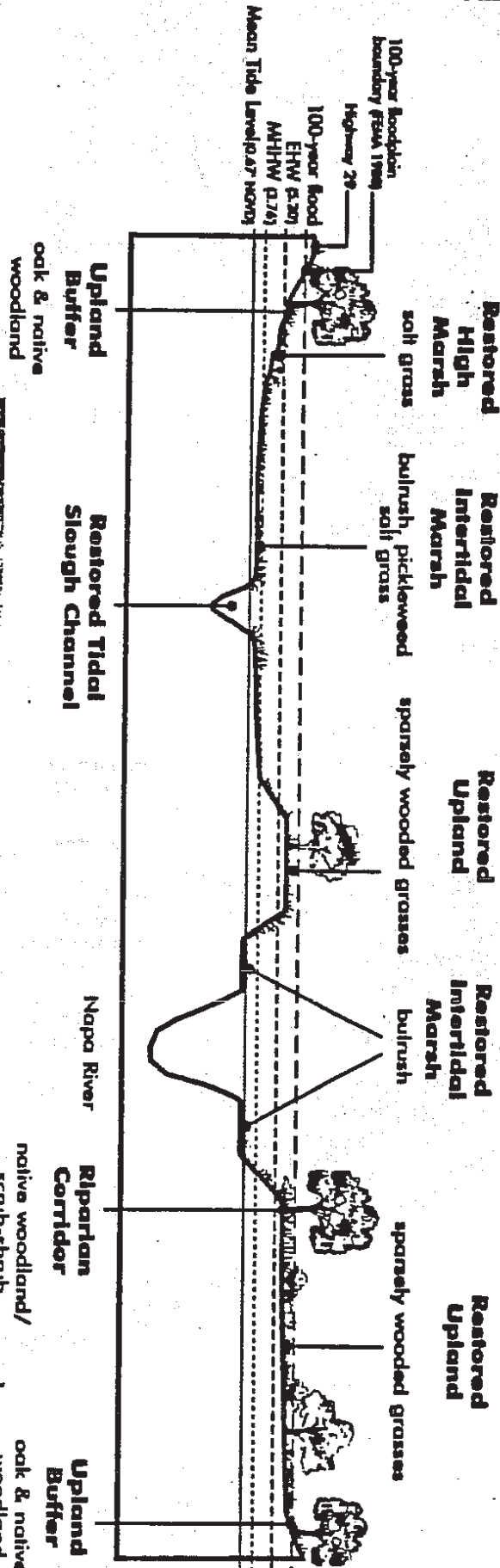
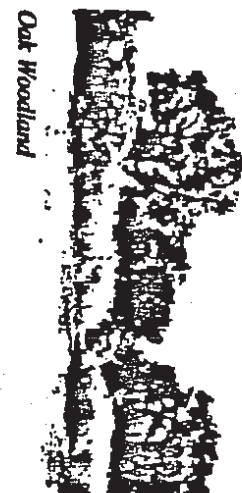
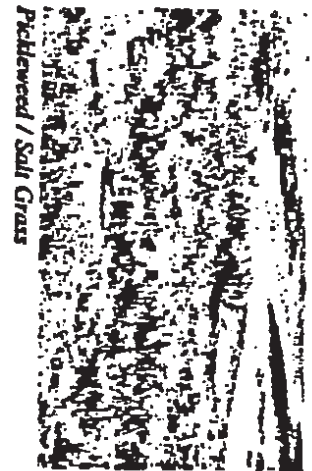


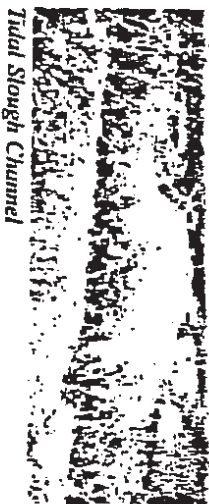
FIGURE 3

South Wetlands Opportunity Area
Post-enhancement conditions for the CEP

Figure
3.4-5

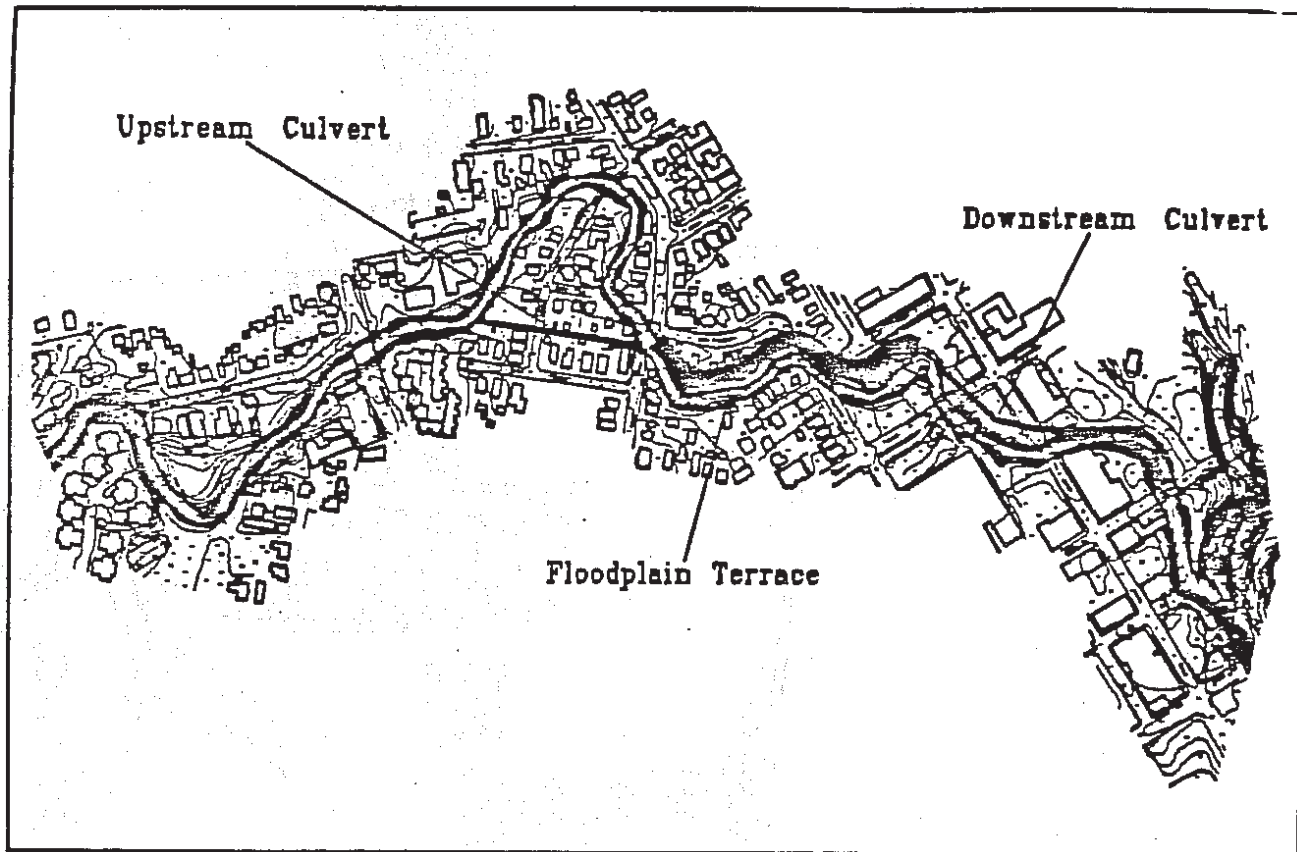


EHW=Extreme High Water
MHHW=Mean Higher High Water



**Projected Ecologic Landscape
for Opportunity Areas**
(Schematic Cross section)

FIGURE 4





Napa Creek


FIGURE 5

LEGEND

NATURAL

 EXCAVATED MATERIALS DISPOSAL SITE

 WETLANDS IMPACTED

 SITES NO LONGER UNDER CONSIDERATION

APPENDIX A

Design Elevations (minimum elevations)

Design Element	Design Elevation
Marshplain Terrace	0.0 -1.5 NGVD (Average 0.7 NGVD) Elevation shall not go below 0.0 NGVD
Floodplain Terrace	see table below
Napa River dry bypass	Min. invert elevation = 4.8 ft. NGVD, Maximum invert elevation (flow control) = 11.5 NGVD
Napa Creek - Main to Pearl bypass culvert- Flow control elevation at upstream end (Sta. 14+50)	Invert elevation at STA 14+50 = 11 NGVD
Napa Creek- Behrens St. bypass Culvert- Flow control at upstream end (STA 38+00)	Invert elevation at STA 38+00 = 20.8 NGVD

Floodplain Terrace Elevations (minimum)⁵

Floodplain Terrace station (STA)	Approximate Floodplain Terrace Elevation (+/- .5 ft.)
WEST BANK TERRACE	
620+00	3.7
637+00	4.0
650+00	4.3
675+00	5.2
677+00	5.3
end west bank terrace	
EAST BANK TERRACE	
637+00	4.0
650+00	4.3
675+00	5.2
677+00	5.3
700+00	5.9
725+00	6.5
750+00	7.0
760+00	7.7
end east bank terrace	

⁵ Some areas may be lower to provide drainage off the terrace. These elevations will be determined through consultation with Mosquito Abatement District, CDF&G, NMFS, USEPA, NRCS and Board staff.

APPENDIX B

Critical Bank Treatment Features

Treatment	Elevations (NGVD)	Special Features
Treatment 1A-E	None	see SGDM design
Treatment 2	Maximum elevation of rip rap: -1.5 (+/- 1 ft.) (construction flexibility) Beginning pole cuttings or veg. : +2.0 (+/- 1 ft)	see SGDM design
Treatment 3	Maximum elevation of rip rap: 3.7 ft. Beginning pole cuttings or vegetation installed in rock. : +2.0 (+/- 1 ft)	3A: Rootwads min. 1 per 50 ft. 3B: Lunkers min. 1 per 25 ft. 3C: Rootwads min 1 per 50 ft.

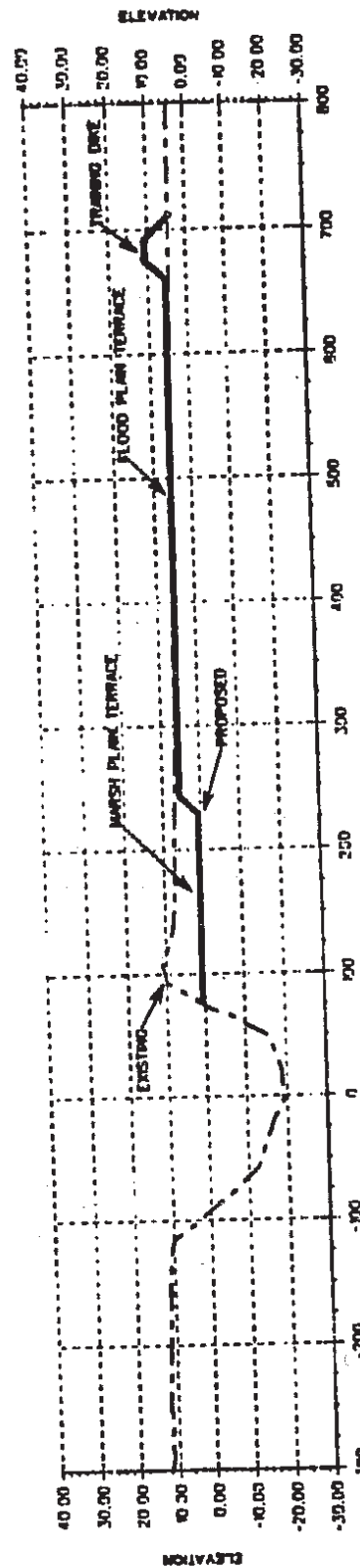
Locations of Bank Treatments and Rip Rap Removal

Station	Treatment
Right Bank	
620+00 to 664+00	1B
698+00 to 702+00	2
716+00 to 718+00	2
718+00 to 731+00	1A
731+00 to 760+00	2
760+00 to 774+00	vertical wall
782+00 to 789+00	3A
819+00 to 826+00	3A
826+00 to 844+00	1D
850+00 to 854+00	2
854+00 to 860+00	3A
887+00 to 992+00	3A
LEFT BANK (looking downstream)	
638+00 to 765+00	1C
659+00 to 710+00	1A
710+00 to 719+00	1B
719+00 to 724+00	1A
724+00 to 728+00	1B
728+00 to 737+00	1A
737+00 to 765+00	1B
765+00 to 774+00	1A
781+00 to 789+00	3A
789+00 to 792+00	2
792+00 to 805+00	3A
805+00 to 860+00	1E
659+00 to 743+00	Rip rap removal

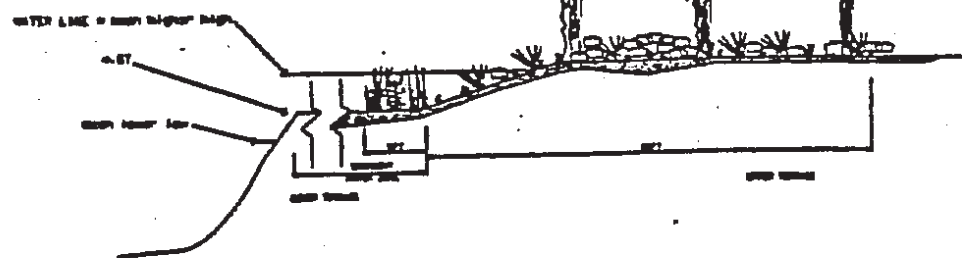
APPENDIX C

TYPICAL CROSS SECTION FROM 835+00 TO 877+00

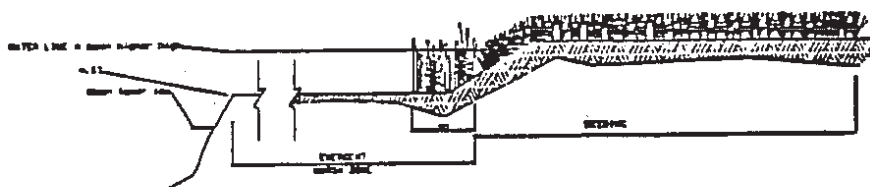
EAST OVERBANK EXCAVATION
WITH TRAPPING DITCH



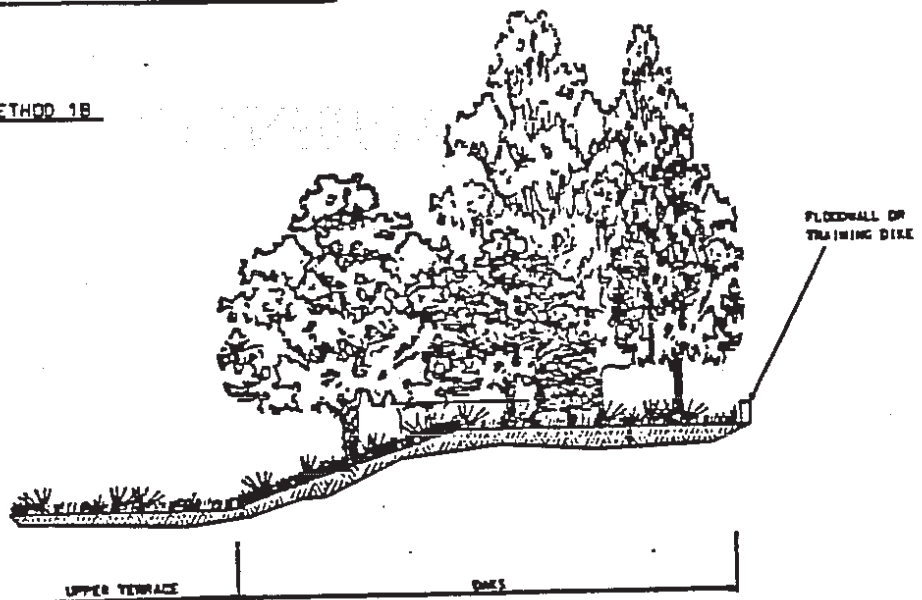
APPENDIX D



TREATMENT METHOD 1A
NOT TO SCALE



TREATMENT METHOD 1B
NOT TO SCALE

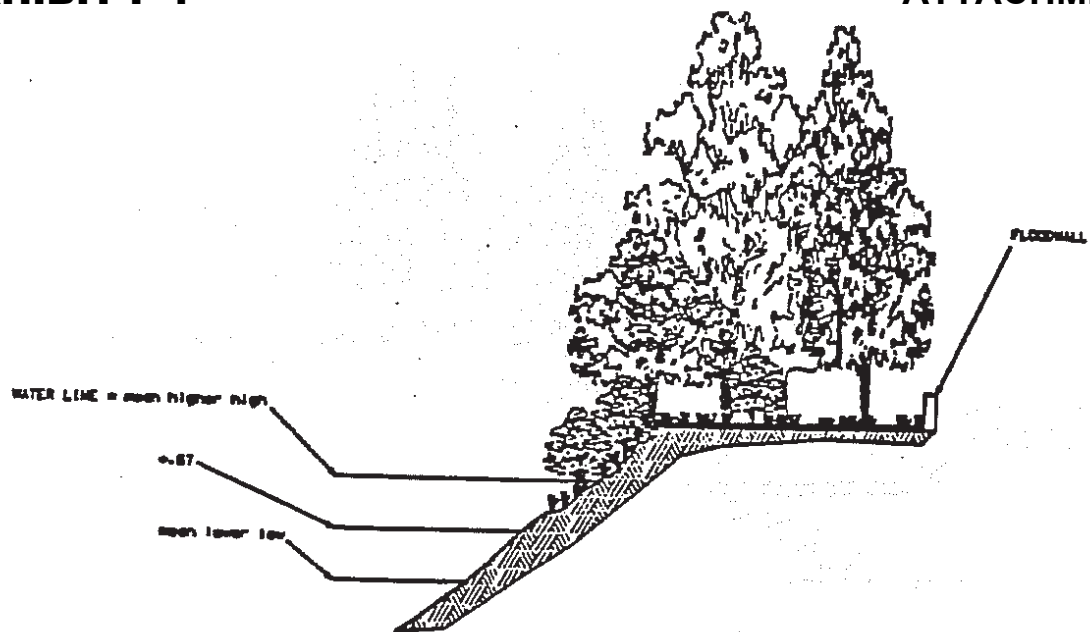


TREATMENT METHOD 1C
NOT TO SCALE

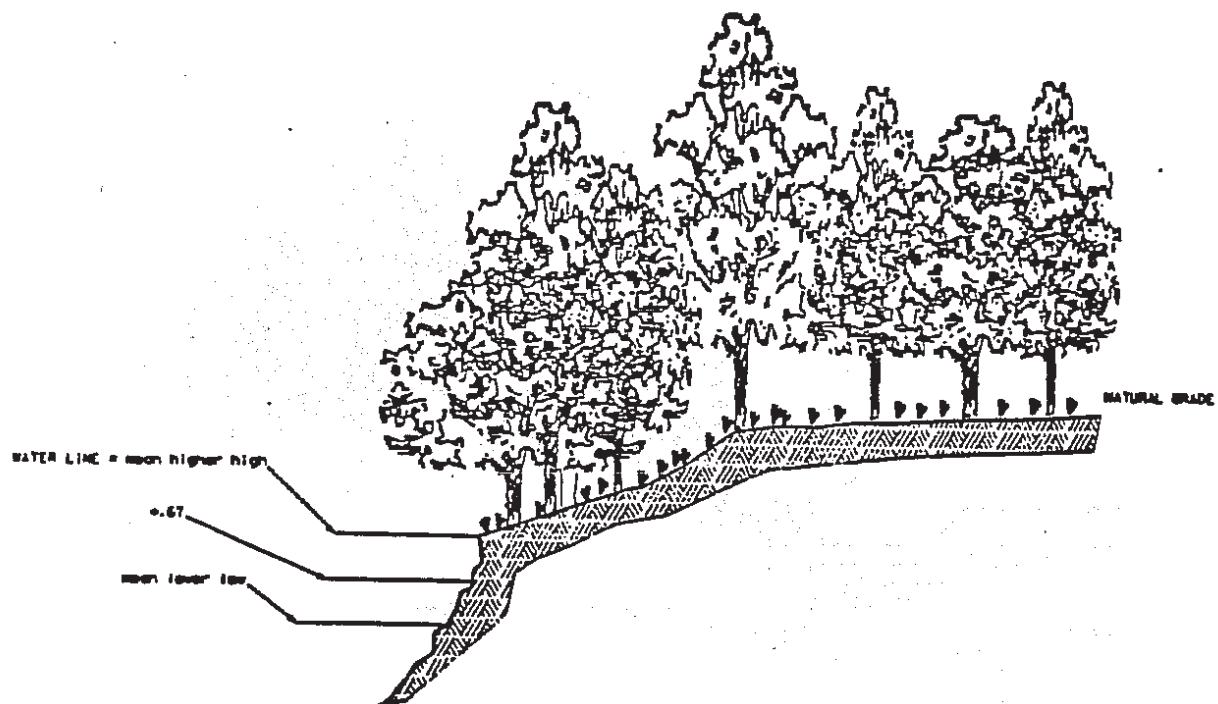
FIGURE 2-13

BANK STABILIZATION TREATMENT METHODS

NAPA RIVER/NAPA CREEK FLOOD PROTECTION PROJECT
SEIS/EIR



TREATMENT METHOD 1D
NOT TO SCALE

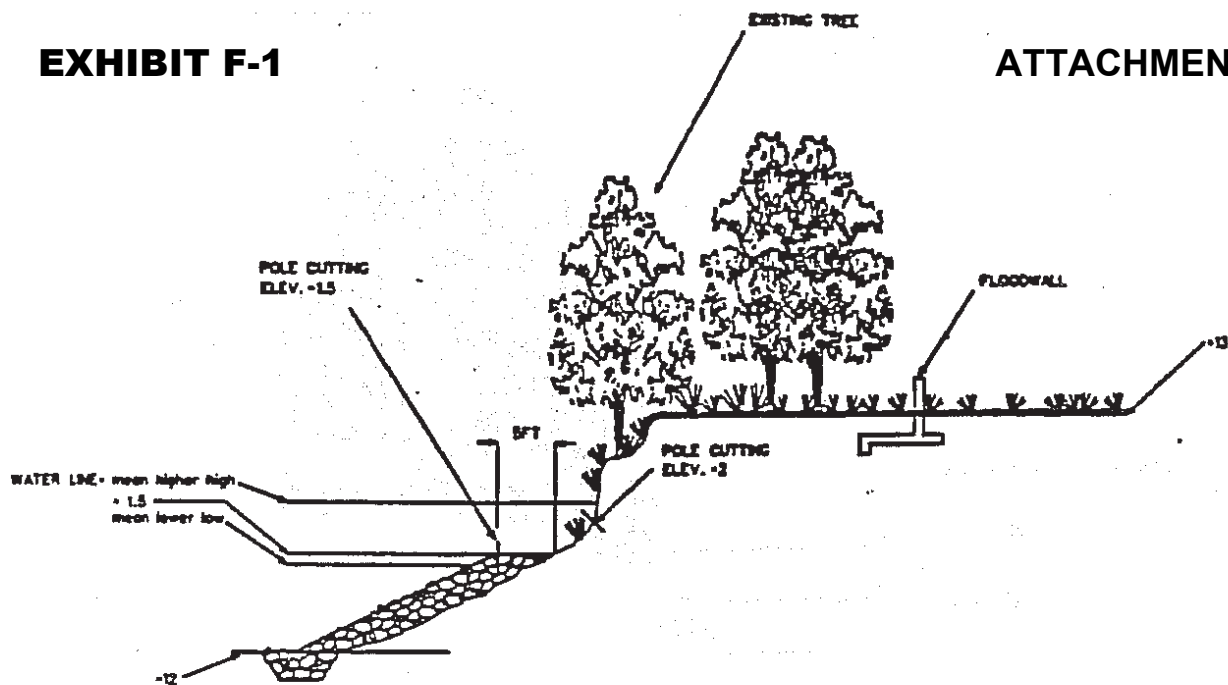


TREATMENT METHOD 1E
NOT TO SCALE

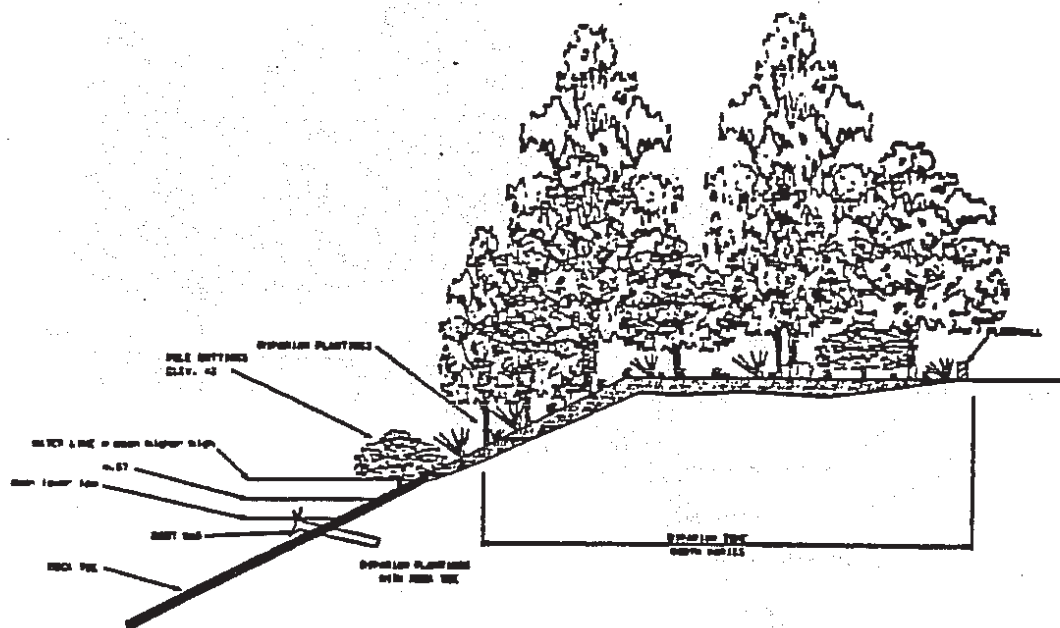
FIGURE 2-14

BANK STABILIZATION TREATMENT METHODS

NAPA RIVER/NAPA CREEK FLOOD PROTECTION PROJECT
SEIS/EIR



TREATMENT METHOD 2



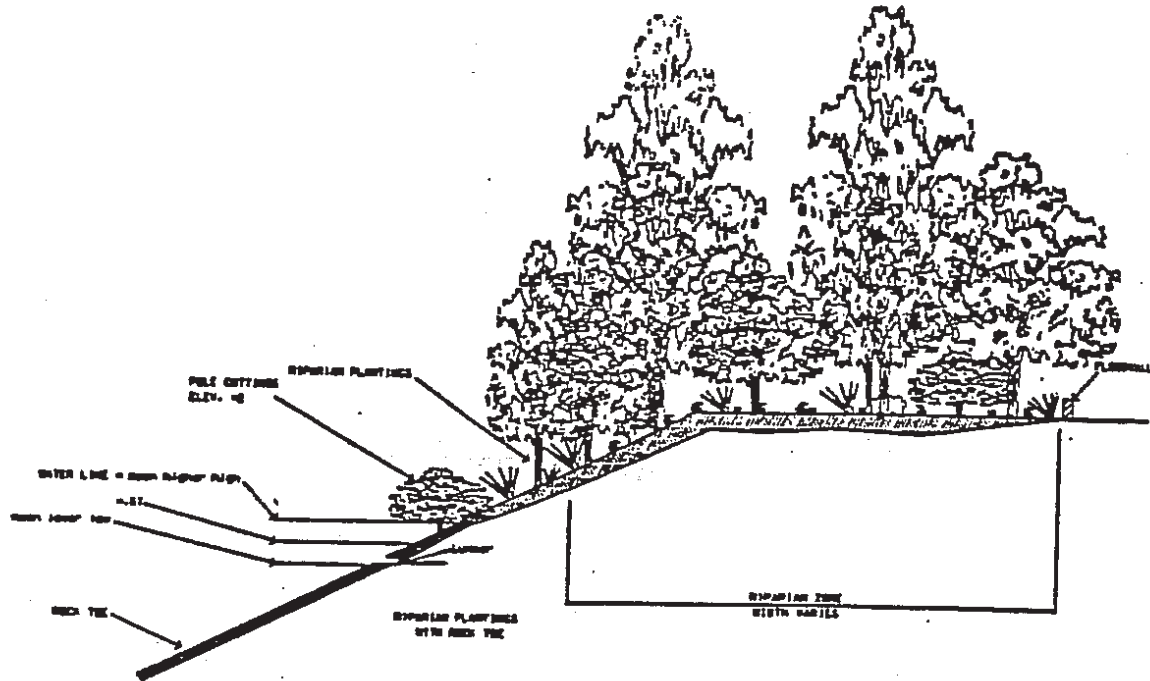
TREATMENT METHOD 3A

CONFIDENTIAL

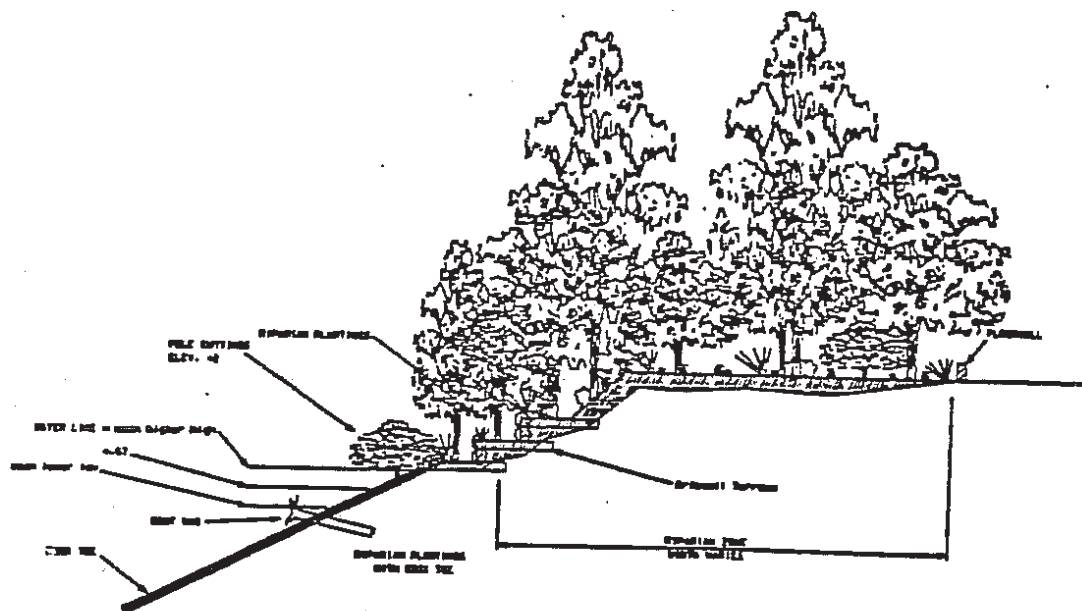
FIGURE 2-15

BANK STABILIZATION TREATMENT METHODS

NAPA RIVER FLOOD DAMAGE REDUCTION PROJECT
SEIS/EIR



TREATMENT METHOD 3B
NOT TO SCALE



TREATMENT METHOD 3C
NOT TO SCALE

FIGURE 2-16

BANK STABILIZATION TREATMENT METHODS

NAPA RIVER/NAPA CREEK FLOOD PROTECTION PROJECT

APPENDIX E

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
SAN FRANCISCO BAY REGION**

SELF-MONITORING PROGRAM

FOR

**U.S. Army Corps Of Engineers And The Napa County Flood Control And Water
Conservation District
Napa River/ Napa Creek Flood Protection Project, Napa County**

ORDER NO. 99-074

CONSISTS OF

PART A

[Modified Standard Provisions]

and

PART B

[Site Specific Provisions]

NOTE: This SMP is not a substitute for the Stormwater Pollution Prevention Plan (SWPPP) for construction activities, which includes a monitoring component. This SWPPP shall be developed and implemented as specified in Provision C.18.

PART A.

I. GENERAL

Reporting responsibilities of waste dischargers are specified in Sections 13225(a), 13267(b), 13268, 13383, and 13387(b) of the California Water Code and this Regional Board's Resolution No. 73-16.

The principle purposes of a monitoring program by a waste discharger, also referred to as a self-monitoring program, are:

1. To document compliance with waste discharge requirements and prohibitions established by this Regional Board; and
2. To facilitate self-policing by the discharger in the prevention and abatement of pollution arising from waste discharge.

II. SAMPLING AND ANALYTICAL METHODS

Sample collection, storage, and analyses shall be performed according to Code of Federal Regulations Title 40, Section 136 (40 CFR S136), or other methods approved and specified by the Executive Officer of this Regional Board.

Water and waste analyses shall be performed by a laboratory approved for these analyses by the State Department of Health Services (DHS), or a laboratory waived by the Executive Officer from obtaining a DHS certification for these analyses.

The director of the laboratory whose name appears on the certification, or his/her laboratory supervisor who is directly responsible for the analytical work performed shall supervise all analytical work including appropriate quality assurance / quality control procedures in his / her laboratory and shall sign all reports of such work submitted to the Regional Board.

Field monitoring for pH, temperature and dissolved oxygen shall be conducted with monitoring instruments and equipment properly calibrated and maintained to ensure accuracy of measurements.

III. DEFINITION OF TERMS

- A. A grab sample is defined as an individual sample collected in a short period of time not exceeding 15 minutes. Grab samples represent only the condition that exists at the time the sample is collected.
- B. A flow sample is defined as the accurate measurement of the flow volume over a given period of time using a properly calibrated and maintained flow measuring device. Flows calculated from properly maintained pump usage records for an accurately calibrated pump are acceptable.
- C. Standard Observations
Standard Observations are visual observations. Standard Observations shall be conducted from land from a location(s) which enables the observer to make the observations described in Part B accurately for each area where work is occurring. If necessary, the observer shall make observations from several locations to ensure accuracy.

PART B.

I. DESCRIPTION OF SAMPLING AND OBSERVATION STATIONS

A. Receiving Waters (Napa River).

<u>Station</u>	<u>Description</u>
A-1	A point shall be located immediately adjacent to construction activity.
A-D	The sampling point shall be within 1000 feet of the construction activity. Sample shall be taken at mid-depth of water column and at slack tide or ebb tide. If a plume of suspended sediment is obvious, the sample shall be taken within the plume.
A-U	Sampling point shall be at least 75 feet upstream of the construction activity. Sample to be taken at mid-depth of water column and taken at ebb tide. This is a background sample. If additional construction activities are occurring which may affect this sample, then this sample shall be located upstream above these activities, and location noted.

B. Land Observations

StationDescription

L1-Lx

Standard Observations shall be conducted from land from a location(s) which enables the observer to make the required observations accurately for each area where work is occurring. If necessary, the observer shall make observations from several locations to ensure accuracy.

II. SCHEDULE OF SAMPLING, MEASUREMENTS, AND ANALYSIS

- A. The Dischargers are required to perform observations, sampling, measurements and analyses according to the schedule given in Table 1, below.

Table 1.
Schedule for Sampling, Measurements and Analyses

	Stations A1, AD, AU	Stations L1-Lx
Type of Sample	Grab	Observations
Parameter:		
Total Suspended Solids	Weekly/per episode ¹	
pH	Weekly/per episode	
Dissolved Oxygen	Weekly/per episode	
Temperature (C)	Weekly/per episode	
Turbidity (NTU)	Weekly/per episode	
Standard Observations		Daily/per episode ²

B. Standard Observations

¹ "Episode" is defined as during construction activities which occur below High water (Higher High Water during timeframe of construction) and are not protected from tidal inundation by berm or other method. "Episode" also includes during any construction activity which the Discharger determines, in consultation with Board staff, may result in a discharge of sediment to the River.

² A record of Standard Observations shall be maintained on-site and available for Board inspection. Reports submitted to the Board shall only include a summary of Standard Observations as they pertain to compliance with this Order.

1. Equipment Observation: Observation of location and operation of equipment to ensure that equipment operation and location minimize sediment and habitat disturbance, and there are no discharges of pollutants to Waters of the State.
2. Manual Laborer Observation: Observation of manual laborers to ensure that activities minimize sediment and habitat disturbance, and there are no discharges of pollutants to Waters of the State.
3. Best Management Practices (BMPs) Observations: Observation of the BMPs installed in accordance with Provision C.2.d. of attached Order, to ensure that they are functioning properly and maintained.
4. Biological Resources and Habitat Observations:
 - a. Note any dead or obviously distressed aquatic life (e.g., fish, crabs) that may be associated with Project impacts.
 - b. Note any dead or obviously distressed wildlife that may be associated with Project impacts.
 - c. Observation of vegetation or other habitat features which have been specified not to be disturbed by Project construction, to ensure that this feature is properly identified and remains identified.

III. REPORTS TO BE FILED WITH THE REGIONAL BOARD

A. Self-Monitoring Reports

Written reports shall be filed regularly for each quarter of Project activity (ending July, October, January, and April). Reports shall be submitted to this Regional Board's office no later than the fifteenth day of the month following the end of each quarter. The reports shall consist of the following:

1. Letter of Transmittal

A letter transmitting the self-monitoring reports should accompany each report. Such a letter shall include a discussion of requirement violations found during the reporting period, and actions taken or planned for correcting noted violations. If the Discharger has previously submitted a report describing corrective actions and/or a time schedule for

implementing the corrective actions, reference to the previous correspondence will be satisfactory.

The transmittal letter shall contain a statement by the Discharger, or the Discharger's authorized agent, under penalty of perjury, that to the best of the signer's knowledge the report is true, accurate and complete.

2. Results of Analyses and Observations

Tabulations of the results from all required analyses specified in Table 1 by date, time, type of sample, and sample station. Standard Observations shall be summarized to discuss compliance with relevant conditions of the attached Order (Data sheets need not be included).

B. Spill Reports

A report shall be made of any spill of oil or other hazardous material. Spills shall be reported immediately to this Regional Board, at (510) 622-2300 during business hours, and during non-business hours, Office of Emergency Services (OES) at 1-800-852-7550. Any after hours spill which is reported to OES, shall be reported to the Board the following day by phone. A written report shall be filed with the Regional Board within five (5) working days and shall contain information relative to:

- a. Nature of waste or pollutant
- b. Quantity involved
- c. Duration of incident
- d. Cause of spill
- e. SPCC Spill Prevention and Containment Plan in effect, if any
- f. Estimated size of affected area
- g. Nature of effects (i.e., fishkill, discoloration of receiving waters, etc.)
- h. Corrective measures that have been taken or planned, and a schedule of these activities
- i. Persons notified.

C. Report of Permit Violation

In the event the Discharger violates, or threatens to violate the conditions of the waste discharge requirements and prohibitions due to:

- a. Maintenance work, power failure, or equipment breakdown;
- b. Accidents caused by human error or negligence; or
- c. Other causes such as acts of nature,


The Discharger shall notify the Regional Board office and California Department of Fish and Game (CDF&G), by telephone as soon as the Discharger or the Discharger's agents have knowledge of the incident. Written confirmation of this notification shall be submitted within two weeks of the telephone notification to the Regional Board. The written notification shall include pertinent information explaining reasons for the non-compliance and shall indicate what steps were taken to correct the problem and the dates thereof, and what steps are being taken to prevent the problem from recurring.

D. Additional Notifications

In the event dead or distressed aquatic life or wildlife are observed, which may be the result of Project impacts, the Board (510)622-2300 and CDF&G (707) 944-5512, shall be notified immediately.

I, Loretta K. Barsamian, Executive Officer, hereby certify that the foregoing Self-Monitoring Program:

1. Has been developed in accordance with the procedure set forth in the Regional Board's Resolution No. 73-16 in order to obtain data and document compliance with waste discharge requirements established in Regional Board Order No.99-074
2. Is effective on the date shown below.
3. May be revised at any time after the effective date by the Executive Officer.


LORETTA K. BARSAMIAN
Executive Officer

Effective Date September 15, 1999

STATE OF CALIFORNIA THE RESOURCES AGENCY

ARNOLD SCHWARZENEGGER, GOVERNOR

DEPARTMENT OF FISH AND GAME

BAY DELTA REGION

(707) 944-5520

Mailing address:

POST OFFICE BOX 47

YOUNTVILLE, CALIFORNIA 94599

Street address:

7329 SILVERADO TRAIL

NAPA, CALIFORNIA 94558



Long-term Agreement

Notification Number: 1600-2008-0420-3

Napa River, Napa County

Daisy Lee
Napa County Flood Control and Water Conservation District
804 First Street
Napa, CA 94559

PROJECT DESCRIPTION and PROJECT CONDITIONS

Description:

The Applicant, the Napa County Flood Control and Water Conservation District (NCFCWCD), is proposing to implement and complete construction associated with the Napa River/Napa Creek Flood Protection Project (Project). Those Activities, collectively described below under the heading "Contract 2 and Contract 3 Activities and Areas," are described below in greater detail. The project site is located within and around the riparian, floodplain, streambed and bank zone, and wetlands of the Napa River, specifically beginning near the Butler Bridge (Highway 29/121) upstream to Trancas Avenue and Napa Creek from Jefferson Street to the confluence with the Napa River in the city of Napa, California. Construction of the Project began in 2000 and originally proposed to be completed in 2006. Due to ongoing federal funding shortfalls, the Project is now projected to be completed in 2018. The project is necessary to provide the City of Napa with flood protection from 100-year storm events and additionally has been designed to create and enhance natural habitat including the creation of wetlands, marshplain/floodplain terraces, and selective removal of existing levees, setback levees, bypass channels and biotechnical bank stabilization.

Covered Activities and Areas:

Contract 2 - Imola Avenue to Third Street

West Bank - The Project proposes floodwall from Imola to the Napa River Inn. In areas of existing or potential erosion due to high velocities or where floodwalls need protection, protection will be provided using biotechnical and bank stabilization methods shown in Appendix J of the October 1998 Final Supplemental General Design Memorandum (SGDM). In areas where floodwall setback is reduced, a sheet pile wall will be driven below ground and incorporated into the toe of the floodwall. This sheet pile wall will extend to below the bottom of the existing channel. A pump station and detention basin will be located immediately north of the Maxwell Bridge.

East Bank - A prefabricated footbridge will join the recreation trail over New Tulocay Creek. The floodwall begins at STA 731+00 and continues to STA 771+00. Bank stabilization will be required to ensure that erosion does not undermine the floodwall and cause a breach in this flood protection measure. In areas of existing or potential erosion due to high velocities, protection will be provided using biotechnical methods, as shown in Appendix J of the SGDM.

A pump station will be located just north of the New Tulocay Creek levee (Sta 725+00). The

pump station will be located at the end of an existing drainage swale which brings local drainage to an outlet through the New Tulocay Levee. This outlet will be modified and incorporated into the pump station. The pump station will be sited to avoid delineated wetlands in the area and will be operated in a manner that will not modify the wetland characteristics of the delineated wetlands in this area.

Contract 3 - Third Street to Trancas Avenue

Oxbow - The Project proposes a floodwall around the existing oxbow channel. A depressed backyard between Taylor and Post Streets on the east side of the oxbow will be filled in and the floodwall constructed on top. The floodwall extent is approximately 3,600 feet on the east bank. Existing erosion on the east bank of the oxbow will be stabilized using biotechnical measures and the methods shown in Appendix J of the SGDM. These banks must be stabilized to protect floodwalls constructed at the top of bank. The existing Wine Train Railroad Bridge and First Street Bridge, both over the Napa River, do not provide adequate capacity for the design flows and therefore they will be replaced. Pipe piles to be driven within Napa River for the Railroad Bridge construction shall be no larger than 24-inch in diameter unless approved by DFG.

Oxbow Bypass - The Project includes a dry bypass with its entrance invert set above most tides. The dry bypass will only convey flows that are greater than approximately the 2-year event and allows most low flows to continue through the oxbow. By maintaining low flows in the oxbow, water quality impacts and concerns with siltation in the oxbow are minimized. The dry bypass channel would be 1,300 feet in length with a channel bottom width that ranges from 200 feet to 300 feet with 1:V to 2.5:H side slopes. Erosion protection, due to high velocities, will be provided in the bypass as well as at the entrance and exit of the bypass. The rock at the exit of the bypass will extend partly into the new mouth of Napa Creek and wrap into the oxbow. It will also extend downstream to protect the west bank of the river. McKinstry Street will be reconstructed through the bypass. Closure structures will be placed on the realigned McKinstry Street as it crosses the bypass. A pump station will be constructed just north of the bypass between Soscol Avenue and the railroad track. Floodwalls will be located intermittently on both banks of the bypass tying into high ground. A new railroad bridge will be constructed over the future dry bypass channel.

Randean Way to Lincoln Avenue -Where opportunities exist along the west bank, biotechnical measures will be used to help stabilize the banks and to improve riparian habitat. This improvement serves as mitigation for riparian impacts elsewhere in the project. Floodwalls along with a maintenance/recreation trail will be constructed on the west side of the river from Randean Way to Lincoln Avenue.

Lincoln Avenue to Trancas Street -The project features in this reach includes floodwalls, bridge erosion protection, bank stabilization, raising of existing levee with the construction of a maintenance road, and a separate recreation trail.

Contract 4 - Napa Creek

Napa Creek - The Project features in this reach include channel work in Napa Creek. Napa Creek conveyance will be increased by construction of a flood plain terrace on the north overbank of the creek, the removal of three bridges, and construction of two culvert bypasses. The Behrens Street Bridge and the Coombs Street Bridge will be removed and replaced with pedestrian bridges. The Brown Street Pedestrian footbridge will be demolished and will not be replaced.

Beginning just downstream of Main St. (Station 8+00) a concrete dry bypass culvert will be constructed on the north bank extending to just upstream of Pearl St. (Station 14+50). This culvert will consist of two, 10 foot wide by 12 foot high, concrete box culverts and will be approximately 450 feet long. The architectural work on the south bank, between station 10+00 (Main St.) and station 12+00 (Pearl St.), will be removed to increase the capacity of this reach. Bank erosion and scour protection in

this reach includes: rock/rootwad revetment from 6+25 to 7+50 on the north bank, rock riffles for grade control at stations 7+75 and 9+00, rock protection at the inlet and outlet, and rock scour aprons in areas of expected scour.

At Station 15+00 an overbank flood plain terrace will be constructed. The width of the terrace will vary from 15' to 50'. Seminary Street (Station 25+50) is the end of the flood plain terrace. Riparian vegetation will either remain or be removed and replaced with native plantings along this stretch of the channel. Bank erosion and scour protection in this reach includes: in water woody material barbs at about station 15+00, softening the sharp bend at 15+25 by grading back the south bank, log barbs at station 16+00 and 18+25, realigning the channel to the north from station 18+00 to 24+00, rock/rootwad revetment from 22+50 to 24+00 on the south bank and rock scour aprons in areas of expected scour. The south slopes will also be regarded and replanted with native plantings from station 20+50 to 24+00 due to existing instability.

Beginning at Seminary Street a concrete dry bypass culvert will be constructed in an alley between Center and Earl Streets. The entrance of the culvert will be a weir, 100 feet long. This culvert will be two, 10 foot wide by 12 foot high, concrete box culverts and will be approximately 580 feet long. The culvert will exit below Seminary Street. Bank erosion and scour protection in this reach includes: rock riffles for grade control at stations 37+00, 39+00 and 41+00, rock protection at the inlet and outlet, and rock scour aprons in areas of expected scour.

Resources at Risk:

The lower Napa River watershed supports habitat for several species including Central California Coast Steelhead (*Oncorhynchus mykiss*), Chinook Salmon (*Oncorhynchus tshawytscha*), Delta smelt (*Hypomesus transpacificus*), longfin Smelt (*Spirinchus thaleichthys*), northwestern pond turtle (*Actinemys marmorata marmorata*), salt marsh common yellowthroat (*Geothlypis trichas sinuosa*), pallid bat (*Antrozous pallidus*) and other aquatic and terrestrial species. California Department of Fish & Game (DFG) staff has visited the project site to review regulatory requirements for the proposed project.

Protective Terms and Conditions:

The following Terms and Conditions are intended to reduce, avoid, and minimize impacts to fish and wildlife resources:

1. Construction below the top of bank as determined by the break in slope shall be confined to the period June 1st to October 15th to minimize adverse impacts to fish and wildlife resources and their habitats. If the Applicant finds more time is needed to complete the authorized activity, the work period may be extended in writing on a week-by-week basis by a local Department of Fish and Game representative.
2. NCFCWCD shall submit draft (65 and 95 percent design level) plans of the proposed Oxbow Bypass (Contract 3) and Napa Creek (Contract 4) elements of the Project to DFG for review and approval. DFG shall provide comments or approval to NCFCWCD on the draft plans no later than 60 calendar days after receiving the plans and any other information that DFG deems necessary to make such a determination and requests. Should new, revised, or supplemental plans be submitted subsequent to the first submittal, the 60 calendar days review and approval process shall reset from the date of subsequent submittal.
3. During in-stream construction activities in Napa Creek (June 1st to October 15th) NCFCWCD or the on site contractor shall provide a monthly status report of the previous months in-stream work to DFG. The monthly status report shall be submitted to DFG in writing or by email to Corinne Gray at cgray@dfg.ca.gov.

4. At least 10 working days prior to commencement of covered Activities, the NCFCWCD shall notify DFG in writing or by email of its intent to commence Activities. Email notification shall be made to Corinne Gray at cgray@dfg.ca.gov.
5. This Agreement shall be valid for a period of 12 years and shall expire on December 31, 2021. To extend the Agreement beyond the expiration date, a written request for an extension must be submitted to DFG at the above address at least 30 days before the Agreement's expiration date. Renewal requires a fee. Renewals of the original Agreement are issued at the discretion of DFG.
6. River/stream banks, slopes and flood plain areas shall only be planted only with locally propagated native riparian scrub, tree and grass species and shall be seeded, mulched and fertilized with local native species. A revised planting plan shall be submitted to DFG for approval prior to contracting for collection and propagation. All upland planting shall begin after sufficient rainfall has occurred to ensure the best chance of survival of the scrubs, trees, and seedlings. Planting techniques can include seed casting, hydroseeding, or live planting methods using the techniques in Part XI of the Manual. The most current version of the manual is available at: <http://www.dfg.ca.gov/habitats>.
7. All invasive plant species within the construction area shall be removed or managed according to the Invasive Plant Control Plan (IPCP) prepared by NCFCWCD for the Project and areas denuded of vegetation shall be replanted with locally propagated native tree and shrub species as specified above and/or in the IPCP.

Vegetation monitoring:

8. The Permittee shall implement the Bank Stabilization and Mitigation Plan (Appendix J) of the Final Supplemental General Design Memorandum, Vol. II dated October 1998 except as revise below. The final design shall be provided to DFG for review and concurrence prior to construction:
 - a. During final design review the Permittee shall confer with DFG regarding all rock installation areas for appropriate location of placement of soil choked native plantings between mean high and low water levels.
 - b. All plantings shall be from locally collected propagules within the Napa River basin. Propagules from outside of the Napa River basin can only be used with written approval from DFG.
9. To ensure a successful revegetation effort, all plantings shall be monitored and maintained, including irrigation, if necessary initially for three years. All plantings shall have a minimum of 80% success at the end of 3 years. If the survival and/or cover requirements are not meeting these goals, the Applicant is responsible for replacement planting, additional watering, weeding, invasive exotic eradication, or any other practice, to achieve these requirements. Replacement plants shall be monitored with the same survival and growth requirements for three years after planting. Additionally, the applicant shall adhere to those monitoring requirements as defined in the *Napa River Flood Protection Project Mitigation and Monitoring Plan (MMP)*, prepared by Jones and Stokes Associates (2001) or as amended. The MMP's monitoring objective is to systematically and quantitatively measure changes in vegetation, soils, and hydrology over a 40-year period. Vegetation monitoring indicators, as described in the MMP, are measurable parameters that define the biological, chemical, or physical conditions or processes of a site. The parameters are measured at two scales: (1) aerial photography interpretation at the office to initially assess the types and aerial extents of habitats, and (2) ground-truthing at the study area to verify and/or modify the boundaries of the habitat types and vegetation monitoring at the study area along permanent transects to document the floristic composition and other ecological parameters associated with each habitat type.

Long Term Monitoring and Reporting Requirements:

10. NCFCWCD shall provide a status report to DFG every four years. The status report shall be delivered to DFG no later than 90 days prior to the end of each four-year period, and shall include all of the following information:
- a) A copy of the original agreement.
 - b) The status of the activity covered by the agreement.
 - c) An evaluation of the success or failure of the measures in the agreement to protect fish and wildlife resources that the activity may substantially adversely affect.
 - d) A discussion of any factors that could increase the predicted adverse impacts on fish and wildlife resources, and a description of the resources that may be adversely affected.

DFG shall review the four-year status report, and conduct an onsite inspection to confirm that the entity is in compliance with the agreement and that the measures in the agreement continue to protect the fish and wildlife resources. If DFG determines that the measures in the agreement no longer protect the fish and wildlife resources that are being substantially adversely affected by the activity, DFG, in consultation with NCFCWCD, and within 45 days of receipt of the report, shall impose one or more new measures to protect the fish and wildlife resources affected by the activity. If requested to do so by NCFCWCD, DFG shall make available the information upon which it determined the agreement no longer protects the affected fish and wildlife resources.

11. This agreement shall authorize DFG employees to conduct onsite inspections relevant to the agreement, upon reasonable notice. Nothing in this section limits the authority of DFG employees to inspect private or public sites.

Nesting Bird Surveys:

12. If tree removal occurs during the nesting season of protected raptors and migratory birds (February 15 to August 15), a focused survey for active nest of such birds shall be conducted by a qualified biologist (as determined by a combination of academic training and professional experience in biological sciences and related resource management activities) within 15 days prior to the beginning to Project-related activities. The results of the survey shall be faxed to (707) 944-5595. Refer to Notification Number 1600-2008-0420-3 when submitting the survey to DFG. If this survey finds evidence of such nesting work shall be postponed until August 15.

Diversion/de-watering structures and fish relocation:

13. The Permittee shall submit a Fish Rescue Plan to be implemented during cofferdam dewatering operations for DFG approval prior to any in water work. Measures shall be taken to minimize harm and mortality to listed salmonids and/or smelt resulting from fish relocation and dewatering activities:
- a. All electro-fishing shall be performed by a qualified fisheries biologist and conducted according to the National Marine Fisheries Service *Guidelines for Electro-fishing Waters Containing Salmonids Listed Under the Endangered Species Act*, June 2000.
 - b. Any captured wildlife/fish shall be relocated immediately upstream or downstream the project area to suitable habitat for the particular species.
14. Pumps used to dewater the area behind the cofferdam will be screened to protect aquatic species. Pumps used to dewater cofferdams shall be screened as follows:
- a. Perforated plate: screen openings shall not exceed 3/32 inches (2.38 mm), measured in diameter.

- b. Woven wire: screen openings shall not exceed 3/32 inches (2.38 mm), measured diagonally.
- c. Screen material shall provide a minimum of 27% open area.
- d. Approach velocity shall not exceed 0.33 feet per second.

Disturbance, disposal and removal of materials:

- 15. The disturbance or removal of sediment or vegetation shall not exceed the minimum necessary to complete project. Precautions shall be taken to avoid other damage to vegetation by people or equipment. The disturbed portions of the stream bank within or above the normal high-water mark of the stream shall be restored to as near their original condition as possible.
- 16. Building materials and/or construction equipment shall not be stockpiled or stored where they could be washed into the water or where they will cover aquatic or riparian vegetation.
- 17. The contractor shall not dump any litter or construction debris within the riparian/stream zone. All such debris and waste shall be picked up daily and properly disposed of at an appropriate site.

Erosion control measures:

- 18. No phase of the each activity may be started if that phase and its associated erosion control measures cannot be completed prior to the onset of a storm event if that construction phase may cause the introduction of sediments into the stream. Seventy-two-hour weather forecasts from the National Weather Service shall be consulted prior to start up of any phase of the project that may result in sediment runoff to the stream.
- 19. All exposed/disturbed areas within the project site shall be stabilized to the greatest extent possible. Erosion control measures such as straw wattles, straw mulch, and hydro-seeding (utilizing a native mix) shall be used where ever silt laden water has the potential to leave the work site and enter State waters. Erosion control measures shall be monitored during and after each storm event. Modifications, repairs and improvements to erosion control measures shall be made whenever it is needed.
- 20. All construction debris and associated materials shall be removed from the work site upon completion of this project. Any equipment or vehicles driven and/or operated within or adjacent to the site shall be cleaned of all external oil, grease, and materials that, if introduced to water, could be deleterious to aquatic life, wildlife or riparian habitat. Stationary equipment such as motors, pumps, generators, and welders, located within or adjacent to the creek shall be positioned over drip pans.
- 21. Freshly poured concrete for maintenance activities shall be isolated from flowing water for a period of 30 days. Commercial sealants may be applied to the poured concrete surface where difficulty in excluding water flow for a long period may occur. If sealant is used, water shall be excluded from the site until the sealant is dry.

Refueling of equipment and Hazardous materials storage:

- 22. Refueling of mobile and/or portable equipment will not occur within 200 feet of a drainage or water body. When circumstances do not permit this, refueling of sedentary equipment will use catch basins and absorbent pads while refueling within 200 feet of a drainage or water body.
- 23. Hazardous materials (fuels, lubricants, solvents, etc.) will not be stored within 200 feet of a drainage or water body.

General Conditions:

24. This agreement does not authorize the take any California Species of Special Concern, State or federally listed threatened or endangered species.
25. Department personnel or its agents may inspect the work site at any time. A copy of this agreement must be provided to the Contractor and all subcontractors who work within the stream zone and must be in their possession at the work site.
26. In the event that the project scope, nature, or environmental impact is altered by the imposition of subsequent permit conditions by any local, state or federal regulatory authority, the Applicant shall notify DFG of any imposed project modifications that interfere with compliance to DFG conditions.
27. The Applicant is liable for compliance with the terms of this Agreement, including violations committed by the contractors and/or subcontractors. DFG reserves the right to suspend construction activity described in this Agreement if DFG determines any of the following has occurred:
 - A). Failure to comply with any of the conditions of this Agreement
 - B). Information provided in support of the Agreement is determined by DFG to be inaccurate.
 - C). Information becomes available to DFG that was not known when preparing the original conditions of this Agreement (including, but not limited to, the occurrence of State or federally listed species in the area or risk to resources not previously observed)
 - D). The project as described in the Agreement has changed or conditions affecting fish and wildlife resources change.

Any violation of the terms of this Agreement may result in the project being stopped, a citation being issued, or charges being filed with the District Attorney. Contractors and subcontractors may also be liable for violating the conditions of this agreement.

Amendments and Extensions

The Applicant shall notify DFG before any modifications are made in the project plans submitted to DFG. Project modifications may require an amendment or a new notification.

This Agreement is transferable to subsequent owners of the project property by requesting an amendment.

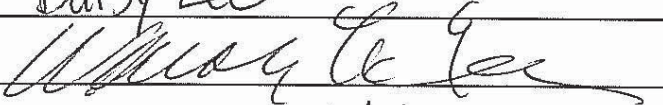
To extend the Agreement beyond the expiration date, a written request or completed "Request to Extend Lake or Streambed Alteration Agreement" form, with an appropriate fee, must be submitted to DFG (1600 Program, Post Office Box 47, Yountville, California 94599) for consideration at least 30 days before the Agreement expiration date. An extension requires a fee. The Fee Schedule and Extension form can be obtained at www.dfg.ca.gov/habcon/1600/Forms.html or by phone at (707) 944-5520. Extensions of the original Agreement are issued at the discretion of DFG.

To modify the project, a written request for an amendment or a completed "Request to Amend Lake or Streambed Alteration Agreement" form, with an appropriate fee, must be submitted to DFG (1600 Program, Post Office Box 47, Yountville, California 94599). An amendment requires a fee. The Fee Schedule and Amendment form can be obtained at www.dfg.ca.gov/habcon/1600/Forms.html or by phone at (707) 944-5520. Amendments to the original Agreement are issued at the discretion of DFG.

Please note that you may not proceed with construction until your proposed project has undergone CEQA review and DFG signs the Agreement.

I, the undersigned, state that the above is the final description of the project I am submitting to DFG for CEQA review, leading to an Agreement, and agree to implement the conditions above required by DFG as part of that project. I will not proceed with this project until DFG signs the Agreement. I also understand that the CEQA review may result in the addition of measures to the project to avoid, minimize, or compensate for significant environmental impacts:

Applicant's name (print): Daisy Lee

Applicant's signature: 

Signed the 19 day of October, 2009



California Department of Fish and Game
Bay Delta Region

California Endangered Species Act
Incidental Take Permit No. 2081-2008-014-03

Napa County Flood Control and Water Conservation District
Napa River Flood Protection Project

Authority: This California Endangered Species Act (CESA) Incidental Take Permit (ITP) is issued by the Department of Fish and Game (DFG) pursuant to Fish and Game Code section 2081, subdivisions (b) and (c), and California Code of Regulations, Title 14, Section 783 et seq. CESA prohibits the take¹ of any species of wildlife designated as an endangered, threatened, or candidate species² by the Fish and Game Commission. DFG, however, may authorize the take of such species by permit if the conditions set forth in Fish and Game Code section 2081, subdivisions (b) and (c) are met. (See also Cal. Code Regs., tit. 14, § 783.4.)

Permittee:	Napa County Flood Control and Water Conservation District
Name and title of principal officer:	Robert J. Peterson, P.E., District Engineer
Contact person:	Daisy Lee, (707) 259-8600
Mailing address:	804 First Street Napa, California 94559-2623

Effective Date and Expiration Date of ITP:

This ITP shall be executed in duplicate original form and shall become effective once a duplicate original is acknowledged by signature of the Permittee on the last page of the ITP and returned to DFG's Habitat Conservation Planning Branch at the address listed in the Notices section of this ITP. Unless renewed by DFG, this ITP's authorization to take the Covered Species shall expire on **December 31, 2014**.

Project Location:

The Project site is located on the Napa River from the Hwy 29 and Highway 12 crossing (southern crossing) to Trancas Street Bridge in the City of Napa, County of Napa.

¹Pursuant to Fish and Game Code section 86, "'Take' means hunt, pursue, catch, capture, or kill, or attempt to hunt, pursue, catch, capture or kill."

²"Candidate species" are species of wildlife that have not yet been placed on the list of endangered species or the list of threatened species, but which are under formal consideration for listing pursuant to Fish and Game Code section 2074.2.

Project Description:

The Napa County Flood Protection Project (Project) involves the construction of 6000 linear feet of flood control wall between the Imola Crossing and Third Street Bridge, approximately 3600 linear feet of floodwall along the Oxbow area north of the Soscol Street Crossing, replacement of the existing railroad crossing, and the construction of the Oxbow Bypass.

Project activities including construction of cofferdams, placement of rip rap for bank stabilization, grading of proposed Oxbow inlet and outlet, and construction of in-water structures such as bridge piers will result in temporary and permanent impacts to Shallow Water Habitat (SWH) used by delta smelt (*Hypomesus transpacificus*) and longfin smelt (*Spirinchus thaleichthys*). As part of Project implementation and to mitigate for the adverse effects of the Project, including effects to listed species, the Napa County Flood Control and Water Conservation District (hereafter District or Permittee) has acquired and created approximately 451.4 acres of SWH. Of that SWH, approximately 61.71 acres are mitigation for temporary and permanent impacts to the Covered Species habitat.

The Project described in this ITP is part of the more comprehensive "Napa River/Napa Creek Flood Reduction Project" approved by the District and U.S. Army Corps of Engineers in May 1999 (hereafter, the "Overall Project"). The habitat enhancements carried out as part of the Overall Project were designed and implemented to reduce flood risk while providing functional riverine habitat. These enhancements are now complete.

Covered Species:

This ITP covers the following species:

Name**Status³****Fish**

1. Delta smelt (*Hypomesus transpacificus*)

Threatened⁴

³Under CESA, a species may be on the list of endangered species, the list of threatened species, or the list of candidate species. All other species are "unlisted."

⁴Delta smelt are currently protected under CESA as a threatened species. (Cal. Code Regs., tit. 14, § 670.5, subd. (b)(2)(A); see also Fish & G. Code, § 2080.) On June 7, 2007, the California Fish and Game Commission accepted a petition to uplist Delta smelt as an endangered species and on August 7, 2008, the Commission made a finding that uplisting from threatened to endangered is warranted. (Cal. Reg. Notice Register 2007, No. 25-Z, p. 1090, and 2009, No. 3-Z, p. 111.) The Commission is currently engaged in related rulemaking under the Administrative Procedure Act (APA) (Gov. Code, § 11340 et seq.) and, when complete, the legal status of Delta smelt under CESA will change from threatened to endangered. (Fish & G. Code, 2075.5(2); Cal. Reg. Notice Register 2009, No. 3-Z, p. 106; see also proposed Cal. Code Regs., tit. 14, § 670.5, subd. (a)(2)(O).) The species' change in legal status under CESA will not affect this ITP.

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2. Longfin smelt (*Spirinchus thaleichthys*)

Candidate⁵

These species and only these species are hereinafter referred to as "Covered Species."

Impacts to Covered Species:

The Project activities described above and their resulting impacts are expected to result in the incidental take of individuals of the Covered Species. Individuals of the Covered Species may be incidentally taken as a result of mortality due to instream cofferdam construction and dewatering, project-related traffic on and off site, and project-caused habitat losses (direct impacts). In particular, the Project will result in the permanent loss of 19.13 acres and the temporary loss of 1.44 acres of SWH for the Covered Species. Impacts of the proposed taking on the Covered Species may also include adverse impacts to the Covered Species related to temporal losses, increased habitat fragmentation and edge effects, and the Project's incremental contribution to cumulative impacts (indirect impacts).

Incidental Take Authorization of Covered Species:

This ITP authorizes incidental take of the Covered Species and only the Covered Species. With respect to incidental take of the Covered Species, DFG authorizes the Permittee, its employees, contractors, and agents to take Covered Species incidentally in carrying out the Project, subject to the limitations described in this section and the Conditions of Approval identified below. This ITP does not authorize take of Covered Species from activities outside the scope of the Project as described above, take of Covered Species resulting from violation of this ITP, or intentional take of Covered Species except for capture and relocation of Covered Species as authorized by this ITP.

Conditions of Approval:

Unless specified otherwise, the following measures shall pertain to all ground-disturbing activities within the Project construction boundaries, including areas used for ingress and egress routes during construction. DFG's issuance of this ITP and the Permittee's authorization to take the Covered Species are subject to the Permittee's compliance with and implementation of the following Conditions of Approval:

1. Permittee shall comply with all applicable state, federal, and local laws in existence on the effective date of this ITP or adopted thereafter.

⁵ Longfin smelt are currently protected under CESA as a candidate species. (Cal. Reg. Notice Register 2008, No. 9-Z, p. 308; Fish & G. Code, §§ 2080, 2085.) On March 4, 2009, the California Fish and Game Commission made a finding that listing longfin smelt as a threatened species under CESA is warranted. (Cal. Reg. Notice Register 2009, No. 24-Z, p. 924.) The Commission is currently engaged in related rulemaking under the APA and, when complete, the legal status of longfin smelt under CESA will change from a candidate to a threatened species. (Fish & G. Code, § 2075.5(2); Cal. Reg. Notice Register 2009, No. 19-Z, p. 699; see also proposed Cal. Code Regs., tit. 14, § 670.5, subd. (b)(2)(E).) The species' change in legal status will not affect this ITP.

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2. Permittee shall implement and adhere to the mitigation measures related to the Covered Species in the Biological Resources section of the Environmental Impact Report (SCH No. 1997044002) certified by the Permittee as lead agency for the Project under the California Environmental Quality Act (CEQA) (Pub. Resources Code, § 21000 et seq.) on May 10, 1999.
3. Permittee shall fully implement and adhere to the conditions of this ITP within the time frames set forth below and in Attachment 1, the Mitigation Monitoring and Reporting Program (MMRP).
4. General Provisions:
 - 4.1 Before initiating ground-disturbing activities, Permittee shall designate a representative (Designated Representative) responsible for communications with DFG and overseeing compliance with this ITP. Permittee shall notify DFG in writing, prior to commencement of ground-disturbing activities, of the Designated Representative's name, business address, and contact information, and shall notify DFG in writing if a substitute Designated Representative is selected or identified at any time during the term of this ITP.
 - 4.2 Permittee shall hire a biologist knowledgeable and experienced in the biology and natural history of the Covered Species (Designated Biologist). The Designated Biologist shall monitor construction activities within the Project area. At least 30 days prior to ground-disturbing activities, the Permittee shall submit to DFG in writing the proposed Designated Biologist's name, qualifications, business address, and contact information for review and approval. The Permittee shall not commence ground-disturbing activities until DFG approves the Designated Biologist.
 - 4.3 To ensure compliance with the Conditions of Approval of this ITP the Designated Biologist shall have authority to require Project-related personnel to immediately stop any activity that is not in compliance with this ITP, and to order any reasonable measure to avoid the unauthorized take of an individual of the Covered Species.
 - 4.4 Permittee shall conduct all in-water work within the Napa River within sheetpile cofferdams and in isolation from flowing water. Permittee shall install all sheetpile cofferdams between June 1 and October 31. Work within cofferdams may occur outside of this work period. Alternative cofferdam designs may only be used if approved in writing by DFG. The Permittee shall use a vibratory hammer to install all cofferdams.
 - 4.5 Permittee shall implement erosion control measures during all phases of construction in areas where soil, silt, dirt and/or sediment from project activities

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threatens to enter waters of the State. At no time shall any of these materials be allowed to enter or be placed where it may enter waters of the State. Erosion control matting shall not include monofilament or plastic; instead, the matting shall be composed of jute, straw, coconut matting, or other natural fibers.

- 4.6 Permittee shall locate staging and storage areas for equipment, materials, fuels, lubricants and solvents outside of the channel and banks. For all stationary equipment located within or adjacent to the channel (e.g., motors, pumps, generators, compressors, and welding equipment), Permittee shall place a drip pan under any and all such equipment. Any equipment or vehicles driven and/or operated within or adjacent to the channel shall be checked and maintained daily to prevent leaks of materials that, if introduced to water, could be deleterious to aquatic life. Vehicles shall be moved away from the channel prior to refueling and lubrication.
- 4.7 Permittee shall ensure that poured concrete is excluded from the wetted channel for a period of 30 days after it is poured. During that time the poured concrete shall be kept moist, and runoff from the concrete shall not be allowed to enter waters of the State. Commercial sealants approved for use around water may be applied to the poured concrete surface where it may be difficult to exclude water flow for a long period. If sealant is used, water shall be excluded from the site until the sealant is dry.
- 4.8 Permittee shall conduct an education program for all persons employed or otherwise working on the Project site prior to performing any work on-site. The program shall consist of a presentation from the Designated Biologist that includes a discussion of the biology and general behavior of the Covered Species, information about the distribution and habitat needs of the Covered Species, sensitivity of the Covered Species to human activities, its status under CESA including legal protection, recovery efforts, penalties for violations and Project-specific protective measures described in this ITP. Interpretation shall be provided for non-English speaking workers, and the same instruction shall be provided for any new workers prior to their performing work on-site. Copies of this ITP shall be maintained at the worksite. Permittee shall prepare and distribute wallet-sized cards or a fact sheet handout containing this information for workers to carry on-site. Upon completion of the program, employees shall sign a form stating they attended the program and understand all protection measures. These forms shall be filed at the District offices and made available to DFG upon request.
- 4.9 Project-related personnel shall access the Project site during construction and development activities using existing routes and shall not cross Covered Species' habitat outside of or in route to the Project site. Project-related vehicle traffic shall be

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restricted to established roads, staging, and parking areas. If Permittee determines construction of off-site routes for travel are necessary, Permittee shall contact DFG prior to carrying out such an activity. DFG may require an amendment to this ITP if additional take of Covered Species may result from Project modification.

- 4.10 The Permittee shall provide DFG representatives with reasonable access to the Project site and mitigation lands under its control, and shall otherwise fully cooperate with DFG efforts to verify compliance with or effectiveness of mitigation measures set forth in the ITP. Neither the Designated Biologist, nor DFG shall be liable for any costs incurred in complying with the management measures, including cease-work orders issued by DFG or as provided in the ITP.
- 4.11 Upon Project completion, Permittee shall remove from the site and properly dispose of all construction refuse, including, but not limited to, broken equipment parts, wrapping material, cords, cables, wire, rope, strapping, twine, buckets, metal or plastic containers, and boxes
- 4.12 Notwithstanding any expiration date on the take authorization provided by this ITP, Permittee's obligations under this ITP do not end until DFG accepts as complete the Permittee's Final Mitigation Report required by Condition 5.7 of this ITP.

5. Notification and Reporting:

- 5.1. Permittee shall notify DFG of, and document compliance with, all pre-construction Conditions of Approval before commencing ground-disturbing activities.
- 5.2. The Designated Representative shall provide DFG with a single weekly status report on all activities authorized by this ITP. The status report shall list the schedule of events, including beginning dates, work in progress, and completion dates. The status report shall be submitted to DFG every Monday until the list of authorized activities is complete or there are scheduled periods of inactivity. The status report shall be sent via email transmittal to cgray@dfg.ca.gov.
- 5.3 The Designated Biologist shall be on-site daily while construction and/or surface-disturbing activities are taking place to minimize take of the Covered Species, and check for compliance with all mitigation and avoidance measures. These inspections shall be compiled into a Monthly Compliance Report and submitted to DFG at the office listed below or via e-mail to DFG's regional representative at cgray@dfg.ca.gov. DFG may at any time increase the timing and number of compliance inspections and reports required under this provision depending upon the results of previous compliance inspections.

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- 5.4 Permittee shall immediately notify DFG in writing if it determines that it is not in compliance with any condition of approval of this ITP, including but not limited to any actual or anticipated failure to implement mitigation measures within the time periods indicated in this ITP and/or the MMRP. Permittee shall report any non-compliance with the ITP during the construction phase of the Project to DFG within twenty-four hours.
- 5.5 All observations of Covered Species during Project activities shall be conveyed to the Permittee's Designated Representative or Designated Biologist. This information shall be included in the next weekly status report submitted to DFG by the Permittee.
- 5.6 Annual Status Report: Permittee shall provide DFG with an Annual Status Report (ASR) no later than January 31 of every year beginning with issuance of the ITP and continuing until DFG accepts the Final Mitigation Report identified below. Each ASR shall include, at a minimum: (1) a general description of the status of the Project site and construction activities, including actual or projected completion dates, if known; (2) a copy of the table in the MMRP with notes showing the current implementation status of each mitigation measure; (3) an assessment of the effectiveness of each completed or partially completed mitigation measure in minimizing and compensating for Project impacts of the taking; and (4) a summary of the observations, relocations, and level of authorized incidental take of Covered Species.
- 5.7 Final Mitigation Report: No later than 45 days after completion of the Project, including completion of all mitigation measures, Permittee shall provide DFG with a Final Mitigation Report. The Final Mitigation Report shall be prepared by the Designated Biologist and shall include, at a minimum: (1) a copy of the table in the MMRP with notes showing when each of the mitigation measures was implemented; (2) all available information about Project-related incidental take of the Covered Species; (3) information about other Project impacts on the Covered Species; (4) construction dates; (5) an assessment of the effectiveness of the ITP's Conditions of Approval in minimizing and fully mitigating for Project impacts of the taking on Covered Species; (6) recommendations on how mitigation measures might be changed to more effectively minimize and mitigate the impacts of future projects on the Covered Species; and (7) any other pertinent information related to the incidental take of Covered Species associated with the Project.
- 5.8 If a Covered Species is killed by Project-related activities during construction, or if a Covered Species is otherwise found dead within the Project boundary, the Designated Biologist shall immediately notify the DFG Regional Representative and shall send a written report to DFG within two (2) calendar days. The report shall include the date and time of the finding or incident, location of the carcass, and if

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possible include a photograph, explanation as to cause of death, and any other pertinent information.

6. Take Minimization Measures:

The following measures are intended to ensure the minimization of incidental take of Covered Species within the Project area both prior to ground- disturbing activities and throughout construction of the Project:

- 6.1. Permittee shall submit a Fish Rescue Plan to be implemented during cofferdam dewatering operations. Permittee shall submit the Fish Rescue Plan to DFG for approval prior to any in-water work. The Fish Rescue Plan shall address take minimization of Covered Species and other fish species as described in Streambed Alteration Agreement #1600-2008-0420-3. The Designated Biologist shall oversee implementation of the Fish Rescue Plan, as approved by DFG. The Fish Rescue Plan shall include, at a minimum, the following measures relevant to Covered Species take minimization:
- a) Cofferdams shall only be closed during low tide events to minimize Covered Species capture and stranding;
 - b) After closing cofferdams and prior to fully dewatering the cofferdams, Covered Species remaining within the closed cofferdams shall be rescued. During rescue, Covered Species shall be identified, measured, and counted immediately upon capture; and the time that Covered Species are held in buckets, and handling stress during processing and release, shall be minimized;
 - c) Covered Species shall be processed before other fish species and released as soon as possible during rescue operations. Species name and length data shall be recorded on data sheets, as well as time, date, location, gear type, water temperature, salinity and any other pertinent observations of the Covered Species;
 - d) Because of the potential for mortality during rescue, if any Covered Species are killed, the individuals shall be preserved via freezing or placing in a container with 10 percent formalin solution. Information on time and exact location of any incidental take, method of take, length of time from death to preservation, water temperature, and any other relevant information shall be recorded in writing. Permittee shall deliver preserved individuals to a DFG or U.S. Fish and Wildlife Service (USFWS) laboratory that DFG identifies at the time the Permittee contacts DFG as required by Condition 5.8 of this ITP..

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- e) If any dead fish cannot be positively identified in the field, the Permittee shall bag, label, and deliver the specimen to the previously named DFG or USFWS laboratory (see above) for positive identification. Frozen fish shall be kept as cold as possible. If identification will not occur on the same day as capture, the fish shall be placed in a freezer. Each bag shall have a waterproof paper tag with date, time, and location caught.
- f) No one may remove any Covered Species, dead or alive, from the site for personal use.
- g) After completing the fish rescue, the Designated Biologist shall prepare a brief documentation report. The report shall contain the information required in Measures 6.1.(c) and 6.1(d), and information on the personnel conducting the rescue, methods used, number of each species collected and relocated, and an estimate of the survival rate of Covered Species immediately after release. Photographs of the site and rescue operations shall be included. The report shall be provided by the Permittee to DFG, USFWS, and National Marine Fisheries Service within 30 days of completing the fish rescue.
- h) Dewatering of areas within the cofferdams shall only proceed after the fish rescue effort is completed. The Designated Biologist and any fish rescue biologist identified in the Fish Rescue Plan approved by DFG shall be present on the Project site to monitor and oversee any fish rescue operation, including instructing and working with Project employees to monitor the area being dewatered in case any Covered Species are stranded or otherwise remain in the dewatering area. If any such Covered Species are observed in the dewatering area, dewatering operations shall stop temporarily to allow the Designated Biologist to rescue and relocate the Covered Species.

6.2. Pumps used to dewater the area behind the cofferdam shall be screened to protect aquatic species. Pumps used to dewater cofferdams shall be screened as follows:

- 1. Perforated plate: screen openings shall not exceed 3/32 inches (2.38 mm), measured in diameter.
- 2. Woven wire: screen openings shall not exceed 3/32 inches (2.38 mm), measured diagonally.
- 3. Screen material shall provide a minimum of 27% open area.
- 4. Approach velocity shall not exceed 0.33 feet per second.

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6.3. Permittee shall revise the Bank Stabilization and Mitigation Plan (Plan), prepared by the Permittee and included as Appendix J of the Final Supplemental General Design Memorandum, Vol. II dated October 1998, to include the following:

1. All areas of rock installation generally between the mean high and low water levels shall be soil-choked and planted with appropriate native plantings.
2. All plantings shall be from locally collected propagules within the Napa River basin. Propagules from outside of the Napa River basin may only be used with written approval from DFG.

Permittee shall obtain DFG approval of the revised Plan prior to its implementation. Additionally, if Permittee proposes further revisions to the Plan after DFG approval, Permittee shall obtain DFG approval prior to implementing any such modification.

Mitigation for Authorized Take:

As set forth below, Permittee shall implement and fully fund all measures necessary to minimize and fully mitigate all impacts of the taking of Covered Species as authorized by this ITP, and fully fund all measures necessary to monitor the compliance with and effectiveness of any and all such measures.

7. Habitat Management Land Acquisition and Funding Assurances:

DFG has determined that permanent protection of compensatory habitat is necessary and required under CESA to fully mitigate impacts of the taking on Covered Species that will result from implementation of this Project. This determination is based on factors including an assessment of the quality of the habitat at the Project site and the increased habitat value for the listed species in question that can be achieved through land management at the mitigation location.

- 7.1. Permittee shall restore/manage at least 61.71 acres of SWH for the Covered Species in the Napa River/Napa Creek. As part of implementing the Overall Project, the Permittee reduced flood risk to surrounding residents by restoring and enhancing the more natural path and flow of Napa River/Napa Creek, which created approximately 451.4 acres of SWH. DFG has determined the Permittee's maintenance of this habitat, which is an inherent part of Project implementation, provides additional aquatic habitat to the Covered Species that fully mitigates the impacts of the taking on Covered Species caused by Project activities, including temporary and permanent impacts to Covered Species habitat.

Amendment:

This ITP may be amended without the concurrence of Permittee as required by law pursuant to California Code of Regulations, Title 14, section 783.6, subdivision (c), including as determined by DFG that: (1) continued implementation of the Project under existing ITP

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conditions would jeopardize the continued existence of the Covered Species, or (2) Project changes or changed biological conditions necessitate an ITP amendment to ensure that impacts to the Covered Species are minimized and fully mitigated.

Stop-Work Order:

DFG may issue Permittee a written stop-work order to suspend any activity covered by this ITP for an initial period of up to twenty-five days to prevent or remedy a violation of ITP conditions (including but not limited to failure to comply with reporting, monitoring, or habitat acquisition obligations) or to prevent the illegal take of an endangered, threatened, or candidate species. Permittee shall comply with the stop-work order immediately upon receipt thereof. DFG may extend a stop-work order under this provision for a period not to exceed twenty-five additional days, upon written notice to the Permittee. DFG shall commence the formal suspension process pursuant to California Code of Regulations, Title 14, section 783.7, within five working days of issuing a stop-work order.

Compliance with Other Laws:

This ITP contains DFG's requirements for the Project pursuant to CESA. This ITP does not necessarily create an entitlement to proceed with the Project. Permittee is responsible for complying with all other applicable state, federal, and local laws.

Notices:

Written notices, reports and other communications relating to this ITP shall be delivered to DFG by first class mail at the following addresses, or at addresses DFG may subsequently provide the Permittee. Notices, reports, and other communications should reference the Project name, Permittee, and ITP Number (2081-2008-014-03) in a cover letter and on any other associated documents.

Original cover with attachment(s) to:

Charles Armor, Regional Manager
Bay Delta Region
P.O. Box 47
Yountville, California 94599
Telephone: (707) 944-5517
Fax: (707) 944-5553

Copy of cover without attachment(s) to:

General Counsel
Department of Fish and Game
1416 Ninth Street, 12th Floor
Sacramento, CA 95814

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And:

Habitat Conservation Planning Branch
1416 Ninth Street, Suite 1260
Sacramento, CA 95814

Unless Permittee is notified otherwise, DFG's Regional Representative for purposes of addressing issues that arise during implementation of ITP conditions is:

Corinne Gray, Environmental Scientist
Post Office Box 47
Yountville, California 94599
Telephone (707) 944-5526
Fax (707) 944-5595

CESA Findings:

These findings are intended to document DFG's compliance with the specific findings requirements set forth in CESA and related regulations. (Fish & G. Code § 2081, subs. (b)-(c); Cal. Code Regs., tit. 14, §§ 783.4, subds. (a)-(b), 783.5, subd. (c)(2).)

DFG finds that issuance of this ITP complies and is consistent with the criteria governing the issuance of ITPs under CESA:

- (1) Take of Covered Species as defined in the ITP will be incidental to the otherwise lawful activities covered under the ITP;
- (2) Impacts of the taking of the Covered Species will be minimized and fully mitigated through the implementation of measures required by this ITP and as described in the Mitigation Monitoring and Reporting Program (MMRP). Measures include:
(1) permanent habitat protection; (2) fish rescue efforts; (3) worker education; and (4) Monthly Compliance Reports. DFG evaluated the quality of the habitat on the Project site, the scope and extent of direct impacts, the scope and extent of indirect impacts, and other relevant information available to DFG or provided by the Permittee. Based on this evaluation, DFG determined that the protection and management of 61.71 acres of mitigation habitat (a 3:1 ratio) that is contiguous with other protected Covered Species habitat and/or is of higher quality than the habitat being destroyed by the Project, along with the minimization, monitoring, reporting, and funding requirements of this ITP, meet the CESA issuance criteria;
- (3) The take avoidance and mitigation measures required pursuant to the conditions of this ITP and its attachments are roughly proportional in extent to the impact of Permittee's take;

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- (4) The measures required by this ITP maintain Permittee's objectives to the greatest extent possible;
- (5) All required measures are capable of successful implementation;
- (6) The ITP is consistent with any regulations adopted pursuant to Fish and Game Code sections 2112 and 2114;
- (7) Permittee has ensured adequate funding to implement the measures required by the ITP as well as for monitoring compliance with, and the effectiveness of, those measures for the Project. Specifically, the Permittee has met this obligation by providing the required mitigation prior to Project impacts; and
- (8) Issuance of the ITP will not jeopardize the continued existence of the Covered Species based on the best scientific and other information reasonably available, and this finding includes consideration of the species' capability to survive and reproduce, and any adverse impacts of the taking on those abilities in light of (a) known population trends; (b) known threats to the species; and (c) reasonably foreseeable impacts on the species from other related projects and activities. Moreover, DFG's finding is based, in part, on DFG's express authority to amend the terms and conditions of the ITP without concurrence of the Permittee as necessary to avoid jeopardy and as required by law.

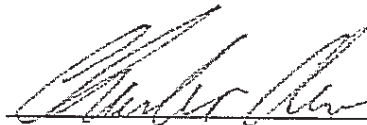
Attachments:

ATTACHMENT 1

Mitigation Monitoring and Reporting Program

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NAPA RIVER FLOOD CONTROL PROJECT

ISSUED BY THE CALIFORNIA DEPARTMENT OF FISH AND GAME

on 12/01/09.Charles Armor, Regional Manager
BAY DELTA REGION

APPROVED AS TO FORM:

John H. Mattox
Senior Staff Counsel**ACKNOWLEDGMENT**

The undersigned: 1) warrants that he or she is acting as a duly authorized representative of the Permittee, 2) acknowledges receipt of this ITP, and 3) agrees on behalf of the Permittee to comply with all terms and conditions of the ITP.

By: Date: 12/15/09Printed Name: Felix RiesenberTitle: Deputy District Engineer

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Attachment 1**DEPARTMENT OF FISH AND GAME
MITIGATION MONITORING AND REPORTING PROGRAM (MMRP)****CALIFORNIA INCIDENTAL TAKE PERMIT NO. 2081-2008-014-03****PERMITTEE:** Napa County Flood Control and Water
Conservation District**PROJECT:** Napa River Flood Protection Project**PURPOSE OF THE MMRP**

The purpose of the MMRP is to ensure that the impact minimization and mitigation measures required by the Department of Fish and Game (DFG) for the above-referenced Project are properly implemented, and thereby to ensure compliance with section 2081(b) of the Fish and Game Code and section 21081.6 of the Public Resources Code. A table summarizing the mitigation measures required by DFG is attached. This table is a tool for use in monitoring and reporting on implementation of mitigation measures, but the descriptions in the table do not supersede the mitigation measures set forth in the California Incidental Take Permit (ITP) and in attachments to the ITP, and the omission of an ITP requirement from the attached table does not relieve the Permittee of the obligation to ensure the requirement is performed.

OBLIGATIONS OF PERMITTEE

Mitigation measures must be implemented within the time periods indicated in the table that appears below. Permittee has the primary responsibility for monitoring compliance of all mitigation measures and for reporting to DFG on the progress in implementing those measures. These monitoring and reporting requirements are set forth in the ITP itself and are summarized at the front of the attached table.

VERIFICATION OF COMPLIANCE, EFFECTIVENESS

DFG may, at its sole discretion, verify compliance with any mitigation measure or independently assess the effectiveness of any mitigation measure.

TABLE OF MITIGATION MEASURES

The following items are identified for each mitigation measure: Mitigation Measure, Source, Implementation Schedule, Responsible Party, and Status/Date/Initials. The "Mitigation Measure" column summarizes the mitigation requirements of the ITP. The "Source" column identifies the ITP document that sets forth the mitigation measure. The "Implementation Schedule" column shows the date or phase when each mitigation measure will be implemented. The "Responsible Party" column identifies the person or agency that is primarily responsible for implementing the mitigation measure. The "Status/Date/Initials" column shall be completed by the Permittee during preparation of each Status Report and the Final Mitigation Report, and must identify the implementation status of each mitigation measure, the date that status was determined, and the initials of the person determining the status.

Mitigation Measure		Source	Implementation Schedule	Responsible Party	Status / Date / Initials
BEFORE DISTURBING SOIL OR VEGETATION					
1	Before initiating ground-disturbing activities, the Permittee shall designate a representative (Designated Representative) responsible for communications with DFG and overseeing compliance with this ITP. The Permittee shall notify DFG in writing, prior to commencement of ground-disturbing activities, of the Designated Representative's name, business address, and contact information, and shall notify DFG in writing if a substitute Designated Representative is selected or identified at any time during the term of this ITP.	ITP Condition # 4.1	Before commencing ground-disturbing activities/ Entire Project	Permittee	
2	At least thirty days before initiating ground- or vegetation-disturbing activities, Permittee shall submit to DFG in writing the name, qualifications, business address, and contact information for a biological monitor (Designated Biologist). The Designated Biologist shall be knowledgeable and experienced in the biology and natural history of the Covered Species. The Designated Biologist shall be responsible for monitoring construction and/or ground- or vegetation-disturbing activities in areas of Covered Species' habitat to help minimize or avoid the incidental take of individual Covered Species and to minimize disturbance of Covered Species' habitat. Permittee shall obtain DFG approval of the Designated Biologist prior to the commencement of Project-related activities that may result in the incidental take of the Covered Species.	ITP Condition # 4.2	Before commencing ground-disturbing activities	Permittee	
3	Permittee shall conduct an education program for all persons employed or otherwise working on the Project site prior to performing any work on-site. The program shall consist of a presentation from the Designated Biologist that includes a discussion of the biology and general behavior of the Covered Species, information about the distribution and habitat needs of the Covered Species, sensitivity of the Covered Species to human activities, its status under CESA including legal protection, recovery efforts, penalties for violations and Project-specific protective measures described in this ITP. Interpretation shall be provided for non-English speaking workers, and the same instruction shall be provided for any new workers prior to their performing work on-site. Copies of this ITP shall be maintained at the worksite. Permittee shall prepare and distribute wallet-sized cards or a fact sheet handout containing this information for workers to carry on-site. Upon completion of the program, employees shall sign a form stating they attended the program and understand all protection measures. These forms shall be filed at the Napa County Flood Control offices and be available to DFG upon request.	ITP Condition # 4.8	Before commencing ground-disturbing activities / Entire Project	Permittee	
5	The Permittee shall submit a Fish Rescue Plan to be implemented during cofferdam dewatering operations for DFG approval prior to any in water work. The Plan shall include the elements described in Condition 6.1 of the ITP	ITP Condition # 6.1	Before commencing in water activities Entire Project	Permittee	

	Mitigation Measure	Source	Implementation Schedule	Responsible Party	Status / Date / Initials
6	<p>The Permittee shall revise the Bank Stabilization and Mitigation Plan (Plan), prepared by the Permittee and included as Appendix J of the Final Supplemental General Design Memorandum, Vol. II dated October 1998, to include the following:</p> <p>(1) All areas of rock installation generally between the mean high and low water levels shall be soil-choked and planted with appropriate native plantings.</p> <p>(2) All plantings shall be from locally collected propagules within the Napa River basin. Propagules from outside of the Napa River basin may only be used with written approval from DFG.</p> <p>Permittee shall obtain DFG approval of the revised Plan prior to its Implementation. Additionally, if the Permittee proposes further revisions to the Plan, the Permittee shall obtain DFG approval prior to modifying activities.</p>	ITP Condition # 6.3	Before commencing ground-disturbing activities / Entire Project	Permittee	
7	<p>Permittee shall notify DFG of, and document compliance with, all pre-construction Conditions of Approval at least fourteen days before commencing vegetation- or ground-disturbing activities.</p>	ITP Condition # 5.1	Before commencing ground-disturbing activities	Permittee	
DURING CONSTRUCTION					
8	<p>Project-related personnel shall access the Project site during construction and development activities using existing routes and shall not cross Covered Species' habitat outside of or in route to the Project site. Project-related vehicle traffic shall be restricted to established roads, staging, and parking areas. If Permittee determines construction of off-site routes for travel are necessary, Permittee shall contact DFG prior to carrying out such an activity. DFG may require an amendment to this ITP if additional take of Covered Species may result from Project modification.</p>	ITP Condition # 4.9	Entire Project	Permittee	
9	<p>The Designated Biologist shall be on-site daily while construction and/or surface-disturbing activities are taking place to minimize take of the Covered Species and check for compliance with all mitigation and avoidance measures. These inspections shall be compiled into a Monthly Compliance Report and submitted to DFG at the office listed below or via e-mail to DFG's regional representative at cgray@dfg.ca.gov. DFG may at any time increase the timing and number of compliance inspections and reports required under this provision depending upon the results of previous compliance inspections.</p>	ITP Condition # 5.3	Entire Project	Permittee	
10	<p>Permittee shall immediately notify DFG in writing if it determines that it is not in compliance with any condition of approval of this ITP, including but not limited to any actual or anticipated failure to implement mitigation measures within the time periods indicated in this ITP and/or the MMP. Permittee shall report any non-compliance with the ITP during the construction phase of the Project to DFG within twenty-four hours.</p>	ITP Condition # 5.4	Entire Project	Permittee	
11	<p>All observations of Covered Species during Project activities shall be conveyed to the Permittee's Designated Representative or Designated Biologist. This information shall be included in the next weekly status report submitted to DFG by the Permittee.</p>	ITP Condition # 5.5	Entire Project	Permittee	

	Mitigation Measure	Source	Implementation Schedule	Responsible Party	Status / Date / Initials
12	Annual Status Report: Permittee shall provide DFG with an Annual Status Report (ASR) no later than January 31 of every year beginning with issuance of the ITP and continuing until DFG accepts the Final Mitigation Report identified below. Each ASR shall include, at a minimum: 1) a general description of the status of the Project site and construction activities, including actual or projected completion dates, if known; 2) a copy of the table in the MMRP with notes showing the current implementation status of each mitigation measure; 3) an assessment of the effectiveness of each completed or partially completed mitigation measure in minimizing and compensating for Project impacts; and 4) a summary of the observations, relocations, and level of incidental take of Covered Species.	ITP Condition # 5.6	Entire Project	Permittee	
13	If a Covered Species is killed by project-related activities during construction, or if a Covered Species is otherwise found dead within the Project boundary, the Designated Biologist shall immediately notify the DFG Regional Representative and shall send a written report to DFG within two (2) calendar days. The report shall include the date and time of the finding or incident, location of the carcass, and if possible provide a photograph, explanation as to cause of death, and any other pertinent information.	ITP Condition # 5.8	Entire Project	Permittee	
POST-CONSTRUCTION					
14	Final Mitigation Report: No later than 45 days after completion of the Project, including completion of all mitigation measures, Permittee shall provide DFG with a Final Mitigation Report. The Final Mitigation Report shall be prepared by the Designated Biologist and shall include, at a minimum: 1) a copy of the table in the MMRP with notes showing when each of the mitigation measures was implemented; 2) all available information about Project-related incidental take of the Covered Species; 3) information about other Project impacts on the Covered Species; 4) construction dates; 5) an assessment of the effectiveness of the ITP's Conditions of Approval in minimizing and fully mitigating for Project impacts of the taking on Covered Species; 6) recommendations on how mitigation measures might be changed to more effectively minimize and mitigate the impacts of future projects on the Covered Species; and 7) any other pertinent information, including the level of take of the Covered Species associated with the Project.	ITP Condition # 5.7	Post-construction and after completion of mitigation	Permittee	
15	DFG accepts the Final Mitigation Report as complete.	ITP Condition # 4.12	Post-construction	Department of Fish and Game	

**WRITTEN DETERMINATION FOR SPECIALTY ITEMS
PURSUANT TO NAPA MUNICIPAL CODE SECTION 2.91.050**

TULOCAY CREEK BICYCLE/PEDESTRIAN BRIDGE DESIGN-BUILD

The Tulocay Creek Bicycle/Pedestrian Bridge project consists of constructing a pre-fabricated bridge over Tulocay Creek between Hartle Court and Third Street as part of the City's bicycle network. The City has found it appropriate to use design-build procurement of a contract, and this design-build project is considered a "specialty item" based on the determinations below.

Per Napa Municipal Code (NMC) Section 2.91.050, the city may enter into a contract for a "specialty item," provided that the City Manager makes a written determination of the following:

1. The project need which the city intends to satisfy through the contract for the specialty item. This includes a functional description (or performance criteria) of the city's needs.

The need of this project is to deliver the Tulocay Creek Bicycle/Pedestrian project within budgetary and timeline constraints. For construction of a pre-manufactured bridge at the project site, much of the complex engineering design is related to the design of the bridge itself. This work is being performed by the actual bridge manufacturer. The remaining design work is straight-forward due to completed front-end investigation and site conditions. A project of this nature can have significant cost and time savings by combining the design and construction phases of the project through the use of a design-build contract. The bridge will close a gap in the city's trail system, and the need is detailed in the staff report.

2. The types of property or service which are available (or used by other similarly situated private or public agencies) to meet this need (or similar needs), and the contractors which are available to provide the property or service. This includes documentation of the steps the city has taken to evaluate the types of property, service, and contractors potentially available to serve the city's needs.

The City could have solicited the project in design-bid-build fashion. However, splitting the design and construction would result in higher overall design costs as well as extend the overall project delivery schedule. For a project of this nature, the risk is reasonably low and the end product is well-defined. Therefore, design-build was pursued as a way to simplify the project, leading to cost and time savings.

Several bridge manufacturers exist in the United States which offer similar pre-manufactured bicycle/pedestrian bridges, and multiple nearby contractors are qualified to construct such a bridge project. The City solicited qualifications and proposals from dozens of design-build teams and received three responses. G.D. Nielson was the best fit for this particular project by scoring the highest in the selection criteria. They will deliver engineering drawings and construct the bridge and associated improvements.

3. The reasons why a similar property or service cannot meet the city's needs (including considerations of compatibility with other city property and services regarding maintenance, repair, training, quality, price, or similar considerations), or why the city's needs can only be met by one type of property or service (the specialty item).

The design-bid-build method would have increased costs and extended the project timeline several more months, pushing construction into next year. Design-build allows the project to be delivered this year within the budget.

Of the three responses received by the City, the G.D. Nielson team scored highest through selection criteria and provides the project within the budget. The other proposals received by the City were lower-scoring and higher-priced.

**WRITTEN DETERMINATION FOR SPECIALTY ITEMS
PURSUANT TO NAPA MUNICIPAL CODE SECTION 2.91.050**

TULOCAY CREEK BICYCLE/PEDESTRIAN BRIDGE DESIGN-BUILD

4. By entering into a contract for the specialty item from the proposed contractor, the city will meet the purpose and goals identified in Section 2.91.010 of the Napa Municipal Code.

Yes, the project provides the most cost effective result for the City and meets the purpose and goals of NMC Section 2.91.010.

5. The contract complies with the requirements of Section 2.91.030(B) of the Napa Municipal Code.

Yes, the contract complies with Section 2.91.030(B) of the NMC.

The City Council hereby determines that compliance with these requirements satisfies the requirement to award city contracts to the lowest and best bidder, pursuant to City Charter Section 101.

**CITY OF NAPA CITY COUNCIL
AGENDA REPORT**

ADMIN CALENDAR
AGENDA ITEM 15.C.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: Michael Parness, City Manager

Prepared by: Deanna Andrews, Finance Manager

Subject: Risk Assessment of General Fund Reserve Requirements

ISSUE STATEMENT:

Receive and review the Government Finance Officers Association Risk-Based Analysis of General Fund Reserve Requirements.

DISCUSSION:

In October 2014, the City executed an agreement with the Government Finance Officers Association (GFOA) to perform a risk assessment analysis of the City's General Fund reserves and to develop recommendations for the appropriate level of reserves to maintain to mitigate various risk factors. The goal of this analysis was to determine the major areas of risk to the stability of the General Fund and to identify appropriate levels of reserves to mitigate those risk factors. The City Council reviewed a preliminary draft GFOA report at the February 13, 2015 Council Workshop. The GFOA has now completed its analysis and has issued a final report which is provided as Attachment 1.

The GFOA analysis identified three primary risk factors which could impact the stability of the General Fund as revenue volatility, vulnerability to extreme events/public safety, and potential capital repair and replacement costs of major City infrastructure. The analysis also considered secondary risk factors (not as critical as the primary risk factors) including anticipated community growth, expenditure volatility and leverage/cash liquidity.

Revenue Volatility

The three main sources of revenue to the General Fund are property tax, transient occupancy tax and sales tax. While property tax has provided a fairly stable revenue stream, both transient occupancy tax and sales tax revenue have proven to be highly volatile with significant annual variations over the past twenty year period. Other General Fund revenues such as business licenses, permits and interest earnings have also exhibited significant volatility over the period analyzed. Based upon the analysis conducted, a reserve of \$7.5 million is recommended to counteract the effects of General Fund revenue volatility.

Public Safety and Extreme Events

Reserve funds are essential for responding quickly to natural disasters such as earthquakes and flooding. The City of Napa has experienced both of these events during the past ten year period. In addition to earthquakes and floods, other possible disasters such as wildfires and acts related to terrorism could place a demand on reserve funding. The 2005 flood disaster resulted in \$4.1 million in damage costs to the City. The damage to City infrastructure caused by the 2014 earthquake is estimated to be \$25 million, with approximately \$12 million of this amount related to public utilities. While it is anticipated that a major portion of these costs will be reimbursed from federal and state funds, the City is initially experiencing a significant cash outlay pending that reimbursement. The GFOA analysis recommends that the City consider maintaining a reserve between \$5.8 million and \$15.2 million for immediate response to public safety and extreme events. The GFOA further recommends that a reserve closer to \$15.2 million would be more prudent given the limited number of events available to be analyzed which makes it more difficult to predict future costs.

Capital Repair and Replacement

The GFOA analysis also included a review of the risk profile of the City's bridges. Based upon that analysis, the GFOA recommends that the City develop an asset management policy to provide guidance in allocating funding over time for the orderly maintenance and repair/replacement of major City infrastructure. This asset management policy would be separate from the General Fund reserves.

Secondary Risk Factors

Several less significant factors impacting the General Fund reserve strategy which are included in the GFOA analysis are community growth, expenditure volatility including potential environmental clean-up costs, and cash liquidity for funding pension liabilities.

Population growth in the City has averaged 0.5 percent annually since 2000. Over the next several years, additional housing units and commercial development are anticipated. As there is typically a one year lag before the City collects property tax revenue from new development the GFOA recommends that the City consider funding a reserve between \$172,000 and \$860,000 to cover the costs of providing City services to new development before the additional tax revenue becomes available.

In reviewing potential expenditure volatility, the GFOA considered potential State actions impacting City finances, including changes in the Municipal Separated Storm Sewer (MS4) permit compliance requirements and the storm water system service assessment which is scheduled to sunset in May 2016. In addition, the City has experienced instances of unanticipated environmental clean-up costs in recent years. The GFOA analysis indicated that it would be prudent to set aside funding of \$939,000 to fund potential expenditure volatility.

The City budgets for its annual pension obligation as part of the biennial budget process. With the significant projected increase in CalPERS employer contribution rates over the next several years, the City could encounter difficulty funding these costs should a situation occur where revenues were flat or declining. The GFOA recommends a reserve of \$1.4 million for increasing pension costs which would provide time for the

City to make an orderly adjustment to other costs in the event of flat or declining revenues.

Report Summary

The GFOA analysis recommends the following implied risk reserve levels for the City's General Fund:

Revenue Volatility	\$ 7.5 million
Community Growth	\$172,000 to \$860,000
State Intervention/Environmental Clean-up	\$939,000
Pension Obligations	\$ <u>1.4 million</u>
Subtotal excluding Extreme Events/Public Safety	\$10.0 to \$10.7 million
Extreme Event/Public Safety	\$ <u>5.8 to \$15.2 million</u>
Total	\$15.8 to \$25.9 million

Given the City's \$70.5 million General Fund budget, this would indicate a level of reserves ranging from 22 percent to 36 percent of the operating budget. To determine the appropriate reserve level for the City of Napa, the factors of risk interdependency (relationship between the different risk factors), risk's probability of occurring and the City's ability to reduce expenditures in the event of a downturn in revenues should be considered. The decision as to the appropriate level of reserves is dependent upon the level of risk that the City is willing to assume. A conservative risk adverse philosophy would set the General Fund reserves at the higher 36 percent level. A less risk adverse approach would set the reserves at the lower 22 percent level.

The City's current General Fund Reserve Policy provides for reserves of 16 percent of the annual operating budget as follows:

- Emergency Reserves at a level at least equal to 12 percent of budgeted operating expenditures
- Operating Reserves at a level of 3 percent of the General Fund operating budget. The policy also provides that any amount of Unassigned Fund Balance in excess of 3 percent of the operating budget be transferred to the Capital Facilities Replacement Reserve Fund and CIP General Fund Reserve.
- Contingency Reserves at a level no less than 1 percent of the General Fund operating budget

The City Council authorized the draw-down of \$4.0 million of Emergency Reserves in 2014 to fund immediate repair costs associated with the August 2014 earthquake. It is anticipated that funding from federal and state agencies (FEMA/OES) will replenish the major portion of Emergency Reserves with any shortfall funded from future General Fund operating surplus. The Contingency Reserve is also currently below the target level but is expected to be increased annually to meet the one percent target by Fiscal Year 2017-18. A summary of General Fund Reserves is provided below.

	Current Policy Level*	Balance as of June 30, 2014*	Balance as of March 31, 2015*
Emergency Reserve (12%)	\$8.4	\$8.4	\$4.4
Operating Reserve (3%)	\$2.1	\$2.1	\$2.1
Contingency Reserve (1%)	\$0.7	\$0.4	\$0.4
Total Reserves	\$11.2	\$10.9	\$6.9

- \$ million

A comparison of the current General Fund Reserve Policy to the GFOA recommendation is presented below.

	City of Napa		GFOA Recommendation	
	\$ million	% of Budget	\$(million)	% of Budget
Reserve (excl. Emergency)	\$2.8	4%	\$10.0 to \$10.7	14% to 15%
Emergency Reserve	<u>\$8.4</u>	<u>12%</u>	<u>\$5.8 to \$15.2</u>	<u>8% to 21%</u>
Total	\$11.2	16%	\$15.8 to \$25.9	22% to 36%

The GFOA recommended reserve level range of 22 to 36 percent is considerably higher than the current Reserve Policy of 16 percent. Based upon the likelihood of multiple risk events occurring at the same time, a target General Fund Reserve of 20 percent would seem reasonable. It is staff's recommendation that the General Fund Reserve Policy be amended during the upcoming budget approval process to increase the target Emergency Reserve level from 12 percent to 14 percent, increase the target Operating Reserve level from 3 percent to 5 percent with no change to the 1 percent Contingency Reserve. Based upon the 2014-15 fiscal year budget of \$70.5 million, the target reserve level would increase from \$11.2 million to \$14.1 million. It will be recommended that the increase in reserves be phased in gradually over a five year period beginning with the 2015-16 fiscal year.

FINANCIAL IMPACTS:

There is no financial impact at this time as the GFOA Analysis is presented for review and discussion purposes only. An amendment to the current Reserve Policy will be considered during the upcoming budget review process.

CEQA:

The Finance Manager has determined that the recommended actions described in this agenda report are not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

1. Attachment 1: Government Finance Officers Association Risk-Based Analysis of General Fund Reserve Requirements for the City of Napa

NOTIFICATION:

None.

RECOMMENDED ACTION:

City staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion stated as: Move to:

Receive and review the Government Finance Officers Association Risk-Based Analysis of General Fund Reserve Requirements.



The Government Finance Officers Association

A Risk-Based Analysis of General Fund Reserve Requirements for the City of Napa, CA

FINAL – March 2015

GFOA Reserve Analysis for the City of Napa

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GFOA Reserve Analysis for the City of Napa

Executive Summary

Reserves are the cornerstone of financial flexibility. Reserves provide a government with options for responding to unexpected issues and a buffer against shocks and other forms of risk. Managing reserves, however, can be a challenge. The main question is how much money to maintain in reserve—how much is enough and when does it become too much? This is a sensitive question, since money held in reserves is money taken away from constituents, and it could be argued that excessive reserves should be returned to citizens.

The City of Napa, CA (the “City”) has been considering this question and has engaged the Government Finance Officers Association (GFOA) to analyze its General Fund reserve requirements based on an assessment of the City’s risks compelling it to require a reserve. This report is intended to inform the policy the City might adopt on how much fund balance to retain in the General Fund as a reserve against risk.

The GFOA analyzed a variety of distinct risk factors to judge its implications for the City’s reserve strategy. Analyzing risks and, consequently, sizing a reserve requires estimating highly uncertain events, like natural disasters and economic downturns. To develop an adequate response, GFOA used the “Triple-A” approach:

- **Accept.** First we must accept that we are subject to uncertainty, including events that we have not even imagined.
- **Assess.** Next, we must assess the potential impact of the uncertainty. Historical reference cases are a useful baseline.
- **Augment.** The range of uncertainty we really face will almost always be greater than we assess it to be, so we should augment that range. Historical reference cases provide a baseline, but that baseline may not be adequate to account for all future possibilities.

After analyzing the risks using the Triple-A approach, GFOA stepped back from the individual risk factors to consider how the risk analysis leads to a coherent overall strategy for managing risks through financial reserves.

Below is a summary of the risk factors that influenced GFOA’s recommendation, with the more detailed analysis available in Section 3 of the report. Following the risk factor summary is a brief description of how GFOA arrived to an overall recommendation for reserves.

Primary Risk Factor – Revenue Volatility. Sales tax and transient occupancy tax (TOT) have historically represented 37 percent of the City’s General Fund revenues. GFOA analyzed nearly 20 years of data for sales tax and TOT to identify a reserve recommendation. However, we also consider volatility within the entire General Fund revenue portfolio and reviewed the trends over the past nine years of data. Factoring in the potential budgetary reduction of 5 percent that Napa could make without severely disrupting services, a reserve of \$7.5 million to counteract the effects of revenue volatility was determined.

GFOA Reserve Analysis for the City of Napa

Primary Risk Factor – Extreme Events and Public Safety. Because of its location along the Napa River and West Napa Fault, the City is vulnerable to earthquakes and flooding. While the City can potentially seek reimbursement from the U.S. Federal Emergency Management Agency as well as the State of California, it does need funds to immediately respond to such extreme events. GFOA gathered data points on damages incurred by other California cities that were impacted by an earthquake and reviewed the City's historic experiences with floods. Because the entire amount for expenditures related to extreme events will be paid for by Napa over time, GFOA reviewed the timing of expenditures for the most recent earthquake to hone in on a reserve to address potential damages in the year following an extreme event. This amounted to a reserve of between \$5.8 million and \$15.2 million.

Primary Risk Factor – Capital Repairs and Replacement. An analysis by Public Sector Digest and GFOA revealed that four of the City's 20 bridges are assets of concern because they have either a condition score under 60 (poor condition) and/or have high average annual traffic counts (6,000 or higher). To help maintain the assets, the City could budget the average annual maintenance and repair requirement for the bridges, \$1.3 million, based on the bridges' total replacement cost of \$100.3 million and a useful life of 75 years. Additionally, GFOA recommends that the City adopt an asset management policy to help guide maintenance and replacement funding. GFOA recommends that the City should use the bridge's condition as a heavy weight for identifying and prioritizing projects to be funded from its CIP General Fund Reserve for any one-time improvement projects, as needed.

Primary Risk Factor – Growth of the Community. Napa is anticipating some residential and commercial activities over the near term of three-years. On the residential side, the City estimates 50 new units will be added annually over the next two years, with an additional 250 units in FY 2017/2018. Some commercial activities are anticipated for FY 2015/2016, with more to follow in FY 2017/2018, but there is a one-year lag before Napa collects the revenues from the residential and commercial activities. With population growth, municipalities are concerned about the lag time between when revenues are received from the new development and when residents move. To estimate current cost of services, we calculated cost per resident and applied that to the projected population. Accounting for the historical information on cost per resident, the City should reserve between \$172,000 and \$860,000 to service the new development before the revenues from the new activities becomes available to the City.

Secondary Risk Factor – Expenditure Volatility. Two risks that will impact the City's General Fund include the State's intervention on local revenues as well as the cost of clean-up due to environmental contamination. On the former, the City has conducted an analysis on its impact from changes to the MS4 Permit compliance program and the upcoming sunset of stormwater system service fees. GFOA drew from that analysis along with the City's records of unknown or unanticipated environmental clean-up costs associated with various projects. To address expenditure volatility, the City should reserve an amount of \$939,000, which includes a one-time reserve of \$489,000 related to the State's intervention.

Secondary Risk Factor – Leverage. A potential leverage risk is pension liabilities. A scenario where reserves could play a role in ameliorating rising pension costs is if City revenues are flat or declining. Steep increases in pension costs would make it more difficult for the City to reduce expenditures in the face of stagnant or declining revenues. Hence, a reserve could help the City make a more gradual

GFOA Reserve Analysis for the City of Napa

adjustment to its cost structure. In reviewing the City's projected required employer contribution to both the public safety and miscellaneous plans, GFOA identified the largest annual increase the City will face in the near future. In order to prepare to meet its pension obligations should City revenues decline or stagnant, Napa should reserve \$1.4 million.

Recommendations. As outlined below, there are implied reserve amounts¹ for each risk, but in determining the final reserve target, we cannot merely sum up the figures in the table below. We must consider the issues of risk "interdependency" or the relationship between different risk factors and the probability of the risk occurring. Please note that in the table the subtotal for revenue volatility, community growth, expenditure volatility, and pension liabilities is represented separately from extreme events/public safety.

Specific Risk to General Fund	Less Risk Averse	Highly Risk Averse Amount
Revenue Volatility		
Transient occupancy tax (short-term)	\$1,200,000	\$1,200,000
Sales tax	\$2,800,000	\$2,800,000
Other General Fund revenues	\$3,500,000	\$3,500,000
Subtotal	\$7,500,000	\$7,500,000
Community Growth		
Subtotal	\$172,000	\$860,000
Expenditure Volatility		
State intervention	\$489,000	\$489,000
Environmental clean up	\$450,000	\$450,000
Subtotal	\$939,000	\$939,000
Pension Liabilities		
Subtotal	\$1,400,000	\$1,400,000
Foregoing Risk Factor Subtotal	\$8,600,000	\$9,300,000
Extreme Event/Public Safety		
Earthquakes	\$4,300,000	\$12,100,000
Floods	\$1,500,000	\$3,100,000
Extreme Event/Public Safety Subtotal	\$5,800,000	\$15,200,000
ALL RISK FACTOR TOTAL	\$15,800,000	\$25,900,000
Percent of General Fund 2014 Revenues	22%	36%

If there is a great deal of dependency between the risks, then when one risk occurs it is highly likely that the others will as well. For these risks, it is wise to hold reserves in the full amount of implied reserve for each dependent risk factor. However, if there is some degree of independence, then it is highly unlikely

¹ Targets have been rounded to nearest "whole" numbers for ease of use in policy making. Also, see the main body of the report for a discussion of the independence of the risk factors and the implication for sizing the reserve.

GFOA Reserve Analysis for the City of Napa

that the independent risks will occur at one time so holding the full implied reserve amount for each independent risk might be excessive. The City's major risk dependency is between extreme event/public safety risks and revenue volatility because a major earthquake or flood in Napa Valley could interrupt the travel and tourism industry that provides the area's sales tax and TOT revenues. When risks are likely to occur, it is wise to hold full implied reserve amount. When risks have a low probability of occurring and are independent of one another, then it is possible to hold less than the implied reserve amount.

In determining its reserve target, Napa should also consider three factors that are relevant to sizing a reserve:

- **Government size:** As a moderate-size municipality, Napa should, at a minimum, observe GFOA's Best Practice to maintain a General Fund reserve of 16 percent of regular general fund operating revenues or regular general fund operating expenditures.² Please note that GFOA's recommended reserve level for the City of between 22 and 36 percent of General Fund revenues is above the minimum industry best practice threshold.
- **Borrowing capacity:** The City does not have significant debt. This suggests that Napa has the flexibility to access capital from the debt market. This could be an alternative to reserves.
- **Public safety/Extreme event mitigation strategies:** The City does include in its capital improvement plan projects to mitigate the impact of earthquakes, floods, and other extreme events. These preventative activities may suggest that the City's future exposure to extreme events is lower than its historical experience would indicate. Napa's strategy of reducing its risk of loss from extreme events could justify a reserve target towards the lower end of GFOA's suggested range.

Ultimately, Napa will need to assess its appetite for risk. If the City is more risk averse, then it could reserve the total of the implied reserve amount of \$25.9 million or 36 percent of General Fund revenues. If the City has a larger appetite for risk, it could reserve \$15.8 million or approximately 22 of its General Fund revenues. The large range is due to the range of possibilities from an earthquake, including the more costly 2014 South Napa event. As such, the upper end of the range represents a worst case scenario and provides coverage for all of Napa's risks occurring at the same time – hence it is a very risk averse approach. In determining an exact amount of reserves to maintain, the City should consider its size, borrowing capacities, and extreme event mitigation strategies and how that affects the amount it needs to reserve. These considerations and more are discussed in greater detail in the main body of the report. Further, GFOA recommends that the City refine its General Fund reserve policy to identify how it will replenish reserves. GFOA also recommends that the City adopt policies on asset management, volatile revenue, grants, and interfund borrowing to help mitigate risks and to be more resilient to shocks and stresses.

² GFOA, "Best Practice:

Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund," October 2009, <http://www.gfoa.org/determining-appropriate-level-unrestricted-fund-balance-general-fund>.

GFOA Reserve Analysis for the City of Napa

GFOA applauds the City's fiscal policies for explicitly recognizing the purposes of the reserves and for identifying the target level of the General Fund Emergency and operating reserves in its financial policies. This provides for greater transparency on why the City holds reserves. GFOA does recommend the City review its reserve levels based on the risks analyzed in this report. GFOA also recommends formal policies that Napa may wish to consider that will further support its overall reserve strategy.

- The City should strengthen its formal General Fund reserve policy by providing guidance on how to replenish reserves back to target levels when necessary.
- An asset management policy will help support the City's reserve strategy because acquisition and maintenance of capital assets is a major draw on the City's resources. An asset management policy will only complement the City's strong capital improvement budget policies and standardize its approach to asset maintenance and replacement. This will create greater predictability in capital financing needs thereby improving the flexibility of the City's financing structure.
- A volatile revenue policy declares unusually high yields from volatile revenue sources as the equivalent of one-time revenue. For example, if the City has a record breaking year for retail sales it would be unwise to consider the resulting sales tax as the new baseline for the amount of sales tax revenue the City should expect in future years and to plan spending accordingly. Rather, the revenue above and beyond what might be considered "normal" should be used for non-recurring expenditures.
- A grant policy recognizes the risks of overreliance on grants and directs how to manage those risks. A policy could still encourage grant-seeking, but place caution on how they can impact a government's long-term position.
- An inter-fund borrowing policy could help reduce the amount of reserves needed in the City's General Fund by providing short-term, emergency loans from other funds to cover any risks. Napa should consider whether developing an inter-fund borrowing policy is a strategy it wants to adopt. If so, the City should then analyze the health of the other funds to assess their suitability as "lenders." If they are found to be suitable, then the City should draft a clear policy to describe the conditions under which loans are acceptable, the maximum term of the loans, and guidelines for interest charges on the loan.

GFOA Reserve Analysis for the City of Napa

Section 1 - Introduction

Reserves are the cornerstone of financial flexibility. Reserves provide a government with options to respond to unexpected issues and afford a buffer against shocks and other forms of risk. Managing reserves, though, can be a challenge. Foremost, is the question of how much money to maintain in reserve? How much is enough and when does a reserve become too much? This can be a sensitive question because money held in reserve is money taken from constituents, and the argument could be made that excessive reserves should be returned to citizens in the form of lower taxes or additional services.

The City of Napa has been considering this question recently, especially as elastic revenue sources (sales tax and transient occupancy tax (TOT)) are significant portions of its revenue portfolio, the area's vulnerability to earthquakes and flooding, and its aging bridge infrastructure. The City engaged the GFOA to help produce a recommendation. GFOA is a non-profit association of over 18,000 state and local government finance professionals and elected officials from across North America. A key part of GFOA's mission is to promote best practices in good public finance, including reserve policies.

GFOA's approach to reserves does not suppose "one-size-fits-all." GFOA's "Best Practice" on general fund reserves recommends, *at a minimum*, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures (i.e., reserves equal to about 16 percent of revenues).³ However, this 16 percent is only intended as a baseline, and it needs to be adjusted according to local conditions. To make the adjustment, GFOA worked with the City to conduct an analysis of the risks that influence the need for reserves as a hedge against uncertainty and loss.

A "risk" is defined as the probability and magnitude of a loss, disaster, or other undesirable event.⁴ The GFOA's framework of risk assessment is based on the risk management cycle: identify risks; assess risks; identify risk mitigation approaches; assess expected risk reduction; and select and implement mitigation methods. The framework focuses primarily on risk retention, or using reserves, to manage risk. However, the framework also encourages the City to think about how other risk management methods might alleviate the need to retain risk by building up larger fund balances. In other words, can the City manage its risks in some other way besides holding a reserve? Hence, a thorough examination of the risk factors should not only help lead to a customized reserve target size, but also improve the City's understanding of the risks it faces and its overall financial risk profile.

As a first step to this project, GFOA conducted a basic review of the risk factors that generally influence the amount of reserves a municipal government should hold.⁵ This review enabled the City and GFOA to classify factors as primary risks or as secondary risks. Exhibit 1.1 lists how the risk factors were classified.

³ GFOA Best Practice. "Appropriate Level of Unrestricted Fund Balance in the General Fund." GFOA. 2009.

⁴ Definition of risk taken from: Douglas W. Hubbard. *The Failure of Risk Management: Why It's Broken and How to Fix It*. John Wiley and Sons, Inc. Hoboken, New Jersey. 2009.

⁵ The risk factors and basic review method were developed and published in the GFOA publication: Shayne C. Kavanagh. *Financial Policies*. (Government Finance Officers Association: Chicago, IL) 2012.

GFOA Reserve Analysis for the City of Napa

Exhibit 1.1 – Categorization of Risk Factors that Influence Reserve Levels for Napa	
Primary Risk Factor	
Revenue Volatility (particularly sales tax and transient occupancy tax)	
Vulnerability to Extreme Events and Public Safety Concerns (particularly earthquakes and flooding)	
Capital Repairs and Replacement (particularly bridges)	
Secondary Risk Factors	
Dependency of other funds on the General Fund	Expenditure Volatility
Leverage	Growth of the Community
Liquidity / Cash Flow	

The rest of this report is composed of the following sections:

- **The approach to uncertainty.** Risks are, by definition, uncertain events. Section 2 describes the “Triple-A” approach to analyzing and planning for uncertain events. The Triple-A approach was used to analyze the risk factors described in Exhibit 1.1.
- **Primary risk factor analysis.** Section 3 analyzes the risk posed by revenue volatility, particularly in sales tax and TOT. This section also addresses risks the City faces from catastrophic natural events such as earthquakes, and the reserves needed to be able to respond effectively.
- **Secondary risk factor analysis.** Section 4 reviews secondary risk factors that have less weighty implications for the City’s General Fund reserve strategy.
- **Final recommendation.** Section 5 of the report presents the conclusion of the analysis. It addresses a target reserve level for the City’s General Fund and provides other suggestions to improve the financial health of the City and to support a sustainable reserve strategy.

Section 2 - The Approach to Uncertainty

Risks are inherently uncertain. The accomplished forecasting scientist, Spyros Makridakis, suggests a “Triple-A” approach for dealing with highly uncertain phenomena.⁶

1. **Accept.** First we must accept that we are subject to uncertainty. For example, our analysis of sales tax shows that it is subject to relatively little seasonal variation when removing disbursements from Triple Flip (see Section 3), however, it is clearly subject to uncertainty from the economic cycles and other factors that could interrupt economic activity in Napa. Because it is relatively easy to imagine scenarios that could cause the Napa Valley economy or tourism industry to suffer, we must also accept that the City’s financial position is also subject to additional potentially dangerous unknowns that we cannot imagine.
2. **Assess.** Next, we must assess the potential impact of the uncertainty. Past history can provide a useful reference point. To illustrate, later in this report we will review the degree of fluctuation Napa has experienced with its sales tax and transient occupancy tax (TOT).

⁶ See: Spyros Makridakis, Robin Hogarth, and Anil Gaba. *Dance with Chance: Making Luck Work for You*. (Oneworld Publications: Oxford, England). 2009.

GFOA Reserve Analysis for the City of Napa

3. **Augment.** The range of uncertainty we actually face will almost always be greater than what we assess it to be, so we should augment that range. For example, we will later see in Section 3 that Napa experienced a 5.5 percent decline in TOT in the wake of the Great Recession. Hence, if we were to look just at that data, we could conclude that a 5.5 percent decline was a reasonable “worst case scenario” given the severity of the Great Recession. However, it is not difficult to imagine the City experiencing an unanticipated event that causes a more dramatic decline in the TOT than occurred during the Great Recession - in fact, as we will see later in this report, the combination of the recession was masked by the additional hotel inventory and resulting increase in the size of the TOT tax base. If the number of available rooms had remained the same as in prior years the City could have experienced a larger decline in TOT revenue. Hence, it would be prudent to augment our expectations of uncertainty to account for more than a 5.5 percent decline in TOT revenues. Makridakis suggests a mathematical rule-of-thumb to guide this augmentation. If you have used relatively little historical data to assess the degree of uncertainty, he suggests doubling your assessed amount of uncertainty. If you have used more historical data, the multiplier need only be 1.5.

We will refer to the Triple-A approach and its guidelines throughout the analysis.

Section 3 - Analysis of the City's Primary Risks

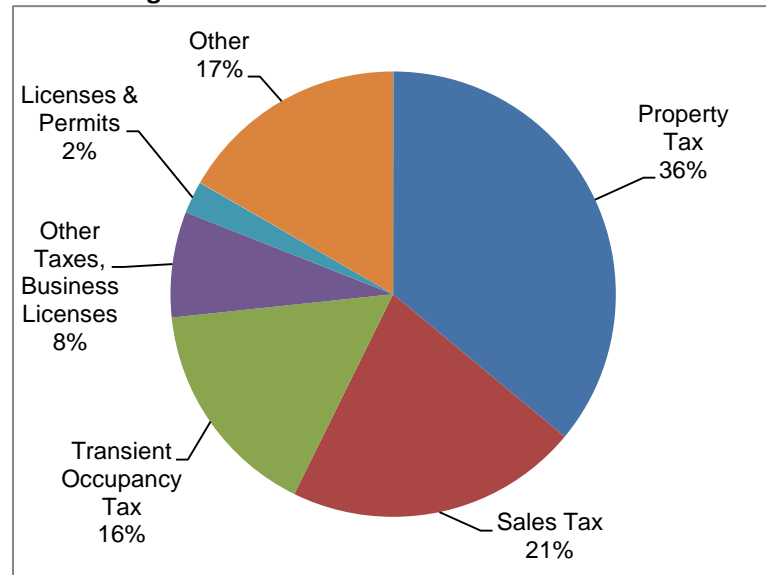
This section presents the analysis of the City's primary risks – the volatility of its revenue portfolio, public safety concerns arising from earthquakes and floods, and capital repairs and replacement needs of its bridges. Subsection “A” will address revenue volatility, “B” will address extreme events, and “C” will address capital repairs and replacement.

A. Revenue Volatility

The City of Napa's General Fund relies primarily on three revenue sources: property tax, transient occupancy tax (TOT), and sales tax. As Exhibit 3.1 shows, these three comprise 73 percent of all General Fund revenues since FY 2006.

Generally, in local government finance, property taxes have a reputation for being fairly stable and that appears to be true of property taxes in Napa as well. Since FY 2006, property taxes revenues have increased by as much as 14.1 percent year-over-year and decreased by 5.6 percent, for a total range of

Exhibit 3.1 – Relative Share of General Fund Revenues from 2006 through 2014*



*Based on unaudited 2013-2014 figures

Property taxes, sales taxes, and TOT are the three most important revenues in the General Fund

GFOA Reserve Analysis for the City of Napa

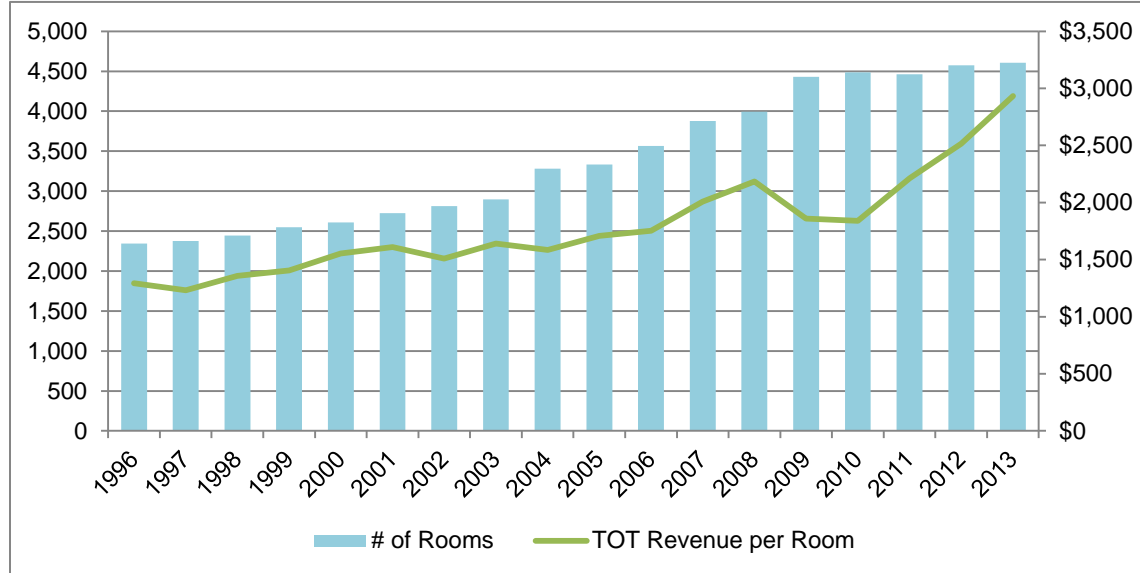
19.7 percentage points. This contrasts with sales tax and TOT. Since FY 2006, sales tax revenues have increased by as much as 13.6 percent year-over-year and decreased by as much as 13.0 percent for a total range of 26.6 percentage points. TOT revenues have increased by as much as 24.5 percent and declined by as much as 5.5 percent year-over-year, resulting in a range of 30.0 percentage points (the next subsection explains some of the factors underlying these swings). Hence, understanding revenue volatility in the City's entire General Fund revenue portfolio must start with understanding volatility in TOT and sales taxes in particular. We will examine these revenues in the next two subsections and then return to the City's General Fund revenue portfolio as a whole in the third subsection.

Transient Occupancy Tax. Between FY 1996 and FY 2014 the City has received, on average, about \$6.9 million per year from TOT. During that time period TOT revenues recorded a strong compounded annual growth rate of 9.4 percent, but it is within recent years that TOT has become the City's third most important revenue source, eclipsing sales tax. In FY 2014 the City received about \$15.2 million from TOT, edging sales tax by approximately \$20,000. In comparison, the City only received \$3.0 million in TOT revenue in FY 1996. Rising TOT revenues in Napa is primarily due to two factors. First is the increasing demand for hotel rooms: the supply of hotels has increased. In 1996 the number of hotel rooms in Napa County was 2,345, compared to 4,604 in 2013. While this statistic represents a broader geographical area than the City's limits, over half of the County's hotel rooms are located within the City.⁷ To place this in the context of TOT revenues, Exhibit 3.2 shows the growth in the number of hotel rooms in the County and the City's revenues per hotel room available in the County. Between 1996 and 2013, the number of hotel rooms has nearly doubled, while TOT revenue per room has increased 1.3 times. This indicates a strong hotel market in the Napa region. The second factor is the average daily rate (ADR) of a hotel room in Napa County has steadily increased over the years from \$133 a night in 1996 to \$262 a night in 2013.

⁷ In 2013, of the 4,604 hotel rooms in Napa County, 2,418 were located in the City.

GFOA Reserve Analysis for the City of Napa

Exhibit 3.2 – Hotel Room Growth in Napa County and Relative City TOT Revenue per Hotel Room (1996 – 2013)



The City's TOT revenue per available hotel room has outpaced hotel room growth in the County.

Another interesting feature of the TOT is that it has a seasonal pattern. Exhibit 3.3 plots monthly revenues from July 2009 through December 2014 as the blue line. Please note that the monthly figures are based on cash basis reporting. Receipts for month end are due 45 days after the close of the month, so January's TOT revenues are based on November/December lodging. The blue line shows that the low point in the City's TOT revenue always occurs in the first quarter of the calendar year and generally occurs in February, with the exception of 2013 when it occurred in March. From there, the TOT revenues ascend into the fourth quarter — usually peaking in October or November, with the exceptions of 2012 when revenues peaked in December and 2014 when revenues peaked in September. Strong TOT revenues in September and October indicate a busy summer season. Similarly, strong TOT revenues in November and December are generally associated with the area's harvest or "crush" season. More striking is the monthly percent changes in TOT revenues during the second half of 2013. As the exhibit illustrates, a monthly gain was recorded in July, followed by a monthly decline in August and this pattern continues through December. Meanwhile, TOT revenues recorded during the second half of 2013 were \$9.5 million, compared to \$8.3 million for the same period in 2012. Monthly TOT revenues during the second half of 2013 also outpaced 2012, with the exception of November which recorded 0.3 percent less than November 2012. Visit Napa Valley, the area's tourism bureau, suggests that marketing efforts are attributed to improving tourism during the off season. Particularly, the Napa County Tourism Improvement District was created to help fund marketing programs to increase occupancy during the off season from November through April.⁸

⁸ Visit Napa Valley, "Fiscal 2013 End of Year Report and Fiscal 2014 Overview," <http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=9&ved=0CE4QFjAI&url=http%3A%2F%2Fserver.vices.countyofnapa.org%2FAGendaNet%2FDownloadDocument.aspx%3Ftype%3DBOS%26doctype%3DATTACHME>

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Of note, the monthly TOT revenue figures do capture initial effects of the August 2014 earthquake. The earthquake closed over 200 rooms for repairs that extended into November 2014. As a result, October's monthly TOT revenue, which reflects lodging for August/September, changed by 17.5 percent compared to the prior month and November's revenue figures were down 5.1 percent compared to October. However, revenues in December rebounded for a three-month high of \$1.6 million indicating strong improvement in lodging for October/November. The rebound has been attributed to quick rebuilding and re-opening efforts of businesses.⁹

Exhibit 3.3 – Napa's Monthly TOT Revenues and Trend Cycle (July 2009 – December 2014)

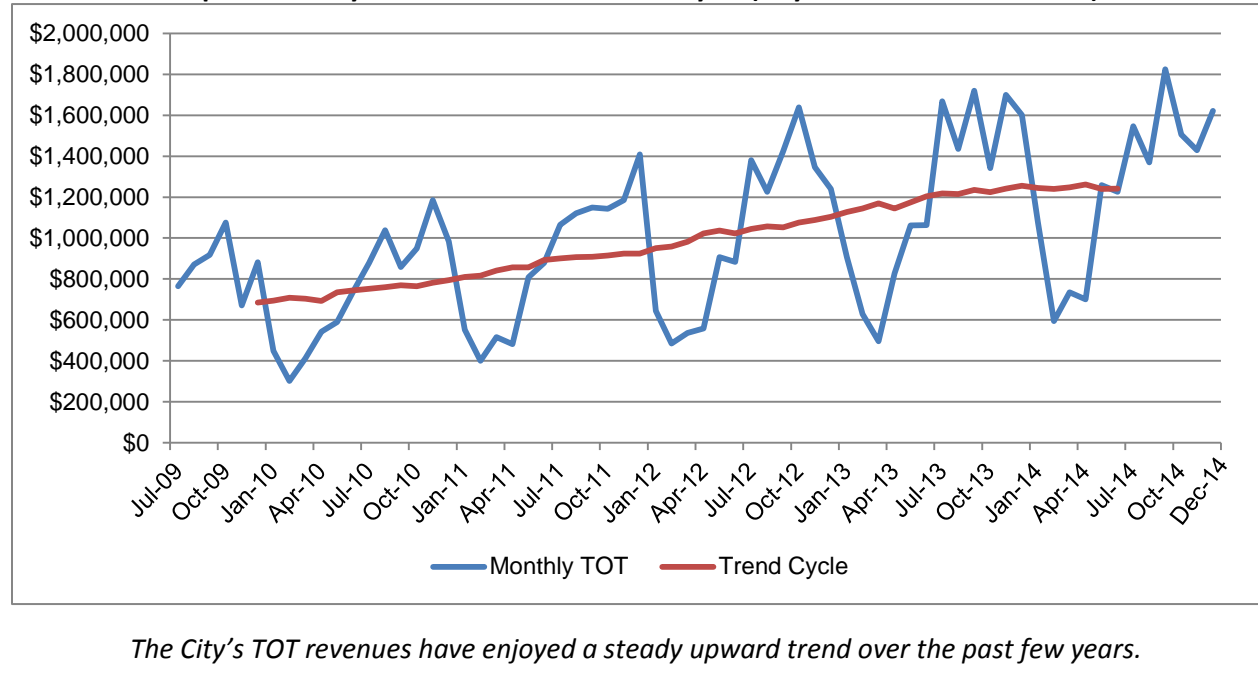


Exhibit 3.3 also includes, as the red line, the “trend-cycle.” As the name implies, a trend-cycle line is intended to show longer term trends and the impact of business cycles by smoothing out seasonal (i.e., monthly) variation. The trend-cycle line is calculated by using a 12-month “centered moving average.” A 12-month centered moving average defines the average value for a given month as the mean of that month plus the six months before, plus the five months after. So, for example, in Exhibit 3.3 the moving average for January 2010 would be an average of August 2009 through July 2010. February 2010 would be an average of September 2009 through August 2010, and so on. As shown in the exhibit, the trend-cycle line gradually moves upward from 2009 through 2014.

While this steady upward trend certainly reflects positively on Napa's financial position, the available historical monthly data does not give us a great sense of what the potential for a decline in the TOT

[NT%26id%3D28722&ei=IjOjVJi-lomzyAS40IGgAw&usg=AFQjCNFwq6fg_MgHzqg5N0_ppRNTXDxiYg&sig2=fd0i_t9r7RhMfbfcdnmjQw&bvm=bv.82001339,d.aWw&cad=rja](http://www.sfgate.com/travel/article/Downtown-Napa-finds-its-balance-after-major-5815115.php)

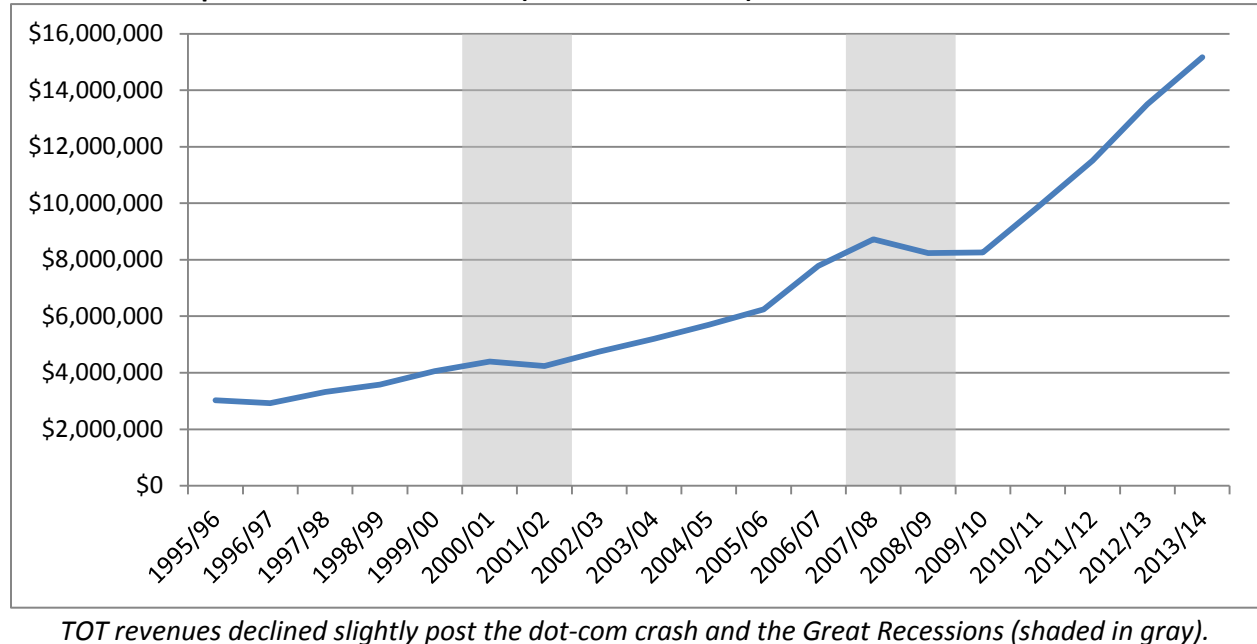
⁹ Janet Fletcher, “Downtown Napa finds its balance after major earthquake,” *San Francisco Chronicle*, October 10, 2014, <http://www.sfgate.com/travel/article/Downtown-Napa-finds-its-balance-after-major-5815115.php>.

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might be because it does not capture the 2001 Dot-com Recession and does not fully capture the period of the Great Recession.

Annual TOT data,¹⁰ as shown in Exhibit 3.4, does provide some insight into both business cycles. The City experienced a decline in TOT revenues from FY 2001 to FY 2002 of approximately 3.4 percent. For the more recent Great Recession, the City recorded a 5.5 percent decrease in TOT revenues between FY 2008 and FY 2009. In 2010 TOT revenues rose a nominal 0.2 percent before rapidly rising. Between 2011 and 2014, the City's TOT revenues have seen double digit percent increases—ranging from 12.3 percent to 19.6 percent. By way of comparison, as discussed in the next subsection, sales tax revenues have seen more modest annual increases of between 5.5 percent and 9.6 percent.

Exhibit 3.4 – Napa's Annual TOT Revenue (FY 1996 – FY 2014)



¹⁰ Note that monthly figures on TOT and sales tax revenues are on a cash basis and annual figures are based on an accrued basis.

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To further understand the impact of the business cycles, Exhibit 3.5 compares the annual changes in lodging statistics for the years capturing both recessions.¹² As mentioned earlier in this subsection, hotel demand can be gauged by ADR. Hotel demand can also be gauged by occupancy rates. Additional hotel rooms entering the market can put downward pressure on these two demand indicators as consumers have more hotel options to select from. Based on the statistics below, it is likely that the larger addition of area hotel rooms, 11 percent year-over-year change or 438 rooms, in 2009 placed greater downward pressure on occupancy and ADR than in 2001. In 2001, occupancy decreased by 15 percent and ADR decreased by 5 percent over the previous year, with an additional 5 percent or 118 rooms.

Transient Occupancy Tax

Napa Valley, including the City of Napa, has experienced double-digit TOT revenue growth rates in each of the past four years. This growth is expected to level off in the foreseeable future.¹¹ For the City, a factor that attributes to this is the area's high average daily rate.

Exhibit 3.5 – Year over Year Percent Change in Lodging Statistics for Napa County, CA (2001-2002 and 2008-2009)				
	Year	Occupancy	ADR	Number of Rooms
Dot-Com Recession	2001	(15%)	(5%)	5%
	2002	4%	(1%)	3%
Great Recession	2008	(3%)	14%	3%
	2009	(13%)	(4%)	11%

While the Dot-com Recession appears to have had a more negative impact on the area's hotel occupancy and ADR rates than the Great Recession, the addition of 438 new hotel rooms in 2009 created a larger TOT tax base for the City. In short, a greater supply of hotel rooms resulted in a larger TOT tax base and more TOT revenues as Napa becomes a stronger draw to tourists. However, the City should also prepare for the day when additional room supply cannot mask occupancy or ADR. If we consider how the City's TOT revenues would have behaved without the addition of the 438 hotel rooms in 2009, the year-over-year decline would have been 14.9 percent.¹³ While this does not consider how the 438 hotel new rooms affected occupancy, taking into account how revenue would have behave absent the prodigious growth in room availability is a prudent strategy because Napa's TOT revenues will likely flatten out in long-term given the eventual limits on the physical space available for new hotel rooms that the City will run into. Over the next five years, though, the City projects additional hotel developments and expansion of existing properties. This will add an estimated 900 rooms in Napa.

¹¹ Jennifer Huffman, "Napa lodging revenue rebounds after quake," *Napa Valley Register*, December 13, 2014, http://napavalleyregister.com/news/local/napa-lodging-revenue-rebounds-after-quake/article_019d5a89-f8b4-5e9a-afbb-d2797771fbe7.html.

¹² Note that the lodging statistics are represented in calendar year and Napa's TOT annual revenue figures are represented in fiscal year.

¹³ This is based on a removing the new room supply from the total TOT revenue using the TOT revenues per hotel room in 2009 of \$1,860.40.

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Given the vastly different growth dynamics TOT will be subject to in the long and the short-term, there are two TOT volatility scenarios for which the City could prepare for. In the short-term, it could set aside an amount that reflects the risk of revenue decline the City is subject to under its current rate of TOT tax base growth. That would mean setting aside an amount aligned with the City's largest annual decline in TOT revenues, 5.5 percent in 2009. The longer-term view considers both the maximum annual decline and that the number of rooms cannot continue to grow forever. For that scenario, we reference the 14.9 percent, which removes the additional rooms in 2009 from the annual total TOT revenues.

The Triple-A approach tells us that we should increase our expectations for uncertainty and since we reviewed nearly 20 years of information, we apply a multiplier of 1.5 to the reference point for the short-term scenario (5.5 percent) and long-term scenario (14.9 percent). This equates to a maximum plausible decline in TOT revenues of 8.25 percent during the short-term time horizon and 22.3 percent during the long-term. Stemming from these percentages, a reasonable strategy for Napa would be to set aside \$1.3 million for TOT revenue volatility for the near-term, when room growth is expected to continue. At the point when room growth levels off, Napa should revisit its reserve strategy and give consideration to a reserve closer to 14.9 percent of the then current TOT revenues (as of this writing the number is \$3.4 million, but the TOT tax base and attendant revenues will presumably be larger in the future).

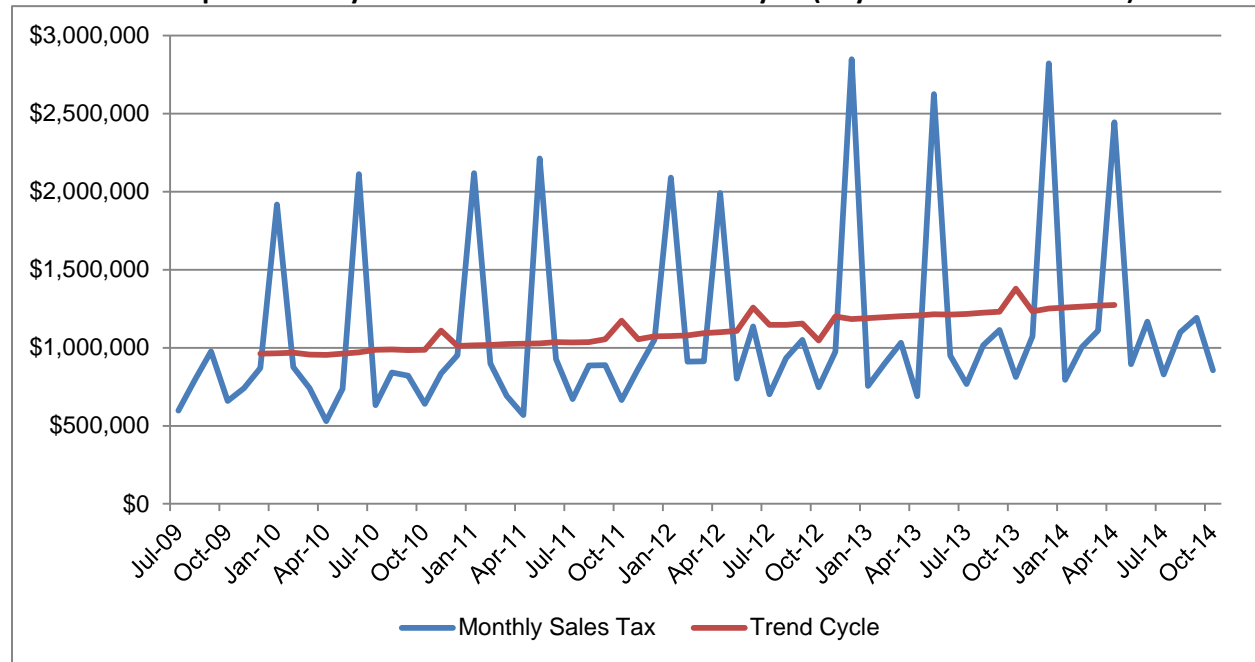
Sales Tax. Since FY 1996 the City has received, on average, \$11.0 million per year from sales taxes. Until FY 2014, it was Napa's second largest General Fund revenue source. Between FY 1996 and FY 2014, the City's sales tax revenue recorded a steady compounded annual growth rate of 4.9 percent.

Similar to TOT, Napa's sales tax revenues experience seasonal patterns. This is because of Proposition 57, approved in 2004, a temporary measure whereby the local government portion of the statewide sales tax rate decreased by 0.25 percent and the state portion increased by 0.25 percent in order to repay state bonds. In turn, counties shifted property taxes from school and community college districts to replace the diverted local sales tax dollar by dollar.¹⁴ Napa County provides the City with semi-annual property tax payments in lieu of the diverted monthly sales tax revenue, which are evident in the spikes shown in Exhibit 3.6. The County's payments are also evident as spikes in the trend cycle line, shown in red, which further indicates the volatility of the City's sales tax revenue.

¹⁴ Legislative Analyst's Office, "Triple Flip: Administration's trailer bill proposal related to future "triple flip" unwinding mechanism," *Summary of LAO Findings and Recommendations on the 2013-14 Budget*, last modified March 15, 2013, <http://www.lao.ca.gov/laoapp/budgetlist/PublicSearch.aspx?Yr=2013&KeyCol=727>.

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Exhibit 3.6 – Napa’s Monthly Sales Tax Revenues and Trend Cycle (July 2009 – October 2014)

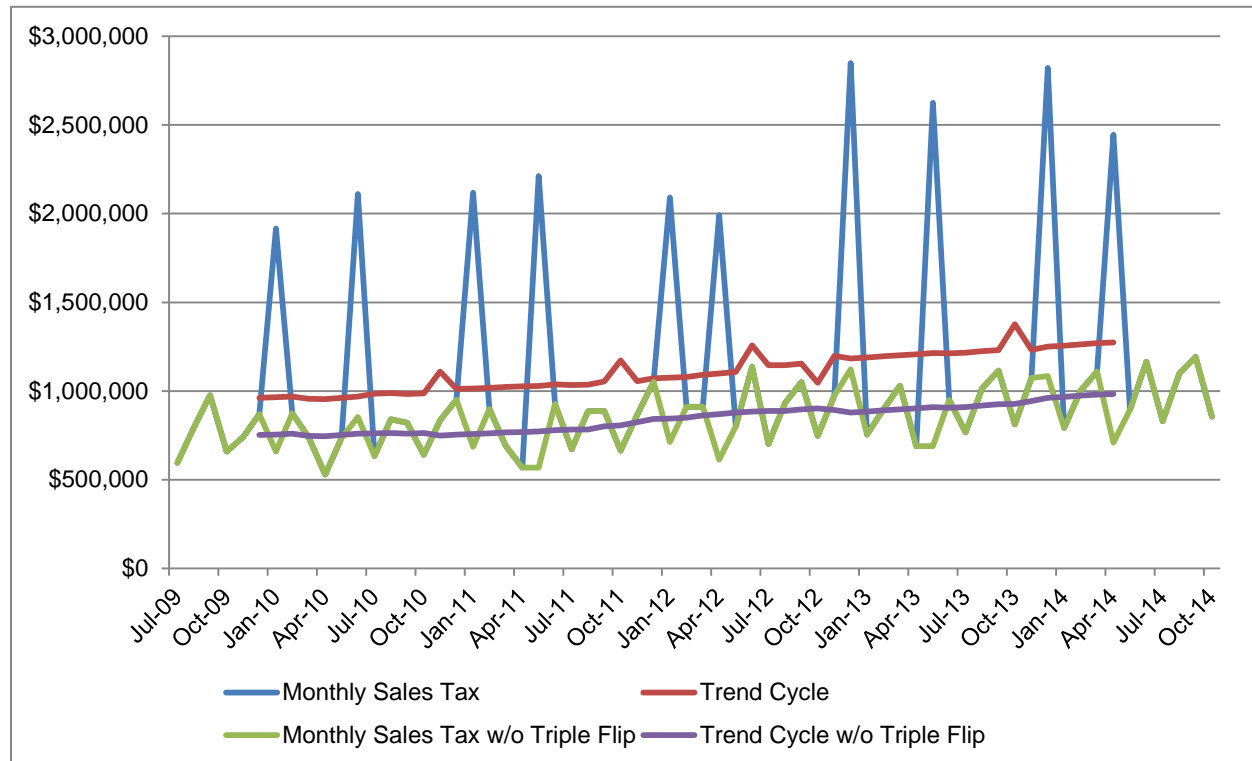


The City’s monthly sales tax revenues are quite volatile due to Triple Flip disbursements.

The State projects that Triple Flip distributions will end in spring/fall of 2015, though a precise timeframe has not been determined. Exhibit 3.7 duplicates Exhibit 3.6 but adds in lines for monthly sales tax revenue (green) and its trend cycle (purple) that have been modified to remove the Triple Flip disbursements. What is important about these lines are the trends that they depict, not so much the dollar amounts, because they depict the volatility of monthly sales tax revenues. As the exhibit shows, the monthly sales tax revenues are volatile, but are stable when considered over the course of an entire year.

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Exhibit 3.7 – Napa’s Monthly Sales Tax Revenues and Trend Cycle with and without Triple Flip (July 2009 – October 2014)

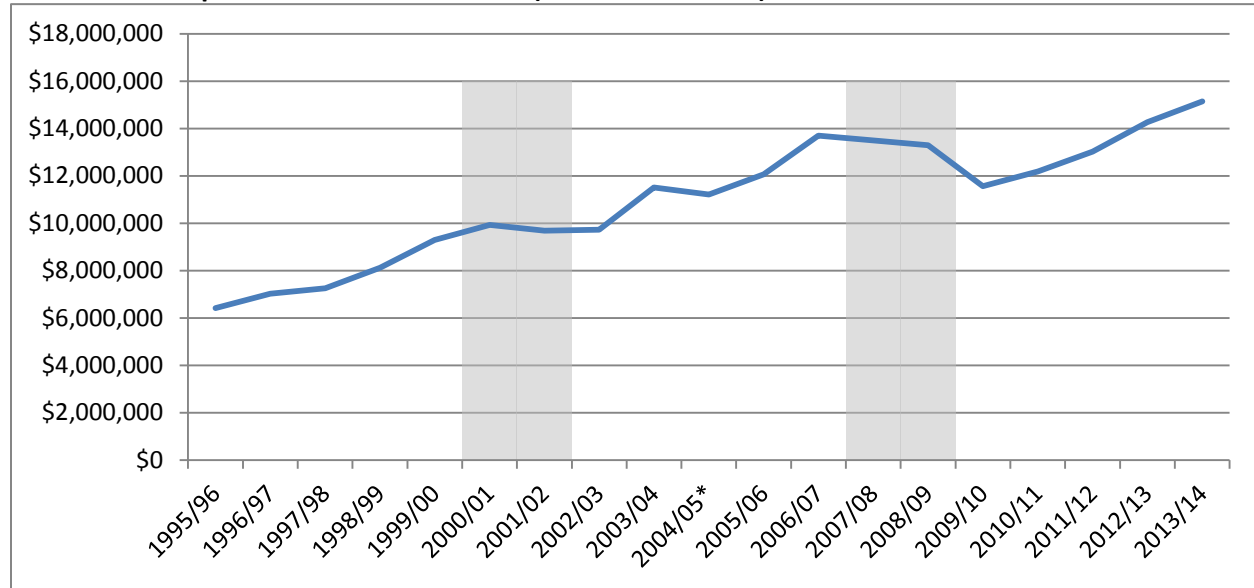


Without the affects of Triple Flip, the City’s monthly sales tax revenues remain volatile, but are steady when considered over an entire year.

As with the historic monthly TOT revenue figures, the monthly sales revenue figures do not capture the 2001 Dot-com Recession and does not fully capture the period of the Great Recession. Exhibit 3.8 shows Napa’s annual sales tax revenues between FY 1996 and FY 2014. During the Dot-com Recession between FY 2001 and FY 2002, the City’s sales tax revenue declined by 2.5 percent before rebounding the following year. The Great Recession had a more significant impact. At the start of the Great Recession, the City’s sales tax revenues were already trending downwards. Sales tax revenues for FY 2008 were down 1.4 percent compared to FY 2007, when it reached a previous peak of nearly \$13.7 million. In FY 2009, sales tax revenue further decreased by 1.6 percent and by FY 2010 had sharply declined by an additional 13.0 percent. Since that time the City’s sales tax revenues have been trending upwards, with year-over-year increases ranging from 5.5 percent to 9.6 percent.

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Exhibit 3.8 – Napa’s Annual Sales Revenue (FY 1996 – FY 2014)



*Triple flip distributions began in FY 2005.

The Great Recession had a more lasting impact on the City’s sales tax revenue than the post Dot-com crash (shaded in gray).

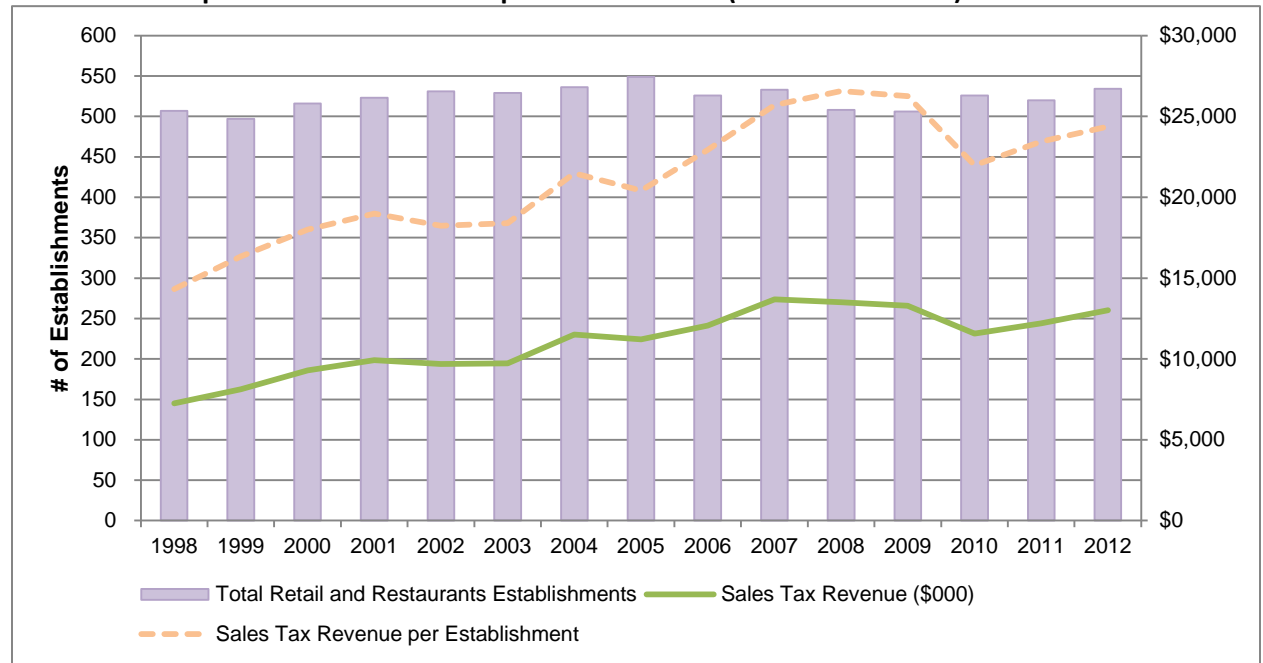
To further the analysis, we consider Napa’s growth in commercial activity, particularly those that are subject to sales tax. If there has been strong growth since 2001, then the effects of the recessions on the City’s tax revenues could have been much greater absent the growth if businesses were generating less in sales on a per business basis. In particular, we focus on the number of retail and restaurant establishments located within Napa using information from the U.S. Census Bureau for 1998 through 2012, the most recent year available. It is important to note that the information is based on zip codes, thus it includes a broader geographic area than the city limits, but smaller than the county boundary.

Exhibit 3.9 shows the number of local retail and restaurant establishments (purple bars) on the left-hand vertical axis and Napa’s sales tax revenue per establishment in actual dollars (orange dotted-line) and annual sales tax revenues in thousands (green line) on the right-hand vertical axis. Note that the number of establishments is reflected in calendar year and revenue figures are based on fiscal year. It is evident from the exhibit that sales tax revenue and sales tax revenue per establishment follow a similar pattern. During the 15-year period, the number of establishments ranged from a low of 497 in 1999 to a high of 549 in 2005, for a variation of 10 percent. Considering that the City’s sales tax revenue grew by nearly 80 percent during this period suggests healthy retail and restaurant sectors in Napa. Just prior to the Dot-com Recession, the number of establishments declined by 2.0 percent from 1998 to 1999, before increasing steadily through 2002 before a slight decline in 2003 of 0.4 percent. Sales tax revenues per retail and restaurant establishment were strong from FY 1998 through FY 2001, before a 4.0 percent year-over-year decrease in FY 2002. For the Great Recession, comparatively, there were 533 retail and restaurant establishments in 2007, but this figure declined annually through 2009 and only returned to pre-Great Recession levels in 2012. What is interesting, though, is sales tax revenue per retail and restaurant establishments was at its highest in FY 2008 and FY 2009 at over \$26,000. This suggests that

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though there were fewer retail and restaurant establishments, they recorded, on average, stronger sales.

Exhibit 3.9 – Napa’s Sales Tax Revenues per Establishment (FY 1998 – FY 2012)



Healthy retail and restaurant sectors are a factor in the City’s sales tax growth.

Examining Napa’s sales tax revenues for a period of nearly 20 years, it appears that the sales tax is vulnerable to macroeconomic cycles. While the Dot-com Recession negatively affected the City’s sales tax revenues, the lingering effects of the Great Recession resulted in a 13.0 percent annual decline in the sales tax revenues in FY 2010. As such, we use the 13.0 percent decline in FY 2010 as the reference point. Applying the Triple-A approach to this analysis, it suggests a lower risk multiplier (1.5 times) when preparing for future downturns given the number of data points analyzed. This suggests that the City might prepare for a downturn to have as strong of an impact as 19.5 percent in the sales tax, which equates to about \$3.0 million.

Other Revenues. The previous subsections describe the volatility of Napa’s TOT and sales tax revenues. However, in order to determine a dollar amount that the City should reserve in its General Fund other revenue sources must be considered.

Exhibit 3.10 shows totals for each General Fund operating revenue category and Exhibit 3.11 shows the year-to-year percent change. As the exhibits show the City’s total General Fund operating revenues increased annually from FY 2006 through FY 2008, but declined in FY 2009 and FY 2010. After that total General Fund operating revenues rebounded with year-over-year increases from FY 2011 through FY 2013. The exhibits also indicate that Napa experiences some revenue volatility. Over the nine-year period total General Fund operating revenues have declined by as much as 6.7 percent and increased as much as 18.3 percent for a range of 25.0 percentage points.

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To assess the overall volatility of City's General Fund revenue portfolio, we exclude TOT and sales tax as they were the focus of the preceding subsections. When reviewing all other General Fund operating revenues, year-over-year changes have ranged from a 6.0 percent decline in FY 2010 to 18.9 percent gain in FY 2007. The significant increase in FY 2007 is associated with greater revenue from property tax, licenses and permits, and other revenues sources, particularly charges for services. The decline in FY 2009 is largely due to decreases in other revenue sources, including interest and rent, intergovernmental, and charges for services.

In reviewing the City's General Fund operating revenues, its smaller revenue sources exhibit greater volatility than property tax, sales tax, TOT, or other taxes/business licenses. Interest and rents had a year-over-year range of 197.1 percentage points and intergovernmental revenues had a range of 133.5 percentage points over this nine-year period. The large variance in year-over-year changes is partly attributed to significant spikes between FY 2006 and FY 2007 as a result of greater economic activity. In FY 2007 interest and rent recorded an annual change of 125.6 percent, but declined by 71.5 percent year-over-year in FY 2010. Intergovernmental revenues declined by 52.4 percent between FY 2006 and FY 2007, but recorded an increase of 81.1 percent the following year. Charges for service and licenses and permits, two of the more significant of the smaller revenue sources, also exhibited volatility. Charges for services increased by 98.2 percent year-over-year in FY 2007 and recorded an annual decline of 8.0 percent in FY 2009 when the City experienced an 18-year low in residential development activity. Similarly, revenue from licenses and permits saw an annual gain of 45.0 percent in FY 2007, but decreased by 30.8 percent between FY 2009 and FY 2010 due to the impact of the recession on commercial activity.

To determine the reserves necessary to counteract volatility in the rest of the revenue portfolio, we reference 2010, which recorded the largest annual decrease in the City's other General Fund operating revenues of 6.0 percent. This year should provide a reasonable reference point for the upper limit of downside risk the City faces in its other revenues. The Triple-A approach to managing uncertainty directs that we multiply the level of risk suggested by historical reference points. This approach suggests a multiple of 2.0 if we have little data to draw from and a multiple of 1.5 if we have more data. Since we have examined nearly ten years of data, including data around the time period of the Great Recession, a multiple of 1.5 is sufficient. This means the worst downturn the City should plan for in its other General Fund revenues would be 9.0 percent decrease, which equates to about \$3.7 million.

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Exhibit 3.10 - City of Napa, CA General Fund Operating Revenues (\$000) (FY 2006 - FY 2014)									
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014*
Property Tax	18,640	21,267	23,365	23,251	23,111	21,822	22,794	22,959	24,033
Sales Tax	12,057	13,695	13,502	13,288	11,559	12,192	13,019	14,267	15,150
Transient Occupancy Tax (TOT)	6,249	7,779	8,725	8,242	8,256	9,872	11,505	13,506	15,170
Other Taxes, Business Licenses	4,694	4,680	4,848	4,823	4,325	4,571	4,744	4,928	5,178
Licenses & Permits	1,555	2,254	1,960	1,398	968	1,046	1,423	1,180	1,328
Interest & Rents	508	1,146	2,040	1,392	397	477	394	181	319
Intergovernmental	1,601	762	1,380	679	916	1,047	649	637	818
Charges for Service	2,773	5,497	5,378	4,950	4,718	4,436	4,801	5,062	5,073
Transfers/Other	2,816	3,137	4,445	4,341	3,938	3,825	3,986	4,005	4,432
Total Revenues	\$50,893	\$60,217	\$65,643	\$62,364	\$58,188	\$59,288	\$63,315	\$66,725	\$71,501
Total Revenues Excluding TOT and Sales Tax	\$32,587	\$38,743	\$43,416	\$40,834	\$38,373	\$37,224	\$38,791	\$38,952	\$41,181

* Unaudited figures

Exhibit 3.11 - City of Napa, CA Annual Change in General Fund Operating Revenues (FY 2006 - FY 2014)								
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014*
Property Tax	14.1%	9.9%	-0.5%	-0.6%	-5.6%	4.5%	0.7%	4.7%
Sales Tax	13.6%	-1.4%	-1.6%	-13.0%	5.5%	6.8%	9.6%	6.2%
Transient Occupancy Tax (TOT)	24.5%	12.2%	-5.5%	0.2%	19.6%	16.5%	17.4%	12.3%
Other Taxes, Business Licenses	-0.3%	3.6%	-0.5%	-10.3%	5.7%	3.8%	3.9%	5.1%
Licenses & Permits	45.0%	-13.0%	-28.7%	-30.8%	8.1%	36.0%	-17.1%	12.5%
Interest & Rents	125.6%	78.0%	-31.8%	-71.5%	20.2%	-17.4%	-54.1%	76.2%
Intergovernmental	-52.4%	81.1%	-50.8%	34.9%	14.3%	-38.0%	-1.8%	28.4%
Charges for Service	98.2%	-2.2%	-8.0%	-4.7%	-6.0%	8.2%	5.4%	0.2%
Transfers/Other	11.4%	41.7%	-2.3%	-9.3%	-2.9%	4.2%	0.5%	10.7%
Total	18.3%	9.0%	-5.0%	-6.7%	1.9%	6.8%	5.4%	7.2%
Total Revenues Excluding TOT and Sales Tax	18.9%	12.1%	-5.9%	-6.0%	-3.0%	4.2%	0.4%	5.7%

* Unaudited figures

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Conclusion on Revenue Volatility. The preceding subsections analyze the reserves that might be necessary to counteract volatility in the City's revenues. Sometimes cities have a certain amount of cushion built into their budget such that should the municipality experience a decrease in revenues it could respond by reducing its budget and not solely on reserves to make up for revenue downturns. The City's finance department estimates that the budget could be reduced by approximately 5 percent, without creating a major disruption to services (though service quality would be negatively affected to some degree, of course). So, we reduced 5 percent from each of the implied reserve amounts for revenue volatility (\$1.3 million for TOT, \$3.0 million for sales tax, and \$3.7 million for other General Fund resources). This totals to approximately \$7.5 million (\$1.2 million for TOT, \$2.8 million for sales tax, and \$3.5 for all other General Fund revenue sources) and should provide the City with an adequate cushion against revenue volatility risks.

Why an "Implied" Reserve Component?

The reader will notice that the blue summary boxes for each risk factor refer to "implied" reserve components. This is because the amounts described are implied reserve amounts based on analysis of that risk factor in isolation. As will be addressed later, a final recommended reserve target must consider all of the risks together.

Implied Reserve Component for Revenue Volatility

- **A reserve in the amount of \$7.5 million to counteract the effects revenue volatility, specifically:**
 - **\$1.2 million for TOT revenue volatility in the near term when room growth is expected to continue for a maximum plausible TOT revenue decline of 8.25 percent,**
 - **\$2.8 million for sales tax volatility based on a maximum plausible decline in sales tax revenues of 19.5 percent, and**
 - **\$3.5 million for volatility in its other General Fund revenue sources based on a maximum plausible decline of 9.0 percent.**

B. Public Safety and Extreme Events

Reserves are important for responding quickly and decisively to extreme events, such as natural disasters. Because of its location along the Napa River and West Napa Fault, the types of extreme events that are of greatest concern to the City are earthquakes and flooding, which are the focus of GFOA's risk analysis. However, it is important to note that the City has identified other types of extreme events that it is at risk for, including wildfire and acts related to terrorism.

FEMA, CalOES, and Reserves

Federal Emergency Management Agency reimburses local governments for monies spent in response to a federally-declared disaster. The California Governor's Office of Emergency Services (CalOES) provides assistance to local governments for State of California-declared disasters.

In both cases, reimbursement is only partial (typically 75 percent for FEMA) and is often not immediate. Therefore, local governments must have the financial capacity to respond quickly and decisively, independent of other governmental financial support.

Earthquakes. Napa is at risk for earthquakes, with its location along the West Napa Fault. Additionally, researcher at U.S. Geological Survey and University of California, Berkley found that traces of the San Andreas Fault and Holocene faults were activated when the City experienced its strongest earthquake in

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history in August 2014.¹⁵ The 6.0 magnitude South Napa earthquake resulted in estimated damages of \$23.2 million in public infrastructure cost to the City, of which \$12.0 million is related to public utilities. Additionally, Napa suffered from a 5.0 magnitude earthquake in 2000 that resulted in nearly \$980,000 in damages to the City.

To gather additional points of reference on potential losses from an earthquake, GFOA identified select past earthquakes, including the California cities that were impacted and the estimated damages using FEMA public assistance data from 1998 through 2014.¹⁶ Exhibit 3.12 provides information on select past earthquakes, their magnitude, and identifies all cities that received FEMA assistance as a result of the earthquake as well as the estimated damages incurred in their communities both in nominal and 2014 dollars. There are several important points to note about the exhibit and the following analysis. First, FEMA did not participate in the public assistance for the City's 2000 earthquake, but CalOES did provide assistance and the figure from CalOES is shown. Second, the figure for the 2014 earthquake represents estimated damages because the federal share obligated has not been determined as of the writing of this report. Additionally, the total estimated figure for Napa's 2014 earthquake excludes public utilities. Unlike the 2000 earthquake, the recent earthquake resulted in significant damages to utilities, which impacts the City's enterprise funds, not the General Fund and the focus of this analysis. Further, without access to the records of each comparative event identified in Exhibit 3.12, we assume that the total damages for the other cities do not include utilities.

¹⁵ Christine Beyzaei, Jonathan Bray, Julien Cohen-Waeber, Tim Dawson, Les Harder, Ken Hudnut; Keith Kelson, Tadahiro Kishida, Robert Lanzafame, Roberto Luque, Dan Ponti, Michelle Shriro, Nicholas Sitar, Nathaniel Wagner, and John Wesling, "Geotechnical Engineering Reconnaissance of the August 24, 2014 M6 South Napa Earthquake," GEER Association Report No. GEER-037, (Washington, DC: National Science Foundation, 2014) http://www.geerassociation.org/GEER_Post%20EQ%20Reports/SouthNapa_2014/GEER_SouthNapa_01-08-2015_reduced.pdf.

¹⁶ FEMA Public Assistance Funded Projects Summary provides information on "Federal disaster grant assistance for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain Private Non-Profit (PNP) organizations." Federal Emergency Management Agency, "FEMA Public Assistance Funded Projects Summary," <http://www.fema.gov/media-library/assets/documents/28344>, updated December 5, 2014.

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Exhibit 3.12 Estimated Damages from Select California Earthquakes						
Earthquake	Magnitude	City	Population (at time of earthquake)	Federal Share Obligated	Total Estimated Damages	Total Estimated Damages (\$ in 2014)
2000 Yountville	5.0	Napa	72,585	N/A	\$979,527	\$1,348,539
Mean			72,585	N/A	\$979,527	\$1,348,539
2003 San Simeon	6.6	Arroyo Grande	16,373	\$18,302	\$22,878	\$28,756
		Atascadero	27,015	\$17,964,396	\$22,455,496	\$28,224,858
		Morro Bay	10,372	\$224,540	\$280,675	\$352,788
		Paso Robles	26,413	\$4,681,168	\$5,851,460	\$7,354,842
		Pismo Beach	8,560	\$19,254	\$24,067	\$30,251
		San Luis Obispo	44,202	\$5,863	\$7,328	\$9,211
		Guadalupe	5,869	\$552,412	\$690,516	\$867,926
		Santa Maria	81,944	\$30,930	\$38,663	\$48,596
Mean			27,594	\$2,937,108	\$3,671,385	\$4,614,653
2010 Baja California	7.2	Brawley	24,953	\$31,978	\$39,972	\$43,524
		Calexico	38,572	\$5,868,102	\$7,335,128	\$7,986,946
		Calipatria	7,705	\$119,676	\$149,595	\$162,888
		El Centro	42,598	\$1,863,387	\$2,329,234	\$2,536,216
		Holtville	5,939	\$2,185,315	\$2,731,644	\$2,974,384
		Imperial	14,752	\$883,743	\$1,104,679	\$1,202,843
Mean			22,420	\$1,825,367	\$2,281,709	\$2,484,467
2014 South Napa*	6.0	Napa	77,698	N/A	\$11,242,680	\$11,242,680
Mean			77,698	N/A	\$11,242,680	\$11,242,680
		TOTAL MEAN	31,597	\$2,460,648	\$3,455,221	\$4,025,953

*Figures for the 2014 South Napa earthquake represent estimated losses and exclude utilities.

Source: U.S. Department of Homeland Security, Federal Emergency Management Agency and U.S. Census Bureau

As reflected in the exhibit above, the estimated damages vary greatly by earthquake and by each affected city. The 2000 Yountville earthquake resulted in \$1.3 million in damages, compared to the \$11.2 million in damages for the 2014 South Napa earthquake. The range of damages by affected cities is even greater. For example, the 2003 San Simeon earthquake resulted in damages ranging from \$9,000 in San Luis Obispo to \$28.2 million in Atascadero. The variation in damages is because several factors, aside from magnitude, can affect an earthquake's impact, including density of an area, depth of the earthquake, distance from the epicenter, local geological conditions, secondary effects (e.g. floods,

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landslides, fires), and architecture.¹⁷ While it is difficult to assess several of these factors for the purposes of this report, we do consider the how an area's density affects total losses. Exhibit 3.13 provides statistics on each city's population at the time of the earthquake, land area in square miles, and resident population per square mile. Exhibit 3.14 provides estimated damages based on these density factors. When considering damages per resident population at the time of the earthquake it varies from nearly nothing in San Luis Obispo to \$1,045 per resident in Atascadero both for the 2003 earthquake. Estimated damages per square mile ranged even more greatly from \$721 as experienced by San Luis Obispo for the 2003 San Simeon earthquake to nearly \$2.6 million per square mile as experienced by Holtville for the 2010 Baja California earthquake. As a result estimated damages per resident per square mile show similar variations. San Luis Obispo serves as the lower end of the range at \$3 and Atascadero serves as the higher end of the range at nearly \$27,000.

¹⁷ Sarah Zielinski, "Seven Factors that Contribute to the Destructiveness of an Earthquake," *Smithsonian*, February 23, 2011, <http://www.smithsonianmag.com/science-nature/seven-factors-that-contribute-to-the-destructiveness-of-an-earthquake-44395116/>.

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Exhibit 3.13 - Population and Density of Cities During Select California Earthquakes					
Earthquake	Magnitude	City	Population (at time of earthquake)	Land Area (Sq. Mile)	Residents per Sq. Mile
2000 Yountville	5.0	Napa	72,585	17.84	4,069
Mean			72,585	17.84	4,069
2003 San Simeon	6.6	Arroyo Grande	16,373	5.84	2,804
		Atascadero	27,015	25.64	1,054
		Morro Bay	10,372	5.30	1,957
		Paso Robles	26,413	19.12	1,381
		Pismo Beach	8,560	3.60	2,378
		San Luis Obispo	44,202	12.78	3,459
		Guadalupe	5,869	1.31	4,480
		Santa Maria	81,944	22.76	3,600
Mean			27,594	12.04	2,639
2010 Baja California	7.2	Brawley	24,953	7.68	3,249
		Calexico	38,572	8.39	4,597
		Calipatria	7,705	3.72	2,071
		El Centro	42,598	11.08	3,845
		Holtville	5,939	1.15	5,164
		Imperial	14,752	5.86	2,517
Mean			22,420	6.31	3,574
2014 South Napa*	6.0	Napa	77,698	17.84	4,355
Mean			77,698	17.84	4,355
		TOTAL MEAN	31,597	10.62	3,186

*Figures for the 2014 South Napa earthquake represent estimated losses and exclude utilities.

Source: U.S. Department of Homeland Security, Federal Emergency Management Agency and U.S. Census Bureau

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Exhibit 3.14 Estimated Damages per Resident, Sq. Mile, and Resident per Sq. Mile from Select California Earthquakes by Factors					
Earthquake	Magnitude	City	Estimated Damages per Resident	Estimated Damages per Sq. Mile	Estimated Damages per Resident per Sq. Mile
2000 Yountville	5.0	Napa	\$19	\$75,591	\$331
Mean			\$19	\$75,591	\$331
2003 San Simeon	6.6	Arroyo Grande	\$2	\$4,924	\$10
		Atascadero	\$1,045	\$1,100,813	\$26,788
		Morro Bay	\$34	\$66,564	\$180
		Paso Robles	\$278	\$384,667	\$5,324
		Pismo Beach	\$4	\$8,403	\$13
		San Luis Obispo	\$0	\$721	\$3
		Guadalupe	\$148	\$662,539	\$194
		Santa Maria	\$1	\$2,135	\$13
Mean			\$189	\$278,846	\$4,066
2010 Baja California	7.2	Brawley	\$2	\$5,667	\$13
		Calexico	\$207	\$951,960	\$1,737
		Calipatria	\$21	\$43,787	\$79
		El Centro	\$60	\$228,900	\$660
		Holtville	\$501	\$2,586,421	\$576
		Imperial	\$82	\$205,263	\$478
Mean			\$145	\$670,333	\$590
2014 South Napa*	6.0	Napa	\$145	\$630,195	\$2,581
Mean			\$145	\$630,195	\$2,581
		TOTAL MEAN	\$159	\$434,909	\$2,436

*Figures for the 2014 South Napa earthquake represent estimated losses and exclude utilities.

Source: U.S. Department of Homeland Security, Federal Emergency Management Agency and U.S. Census Bureau

Because of the strong variance in estimated damages even with density considered, we use the mean in 2014 dollars for each city affected by the selected earthquakes, \$4.0 million, as the lower range when determining a reserve level. The damage from the 2014 earthquake, \$11.2 million, represents the upper range since it is the more costly of Napa's experiences. While there are fewer data points to draw from, the City's seismic improvement projects is considered when applying Triple-A. Using a multiplier of 1.5 for the \$4.0 million and \$11.2 million results to \$6.0 million and \$16.9 million. However, the City does not need to reserve the full amount. For instance, in the first six months after the 2014 South Napa earthquake, the City has expended 36 percent of the total estimated losses. If extrapolated over the course of the first year then that equates to 72 percent. The remaining 28 percent will be spent over

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time. Applying 72 percent to \$4.3 million equals \$12.1 million, which is the amount the City should reserve for the first year response following an earthquake.

Floods. Napa is susceptible to floods. The most recent flood occurred in late December 2005 through early January 2006 when a series of storms produced significant runoff. Flood damages concentrated in the Napa River Basin, resulting FEMA to declare the County, and by extension the City, a disaster area. The severities of floods are measured by their recurrence intervals, which also suggest their probability of occurring. For example, floods that have a 50 percent chance of occurring in a given year have a recurrence interval of 2 years. More severe floods that have a chance of occurring once in 100 years are dubbed 100-year floods. The exhibit below summarizes common recurrence intervals.

Exhibit 3.15 - Flood Recurrence Intervals and Probabilities of Occurrences		
Recurrence Interval (in years)	Probability of Occurrence in Any Given Year	Percent Chance of Occurrence in Any Given Year
100	1 in 100	1
50	1 in 50	2
25	1 in 25	4
10	1 in 10	10
5	1 in 5	20
2	1 in 2	50

Source: U.S. Geological Survey

Exhibit 3.16 summarizes the expenditures the City has incurred from flood incidents over the past 28 years. Less severe floods typically result in smaller losses to the City, but there has been some degree of variation. The 1993 and 1995 floods, both with a recurrence interval of 1.1-1.5 years, resulted in City expenditures of nearly \$144,000 and \$1.5 million (in 2014 dollars), respectively. The more severe 50-year storm, the 1986 flood, recorded the most rainfall the City has experienced in the 20th century.¹⁸ That flood resulted in damages of over \$2.5 million to Napa. In comparison, the 2005-2006 flood amounted to \$4.1 million in City expenditures. The variation is attributed to many factors, including the soil's ability to absorb the water. For example, the 2005-2006 flood resulted from a series of storms starting before Christmas 2005 and ending after New Year's Day 2006, which caused significant runoff for Napa River.¹⁹

¹⁸ Kevin Courtney, "Flood of the century: 1986 death, destruction led to reform along Napa River," *Napa Valley Register*, February 20, 2011, retrieved December 10, 2014, http://napavalleyregister.com/news/local/article_86af1860-3cb5-11e0-af1c-001cc4c002e0.html.

¹⁹ U.S. Department of the Interior, U.S. Geological Survey, *Storms and Flooding in California in December 2005 and January 2006—a Preliminary Assessment*, by Charles Parrett and Richard A. Hunrichs, Open-File Report 2006-1182, U.S. Geological Survey (Reston, Virginia, 2006), <http://pubs.usgs.gov/of/2006/1182/pdf/ofr2006-1182.pdf>.

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Exhibit 3.16 - Cost of Historic Floods in Napa					
Year	Recurrence Interval (in year)	Population	Total Expenditures	Total Expenditures (\$ in 2014)	Expenditure Per Capita
1986	50	61,842*	\$1,161,657	\$2,512,740	\$41
1993	1.1-1.5	64,098	\$87,744	\$143,956	\$2
1995	1.1-1.5	64,723	\$964,202	\$1,499,903	\$23
1997	5-10	66,255	\$991,596	\$1,464,670	\$22
1998	2-5	67,056	\$393,845	\$572,820	\$9
2005-2006	25-50	74,620	\$3,512,866	\$4,130,963	\$55
Mean		66,432	\$1,185,318	\$1,720,842	\$25

*Based on 1990 population

To further consider other factors affecting the variation in cost, we reviewed the per capita expenditures for each flood event. The exhibit above includes the City's population at the time of the flood. Note that the 1986 flood is compared to the 1990 Census population. When we look at the expenditure per capita, it varies less than total expenditures. For example, the City's population grew by over 20 percent between 1990 and 2006, so the difference in expenditure per capita for the 1986 flood and 2005-2006 flood is 36 percent, compared to 64 percent when we only look at total expenditures in 2014 dollars. While reviewing expenditure per capita helps to factor in a certain variable that drive cost, e.g. population, the range is still great.

A final consideration is the improvements that the City has made for flood mitigation. The Napa River-Napa Creek Flood Protection Project is intended to alleviate flooding for up to a 100-year event. Work on Napa Creek has been completed and, as of the timing of this report, work on the Napa River portion is 65 percent completed. With the work incomplete, it is possible for the City to sustain damages from a flood.

Both the 2005-2006 and 1986 floods were destructive to the entire City. The 2005-2006 flood resulted in greater expenditures than the more severe 1986 flood, a 50-year storm. Because of the higher cost associated with the more recent flood, we consider the \$4.1 million as the upper end of a reserve range. To determine the lower end, we account for the varying levels of magnitude and control for the City's population growth. Taking the average expenditure per capita from these six events (\$25), we apply that to Napa's current population of 77,698. That equates to approximately \$2.0 million. The Triple-A approach advises us to use a higher risk multiplier when we have fewer data points, but as discussed earlier the City has made flood mitigation improvements. As such, we apply a multiplier of 1.0. That gives us a potential range of reserves from about \$2.0 million to \$4.1 million.

As with our analysis in the preceding subsection, Napa may not need to hold the full amount as it will expend repair cost over time. Taking the reference from the South Napa earthquake that 76 percent of total damages are expected to be expended within the first year, we apply that to the \$2.0 million and \$4.1 million figures. This equates to \$1.5 million and \$3.1 million. The higher end of the range may be more prudent in order to account for the impact of other potential extreme events for which we do not have reference point data.

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Implied Reserve Components for Public Safety and Extreme Events

- The data suggest a reserve between \$5.8 million and \$15.2 million for immediate response to public safety and extreme events. A reserve closer to \$15.2 million might be more prudent given the relatively small number of data points on extreme events the City has experienced. Less data means we are less certain about what the future could hold. The specific implied reserve components include:
 - between \$4.3 million and \$12.1 million to response within the first year of an earthquake event and
 - between \$1.5 and \$3.1 million to response within the first year to a flood event.
- The City should consider a policy to replenish a reserve for public safety and extreme events as it receives reimbursements from federal and state agencies, as appropriate.

C. Capital Repair and Replacement

Healthy infrastructure makes for an economically vital community. However, worn infrastructure poses a potential risk of untimely failure. General fund reserves may be needed to repair or replace an asset that fails unexpectedly. Napa is particularly concerned about its bridges.

In determining a reserve amount for the assets, we reviewed the risk profile of the City's bridges. Risk is defined as the product of probability of failure and consequences of failure. Probability of failure is based on the bridges' sufficiency condition rating taken from the California Department of Transportation's bridge inspection report. A lower assessed condition score indicates a bridge that is in worse condition. A bridge with a condition rating of 60 is in poor condition. Consequence is based on the average annual daily traffic – the higher the traffic count (high is defined by an average annual traffic count of 6,000 or more), the higher the consequence to the City if the bridge were to fail.²⁰

Exhibit 3.17 is a risk profile of the Napa's bridges. As shown in the exhibit, the City has 20 large bridges, of which four have high risk rating (the red areas of the graph that have a total score of between 8 and 10, when the scores from each axis are added together). These four bridges have an estimated replacement value of \$36.5 million, or approximately \$9.1 million per bridge. For two of these bridges (one located on Trancas Street and the other on Lincoln Ave) actual condition information and traffic count were unavailable, so the analysis is based on age and replacement cost. These two bridges are nearing 60 years and have a higher replacement cost than the average City bridge at \$6 million each, so they receive a score of 8. The Third Street Bridge also receives a score of 8. While the asset is fairly young (15 years) and in excellent condition, the high traffic count increases its risk score. The concrete arch stone bridge on Jefferson Street at Cedar Avenue also has a score of 8. This is because of high traffic count and the condition of the bridge. The California Department of Transportation's recommends spalling work to improve the bridge and the City has applied for and has allocated \$85,000 in federal funds for its repairs.

²⁰ Note that further analysis could be conducted with City staff to refine the risk rating to incorporate more factors into the consequence, such as location, cost, material, etc.

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Exhibit 3.17 - Risk Profile of Napa's Bridges

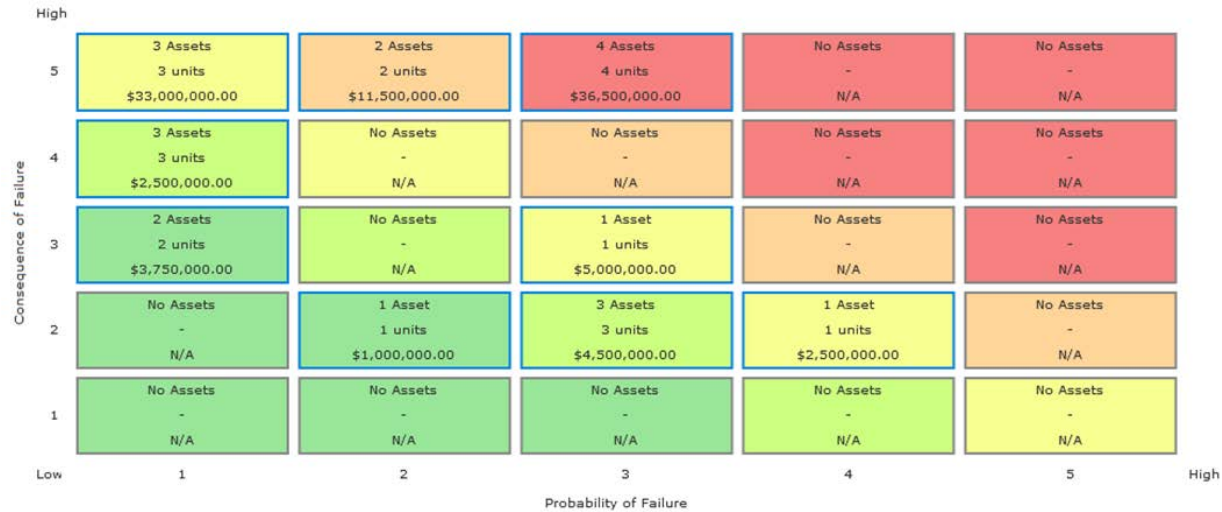
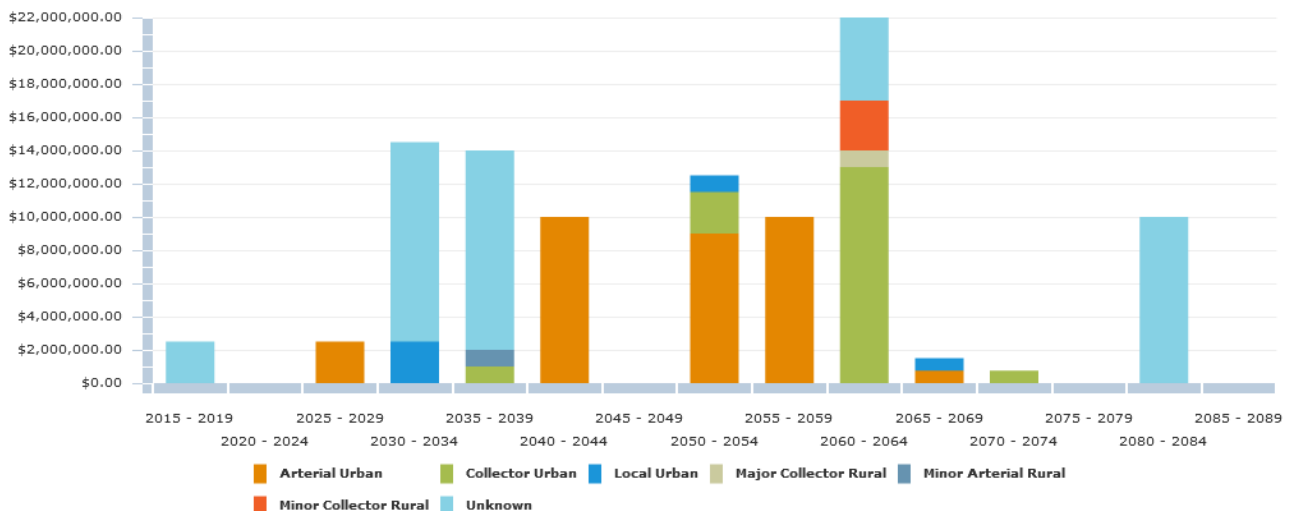


Exhibit 3.18 – Napa's Bridge Replacement Profile Based on Condition (5-Year Blocks)



To insure that the assets continue through their useful life, the City could set aside an amount equivalent to the average annual replacement cost based on the bridges' expected useful life of 75 years. Since the total replacement cost of the bridges is approximately \$100.3 million, Napa could budget \$1.3 million annually for bridge repair and maintenance. Such an annual investment strategy could certainly reduce and manage risk of failure and prepare the City as maintenance and repair occur. Exhibit 3.18 depicts the replacement profile of the bridges based on conditions. As shown, maintenance and repairs of the bridges are expected to spike in 2030-2034. An annual investment strategy could certainly reduce and manage risk of failure and prepare the City as maintenance and repair occur.

As one-time improvements, not recurring maintenance, is needed, the City could consider infrastructure condition as a heavy weight when identifying and prioritizing projects for its General Fund Capital

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Improvement Reserve. Further, the City should consider developing an asset management policy to help guide asset maintenance and replacement funding.

Implied Reserve Components for Capital Repair and Replacement

- The City should consider heavily weighing infrastructure condition when identifying and prioritizing projects for its General Fund Capital Improvement Reserve.
- The City should develop an asset management policy to help guide maintenance and replacement funding. The asset management policy is separate of the General Fund reserve.

Section 4 - Secondary Risk Factor Analysis

This section overviews risk factors that have implications for Napa's General Fund reserve strategy, but are less complex or of lower magnitude than the primary risk factors of revenue volatility, extreme events, and capital repair and replacement.

A. Growth

Napa has experienced modest growth in its resident population. Between 2000 and 2013, its population recorded a compounded annual growth rate of 0.5 percent. In the short-term, there is potential for population growth. The City's Community Development Department estimates 50 new residential units will be added annually in the next two years and an additional 250 units in FY 2017/2018 when the first phase of Tulocay Village, a residential rental development, comes on line. Over the next three years, the City anticipates additional commercial and hotel developments as well. In FY 2015/2016, the City anticipates additional retail at Napa Crossing South as well as a restaurant, but larger, near-term activities will begin in FY 2017/2018. Because there is a gap between when the City will collect revenue from potential commercial activity and when new residents require service as well as concern that the timing of the commercial developments may be delayed, it would be prudent for the City to set aside funds to meet estimated net cost related to the initial population growth.

According to the U.S. Census Bureau, the average household size in Napa is 2.6. In the near-term, the City anticipates an additional 50 units annually for two years, resulting in 128 residents, and an additional 250 units in the FY 2017/2018, resulting in 640 residents. Some commercial activities are anticipated for FY 2015/2016, with more to follow in FY 2017/2018, but there is a one-year lag before Napa collects the revenues from the residential and commercial activities. Thus, the City should prepare for the cost to service between 128 and 640 new residents. Using Napa's adopted FY 2015 General Fund expenditures of \$69.7 million, we derive the cost to provide service per resident, which amounts to \$897. To service the initial population growth in FY 2015/2016 can cost the City approximately \$115,000. Similarly, the cost associated with the population growth of 640 residents in FY 2017/2018 is approximately \$574,000.

To estimate an amount the City should set aside in reserves for community growth, we apply the Triple-A approach. Accounting for the historical information on cost per resident, we multiply the lower and upper range of \$115,000 and \$574,000, respectively, by 1.5. To meet the needs of the incremental cost associated with population growth, the City should reserve between \$172,000 and \$860,000.

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Implied Reserve Component for Growth

- A reserve between \$172,000 and \$860,000 to meet estimated cost related to the initial population growth in the near three-year term.

B. Expenditure Volatility

The City identified four types of expenditure volatility it is at risk for, including those related to legal claims, the State of California's impact on local revenues, the cost of clean-up due to environmental contamination, and grant subsidies for activities.

Legal Claims. The City maintains a self-insurance reserve dedicated for risk management, including insurance liability and workers compensation. It is City policy to maintain a reserve for general liability and workers' compensation claims for the short and long-term at the 80 percent confidence level as identified by actuarial study. At the end of FY 2014, the City reserved \$1.5 million for general liability claims and \$4.2 million for workers' compensation claims. Napa also maintains a liability insurance policy that will cover cost up to \$25 million. The policy includes a self-insured retention (SIR) provision that requires the City to pay \$150,000 before the insurance policy responds to the loss. Though the City is diligent about managing its risks from lawsuits, some of these cases could present large, unanticipated cost. Between FY 2010 and the first half of FY 2015, the City has made payments of approximately \$2.5 million in legal settlements from past claims. Napa recently settled one lawsuit in the amount of \$700,000, but is responsible for only \$150,000 of the settlement. The City is in the midst of settling another lawsuit. If the claim is approved by the City's insurer, then Napa will be reimbursed for the full cost, \$210,000, minus the SIR provision. If denied, the City will be liable for the full cost of settlement. Thus, the City's recent legal claims can amount to \$300,000 to \$360,000.

Because cost related to these two claims would be drawn from the City's Risk Management Fund, no specific reserve is needed for the General Fund. The City will need to replenish its Risk Management Fund after the settlements to ensure adequate reserves for future legal claims.

State Intervention. The State of California has a history of affecting local government revenues. Examples include Triple Flip, as discussed in Section 3 of this report, as well as vehicle license fees, and shut down of redevelopment agencies. GFOA spoke with Michael Coleman of the California Local Government Finance Almanac, an authority on California local government finance, who believes there is little else the State can take from local revenue sources. However, the City does have to address changes in Municipal Separated Storm Sewer (MS4) Permit compliance as well as to replace its stormwater system service assessment that sunsets in 2016.

According to the City's Public Works Department, MS4 permit compliance costs will increase from \$790,000 in FY 2015 to nearly \$1.1 million in FY 2018. The largest incremental increase will occur in FY 2016 when compliance costs increase by \$271,000. Additionally, the City's existing stormwater system service fee is scheduled to sunset in May 2016, which will reduce annual CIP and MS4 Permit compliance program revenues. According to the City's Finance Department, in FY 2017 Napa will lose approximately \$218,000 in program revenues, which will escalate to \$492,000 in FY 2021.

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While the City is exploring potential alternative funding options to mitigate the higher compliance cost and loss of program revenue, voter approval is required. This has proven challenging for local governments across the state. To prepare for the challenges with public referendum, the City could set aside on-time reserves in the amount of \$489,000 for the increase in MS4 compliance cost in FY 2016 and the loss of program revenues in FY 2017. Since the City has an historic account and has prepared an analysis on the increased cost and lost revenues, no multiplier is applied.

Environmental Clean Up. The City has experienced contamination issues with several projects. On a few projects, the City was identified as the responsible party for addressing contamination issues that have resulted in unanticipated environmental clean-up costs.

- **645 Soscol Avenue Underground Storage Tank Investigation Project.** Napa County's Department of Environmental Management found the City the responsible party for investigating and remediating an underground storage tank site in 2006. The City applied for reimbursement through the State, but funding is unlikely. Similarly, reimbursement from the City's insurance carrier could also be denied. The cost of cleanup totals nearly \$214,000, with the potential for additional cleanup cost.
- **City of Napa Second Street Project.** In 2008 the City entered into a contract for packing of and disposing of waste related to the 1st and 2nd Street underground utility district project. This amounted to approximately \$87,000.
- **Starbucks at Lincoln/Jefferson.** Contaminated soil was discovered during construction of a Starbucks, which required the City to contract for soil cleanup and removal as well as drum removal. This resulted in \$190,000 in unanticipated cleanup cost to the City. Further work may be needed at an additional \$300,000.
- **Saratoga Drive Extension.** Soil contamination, asbestos removal, and other cleanup efforts were identified for this road construction project. The City incurred over \$497,000 in unanticipated cleanup cost.
- **California Boulevard Widening.** Environmental testing was required for this project for contaminated soil. This resulted in approximately \$33,000 in additional cost.
- **Fire Station No. 1 Roof Retrofit.** Asbestos removal was built into the cost of demolition for this project. Total project cost was \$27,000.

Because the City has experienced instances of unknown or unanticipated environmental clean-up costs, it would be prudent to set aside funds for such purposes. The City may not need to set aside the full total of all six projects identified above as it is unlikely that multiple contamination projects will be uncovered in one year. As such, we identified the average cost of these projects, which is \$225,000. With only three projects to draw from, we apply a multiplier of 2.0 to determine an amount to reserve. This equates to \$450,000.

Grant Funding. Grants are a revenue resource for governments. However, if the grants expire and the General Fund needs to provide operating subsidies to continue the on-going activities that the grant funded, then that is a risk that needs to be considered. The City receives grants that could potentially have such impact, most of which are received by its police department. According to the Napa Police

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Department, such grants fund approximately \$557,000 in labor, overtime, and equipment and supplies. While we do not recommend a specific reserve, we recommend that the City adopt a grant policy to consider a grant's long-term costs and benefits and to guide decision on whether or not to continue a service once a grant ends. We will discuss this in Section 5 of the report.

Implied Reserve Component for Expenditure Volatility

- A reserve of \$939,000 to address the potential for expenditure volatility. This includes:
 - A one-time reserve of \$489,000 due to state changes on the MS4 Permit compliance and the upcoming sunset of stormwater system service fees.
 - A reserve of \$450,000 for unknown or unanticipated environmental clean-up costs.
 - No specific reserve is recommended for grant-funded positions, but it is recommended that the City adopt a policy on grants to consider their long-term costs and benefits.

C. Liquidity

If the City were to experience a significant gap between the timing of its payables and receivables it might need a certain amount of working capital to keep in a reserve to cover the risk of a cash shortfall. However, the City does not experience cash flow problems as a result of timing differences between its receivables and payables. The City receives its sales tax and TOT revenues monthly, so there is a regular inflow of cash. Thus, a special reserve for working capital appears unnecessary.

Implied Reserve Component for Liquidity

- **No reserve for working capital is needed.**

D. Dependency of Other Funds on the General Fund

Between FY 2006 and FY 2013, the City's General Fund has transferred between \$550,000 and \$10.1 million to other governmental funds as shown in Exhibit 4.1. The largest transfers are to the City Capital Projects Fund. In 2013, the General Fund transferred \$9.1 million to the City Capital Projects Fund, of which \$7.1 million were transfers from the General Fund and non-recurring General Fund surplus from FY 2011-2012 and FY 2012-2013 to the CIP General Fund and CIP Facilities reserves per the City's fiscal policy. The remaining \$2.0 million in transfers were for capital projects funded by General Fund revenues. The large expenditures are also attributed to the cyclical construction activities of the capital projects. The spikes in FY 2006 and FY 2008 were due to a flood control initiative.

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Exhibit 4.1 - City of Napa General Fund Transfers (FY 2006 - FY 2013)							
	Development Fee	City Capital Projects	Home	Golf	Non-Major Governmental	Internal Service	Total
2006		1,295,451			40,000		\$1,335,451
2007		998,349			40,000		\$1,038,349
2008		8,715,390			37,508	1,380,085	\$10,132,983
2009		4,343,602	136,425			1,422,184	\$5,902,211
2010		252,649		162,682	136,466		\$551,797
2011	5,177 ^a	487,145		70,000	162,682	8,233	\$728,060
2012		540,645		100,000	162,682	98,462	\$901,789
2013		9,055,242		125,000	631,814	65,848	\$9,877,904

^a Correction to revenue posted in the General Fund in FY 2010 that should have been posted to the Fire/Paramedic Impact Fee

Aside from capital projects, the Internal Services Fund has historically been the second largest recipient of General Fund transfers. The figures related to internal services transfers have declined in recent years compared to FY 2008 and FY 2009. This is because Napa reclassified the normal annual transfers, such as IT and fleet maintenance/replacement rates, to charges for services. They are now included in the revenue and expense numbers. Transfers from the General Fund to the Internal Service Fund amounted to approximately \$66,000 in FY 2013 for fire fleet apparatus and computer purchases.

Transfers to non-major governmental funds in FY 2013 increased significantly from prior years. This is due to \$500,000 to fund a sidewalk improvement program. The program is on-going as budgeted in the City's two-year budget cycle. City Council has the authority to continue or discontinue the transfers. The other area of General Fund transfers is to the Golf Fund. Though, the City entered into a lease agreement with a private operator, who assumes losses and risks associated with the golf course, and will end the General Fund's subsidy. Aside from capital programs and capital reserves, the City has had a relatively small amount of transfers from the General Fund to other funds. Thus, no reserve is needed. However, the City may want consider a policy on asset management so that it set asides an appropriate amount for future needs and on-going repair and maintenance. Section 5 of this report will review the City's current reserve strategy.

Implied Reserve Component for Dependency of Other Funds on General Fund

- While no reserve is required for inter-fund dependency, the City may consider adopting a policy on asset management to ensure appropriate amounts are set aside for future needs.

E. Leverage

Any form of leverage could reduce the City's financial flexibility, thus increasing the need for reserves to provide some offsetting flexibility. GFOA examined two forms of leverage: outstanding debt and pension/OPEB.

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Outstanding debt. The City has no outstanding general obligation bonds, but has approximately \$101,000 in debt associated with governmental activities related to a lease agreement for an asphalt paver.

Currently, Napa does not have a bond rating for its general fund, so it is important to review how the City compares to its peers. Exhibit 4.2 includes a group of California cities that are comparable to Napa based on a combination of different factors, including geography, general fund revenue portfolio, and size. The exhibit provides FY 2013 summary statistics based on the cities, including four commonly used measures of indebtedness. The first, debt per capita, measures the burden placed on citizens by municipal indebtedness. The second measure is debt service (principal and interest payments) as a percent of city expenditures. This figure gauges the pressure placed on the budget by debt payments. The third measure shows direct debt as a percent of the city's full value and the fourth measure compares direct plus the debt of overlapping jurisdictions as a percent of full value.

Exhibit 4.2 - Comparison of Napa's Indebtedness with Other Cities (FY 2013)								
	Napa	American Canyon	Livermore	Petaluma	Pleasanton	St. Helena	Santa Rosa	Vacaville
Population	77,881	19,862	83,325	58,804	71,871	5,854	170,093	92,677
Debt per Capita	\$2,395	\$3,270	\$4,531	\$3,607	\$3,544	\$4,720	\$1,794	\$3,281
Debt Service as a % of Expenditures	0.0%	4.3%	8.5%	0.3%	18.8%	8.5%	1.0%	4.1%
Direct Net Debt as % of Full Value	0.0%	0.1%	0.7%	0.0%	0.0%	0.2%	0.3%	0.1%
Overall Debt Burden (Overall Net Debt as % Full Value)	2.1%	3.1%	3.0%	2.9%	1.5%	10.4%	1.7%	3.4%

As the exhibit shows, Napa has a low level of debt relative to the group of comparable California cities. Only Santa Rosa has a lower debt per capita amount—\$1,794 compared to Napa's \$2,395. Napa also recorded virtually no debt service, unlike the seven other peer cities whose debt service as a percent of expenditures ranged from 0.3 percent for Petaluma to 18.8 percent for Pleasanton. The cities in the peer set also have relatively low levels of direct debt. Napa, Petaluma, and Pleasanton effectively have no direct debt compared to their full values. Livermore, at 0.7 percent, recorded the highest level of direct debt as a percent of full value. When debt of overlapping jurisdictions is factored, each city's overall debt level increases. For Napa its overall debt becomes 2.1 percent of full value, third lowest behind Pleasanton at 1.5 percent and Santa Rosa at 1.7 percent, and on par with the other cities, except St. Helena's whose overall debt burden spikes to 10.4 percent of full value.

To conclude our discussion on debt, the Napa's low level of debt provides future financial flexibility. In Section 5 of this report we will examine how this relates to the City's reserve strategy.

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Pension liabilities. The City's defined benefit pension plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS) pool.²¹ The City participates in separate plans for public safety (police and fire) and miscellaneous (all other employees). The plans are facing some challenges,²² though the state has enacted legislation to reduce costs and increase both employee and employer contribution requirements.

Napa's employer contribution rate for FY 2015 is 37.2 percent for the public safety plan and 24.3 percent for the miscellaneous plan. These rates will increase annually to 47.6 percent and 32.4 percent, respectively by FY 2021. The average annual increase between FY 2015 and FY 2021 is approximately 4.2 percent for the public safety plan and 4.9 percent for the miscellaneous plan. Increasing pension contributions are normally a cost that would be dealt with within the annual budgeting process. Since rising pension costs are a recurring expenditure, reserves, as a one-time resource, are not a sustainable solution for rising pension costs.

However, a scenario where reserves could play a role in ameliorating rising pension costs is if City revenues are flat or declining. Steep increases in pension costs would make it more difficult for the City to reduce expenditures in the face of stagnant or declining revenues. Hence, a reserve could help the City make a more gradual adjustment to its cost structure – otherwise the City might be forced into more abrupt cost reductions, thereby interrupting crucial services and preventing a long-term, coherent approach to achieving the City's public service goals. The City's projected required employer contribution is \$5.7 million for the public safety plan and \$5.6 million for the miscellaneous plan. The annual increase from FY 2015 to FY 2016 in the City's pension costs is expected to be about \$684,000.²³ Since this figure is not based on a wealth of historical experiences, but rather a single projection based on data from CalPERS, the Triple-A approach would advise doubling our expectation for risk. Hence, a reserve of \$1.4 million should be adequate to provide the City with capacity to make an orderly adjustment to its cost structures in face of declining or stagnant revenues, despite increasing pension costs. City Council has already been prudent in this area, having set aside \$870,000 from excess revenues in FY 2013 in a pension reserve.

OPEB liabilities. The City's policy on OPEB is to fund the benefits on a pre-funded basis. The annual required contribution (ARC) for FY 2015 is estimated at \$960,000 and will decline slightly to \$919,000 in FY 2016 and \$949,000 in FY 2017. The City's ARC is projected to decrease and then return to FY 2015 levels in FY 2018 when the ARC contribution reaches \$970,000. Because the City's ARC for OPEB is projected to be lower over the next two years, there is no risk-specific reserve needed. However, it may be prudent to set aside a sinking fund or lockbox so that the City is prepared for when its contribution returns to a higher amount. The greatest variance in the City's ARC for OPEB is between FY 2018 and FY 2016 amounts, which equates to \$51,000. The current two-year budget continues with the current contribution rate of 2.7 percent of payroll, rather than reducing the rate or setting aside a reserve.

²¹ CalPERS assumes a discount rate of 7.50 percent. While this is in line with most public pension plans, researchers and rating agencies caution against the use of aggressive discount rates.

²² The public safety plan is funded at 68.3 percent and the miscellaneous plan is funded at 65.7 percent.

²³ The increases are about \$273,000 annually for the public safety plan and \$411,000 for the miscellaneous plan.

GFOA Reserve Analysis for the City of Napa

Implied Reserve Components for Leverage

- A reserve in the amount of \$1.4 million to meet pension obligations should the City's revenues decline or stagnant.
- The City's annual OPEB obligations are expected to decline in the next two years, but will continue its current contribution rate to keep appropriations in line and to decrease future ARC. No specific reserve is needed.

Section 5 - Recommendations

This section provides GFOA's recommendations to Napa based on the analysis presented in this report. Subsection "A" reviews the risk factors that were analyzed independently in Section 3 and Section 4, and considers issues relative to analyzing the risk factors as a whole. Subsection "B" addresses the primary purpose of this report: to recommend a reserve target for Napa. Subsection "C" discusses formal policies the City could adopt to support the City's reserve management strategy.

A. Review of Risk Factors and Holistic Analysis

We will start with a brief overview of the risk factors that have implications for the City's reserves in Exhibit 5.1. Please note that the subtotal for revenue volatility, community growth, expenditure volatility, and pension liabilities is represented separately from extreme events/public safety.

GFOA Reserve Analysis for the City of Napa

Exhibit 5.1 – Risk Factor Overview

Specific Risk to General Fund	Less Risk Averse	Highly Risk Averse Amount
Revenue Volatility		
Transient occupancy tax (short-term)	\$1,200,000	\$1,200,000
Sales tax	\$2,800,000	\$2,800,000
Other General Fund revenues	\$3,500,000	\$3,500,000
Subtotal	\$7,500,000	\$7,500,000
Community Growth		
Subtotal	\$172,000	\$860,000
Expenditure Volatility		
State intervention	\$489,000	\$489,000
Environmental clean up	\$450,000	\$450,000
Subtotal	\$939,000	\$939,000
Pension Liabilities		
Subtotal	\$1,400,000	\$1,400,000
Foregoing Risk Factor Subtotal	\$8,600,000	\$9,300,000
Extreme Event/Public Safety		
Earthquakes	\$4,300,000	\$12,100,000
Floods	\$1,500,000	\$3,100,000
Extreme Event/Public Safety Subtotal	\$5,800,000	\$15,200,000
ALL RISK FACTOR TOTAL	\$15,800,000	\$25,900,000
Percent of General Fund 2014 Revenues	22%	36%

However, determining a final reserve target is not as straightforward as summing the numbers in Exhibit 5.1. There are three issues we must consider before arriving at a final target:

- Risk interdependency,
- Risk's probability of occurring, and
- The City's ability to reduce its budget in the event of a downturn.

Risk interdependency. Risk interdependency refers to the relationship between the different risk factors. To illustrate, if two risks are highly dependent, then there is a strong likelihood that both will occur at the same time. If two risks are independent there is no particular reason they should occur at the same time. There are some dependencies between revenue volatility and pension cost increases. For example, an economic slowdown would result in downward revenue pressures, coupled with cost pressures. There is also some dependency between extreme event/public safety risks and revenue volatility because a major earthquake or flood in Napa Valley could interrupt the travel and tourism industry that provides the area's sales tax and TOT revenues. Expenditure volatility associated with potential lawsuits, State of California's intervention, environmental cleanup, and grants subsidies appear

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to be an independent risk because the occurrence of any of these risks has little to do with the occurrence of other risks.

Where risks are highly dependent, it is wise to hold reserves closer to the full implied reserve amount for each dependent risk factor because if one happens it is likely the other one will occur as well. Where risks are independent and the risks have a low probability of occurring it may not be necessary to hold the full amount of implied reserves for each risk because one shared reserve for multiple risk factors that is less than the total implied reserve amounts of the individuals risks will probably be sufficient to protect the City.

Risk's probability of occurring. Some risks have a low probability of occurring, but have extreme consequences if they occur. An earthquake is the leading example of this. Some risks are almost certain to occur, but the consequences are not necessarily so severe. General revenue instability is certain to occur and the impact to the City in the past has been manageable. When risks are likely to occur, it is wise to hold the full implied reserve amount. When risks have a low probability of occurring it is possible to hold less than the implied reserve amount if the low probability risks are independent of each other. The odds that these risks occurring at the same time are very small, thus the City could elect to hold reserves that are less than the amount that would needed to cover all low probability events happening at the same time.

City's ability to reduce budget in the event of downturn. In Section 3, we established that the City does have some ability to reduce its budget in the event of a downturn in revenues. The 5 percent reduction in General Fund revenues was taken into account when we explored the analysis on revenue volatility.

B. Recommended Reserve Target for Napa

This section addresses a recommended range of reserves for Napa. First, we synthesize the risk analysis into a recommended range of reserves. Then, we discuss how the recommendation fits with Napa's existing reserve strategy.

Reserve Amount Derived from Risk Analysis

If we consider the risks to have high degree of dependency the City should reserve \$25.9 million or 36 percent of the General Fund revenues in order to cover the risks addressed in this report. This represents a more "risk averse" approach to reserves. As mentioned in the preceding subsection, there are some dependencies between the risks but they are not all completely dependent. A reserve of \$15.8 million (22 percent of General Fund revenues) would represent a less risk averse approach.

The risk factors, however, are not all completely dependent or independent. Focusing on expenditure volatility, there is some independence with the risk factors associated with expenditure volatility. For example, an environmental clean-up project does not affect the amount of General Fund revenue collected and vice versa. Because expenditure volatility is largely an independent risk, the City could hold \$939,000 less than the upper end of the target range. Additionally, there is some dependency between extreme events/public safety and revenue volatility associated with economic conditions, though it is not complete. The City could hold an amount less than the combined total of the two

GFOA Reserve Analysis for the City of Napa

amounts. Adopting such strategies could still result in reserve targets still fall within the range that GFOA's analysis would consider reasonable.

Hence, the City should choose a reserve target for its General Fund between \$15.8 million and \$25.9 million to cover the risks addressed in this analysis. This equates to a reserve equal to about 22 percent and 36 percent of the City's General Fund revenues, respectively. The large range is due to the range of possibilities from an earthquake, including the more costly 2014 South Napa event. As such, the upper end of the range represents a worst case scenario and provides sufficient coverage for Napa to cover all of its risks at the same time (though it is unlikely that all would occur at the same time). Hence, the top of the range represents a very risk-averse approach. In determining an exact reserve percentage, the City should consider its size, borrowing capacities, and extreme event mitigation strategies and how that affects the amount it needs to reserve. GFOA also recommends that the City adopt policies on asset management, volatile revenue, grants, and interfund borrowing to help mitigate risks and to be more resilient to shocks and stresses. Issues to help the City consider the exact amount of reserves to maintain are explored in more detail in the following paragraphs.

First, to help the City consider the exact amount of reserves to maintain, Exhibit 5.2 provides a table of General Fund balances as a percent of General Fund revenues for California municipalities that are comparable to Napa. A couple of notes should be made about Exhibit 5.2 in order for the reader to fully understand its meaning. First, "fund balance" is an accounting term that describes the difference between the assets and liabilities in the General Fund. "Reserves" (which are the main topic of GFOA's analysis for Napa) are the portion of fund balance that is set aside, by City council policy, as a hedge against risk. Hence, not all "fund balance" is necessarily available as a reserve. The right-hand section of Exhibit 5.2 shows how much each municipality holds in fund balances as a percent of general revenue. Each of three columns in this section examines fund balances from a different perspective on the relationship between fund balances and risk mitigation.

The first column shows "unrestricted" fund balance. This is an accounting term that includes fund balances that do not have constraints placed on their use by an outside entity (e.g., a bond covenant might restrict the use of some portion of fund balance to debt service) and that are spendable (e.g., do not represent inventory or other non-liquid assets). "Unrestricted" fund balances may still have constraints placed upon their use, but these constraints would be created by the municipal government itself. One common constraint is to dedicate some portion of fund balance to hedging against the types of risks described in this report. However, other constraints have nothing to do with this kind of risk mitigation - to illustrate, a common self-imposed constraint is putting aside fund balance to pay for a special capital project. While such a constraint *could* be removed and, thus, the entirety of monies in the "unrestricted" category made available for risk mitigation, it is not the intent of the municipality to do so.

The second column shows the amount of fund balance that is available for risk mitigation after fund balances that have self-imposed restrictions that are not germane to risk mitigation are removed from consideration. This leaves self-imposed restrictions that are germane to risk mitigation as well as fund

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balance that does not have any restrictions placed upon it at all, so could easily be used for responding to emergency events if needed.

The third category includes only those fund balances that have been specifically identified by the municipality as intended for creating a risk mitigating reserve. It should be noted that since the analysis in Exhibit 5.2 is based only upon the information included in each municipalities' FY 2013 comprehensive annual financial report (CAFR), it is possible that the amount dedicated to risk mitigation could be somewhat higher for some of the municipalities as a legislative policy document might call for maintaining a given amount in fund balances as a reserve without creating an accounting restriction that would show up in the financial report. This is the case for Napa as it sets aside 3 percent of its operating budget in the General Fund Undesignated Fund Balance. The City also has a Contingency appropriation of 1 percent for non-recurring unanticipated expenditures or to cover known contingencies with unknown cost.²⁴ If these reserves are included in the dedicated to risk mitigation category, then the share relative to General Fund revenues increases to 15 percent for Napa. Similarly, Vacaville sets aside a portion of its General Fund as an emergency reserve to meet an unexpected downturn in the local economy, state imposed reductions in city revenues, unanticipated cost increases, and catastrophic losses or natural disasters. This emergency reserve amounted to approximately \$2.7 million in FY 2013. That said the figures in Exhibit 5.2 are probably inclusive of most of the funds these municipalities have dedicated to risk mitigation.

Exhibit 5.2 – Fund Balance as a Percent of General Fund Revenues for Comparable California Cities

		Fund Balances as Percent of General Fund Revenue for FY 2013		
Municipality	Population	Unrestricted	Available for Risk Mitigation	Dedicated to Risk Mitigation
Napa	77,698	29%	18%	12%
American Canyon	19,862	55%	36%	10%
Livermore	83,325	27%	27%	23%
Petaluma	58,804	11%	5%	NA
Pleasanton	71,871	14%	14%	10%
St. Helena	5,854	45%	45%	24%
Santa Rosa	170,093	26%	18%	15%
Vacaville	92,677	14%	12%	NA
Average	72,523	28%	22%	16%
Median	74,785	26%	18%	14%

Unsurprisingly, the averages at the bottom of the table decline as one reads from left to right, as the scope of fund balance included declines.

²⁴ The City's Contingency appropriation for FY 2013-2014 was \$300,000, which is under the \$664,000 policy level. However, Napa is working to achieve compliance through \$100,000 annual increases over the next four years.

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For Napa's purposes, the figures in the second and third columns are most relevant. These figures tell us that the City's previous practices did result in it carrying a slightly less fund balance for risk mitigation than the comparable cities. It also tells us that the GFOA recommendation of a reserve equal to between 22 and 36 percent of the City's revenues would not be out of line with the amounts available for risk mitigation maintained by peer cities as, including Livermore as well as other Napa County cities, e.g. American Canyon and St. Helena.

In terms of fund balances dedicated to risk mitigation, St. Helena had the highest at 24 percent. It assigns fund balance to an economic uncertainty reserve. Livermore has similar self-imposed restrictions, with \$12.0 million committed for financial stabilization and \$8.0 million assigned to economic uncertainty. Napa falls close to the mid-point for the peer cities with 12 percent of General Fund revenues assigned to its emergency reserve. With the exception of Petaluma and Vacaville, the peer cities all commit or assign a portion of their General Fund balance for risk mitigation.

As further input into considering the range of reserve targets, the City should consider three factors that are relevant to sizing a reserve:

- **Government size:** As a moderate-size municipality, Napa should, at a minimum, observe GFOA's Best Practice to maintain a General Fund reserve of 16 percent of regular general fund operating revenues or regular general fund operating expenditures.²⁵ Of course, GFOA's recommended reserve level for the City of between 22 and 36 percent of General Fund revenues is above the minimum industry best practice threshold.
- **Borrowing capacity:** The City does not have significant debt. This suggests that Napa has the flexibility to access capital from the debt market. This could provide an alternative to reserves, to some extent.
- **Public safety/Extreme event mitigation strategies:** The City does include in its capital improvement plan projects to mitigate the impact of earthquakes, floods, and other extreme events. These preventative activities may suggest that the City's future exposure to extreme events is lower than its historical experience would indicate. Napa's strategy of reducing its risk of loss from extreme events could justify a reserve towards the lower end of GFOA's suggested range.

In conclusion, to zero in on a final reserve target GFOA recommends that the City Council and staff have a conversation about their risk appetite. A low risk appetite should suggest that a reserve closer to 36 percent for the General Fund would be safer for the City. If the City has a higher risk appetite it would adopt a reserve target closer to 22 percent. Napa could also adopt a target between these two poles. In short, there is no one "correct" answer as the final target is a product of the City's willingness to assume risk.

²⁵ GFOA, "Best Practice:

Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund," October 2009, <http://www.gfoa.org/determining-appropriate-level-unrestricted-fund-balance-general-fund>.

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Relation to the City's Existing Reserve Strategy

Four categories of the City's existing reserve strategy directly affect the General Fund:

- **General Fund Emergency Reserve.** The primary purpose is to protect the City's essential service programs and funding requirements during periods of economic downturn (defined as a recession lasting two or more years), or other unanticipated or emergency expenditures, such as a natural disaster, that could not be reasonably foreseen during preparation of the budget. It is City policy to maintain the General Fund Emergency reserve at 12 percent of budgeted operating expenditures. Use of the reserve must be approved by City Council.
- **General Fund Undesignated Fund Balance (Operating Reserve).** The operating reserve is to be maintained at 3 percent of the City's operating budget. The City transfers Undesignated Fund Balance in excess of this 3 percent as of June 30 of any year, after the Operating, Emergency, and Contingency funds threshold for the next fiscal year have been met. The transfers are to one-time expenditure accounts, including Reserves or Capital Projects as reviewed and approved by the Council. Unless priority is described, the Capital Facilities Replacement Reserve will receive the first transfer in an amount not to exceed 2 percent of the operating budget and the CIP General Fund Reserve will receive the second transfer in the remaining balance.
- **Capital Facilities Replacement Reserve.** The purpose of this reserve is for the expansion of existing City facilities or the creation/renovation/acquisition of new facilities that meet the workforce needs of city services.
- **CIP General Fund Reserve.** The purpose of this reserve is to fund ongoing and future Capital Improvement Projects. Amounts transferred to this fund shall be from the General Fund's Undesignated Fund Balance, and, unless otherwise directed, will equate to any remaining General Fund Undesignated funds as of June 30 of any year, after the Operating, Emergency, and Contingency funds threshold for the next fiscal year have been met, and an amount equal to 2 percent of the operating budget has been transferred to the Capital Facilities Replacement Reserve.
- **Financial Policies.** Section C, below, describes a number of financial policies that the City can adopt to support its reserve strategy. Some of these policies even have the effect of making the City more financially resilient, thereby possibly reducing the City's need to hold reserves as a risk-mitigation tool. For example, a volatile revenue policy would prevent the City from becoming overly reliant on sales and transient occupancy taxes, thereby reducing the City's vulnerability to an economic downturn. An inter-fund borrowing policy could provide access to additional funding, should the General Fund need it in an extreme emergency. This would reduce the General Fund's need to hold as much reserves since it would not need to be totally self-reliant.

GFOA applauds the City for this practice of explicitly recognizing the purposes of the reserves and for identifying the target level of the General Fund Emergency and operating reserves. Further, GFOA recommends that the City review the amounts it reserves in these reserves based on discussions of its risks as analyzed in this report.

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C. Policies to Support the General Fund Reserve Strategy

This section presents ideas for formal policies that Napa may wish to consider that would support the City's overall reserve strategy.

General Fund Reserve Policy

The City should strengthen its formal General Fund reserve policy. Already the City's General Fund Emergency reserve:

- Officially establishes the intent of the City to maintain the target level of reserves.
- Describes the acceptable uses of reserves. This prevents the reserves from being used inappropriately and, thus, degrading the City's risk mitigation capabilities.
- Describes who is authorized to use the reserves.

To further enhance its General Fund reserve policy, the City could provide guidance on how to replenish reserves back to target levels when necessary. After making such adjustments, the City could also memorialize the final reserve target in a document that receives formal City Council approval. A specific implied reserve component where this could apply is extreme event/public safety. For example, reimbursements received by federal and state agencies could help replenish the reserve.

Asset Management Policy

An asset management policy will help support the City's reserve strategy because acquisition and maintenance of capital assets is a major draw on the City's resources. An asset management policy will only complement the City's strong capital improvement budget policies and standardize its approach to asset maintenance and replacement. This will create greater predictability in capital financing needs thereby improving the flexibility of the City's financing structure. Greater flexibility helps reduce the pressure on reserves. GFOA has provided the City with an example of an asset management policy, including wording for establishing sinking funds to finance asset replacement and maintenance.

Volatile Revenue Policy

The City has a revenue policy that directs non-recurring sources of revenue (e.g., asset sale, settlement from a lawsuit that the City wins, etc.) to be used for non-recurring expenditures (e.g., pay down debt, buy a capital asset,²⁶ etc.). One-time revenues are, by definition, undependable so should not be used to fund expenditures of a recurring nature. GFOA commends the City for having this policy in place. A volatile revenue policy takes the concept a step further by declaring unusually high yields from volatile revenue sources as the equivalent of a one-time revenue. For example, if the City has a record breaking year for retail sales it would be unwise to consider the resulting sales tax as the new baseline for the amount of sales tax revenue the City should expect in future years and to plan spending accordingly. Rather, the revenue above and beyond what might be considered "normal" should be used for non-recurring expenditures.

Below is an example of a volatile revenue policy for sales taxes. A similar policy could be adopted for TOT and investment income. The City will note that the policy calls for extraordinary revenues to be

²⁶ Assuming that the future operating and maintenance costs of the asset can be handled with recurring revenues.

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directed towards one-time uses. A sinking fund to pay for important unfunded capital projects could be one such use and could be explicitly stated as such in a policy. GFOA has provided the City wording for a sinking fund (along with other asset management policies).

It is not prudent to allocate sales tax revenue that exceeds the normal growth rate (defined as the average annual growth rate over the last ten years) to ongoing programs. Therefore, sales tax revenues that exceed the normal growth rate should be used for one-time expenditures or to increase reserves for the inevitable economic downturns.

Grant Policy

Grants are an attractive form of funding because they offer the possibility to reduce reliance on other revenue sources, e.g. taxes and fees. Grants also can harm a government's long-term position if they lead to implementation of a program that requires on-going support after the grant expires. Additionally, matching funds and overhead costs could divert funds from higher-priority projects. A grant policy could encourage grant-seeking, but also should recognize the risks of overreliance on grants and directs how to manage those risks. GFOA has provided the City with an example of a grant policy.

Interfund Borrowing

A strong, detailed inter-fund borrowing policy could help reduce the amount of reserves needed in the City's General Fund by providing for short-term, emergency loans from other funds to cover any risks. GFOA's review of Napa CAFR indicates that there are sizable reserves in other funds. However, it is not in the scope of our analysis to assess the financial health of these funds.

The City should consider whether developing a strong and rigorous interfund borrowing process is a risk mitigation strategy it wants to adopt. If so, Napa should then analyze the health of the other funds to assess their suitability as "lenders." If they are found to be suitable, then the City should draft a clear policy to describe the conditions under which loans are acceptable, the maximum term of the loans, and guidelines for interest charges on the loan.

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

SPECIAL PRESENTATIONS
AGENDA ITEM 22.A.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: Dorothy Roberts, City Clerk

Prepared by: Carlyce Banayat, Imaging Clerk

Subject: Proclamation "Sexual Assault Awareness Month"

ISSUE STATEMENT:

Proclamation designating April 2015 "Sexual Assault Awareness Month" in the City of Napa.

DISCUSSION:

This proclamation was requested by the Napa Emergency Women's Services. Tracy Lamb, NEWS Executive Director, Judy Durham, SAVS Program Manager, and Araceli Vargas, SAVS Bi-Lingual Advocate will be present to accept the proclamation.

FINANCIAL IMPACTS:

None

CEQA:

The City Clerk has determined that the recommended action described in this agenda report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

1. Attachment 1 - Proclamation

NOTIFICATION:

None

RECOMMENDED ACTION:

No motion required

None.

**CITY OF NAPA
PROCLAMATION**

***Sexual Assault Awareness Month
April 2015***

WHEREAS, The month of April 2015 is Sexual Assault Awareness Month in California, and throughout the United States, with the theme for this year being **“It’s Time to Act: Safer Campuses. Brighter Futures. Prevent Sexual Violence.”** This April, join the conversation. Focus on our commitment to safer campuses and brighter futures; and

WHEREAS, Sexual Assault Awareness Month is intended to draw attention to the fact that sexual violence is widespread and impacts every community member of the City of Napa. It’s about every person being able to make consensual, respectful, and informed choices. There is no room for pressure, violence, or control. We will challenge unhealthy messages and stereotypes in our culture and the media. We will use our voices to counter misrepresentation and promote respect; and

WHEREAS, for over 33 years Sexual Assault Victims Services, a program of NEWS, has led the way in addressing sexual assault by providing 24-hour hotline services to survivors and their significant others, responding to emergency calls, offering support and comfort to those impacted by sexual assault, and empowering those impacted by sexual assault to chart their own course for healing; and

WHEREAS, NEWS’ Sexual Assault Victim Services for Napa County requests public support and assistance as it continues its effort to create a future where all women, men and children can live free from violence and exploitation. In collaboration with NEWS’ Sexual Assault Victim Services, we must work together to educate our community about sexual violence prevention, support survivors, and speak out against harmful attitudes and actions. We can all create positive change for safer campuses and brighter futures; ***It’s Time.....***

NOW, THEREFORE, BE IT RESOLVED that I, Jill Techel, Mayor of the City of Napa, along with the Napa City Council, do hereby proclaim the ***month of April 2015 as Sexual Assault Awareness Month*** in Napa and I commend this observance to all citizens.

Dated: April 7, 2015

JILL TECHEL, MAYOR
CITY OF NAPA

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

ADMIN CALENDAR
AGENDA ITEM 24.A.
Date: April 07, 2015

To: Honorable Mayor and Members of City Council

From: Jacques R. LaRochelle, Public Works Director

Prepared by: Julie Lucido, Senior Civil Engineer

Subject: City Hall Consolidation Project Update and Amendment to Agreement

ISSUE STATEMENT:

Receive a presentation on the update for the City Hall Consolidation Project including the financial analysis and authorize the City Manager to execute Amendment No. 1 to Agreement No. C2015 033 with Jones Lang LaSalle Americas, Inc., for additional project development services in the amount of \$295,000 for a total contract amount not to exceed \$420,000, and determine that the amendment is not subject to CEQA.

DISCUSSION:

The City has completed several studies over the past decade to examine the feasibility of consolidating City facilities. The current efforts are centered on developing a practical plan that meets the City's operational requirements into the future and is consistent with the City's Long Term Financial Plan.

Within the past studies, a number of operational deficiencies were documented including:

- Public access is confusing or City services are difficult to obtain; due to the number of locations of administrative staff, the customer can be confused and may be required to go to multiple locations for service.
- Redundancy of support spaces exists due to separation of offices; these include copy rooms, restrooms, reception areas, break rooms, storage and conference rooms.
- Expansion is needed; several departments have outgrown the available office space resulting in overcrowding and reduced productivity.
- Uneven standards exist; many of the structures were modified to offices from other uses which has led to less effective work areas, inefficient use of space, and non-standard furniture systems.

- Service areas are inappropriate, lacking or redundant; in some buildings the space dedicated to document storage is subject to flooding or other water damage and some janitorial/maintenance spaces are either redundant or lacking.

- Sustainability objectives could be better obtained; well-planned, consolidated facilities could reduce operation and maintenance costs, reduce Green House Gas emissions, and be a catalyst for downtown housing and private reinvestment on existing City properties or adjacent sites.

The City completed an evaluation of alternatives for the consolidation of City facilities in 2014 and the recommendation was to pursue a new joint facility with public safety departments on the block containing the Community Services Building (CSB). The work evaluated current operational costs of the existing facilities, opportunities for consolidation, tentative options for phasing, and potential financing strategies. Several other alternatives were also analyzed, including continue City services in their current locations, requiring interior remodeling of existing City buildings and expanding the existing Police Department facility, and renovate an existing office building and expand the Police Department facility.

The evaluation concluded that making the City Hall and Police Department properties available for private development would be the best alternative financially. This option would leverage the City's property assets in order to help offset the new facility's construction costs. In all alternatives analyzed, Fire Station No. 1 remains in the current location because of the recent investment to complete the seismic retrofit of the structure. Additional architectural and functional improvements will be planned for Fire Station No. 1 in the future.

Subsequent to the alternatives analysis, additional work was performed to advance the project by confirming programming requirements, analyzing real estate values, developing more refined cost estimates, documenting financing options, and developing the framework for a Request for Qualifications (RFQ) to begin the process to select a design/build project team.

Design objectives were developed centered on the following goals: create welcoming, service-oriented facilities that engage the public, provide easy access to government services, facilitate collaboration with the public and reflect the City's image of a world-class destination with a unique character. The City facilities would integrate services based on convenient locations, departmental adjacencies, common clientele and interdepartmental collaboration. Technology would be leveraged to support efficiency and collaboration. Offices and workstations would be standardized and space assigned based on function. Additional meeting rooms and community/multipurpose spaces would be provided. Building space would be flexible and support cost effective adaptation for growth and reorganization over time.

Space utilization benchmarks were reviewed for both private and governmental office facilities. Newer facilities have trended towards an efficient design resulting in utilization rates around 230 usable square feet or less per office employee. A test fit of the preferred site was conducted using 230 usable square feet per office employee. The goal of the test fit is to verify that consolidated facilities that meet the project objectives

and functional needs can be accommodated on the preferred site bounded by First, Washington, Clay and Seminary Streets.

Based on the work completed to date, the estimated size of the joint facilities is approximately 97,000 square feet with a public plaza fronting First Street. Washington Street could be modified to accommodate more parking and reconstructed to continue design elements from the plaza fronting First Street around to the parking area west of facility. The public safety portion of the facility will be approximately 49,000 square feet. Approximately 60% of the public safety portion, including a new Emergency Operations Center, would be constructed to comply with the essential services building code.

Market analysis verified that the Napa market remains strong and the current climate is favorable for private development of the excess downtown property. Specifically, the analysis determined that the highest value for the City Hall and Police Department property was for the development of a hotel with some retail. The thorough evaluation concluded that a 200-room hotel with 9,500 square feet of retail space and supporting restaurants in the upper scale market would fit on the site and complement the current market.

Although the property would require revising the General Plan and zoning from “Downtown Public” to “Downtown Mixed-Use”, this would be a logical extension of the land uses allowed in the core of the downtown and the feathering of commercial activities outward to the adjacent Downtown Neighborhood district located to the west-southwest of the City Hall property. The proposed hotel also would be within the overall level of development analyzed within the Downtown Napa Specific Plan when considering the range of non-residential uses such as retail, service, offices and hotel uses. Although there are other hotels in preliminary consideration in the downtown, the anticipated level of some commercial uses has not been as robust as envisioned when the Downtown Specific Plan was adopted in May 2012, such as for office space. This condition would provide for other uses to fill that land use gap such as for additional hotel rooms beyond the 300 analyzed in the Downtown Specific Plan EIR; albeit an evaluation of the project’s consistency with the Downtown Specific Plan and the Specific Plan EIR will be required in the future during the entitlement process.

The estimated market value of the property is approximately \$15,750,000. By the third year after opening, the Transient Occupancy Tax (TOT), Property Tax, and Retail Sales Tax from the new development on the existing City Hall site is expected to generate more than \$2,100,000 annually with annual growth. Current operational expenses were also evaluated; estimated annual savings in leases and operating newer, more efficient consolidated facilities was included into the financial modeling.

A preliminary cost estimate of the refined program described above was prepared resulting in a total facilities cost of approximate \$54,500,000. Additionally, construction of structured parking spaces for City employees and the public visiting the new facilities is needed. A larger parking structure is envisioned on the City Hall block to accommodate both needed downtown public parking and to support the new relocated consolidated City Hall facilities. The estimated cost-share related to the new City Hall facilities is \$6,250,000.

As part of the project costs, it is assumed that all employees within the CSB will be relocated during construction of the new City Hall/Public Safety Facilities. Cost estimates for office rental space and moving have been included.

The financial analysis assumes bonds are issued for the project financing. Part of the RFP will request additional financing strategies. Other financial structures through a public/private partnership are possible and may be more beneficial to the City. The current analysis for the bond issuance estimates the annual bond obligation expenditure, the operational savings, and new revenues generated from the excess City Hall property sale and its development over a thirty year period. Over the first few years after the bond payments begin, the hotel is completed and the occupancy and associated TOT revenue stabilizes.

It is anticipated that around the eleventh year of the bond payments, the new revenues (TOT, retail, and property taxes) and operational offsets become larger than the debt payment, resulting in a net positive annual operating position for the project based on an interest rate of 5%. During the first eleven years, the City would make bond payments greater than the offsetting revenues and savings. The average annual cost over the first eleven years is approximately \$920,000 after accounting for the new revenues and operational efficiency cost offsets. During those first eleven years, a total of approximately \$10,100,000 is required for the debt payments. After the twelfth year of the payments, when the revenues and operating efficiencies are larger than the debt payment, positive income is generated. From the twelfth through the last year of the debt payments, the sum of the net positive income is more than \$20,000,000.

The projected operational surpluses from the Long Term Financial Plan for FY 14/15 through FY 20/21 exceed the estimated expenditures for the City Hall project. Based on the estimated cost and the projections from the Long Term Financial Plan, the project would not affect the City's ability to fund existing programs, services, and costs already included in the Long Term Financial Plan. The financial modeling will be presented during the presentation of this report.

The financial analysis was prepared utilizing a 5% interest rate. However, the rates are near all-time lows and currently below 4%. The more conservative rate of 5% was used because the future rate is uncertain and may increase over time. There is a greater likelihood of the rate increasing the longer the period that passes prior to securing financing. Therefore timing is critical. If a rate of 4% is secured, the overall cost to the City decreases and alternatively increases if a higher rate is obtained, potentially making the project less feasible.

The time period in which the debt payment exceeds the new revenues and operational offsets drops to six years with the 4% interest rate (from eleven years at 5%) and the sum of the net annual costs during those six years is reduced by approximately \$3,400,000. Alternatively, if interest rates climb to 6%, the costs would increase and it would take approximately sixteen years until the revenues and operational offsets are greater than the annual debt payment. The sum of the annual net costs during those sixteen years is approximately \$4,700,000 higher at 6% compared to 5%.

Work to date has concluded with the preparation of a framework for an RFQ, draft evaluation criteria, and the process for evaluating submittals. Subsequent steps for the project are beyond the scope of the existing contract. However, the proposed amendment would include completing and issuing the RFQ by August 2015, evaluating submitted Statements of Qualifications (SOQ) to select a short list of the most qualified teams by November 2015, and proceeding with a RFP that would be issued by the end of 2015 to select a design/build team from the pre-qualified list. Project performance specifications will be developed as part of the RFP to clearly communicate required standards, quality, and performance of the building and its components. The RFP will articulate the City's overall project goals while allowing some flexibility to foster creativity from the teams in order to give the City options to select from.

It is anticipated that the final steps of the process to evaluate the proposals and final contract negotiations would require assistance from additional legal and financial advisors working for the City. The design/build team selection is scheduled for June 2016 with contract execution scheduled for October 2016. Final contract negotiations are estimated to take four months after team selection.

FINANCIAL IMPACTS:

The overall project financing model was discussed above and will be presented in detail during the meeting. Current project development budget and expenditures are as follows:

BUDGET:

\$ 500,000 Existing Appropriations in JL FC15PW02

USES:

\$ 125,000 Agreement C2015 033 (Programming refinement, test fit, cost estimate, financing model, etc.)

\$ 5,000 Staff time to date

\$ 295,000 Proposed Amendment No. 1 (Project development, RFQ development and evaluation, RFP development with performance specifications)

\$ 425,000 Total contract with proposed amendment and staff time to date

In addition to the \$500,000 budgeted in the current fiscal year (FY 14/15) for project development, an additional appropriation of \$275,000 was requested in the FY 15/16 budget for a total of \$775,000. The effort to advance the project to the point in which a design/build partner is selected to complete the City Hall/Public Safety consolidation project is estimated to total \$775,000. Future efforts for the project development include proposal evaluations, project management, legal and financial support, public outreach, and contract negotiations.

CEQA:

The Public Works Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

1. Attachment 1: Amendment No. 1 to Agreement No. C2015 033 between the City of Napa and Jones Lang LaSalle Americas, Inc.

NOTIFICATION:

None.

RECOMMENDED ACTION:

Staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Approve Amendment No. 1 to Agreement No. C2015 033 with Jones Lang LaSalle Americas, Inc., for additional project development services in the amount of \$295,000 for a total contract amount not to exceed \$420,000, and authorize the City Manager to execute the amendment.

AMENDMENT NO. 1 TO AGREEMENT NO. C2015 033

This Amendment No.1 to Agreement No. C2015 033 (hereinafter "Amendment") is dated this 27th day of March, 2015, by and between the City of Napa, a municipal corporation (hereinafter "City"), and Jones Lang LaSalle Americas, Inc., a Maryland Corporation (hereinafter "Consultant").

RECITALS

A. City and Consultant entered into an Agreement entitled City Hall Consolidation Programming, Financial Evaluation, and RFQ Initiation (hereinafter "Agreement") for specialized services in the amount of \$125,000, by which the Consultant agreed to perform services more particularly described in the Agreement and generally including services to complete a refined financial evaluation for new a public safety administration and city hall facilities and to initiate the preparation of a request for qualifications (RFQ) package that will solicit statements of qualifications (SOQ) from teams interested in competing to contract for the design/build/financing services for new public safety administration and city hall facilities.

B. City has determined that additional services are required, beyond those described in the Agreement, in order to continue the work commenced under the Agreement, generally including the completion of the RFQ with marketing and evaluation of submittals, and the development of the final Request for Proposals with performance specifications.

C. After negotiations between the parties, Consultant agreed to perform the additional services more particularly described in Exhibit "A," attached hereto and incorporated herein by reference, in return for the compensation set forth in this Amendment.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND CONDITIONS IDENTIFIED HEREIN, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. INCORPORATION BY REFERENCE. This Amendment hereby incorporates by reference all terms and conditions set forth in the Agreement, unless specifically modified by this Amendment. All terms and conditions set forth in the Agreement which are not specifically modified by this Amendment shall remain in full force and effect.

2. SCOPE OF ADDITIONAL SERVICES. Consultant shall perform the additional services described in Exhibit "A" in accordance with the terms and conditions of the Agreement.

3. PAYMENT. For additional services performed by Consultant in accordance with this Amendment, City will compensate Consultant in accordance with the terms and conditions of the Agreement in an amount not to exceed \$295,000. Thus, the total compensation payable to the Consultant in accordance with the Agreement as amended herein shall not exceed \$420,000. (\$125,000 for the original Agreement plus \$295,000 for this Amendment).

4. ENTIRE AGREEMENT. This Amendment (including the Agreement as amended herein and all documents incorporated herein by reference) comprises the entire integrated understanding between the parties concerning the services described in this Amendment. This Amendment supersedes all prior negotiations, agreements and understandings regarding the additional services described herein, whether written or oral. The documents incorporated by reference into this Amendment are complementary; what is called for in one is binding as if called for in all.

5. **SIGNATURES.** The individuals executing this Amendment represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Amendment on behalf of the respective legal entities of the Consultant and the City. This Amendment shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have duly executed this Agreement the day and year first above written.

CITY OF NAPA:

(Signature)

Mike Parness, City Manager
(Type name and title)

ATTEST:

(Signature)

Dorothy Roberts, City Clerk
(Type name and title)

COUNTERSIGNED:

(Signature)

Desiree Brun, City Auditor
(Type name and title)

APPROVED AS TO FORM:

(Signature)

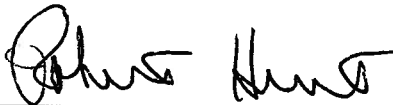
Michael W. Barrett, City Attorney
(Type name and title)

Budget Code: FC15PW02

CONSULTANT:

Jones Lang LaSalle Americas, Inc.
A Maryland Corporation

By:



(Signature)

Robert Hunt, Managing Director
(Print name and title)

By:

(Signature)

(Print name and title)

<p>*Corporation, partnership, limited liability corporation, sole proprietorship, etc. Unless corporate resolution delegates an individual to sign contracts, an agreement with a corporation shall be signed by the President or Vice President and the Secretary or Treasurer of the corporation. A general partner shall sign on behalf of a general partnership. The managing member, if authorized, may sign on behalf of a limited liability corporation.</p>
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Exhibit A

Amendment No. 1

**Scope of Services for Consolidation of City Services into a New City Hall and
Police & Fire Administration Building**

Scope Overview

The scope of services described herein assumes performing all the tasks necessary to assist the City to initiate two stage Request for Qualifications (RFQ) and Request for Proposal (RFP) solicitation to secure a development team to design/build and, potentially, finance a new facility of approximately 96,000 Gross Square Feet (GSF) with associated parking to support a consolidated City Hall and Police and Fire Administration Building. In addition the new development, the scope includes the valuation and development of strategies to monetize excess properties through either sale or ground lease to optimize long term value to the City and further economic development goals for downtown.

This Scope is comprised of three main phases:

1. Completion of RFQ
2. RFQ marketing and evaluation
3. RFP Development

The section below summarizes the tasks that JL will perform to support the City in executing the each phase of the scope:

1. Completion of RFQ

Complete the development of the RFQ for a design/development team to build a new City Hall, Police & Fire Administration Building including an Emergency Operations Center. The framework of the RFQ has been completed as part of the original Agreement.

Key activities:

- a. Organize due diligence materials
- b. Establish evaluation criteria and process
- c. Draft RFQ
- d. Review with City staff (assume 2 reviews and revisions)

2. RFQ Marketing & Evaluation

- a. Marketing

- i. Develop press releases for RFQ
 - ii. Establish targeted list of potential developers/builders
 - iii. As appropriate, schedule direct meetings with potential developer prior to the release of the RFQ
 - iv. Leverage JLL network to market RFQ
- b. Evaluation & Selection
 - i. Review responses for compliance
 - ii. Organize responses into comparative templates
 - iii. Participate in evaluation meetings with City Staff
 - iv. Check references of teams that pass the minimum requirements set forth in the RFQ
 - v. Organize and participate in interviews
 - vi. Organize and participate in presentations to City Council
- c. Community Outreach
 - i. JLL will participate in two (2) community outreach prior to the release of the RFQ and one (1) community outreach meeting after short list is announced¹

3. RFP Development

Concurrent with the market release of the RFQ, JLL will work with the City to develop the RFP for teams shortlisted from the RFQ. The main activities involved in this process will include

- a. Establish the overall framework for the RFP
- b. Develop, program, design guidelines and performance specifications for short list to provide pricing against
- c. Develop submittal documents for RFP for design and cost submissions
- d. Define and organize exhibits for inclusion of the RFP, to include at a minimum:
 - i. Program, Design Guidelines and Performance specifications for City Hall, Police & Fire Administration and EOC
 - ii. Site due diligence materials
 - iii. Draft Project Agreement (to be prepared by City or outside counsel with support by JLL)
 - iv. Format for construction cost estimate submission
 - v. Format for Plan of Finance submission

¹ It is assumed that the City will assign a staff representative or outside firm to develop and lead the community outreach plan and that JLL will only attend the meetings and provide technical support

- vi. Detailed schedule from design through construction
- vii. Operations and maintenance plan and cost proposal (if required)
- viii. Community Outreach plans and expectations

- e. Establish evaluation criteria and process
 - i. Design evaluation
 - ii. Construction cost estimate
 - iii. Financing
 - iv. Risk
- f. Initial draft of the RFP
- g. Staff Review and revisions (assumes 2 revisions based on staff feedback)
- h. Finalize RFP and exhibits
- i. Release RFP and provide City with support as required until the receipt of the RFP proposals from shortlisted team.

This scope of services does not include the evaluation of the RFP responses and the subsequent contractual negotiations with winning team. These services would be subject to a contract extension to be negotiations should they be required by the City

City of Napa – Real Estate Development Services

Price Proposal

<u>Project Phase</u>	<u>Price</u>
1. Pre solicitation due diligence and RFQ Development	\$ 20,000
2. RFQ marketing and evaluation	\$ 95,000*
3. RFP Development	<u>\$ 180,000**</u>
	\$ 295,000

* This price is under the assumption that the RFQ Solicitation will not include qualifying teams on their capability to develop the City's surplus assets. If the City decides to include the excess asset monetization in this solicitation the fee for those services would need to be added, either as an additional consulting fee or through retaining JLL on a commission basis to sell or lease these assets.

** This price is under the assumption that the City will not have the developer contract for operations and maintenance. If the City should decide to have the development team provide operations and maintenance services, the fee would increase to account for the additional complexity associated with qualifying, evaluating and contracting services.

CERTIFICATE OF CONSULTANT

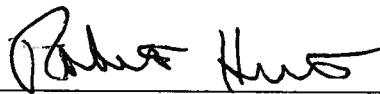
I HEREBY CERTIFY that I am the Managing Director, and a duly authorized representative of the firm of Jones Lang & LaSalle, whose address is 601 Union Street 4100 Seattle, WA 98101, and that neither I nor the above firm I here represent has:

- a) Employed or retained for a commission, percentage, brokerage, contingent fee, or other consideration, any firm or person (other than a bona fide employee working solely for me or the above consultant) to solicit to secure this Agreement.
- b) Agreed, as an express or implied condition for obtaining this contract, to employ or retain the services of any firm or person in connection with carrying out the Agreement; or
- c) Paid, or agreed to pay, to any firm, organization or person (other than a bona fide employee working solely for me or the above consultant) any fee, contribution, donation, or consideration of any kind for, or in connection with, procuring or carrying out the Agreement;

Except as here expressly stated (if any);

I acknowledge that this certificate is subject to applicable State and Federal laws, both criminal and civil.

3-27-2015
Date


Signature

