

YREKA CITY COUNCIL AGENDA

October 2, 2014 – 6:30 P.M.

Yreka City Council Chamber 701 Fourth Street, Yreka, CA

The full agenda packet can be found on the City's website www.ci.yreka.ca.us/council

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS: This is an opportunity for members of the public to address the Council on subjects within its jurisdiction, whether or not on the agenda for this meeting. The Council has the right to reasonably limit the length of individual comments. Pursuant to Yreka Municipal Code Section 1.24.170 those addressing the Council shall limit their remarks to five minutes. For items, which are on this agenda, speakers may request that their comments be heard instead at the time the item is to be acted upon by the Council. The Council may ask questions, but may take no action during the Public Comment portion of the meeting, except to direct staff to prepare a report, or to place an item on a future agenda.

SPEAKERS: Please speak from the podium. State your name and mailing address so that City Staff can respond to you in regard to your comments, or provide you with information, if appropriate. You are not required to state your name and address if you do not desire to do so.

1. Discussion/Possible Action - Consent Calendar: All matters listed under the consent calendar are considered routine and will be enacted by one motion unless any member of the Council wishes to remove an item for discussion or a member of the audience wishes to comment on an item.
The City Manager recommends approval of the following consent calendar items:
 - a. Approval/ratification of payments issued from September 19, 2014 thru October 2, 2014.
 - b. Approval of Minutes of the meeting held September 18, 2014.
 - c. Adopt Resolution finding certain city vehicles as surplus property and authorizing sale by the City Manager.
2. Discussion/Possible Action – Adopt Resolution approving requests associated with special event known as the Yreka Ride on Race to be held at Upper Greenhorn Park on November 2, 2014.
3. PUBLIC HEARING – Consideration of revised Community Development Block Grant (CDBG) Program Income Reuse Plan and Housing Program Guidelines.
 - Discussion/Possible Action – Adopt Resolution approving the Community Development Block Grant (CDBG) Program Income Reuse Plan.
4. PUBLIC HEARING – Consideration of establishment/modification of definitions and fees for Planning Department Services provided by the City of Yreka.
 - Discussion/Possible Action – Adopt Resolution amending Resolutions #2529 and #2967 establishing definitions and setting fees for services provided by the Yreka Planning Department.
5. Discussion/ Possible Action – Adopt Ordinance No. 839 repealing Section 6.08.230 of Chapter 6.08 entitled “Garbage Service Fees” and Section 9.48.190 of Chapter 9.48 entitled “Opium Smoking” of the Yreka Municipal Code and finding the adoption of this Ordinance is to be exempt from CEQA.

6. City Treasurer's Report: Discussion/Possible Action – Acceptance of:
 - Cash Balances Report – July 2014.
 - Cash Balances Report – August 2014.
 - Budget of Revenue and Expenditures with Year to Date Actuals through August 31, 2014.
7. Discussion/possible Action – Purchase of Superior Water Rights for Fall Creek including Power Generation Facility – Councilmember Simmen.

City Manager Report

Council Statements and Requests: Members of the Council may make brief announcements or reports or request staff to report to Council on any matter at a subsequent meeting.

CLOSED SESSION:

1. Conference with Real Property Negotiator (Government Code Section 54956.8)
 - Property: APN: 061-341-140
 - Third Party Negotiator: Tonya Dowse
 - City Negotiators: Steve Baker, City Manager
 - Under Negotiation: Possible transfer, including price, terms of payment.
2. Conference with Real Property Negotiator (Government Code Section 54956.8)
 - Property: Portion of APN: 013-100-140 & portion of 013-110-130.
 - Third Party Negotiator: Fruit Growers Supply Co.
 - City Negotiators: Steve Baker, City Manager
 - Under Negotiation: Possible purchase, including price, terms of payment, or both.
3. Conference with Legal Counsel - Anticipated Litigation
Initiation of litigation pursuant to Subdivision (c) of Section 54956.9 of the Government Code: (Number of cases to be discussed – 2 - The names of the parties are not disclosed as it is believed that that to do so would jeopardize the City's ability to serve process or to conclude existing settlement negotiations to the City's advantage).
4. Personnel pursuant to Government Code §54957, consider public employee performance evaluation for the position of City Manager.

RETURN TO OPEN SESSION: Announcement of any action taken by the City Council in Closed Session required by the Ralph M. Brown Act. (Government Code Section 54950 et. seq.)

Adjournment.

In compliance with the requirements of the Brown Act, notice of this meeting has been posted in a public accessible place, 72 hours in advance of the meeting. All documents produced by the City which are related to an open session agenda item and distributed to the City Council are made available for public inspection in the City Clerk's Office during normal business hours.

In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the City Clerk 48 hours prior to the meeting at (530) 841-2324 or by notifying the Clerk at casson@ci.yreka.ca.us.

Accounts Payable

Manual Check Proof List

User: lysandra
Printed: 09/23/2014 - 1:56PM
Batch: 00003.09.2014



Invoice No	Amount	Payment Date	Description	Check Number	Date	Acct Number	reference
Vendor: 1297	SCOTT VALLEY BANK						
				515	09/03/2014		
09/03/14	623.62	09/03/2014	CREDIT CARD CHARGES 8/14			70-030-0000-526-100	
Total for Check	623.62						
Total for 1297	623.62						
Total Checks:		623.62					

Q 9/25

Accounts Payable

Void Check Proof List

User: lysandra
 Printed: 09/23/2014 - 1:22PM
 Batch: 00001.09.2014



Account Number	Amount	Invoice No	Inv Date	Description	Reference	Task	Type	PONumber	Close PO?	Line Item
Vendor: 1537		SC CATTLEMEN'S ASSN								
Check No: 101932		Check Date: 11/22/2013								
	100.00	RFND DEPOS	11/19/2013	RFND CLEANING 11/02/13						0
01-480-0000-543-000										
Check Total:	100.00									
Vendor Total:	100.00									
Vendor: 1728		NATIONAL WILD TURKEY F								
Check No: 101814		Check Date: 11/08/2013								
	51.00	REISSUE 100:	10/28/2013	RFND CLEANING 03/30/13						0
01-480-0000-543-000										
Check Total:	51.00									
Vendor Total:	51.00									
Vendor: UB*00163		ANAHI OR MAURO VALDO\								
Check No: 103796		Check Date: 09/09/2014								
	21.51		09/09/2014	Refund Check						0
70-000-0000-950-000										
Check Total:	21.51									
Vendor Total:	21.51									
Report Total:	172.51									

Handwritten initials/signature

Accounts Payable

Manual Check Proof List

User: lysandra
Printed: 09/25/2014 - 8:27AM
Batch: 00004.09.2014



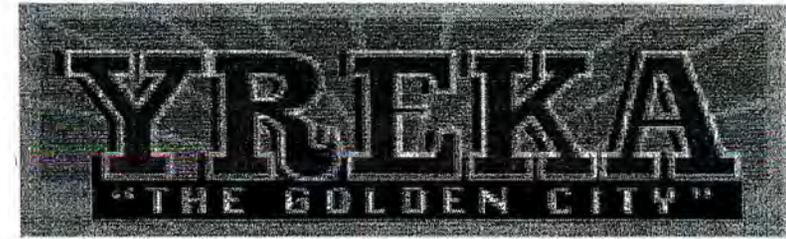
Invoice No	Amount	Payment Date	Description	Check Number	Date	Acct Number	reference
Vendor: 1779	THOMSON REUTERS						
09/25/14	189.00	09/25/2014	FIXED ASSETS CS	516	09/25/2014	01-030-0000-526-000	
Total for Check	189.00						
Total for 1779	189.00						
Total Checks:		189.00					

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Accounts Payable

Computer Check Proof List by Vendor

User: lysandra
 Printed: 09/25/2014 - 8:22AM
 Batch: 00926.09.2014



Invoice No	Description	Amount	Payment Date	Acct Number	Reference
Vendor: 4301	AT&T CALNET 2			Check Sequence: 1	ACH Enabled: False
5704431	INV 5704431	178.97	10/03/2014	01-200-0000-517-000	
5728222	INV 5728222	808.24	10/03/2014	01-200-0000-517-000	
	Check Total:	987.21			
Vendor: 1041	RON BLACK			Check Sequence: 2	ACH Enabled: False
10/03/14	OCTOBER 2014	696.00	10/03/2014	01-200-0000-521-004	
	Check Total:	696.00			
Vendor: 1709	BLUE BOOK LAW ENFORCEMENT DIRECT			Check Sequence: 3	ACH Enabled: False
10/03/14	9 CA BLUE BOOKS	80.95	10/03/2014	01-200-0000-516-000	
	Check Total:	80.95			
Vendor: 1072	CMTA - CA MUNICIPAL TREASURERS ASSI			Check Sequence: 4	ACH Enabled: False
DUES 2014/2015	DUES 14/15 HOGAN	155.00	10/03/2014	01-030-0000-511-000	
	Check Total:	155.00			
Vendor: 1094	CPOA			Check Sequence: 5	ACH Enabled: False
2015 DUES	RENEW - 2015 DUES	625.00	10/03/2014	01-200-0000-511-000	
	Check Total:	625.00			
Vendor: 1109	DOBBY'S LOCK & KEY SHOP			Check Sequence: 6	ACH Enabled: False
7659	INV 7659	7.53	10/03/2014	01-200-0000-521-000	
7659	INV 7659	13.43	10/03/2014	01-400-0000-421-000	
	Check Total:	20.96			
Vendor: 1121	STEVE FAHRNEY			Check Sequence: 7	ACH Enabled: False
10/03/14	REIMBURSE FUEL	53.50	10/03/2014	01-200-0000-520-310	

Q 9/25 1-5

Invoice No	Description	Amount	Payment Date	Acct Number	Reference
	Check Total:	53.50			
Vendor: 1137	GERARD PELLETIER TRANSFER (PW)			Check Sequence: 8	ACH Enabled: False
4651	INV 4651 ACCT 165	76.95	10/03/2014	80-560-0000-518-004	
5567	INV 5567 ACCT 165	48.45	10/03/2014	80-560-0000-518-004	
	Check Total:	125.40			
Vendor: 1429	HANSEN'S MOTORCYCLES			Check Sequence: 9	ACH Enabled: False
6008794/1	INV 6008794/1	385.13	10/03/2014	01-200-0000-520-360	
	Check Total:	385.13			
Vendor: 2142	DOHN HENION			Check Sequence: 10	ACH Enabled: False
10/03/14	OCTOBER 2014 (1)	1,250.00	10/03/2014	01-040-0000-525-001	
	Check Total:	1,250.00			
Vendor: 1466	JOHN'S SATELLITE			Check Sequence: 11	ACH Enabled: False
10170769	INV 10170769	10.74	10/03/2014	01-230-0000-416-000	
	Check Total:	10.74			
Vendor: UB*00172	LOREE JOHNSON			Check Sequence: 12	ACH Enabled: False
	Refund Check	55.73	10/03/2014	80-000-0000-950-000	
	Refund Check	18.58	10/03/2014	30-000-0000-950-000	
	Refund Check	18.57	10/03/2014	31-000-0000-950-000	
	Refund Check	92.89	10/03/2014	70-000-0000-950-000	
	Check Total:	185.77			
Vendor: 1187	LIEBERT, CASSIDY & WHITMORE			Check Sequence: 13	ACH Enabled: False
TRNG 9/19	TRNG 9/19 RAMIREZ	55.00	10/03/2014	01-030-0000-513-000	
	Check Total:	55.00			
Vendor: 1400	MADRONE HOSPICE			Check Sequence: 14	ACH Enabled: False
10/03/14	OCTOBER 2014	5,625.00	10/03/2014	01-090-0000-560-004	
	Check Total:	5,625.00			
Vendor: UB*00173	WENDY MARTO			Check Sequence: 15	ACH Enabled: False
	Refund Check	7.85	10/02/2014	70-000-0000-950-000	
	Refund Check	1.57	10/02/2014	31-000-0000-950-000	

Invoice No	Description	Amount	Payment Date	Acct Number	Reference
	Refund Check	1.57	10/02/2014	30-000-0000-950-000	
	Refund Check	4.71	10/02/2014	80-000-0000-950-000	
	Check Total:	15.70			
Vendor: 1599	MOUNTAIN VIEW PAVING INC			Check Sequence: 16	ACH Enabled: False
16232	INV 16232	293.04	10/03/2014	70-500-0000-416-001	
16237	INV 16237	312.28	10/03/2014	70-500-0000-416-001	
16259	INV 16259	302.66	10/03/2014	70-500-0000-416-001	
16259	INV 16259	307.10	10/03/2014	20-310-0000-420-521	
16271	INV 16271	331.52	10/03/2014	20-310-0000-420-001	
16275	INV 16275	167.98	10/03/2014	70-500-0000-416-001	
	Check Total:	1,714.58			
Vendor: 1467	OWEN EQUIPMENT SALES			Check Sequence: 17	ACH Enabled: False
31346	INV 31346	542.06	10/03/2014	80-550-0000-416-000	
31398	INV 31398	84.47	10/03/2014	80-550-0000-416-000	
	Check Total:	626.53			
Vendor: 16014	PACE ENGINEERING INC			Check Sequence: 18	ACH Enabled: False
22924	INV 22924	426.00	10/03/2014	71-500-0000-625-011	
22924	INV 22924	426.00	10/03/2014	71-510-0000-625-003	
	Check Total:	852.00			
Vendor: 17014	QUILL CORPORATION			Check Sequence: 19	ACH Enabled: False
6023948	INV 6023948	175.16	10/03/2014	01-200-0000-515-000	
	Check Total:	175.16			
Vendor: 1283	SC ECONOMIC DEVELOPMENT COUNCIL			Check Sequence: 20	ACH Enabled: False
10/03/14	OCTOBER 2014	3,333.33	10/03/2014	01-090-0000-560-001	
	Check Total:	3,333.33			
Vendor: 25035	MICHAEL SIMAS			Check Sequence: 21	ACH Enabled: False
40192	INV 40192	86.54	10/03/2014	04-470-0000-525-000	
40193	INV 40193	1,959.81	10/03/2014	01-220-0000-516-000	
	Check Total:	2,046.35			
Vendor: 19100	SISKIYOU DAILY NEWS			Check Sequence: 22	ACH Enabled: False
7532	NEWS #7532	79.38	10/03/2014	65-630-0000-519-000	

Invoice No	Description	Amount	Payment Date	Acct Number	Reference
	Check Total:	79.38			
Vendor: 19102	SISKIYOU DISTRIBUTING			Check Sequence: 23	ACH Enabled: False
331380	INV 331380	193.03	10/03/2014	01-400-0000-416-000	
331380	INV 331380	276.58	10/03/2014	01-400-0000-416-002	
331722	INV 331722	49.75	10/03/2014	01-200-0000-516-001	
	Check Total:	519.36			
Vendor: 2042	SISKIYOU MEDIA COUNCIL			Check Sequence: 24	ACH Enabled: False
10/03/14	OCTOBER - DECEMBER 2014	1,450.00	10/03/2014	01-090-0000-560-003	
	Check Total:	1,450.00			
Vendor: 22015	SUBURBAN PROPANE			Check Sequence: 25	ACH Enabled: False
52528	INV 52528	38.21	10/03/2014	20-310-0000-416-001	
52685	INV 52685	45.92	10/03/2014	20-310-0000-416-001	
52755	INV 52755	47.86	10/03/2014	20-310-0000-416-001	
52851	INV 52851	41.29	10/03/2014	20-310-0000-416-001	
	Check Total:	173.28			
Vendor: 21027	UNITED PARCEL SERVICE			Check Sequence: 26	ACH Enabled: False
84V993324	INV 84V993324	15.53	10/03/2014	70-500-0000-420-009	
84V993324	INV 84V993324	22.17	10/03/2014	70-500-0000-420-010	
84V993334	INV 84V993334	29.52	10/03/2014	70-500-0000-420-010	
	Check Total:	67.22			
Vendor: 1351	UNITED RENTALS NORTHWEST			Check Sequence: 27	ACH Enabled: False
120002917-004	INV 120002917-004	1,343.07	10/03/2014	80-550-0000-416-000	
120002917-004	INV 120002917-004	671.53	10/03/2014	20-310-0000-416-001	
120002917-006	CM 120002917-006	-5.04	10/03/2014	20-310-0000-416-001	
120002917-006	CM 120002917-006	-10.07	10/03/2014	80-550-0000-416-000	
122202235-001	INV 122202235-001	28.58	10/03/2014	80-550-0000-422-000	
122202235-001	INV 122202235-001	28.58	10/03/2014	70-500-0000-422-000	
	Check Total:	2,056.65			
Vendor: 25090	USPS			Check Sequence: 28	ACH Enabled: False
10/03/14	OCTOBER 2014	1,400.00	10/03/2014	70-030-0000-515-001	
	Check Total:	1,400.00			

Invoice No	Description	Amount	Payment Date	Acct Number	Reference
Vendor: 23008 007404	WAL-MART COMMUNITY INV 007404	64.30	10/03/2014	Check Sequence: 29 01-200-0000-516-000	ACH Enabled: False
	Check Total:	64.30			
Vendor: 23040 38639 38671 38684	WELDON'S TIRE SERVICE INV 38639 INV 38671 INV 38684	28.00 1,232.46 274.02	10/03/2014 10/03/2014 10/03/2014	Check Sequence: 30 01-350-0000-520-000 01-350-0000-520-000 01-350-0000-520-000	ACH Enabled: False
	Check Total:	1,534.48			
Vendor: 1374 10/03/14	YREKA CHAMBER OF COMMERCE OCTOBER 2014	4,750.00	10/03/2014	Check Sequence: 31 01-090-0000-560-000	ACH Enabled: False
	Check Total:	4,750.00			
Vendor: 1390 056552 056641	YREKA TRANSIT MIX INV 056552 INV 056641	182.55 182.55	10/03/2014 10/03/2014	Check Sequence: 32 70-500-0000-420-010 70-500-0000-420-010	ACH Enabled: False
	Check Total:	365.10			
	Total for Check Run:	31,479.08			
	Total of Number of Checks:	32			

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF
YREKA HELD IN SAID CITY ON SEPTEMBER 18, 2014

On the 18th day of September 2014, the City Council of the City of Yreka met in the City Council Chambers of said City in regular session, and upon roll call, the following were present: Bryan Foster, Rory McNeil, and David Simmen. Absent – Robert Bicego and John Mercier.

Consent Calendar: Mayor Pro-tempore Simmen announced that all matters listed under the consent calendar are considered routine and will be enacted by one motion unless any member of the Council wishes to remove an item for discussion or a member of the audience wishes to comment on an item:

- a. Approval/ratification of payments issued from September 5, 2014 – September 18, 2014.
- b. Approval of Minutes of the meeting held September 4, 2014.

Following Council discussion, Councilmember McNeil moved to approve the items on the consent calendar as submitted.

Councilmember Foster seconded the motion, and upon roll call, the following voted YEA: Foster, McNeil, and Simmen. Mayor Pro-tempore Simmen thereupon declared the motion carried.

Adopt Resolution amending Resolution No. 2136 deleting the positions of Community Theater/Center Director; Senior Program Director; and Recreation Director from the City of Yreka Conflict of Interest Code.

Following Council discussion, Councilmember Foster moved to adopt the Resolution amending the Conflict of Interest Code as submitted.

Councilmember McNeil seconded the motion, and upon roll call, the following voted YEA: Foster, McNeil, and Simmen.

Mayor Pro-tempore Simmen thereupon declared the motion carried.

Introduce Ordinance of the City Council of the City of Yreka repealing Section 6.08.230 of Chapter 6.08 entitled “Garbage Service Fees” and Section 9.48.190 of Chapter 9.48 entitled “Opium Smoking” of the Yreka Municipal Code.

Following the reading of the title of the Ordinance and Council discussion, Councilmember Foster moved to waive the reading of the body of the Ordinance and to Introduce the Ordinance as submitted.

Councilmember McNeil seconded the motion, and upon roll call, the following voted YEA: Foster, McNeil, and Simmen. Mayor Pro-tempore Simmen thereupon declared the motion carried

City Treasurer's Report: Acceptance of:

- Cash Balances Report dated June 2014.
- Treasurer's Quarterly Investment Report dated June 2014.

Following Council discussion, Councilmember McNeil moved accept the Treasurer's Reports as submitted.

Councilmember Foster seconded the motion, and upon roll call, the following voted YEA: Foster, McNeil, and Simmen. Mayor Bicego thereupon declared the motion carried.

CLOSED SESSION:

1. Conference with Real Property Negotiator (Government Code Section 54956.8)
 - Property: APN: 061-341-140
 - Third Party Negotiator: Tonya Dowse
 - City Negotiators: Steve Baker, City Manager
 - Under Negotiation: Possible transfer, including price, terms of payment.
2. Conference with Real Property Negotiator (Government Code Section 54956.8)
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 - Under Negotiation: Possible purchase, including price, terms of payment, or both.
3. Conference with Legal Counsel - Anticipated Litigation
 Initiation of litigation pursuant to Subdivision (c) of Section 54956.9 of the Government Code: (Number of case to be discussed – 1 - The names of the parties are not disclosed as it is believed that that to do so would jeopardize the City's ability to serve process or to conclude existing settlement negotiations to the City's advantage).

RETURN TO OPEN SESSION: Upon return to open session, City Manager Baker reported that staff was given direction as to item no. 1, and that no further reportable action was taken in closed session.

ADJOURNMENT There being no further business before the Council the meeting was adjourned.

Attest:

 Robert Bicego, Mayor
 Minutes approved by Council
 Motion October 2, 2014

 Elizabeth E. Casson, City Clerk



**CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM**

To: Yreka City Council
Prepared by: Matthew Bray, Maintenance Manager / Tim Shaw, Fleet Manager
Agenda title: Discussion/Possible Action – Adopt Resolution finding certain city vehicles as surplus property and authorizing sale by City Manager.
Meeting date: October 2, 2014

Discussion:

The Fleet Manager in cooperation with the Maintenance Manager recommends the sale of the vehicle listed on the attached resolution.

Due to the age of equipment, CARB compliance and MS4 standards this vehicle has been replaced.

Fiscal Impact:

The Fleet Manager has followed current auctions and reports similar vehicles selling in the \$2,500-\$12,500 range.

Recommendation and Requested Action:

That the Council Adopt the Resolution defining this vehicle as surplus property and authorizing sale by City Manager.

Approved by: _____

Steven Baker, City Manager

RESOLUTION NO 2014-__
RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF YREKA FINDING CERTAIN CITY VEHICLES AS SURPLUS
PROPERTY AND AUTHORIZING SALE BY THE CITY MANAGER

WHEREAS, the City Manager has requested that certain City vehicles be surplus property for possible sale as they are no longer needed and are not economically repairable due to age, condition, and the availability of parts;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Yreka that the following City owned vehicles are surplus property; and the City Manager is hereby authorized to sell same in such manner and for such price as he shall determine:

<u>Vehicle Make, Model, VIN</u>	<u>Description</u>
2000 Sterling, SC2000 VIN: 49H6WFAA5YHF84333	Elgin Crosswind J Regenerative Street Sweeper SERIAL #: J0176D

The City Council hereby expressly determines that said vehicles and equipment are no longer required and that the same have no historical value.

Passed and adopted this 2nd day of October 2014 by the following vote:

AYES:
NOES:
ABSENT:

Robert Bicego, Mayor

Attest:

Elizabeth E. Casson, City Clerk



CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM

To: Yreka City Council
Prepared by: City Clerk
Agenda title: Discussion/Possible Action - Adopt Resolution approving requests associated with special event known as the "Yreka Ride On Race" to be held at Upper Greenhorn Park on November 2, 2014.
Meeting date: October 2, 2014.

Discussion:

Jarret Yount has submitted the attached request as part of the "Ride On Race Series" to hold their event in Yreka on November 2, 2014.

The Ride on Race Series is an annual event featuring cycling races in Shasta, Siskiyou and Tehama Counties. It is their desire to expand into Yreka this season and hold a race the day after the Southern Oregon Cyclocross Series to be held in Greenhorn Park on November 1, 2014.

Fiscal Impact: Unknown. We ask the event sponsor to clean the areas after the event, however, the Public Works crew typically has to provide additional cleanup after a large event such as this.

Recommendation and Requested Action:

That the Council adopt the Resolution authorizing use of Greenhorn Park for Yreka Ride On Race.

Approved by: 
Steven Baker, City Manager

WE'RE HERE TO HAVE FUN

The Ride On Race Series was established in January of 2010 to fill a void that was left by Redding's local Shasta Race Series. We have held the series yearly since then featuring ten races a season in Shasta, Siskiyou and Tehama Counties. It is our desire to expand into Yreka this season and hold a race the day after the Southern Oregon Cyclocross Series has their race in Greenhorn Park on Saturday Nov. 1st.

This season there will be 12 races for the Ride On Racers to collect points at in their quest to become the series over all champion. In Siskiyou County those races will be the Biktober Fest race in McCloud on Oct. 11th, The Southern Oregon Outlaw race in Yreka on Nov 1st, the Ride On Race Series race in Yreka on Nov. 2nd and the Ride On Race Series race in Mt. Shasta on Nov 9th. The Biktober Fest race, Yreka Ride On Race and the Mt. Shasta Ride Race will be planned, promoted and carried out by Ride On Race Series. These four races would be considered the Siskiyou Mini-Series and give a chance to riders of the area to competitive though they may not be able to travel to to the races in Shasta & Tehama Counties.

With the planned Yreka race being the day after the S. Oregon in Greenhorn Park we were hoping the city council would give participants of the races the option of ***camping in the park***. This would require the ***use of the bathrooms***. If ***electricity*** is available in the park we would like to have use of it. Our races typically see anywhere from ***30 to 60 participants***. With this being the first time to race in Yreka and it being so far from our home base I can only guess that we will see 20-50 racers. Set up the the course will be minimal seeing we plan to use a variation of the S. Oregon course from the day before. Racing starts at 12noon for the 30 min C-Class, next will be the B-Class out on course for 45 min. then the ***kids have their one lap for free***. *The day finishes up with the 60 min A-Class. Racers typically ***show up at 11:00am*** and with awards and clean up we should be ***vacated from the park by 4:00pm***.*

We rarely receive donations. We want to support the economy of FarNorCal by purchasing our awards from local business. We give away goods from bike shops, gift certificates to non chain restaurants, local honey, nuts, jams & jellies olive oil and other products produced in our area. If you are one of the winners of you receive an etched mason jar full of granola from Moore's flour mill in Redding. If you are the winner of your age group you win a bottle of olive oil from Pacific Sun in Tehama County. I'll stop in Grenada at Jimi's Jams and make a purchase on my way home today. We also have donated yearly to Boomtown BMX in Shasta Lake City and the Great Shasta Rail Trail.

The City of Yreka will be named on the insurance policy as additionally insured.

I hope I have covered all of the bases with this letter. If you have any more questions please feel free to contact me at rideonraceseries@yahoo.com or 530-410-8432. Our facebook page is <https://www.facebook.com/pages/Ride-On-Race-Series/141076272614682?ref=hl> we also have a YouTube page <http://www.youtube.com/user/rideonraceseries>.

Ride On
Jarret Yount

RUN WHA' CHA BRUNG

RESOLUTION NO. 2014-44

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YREKA
APPROVING REQUESTS ASSOCIATED WITH SPECIAL EVENT KNOWN AS
THE YREKA RIDE ON RACE TO BE HELD AT
UPPER GREENHORN PARK ON NOVEMBER 2, 2014**

WHEREAS, the city, a municipal corporation, is the owner of certain lands within the City of Yreka which are operated by the City as public municipal facilities, and,

WHEREAS, Jarret Yount, hereinafter referred to as "event sponsor" desires to hold a cycling race known as the Yreka Ride On Race on November 2, 2014, to be held at Upper Greenhorn Park, which is City property; and,

WHEREAS, event sponsor desires the use of Upper Greenhorn Park and adjacent trails for the event, and,

WHEREAS, the following provisions of the Yreka Municipal Code [YMC] are implicated by this event:

Park Regulations YMC Chapter 9.50
Vehicle controls- YMC Chapter 10.73
Sound Amplifying Devices-YMC Chapter 9.28
Temporary Signs-YMC Section 13.16.020(d)
Business License- YMC Section 5.04.
Camping in Public Parks – YMC Section 9.50.020

WHEREAS, pursuant to YMC Section 9.50.120, in order to promote the safety, comfort and convenience of persons using any park or recreation area, the City Council may from time to time by resolution adopt rules and regulations not inconsistent with the provisions of Chapter 9.50 of the Yreka Municipal Code, and make the same applicable generally or to a particular park or recreation area or portion thereof. Such rules and regulations may include regulating the speed of vehicles, establishing campsites, parking areas and areas where parking or driving of vehicles is prohibited, areas where certain games or activities are prohibited, and such other rules and regulations as in the opinion of the council are necessary for the safety, comfort and convenience of persons using such park or recreation area; and,

WHEREAS, this event will not include the installation of any structures, it will feature overnight camping on City property the night before the event for race participants only; and,

WHEREAS, there do not appear to be any restraints or use permits required for this activity under the zoning ordinance, as this is not a "use" as contemplated by the zoning law; and,

WHEREAS, pursuant to Title 14 of the California Code of Regulations, Section 15061(b)(3) that this action is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a Project which has the potential for causing a significant effect on the environment; and

WHEREAS, the City Council has determined it would be in the best interests of the City to approve and authorize the action outlined in this Resolution on the terms and conditions set forth hereafter;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF YREKA DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The Council hereby orders:

a) Event sponsor is granted the use of Upper Greenhorn Park, and adjacent trail areas depicted on the map provided by the event sponsor on November 1 & 2, 2014, subject to the terms and conditions as set forth hereafter.

b) The event sponsor shall clean up the event areas of Upper Greenhorn Park including trails used, and parking lot after the event, and shall comply with such other and further direction as may be given by the Public Works Maintenance Manager or his designee in connection with the event.

(c) A permit is granted for participants of the event to camp overnight in Upper Greenhorn Park on Saturday November 1, 2014 in the areas designated by Public Works Maintenance Manager subject to the following conditions:

1. Park Restrooms will be cleaned and stocked once in the morning by Public Works. Event sponsor is responsible for additional stocking for the event.
2. The event sponsor shall maintain a clean atmosphere in the park; and shall provide at their own expense additional trash receptacles and portable toilets sufficient to accommodate the event. Portable toilets shall be placed only at locations designated by the Department of Public Works.
3. No vehicles are allowed on the lawn areas, not even to temporarily unload or load;
4. Only tents without stakes are permitted;
5. On the lawns, barbeques shall be limited to gas barbeques on carts with a minimum clearance of 24 inches between the bottom of the barbeque and the ground. Trailer mounted barbeques are prohibited on the lawns. No vendors are allowed on the lawn areas;
6. The event sponsor shall clean up the premises and the Parking Lot after the event, including removal of all trash from the event site, and shall comply with such other and further direction as may be given by the Public Works Maintenance or his designee.

d) Permission is granted for food and beverage vendors if approved in writing by event sponsor to obtain daily business licenses to sell in a recreation area for this event. All vendors, including non-profit organizations, are required to obtain a City of Yreka Daily Business License for this specific event. Non-profit organization/service groups may be eligible for a "fee waiver". Event sponsor will be responsible and hold harmless the City for acts of the vendors.

All Vendors must submit proof of non-profit status or copy of a letter from a non-profit organization acknowledging vendor's pledge to donate a percentage (1-100%) of the proceeds to the non-profit organization.

- e) The event sponsor shall provide the City with proof of general liability insurance of not less than \$1,000,000 and a certificate naming the City of Yreka as additional insured specific to the event dates and location shall be provided by the event sponsor in the amount set by the City's liability insurer.
- f) All special requests such as connection to power source and or placement of vendors must be coordinated with and at the discretion of the Public Works Maintenance Manager, or his designee.
- g) At the direction of the Public Works Maintenance Manager, event sponsor shall provide additional trash receptacles as may be needed for the event.
- h) The event sponsor shall comply with all City of Yreka ordinances, resolutions and park regulations; and, the event sponsor shall comply with such further conditions and requirements as may be set by the City Manager, the Chief of Police, the Public Works Maintenance Manager or his designee.
- i) The event sponsor shall be charged for any services required by the Public Works Department in connection with this event.

Section 3. It is further resolved, if any section, subsection, part, clause, sentence or phrase of this Resolution or the application thereof is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, the validity of the remaining portions of this Resolution, the application thereof, shall not be effected thereby but shall remain in full force and effect, it being the intention of the City Council to adopt each and every section, subsection, part, clause, sentence phrase regardless of whether any other section, subsection, part, clause, sentence or phrase or the application thereof is held to be invalid or unconstitutional.

Section 4. The City Manager, Public Works Maintenance Manager, Chief of Police, and all other proper officers and officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized.

Section 6. This resolution shall take effect immediately upon its passage.

Passed and adopted this 2nd day of October 2014, by the following vote:

AYES:

NAYS:

ABSENT:

Robert Bicego,
Mayor

Attest: _____
Elizabeth E. Casson, City Clerk



CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM

To: Yreka City Council

Prepared by: Rhetta Hogan, Finance Director 

Agenda title: Requested action – Adopt a Resolution of the City Council of the City of Yreka Approving the Community Development Block Grant (CDBG) Program Income Reuse Plan.

Meeting date: October 2, 2014

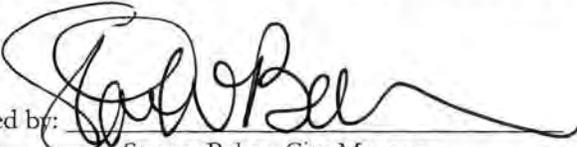
Background and Discussion:

The City has been awarded over the past several decades CDBG funding from the State of California, Department of Housing and Community Development (HCD) for housing programs, economic development and public improvement projects. Some of this funding has been used to make loans to qualified household and businesses for the purposes of owner housing rehabilitation and business startup and improvement loans that are repaid over time. The income that the City receives from repayment of these loans become program income, and is available to the City in use for qualified activities, including program income waiver. The City has had on file a program income reuse agreement, most recently updated on January 17, 2013 between the HCD and the City to administering use of proceeds from this income.

On July 30, 2014, HCD, via HCD Management Memorandum Number 14-05, notified CDBG recipients that a Program Income Reuse Agreement between the Jurisdiction (the City) and HCD is required by CDBG federal regulation due to changes to its program income reuse policy. The purpose of HCD's policy update is to establish five ways to manage program income under the regulations of the Program Income Reuse Agreement, summarized as follows:

1. Expend Program Income and Revolving Loan Fund monies first on active grant contract activities;
2. Expend Program Income General Administration for General Administration Activities (up to allowable limits);
3. Expend through an approved Program Income Revolving Loan Fund;
4. Expend Program Income on an approved waiver activity when no active contract is in force; and
5. Return Program Income annually to the California HCD department.

Staff recommends approval to comply with CDBG's updated policy issued July 30, 2014.

Approved by: 
Steven Baker, City Manager

Fiscal Impact: None. Approval is required to retain CDBG Program Income totaling \$254,853 as of 6/30/2014 (Community Development Grants, Fund 65).

Recommendation:

That the Council Adopt a Resolution of the City Council of the City of Yreka Approving the Community Development Block Grant (CDBG) Program Income Reuse Plan.

Attachments

RESOLUTION NO. 2014-_____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YREKA
APPROVING THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
PROGRAM INCOME REUSE PLAN**

WHEREAS, THE City of Yreka has received CDBG funding; and

WHEREAS, the CDBG Program Income Reuse Plan is a requirement of said funding;
and

WHEREAS, a notice of public hearing was duly published in accordance with State regulations and the public hearing was held on October 2, 2014, to solicit citizen input.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. The City Council has reviewed and hereby approves the CDBG PU Reuse Plan.

Section 2. The City Council of the City of Yreka authorizes the City Manager, Steven W. Baker, to execute in the name of the City of Yreka, and to act on the City's behalf in all matters pertaining to the CDBG PI Reuse Plan.

Section 3. The City Council of the City of Yreka conducted the required public hearing and hereby adopts the CDBG Program Income Reuse Plan dated October 2, 2014.

AYES:
NAYS:
ABSENT:

The foregoing resolution was adopted this 2nd day of October, 2014.

Robert Bicego
Mayor

Attest: _____
City Clerk

NOTICE OF PUBLIC HEARING
BEFORE THE YREKA CITY COUNCIL
STATE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
PROGRAM INCOME REUSE PLAN AND PROGRAM GUIDELINES

NOTICE IS HEREBY GIVEN that the City of Yreka will conduct a public hearing by the City Council on October 2, 2014, after 6:30 p.m. at Yreka City Hall, 701 Fourth Street, Yreka, CA 96097 to discuss and adopt a revised CDBG Program Income Reuse Plan and Housing Program Guidelines, and to solicit citizen input.

Under the Community Development Block Grant Program, there are specific rules and requirements associated with the management and use of Program Income received by grantees. Program Income constitutes federal CDBG funds and must be expended and used in compliance with all CDBG statutes and regulations. The Program Income (PI) Reuse Plan allows the City to retain PI for CDBG eligible activities and governs how these funds are received and expended.

The purpose of the public hearing will be to give citizens an opportunity to make their comments known. If you are unable to attend the public hearing, you may direct written comments to the City of Yreka, 701 Fourth Street, Yreka 96097 or you may telephone Rhetta Hogan, Finance Director at (530) 841-2386. In addition, a public information file is available for review at the above address between the hours of 8:00 a.m. and 5:00 p.m. Monday through Thursday, and on the City's website <http://ci.yreka.ca.us/public-review-documents> .

Further information on this subject may be obtained from the Finance Director, Rhetta Hogan, 701 Fourth Street, Yreka, CA 96097.

DATED: September 12, 2014

CITY OF YREKA
Rhetta Hogan, Finance Director

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
(CDBG)
PROGRAM INCOME (PI) REUSE AGREEMENT**

Execution of the this PI Reuse Agreement by both the Jurisdiction and the California, State Department of Housing and Community Development (Department) provides official notification of the Department's approval for the Jurisdiction to expend PI funds under the State's administration of the federal Community Development Block Grant Program (CDBG) for (1) state non-entitlement jurisdictions; and (2) former state non-entitlement jurisdictions that are now entitlement jurisdictions; pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. CDBG funding is listed in the Catalog of Federal Domestic Assistance as 14.228 - CDBG Community Development Block Grant Program. The Agreement also includes asset repayments from activities administered under DRI contracts.

By completing this PI Reuse Agreement and signing the end of this document, the Authorized Representative certifies the Jurisdiction has read, understands and will adhere to the Program Income (PI) Reuse Overview and Process discussed in the first section of this document, the Jurisdictional Certifications in the second section of this document, and Department of Housing and Community Development (hereinafter Department) terms and conditions in the third section of this document.

SECTION ONE: OVERVIEW AND PROCESS

JURISDICTION: **City of Yreka**

GOVERNING BODY ADOPTED ON: **10/02/2014**

This PI Reuse Agreement establishes policies and procedures for the administration and utilization of PI received as a direct result of eligible activities funded under CDBG and DRI contracts with the Department. *For payments generated under DRI contracts, while the funding was loaned under DRI, when a payment is received, per DRI regulation, the payment becomes CDBG program income.*

Applicability of this Agreement:

This PI Reuse Agreement between the Jurisdiction and Department is required by CDBG federal regulation. This Agreement allows Jurisdictions receiving repayments from CDBG and DRI assets to spend those PI funds in the absence of an active Department CDBG grant contract. This Agreement applies to all current Department-eligible Non-Entitlement Jurisdictions and HUD Entitlement Jurisdictions that are still receiving Non-Entitlement PI revenue from previous State grants (CDBG and/or DRI).

RECEIPT OF PROGRAM INCOME

Pursuant to the definition of program income found at 24 CFR 570.489(e)(2), repayments of assets generated from use of CDBG funds received by the Jurisdiction from the Department are PI. These repayments of loans, lease payments, and proceeds of asset sales will be deposited into one of three separate local PI accounts depending on what activity generated the PI. It is possible that the Jurisdiction may have up to three separate accounts with which to manage PI.

1. If the Jurisdiction has a Department approved Revolving Loan Fund (RLF) for Housing and/or ED, any PI from Housing or ED activities must be deposited into the RLF associated with the activity that generated the PI.

This means:

- a. Housing PI must be deposited into the Housing RLF.
- b. ED PI must be deposited into the ED RLF.

Note: *The accounts for each RLF must be separate accounts, however they both must be interest bearing.*

2. If RLF(s) are not approved for use, the Jurisdiction must deposit all CDBG repayments into a single regular PI account which must be separate from either of the RLF accounts, but it must also be interest bearing.
3. If repayment comes from a loan or asset that was originally paid with CDBG and non-CDBG funds, the PI accounting and reporting must reflect the correct amounts and proportions of CDBG PI and non-CDBG funds invested in the asset. Only the CDBG portion of the repayment is deposited into one of the three PI accounts.

OVERVIEW OF WAYS TO USE PROGRAM INCOME

There are five (5) ways to manage PI under the Agreement.

They are:

1. *Expend PI and RLF monies first on active grant contract activities;*
2. *Expend PI General Administration (PI GA) for GA Activities (up to allowable limits)*
3. *Expend through an approved PI Revolving Loan Fund (RLF)*
4. *Expend PI on an approved waiver activity when no active contract is in force;*
5. *Return PI annually to the Department.*

The undersigned Jurisdiction certifies that PI will be expended first when there is an active grant contract with the Department. PI being received when there is no active grant contract will be deposited into separate accounts for approved activities under this Agreement (via GA, PI Waiver or RLF) and only be distributed and expended, as follows:

1. **Expend PI and RLF Monies First on Active Grant Contract Activities:**

If the undersigned Jurisdiction has an active grant contract with the Department, all PI on hand must be expended on open grant activities, prior to requesting grant funds from the Department.

If the undersigned Jurisdiction has a Department approved PI Revolving Loan Fund (RLF) per this Agreement, and has an active grant contract which includes the same eligible CDBG activity as the RLF, the RLF monies must be expended first before requesting any contract funds from the Department. PI must always be expended first on active contract activities, prior to requesting grant contract funds.

See the Chapter on Program Income and Revolving Loan Funds in the Department's CDBG Grant Management Manual for additional information regarding use of PI to pay costs for activities under an active grant contract in the Department.

2. **Expend PI General Administration (PI GA) for GA Activities (up to allowable limits)**

The undersigned Jurisdiction must track a calculation of up to seventeen percent (17%) of PI received annually for eligible GA costs. However, the seventeen percent (17%) PI GA only applies to PI received that is **not** generated by a RLF activity.

Since all PI must be expended first, GA funds cannot be held and used only as PI GA costs are incurred. All PI must be spent on the next funds request submitted. Thus, the Jurisdiction can choose to keep an accounting of the total amount of PI GA available for use based on all regular PI received.

PI GA funds cannot be used for planning studies or technical assistance activities, these activities can only be funded under awarded grant contracts. See the Program Income Chapter for further details on eligible PI GA activities under this Agreement.

3. **Expend PI through an approved PI Revolving Loan Fund (RLF):**

To establish one or both of the RLFs discussed below, the undersigned Jurisdiction must submit formal written request for Department approval using the required process included with this Agreement.

The undersigned Jurisdiction agrees to all the Department's RLF requirements as stated in this Agreement and detailed in the GMM Chapter.

The two RLFs and their corresponding definitions, as permitted by this agreement, are:

1) **Housing Revolving Loan Fund (RLF)**

Eligible housing activities under this RLF include:

- I. Housing Rehabilitation - Single Unit Residence program for **owner and/or tenant occupied** properties. Matrix code **14A**.
- II. Housing Rehabilitation - 2-4 Units program for **tenant occupied** properties. Matrix code **14B**.
- III. Housing Acquisition - Single Family program for homebuyer assistance. Matrix code **13**.

2) **Economic Development (ED) Revolving Loan Funds (RLF)**

Eligible ED activities under this RLF include:

- i. Business Assistance program (direct financial assistance to a for-profit business). Matrix code **18A**; and
- ii. Microenterprise Financial Assistance (loans). Matrix code **18C**.

The undersigned Jurisdiction will provide program guidelines for all eligible RLF activities as part of the approval process when obtaining Department approval of a RLF. Department written approval must be received before incurring any activity or activity delivery costs associated with implementing any activities under the approved RLF. All approved RLF projects, will be required to be reported to the Department via the applicable CDBG Set-up/Completion reports.

4. **Expend PI on an Approved PI Waiver Activity when no active contract is in force.**

The undersigned Jurisdiction may only utilize the Department's PI Waiver process when it has no active grant contracts with the Department. Once there are no active contracts with the Department, the undersigned Jurisdiction can have up to two active eligible CDBG activities approved by the Department, for which PI may be expended. Waivers will consist of a single program, service or single project activity. If it is a single program activity, it cannot be the same program activity as funded under an approved RLF.

The undersigned Jurisdiction will follow all PI Waiver procedural requirements as stated in the Program Income Chapter of the Grant Management Manual (GMM).

Written Department approval is required before expending any PI funds on a Waiver activity. Each Waiver activity must clear the activity General and any Special Conditions which include federal overlays as posted on Department's webpage.

A PI Waiver project can only be approved if the total project / program cost for

the proposed activity is on hand in the Jurisdiction's PI account. Future PI may not be committed for PI Waivers.

The undersigned Jurisdiction understands that PI Waiver activities are limited to two active projects, services and/or programs, and will remain active until close out has been completed and approved by the Department. Each approved Waiver activity will be set up with the Department using current Set-Up Report.

The undersigned Jurisdiction understands if they receive a subsequent award of CDBG funds, upon execution of the new grant contract all waiver activities are to be completed first, after which, PI must be expended first on the active grant contract activities. PI Waivers will not be included in the grant, because Supplemental activities will be included in contracts.

5. Return PI to the Department

The undersigned Jurisdiction has the option to return PI back to the Department. However, semi-annual and annual reports are still required to confirm PI being returned.

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SECTION TWO: CERTIFICATION FOR PROCESS AND USE OF PROGRAM INCOME

Since CDBG is a federal funding source, Citizen Participation is required when utilizing any of the five (5) ways to use PI listed above. Those requirements are incorporated below.

The **City of Yreka** certifies that:

1. Resolution:

The PI Reuse Agreement was formally adopted via resolution on **10/02/2014** by the Jurisdiction's Governing Body, executed by the Authorized Representative and submitted to Department with certified copy of the approving resolution attached for full execution.

2. Citizen Participation:

Each of the processes discussed in this Agreement will be carried out in compliance with the CDBG Citizen Participation process as specified in federal regulations at 24 CFR 570.486, and Jurisdiction's public hearing requirements.

3. Governing Compliance:

The undersigned Jurisdiction certifies the administration of all CDBG eligible activities conducted under the above described Ways to Spend PI, will be conducted in compliance with all current State and federal regulations and policies, including all applicable Grant Management Manual (GMM) chapters and Department Management Memos.

4. Ineligible Activities and Costs:

The undersigned Jurisdiction acknowledges that if ineligible activities or costs are paid for with CDBG PI, those funds must be returned to the Jurisdiction's PI or RLF account (whichever account expended ineligible funds) using local Jurisdiction funds.

The undersigned Jurisdiction acknowledges that ineligible activities or costs paid for with PI under an active grant contract must be repaid to the Department using local non-federal funds.

**5. Jurisdictions Leaving the State Non-Entitlement Program and
Jurisdictions Entering the State Non-Entitlement Program:**

The undersigned Jurisdiction certifies that it will follow these procedures when leaving or entering the State CDBG Program:

A. 24 CFR 570.489(e)(3)(iii) Transfer of program income to Entitlement program.

Jurisdictions that are entitlement communities or part of an urban agreement, or grantees that at a later date become an entitlement community or join a urban agreement, have the following options for PI and RLFs:

PI not associated with a RLF, the jurisdiction must:

- 1) Complete the process to certify they will be reporting the State PI into the Entitlement Programs process, including receipting the CDBG proceeds into IDIS, or,
- 2) Return all State CDBG Program Income to the Department, the amounts on hand once the HUD agreement is signed and as it is received until all PI generated by State CDBG funding has been returned.

PI in an approved RLF:

Entitlement jurisdictions and those who are part of an urban agreement may keep their RLF(s) and monies within an RLF as long as the following is met:

- 1) They have a State Reuse Plan (Agreement) signed by the Department and the City/County Authorized Representative.
- 2) Agree to operate the RLF under the Department's RLF rules going forward
- 3) Report all expenditure, and accounting of RLF(s) as required by the Department.
- 4) The Jurisdiction shall be required to have loan servicing policies and asset management policies and procedures, pursuant to the Department's Grant Management Manual Chapter on Asset and Real Property Management

B. 24 CFR 570.489(e)(3) (iv) Transfer of program income of grantees losing Entitlement status.

Upon entry into the State CDBG program, a unit of general local

government that has lost or relinquished its Entitlement status must submit a letter to the department, signed by the Authorized Representative stating which of the following options the jurisdiction will be implementing. Keep in mind, that retaining Entitlement PI while participating in the State CDBG program will require PI reporting for both sets of funding. Entitlement PI and any PI generated by State CDBG fund cannot be comingled.

Within 90 days of leaving the Entitlement Program to join the State CDBG program, the jurisdiction must certify that it will either:

- 1) Retain program income generated under Entitlement grants and continue to comply with Entitlement program requirements for program income, including reporting it into IDIS or the urban county; or
- 2) Retain the program income and transfer it to the State CDBG program, in which case the jurisdiction must comply with the State's rules for PI and RLF address within this Memo, the Reuse Plan and Chapter 14 of the Grant Management Memo.

6. Requirements of Program Income

This PI Reuse Agreement is intended to satisfy the requirements specified in federal statute and regulation at Section 104(j) of the Housing and Community Development Act ("the Act"), as amended in 1992 and 24 CFR 570.489(e) and (f). These statutory and regulatory sections permit a unit of local government to retain PI for CDBG-eligible activities, with Department approval. Under federal guidelines adopted by the State of California's CDBG Program, local governments are permitted to retain PI as long as the local government has received advance approval from the State of a local Agreement that will govern the expenditure of the PI. This Agreement has been developed to meet that requirement when an active contract between the Department and the undersigned Jurisdiction is not in force.

The undersigned Jurisdiction certifies their PI will be used to fund eligible CDBG activities that meet a National Objective and any public benefit requirements. Eligible activities, National Objective and public benefit requirements are specified in Federal Statute at Sections 104(b), 105(a) of The Housing and Community Development Act of 1974, and in Federal Regulations at 24 CFR 570.482 and 24 CFR 570.483. The Jurisdiction understands, if it is determined that an activity/project funded with PI that does not meet a National Objective and/or meet the public benefit requirement, the Jurisdiction will be required to use its own local funds to repay the PI Account.

7. Definition of Program Income

"Program Income" means gross income earned by the Jurisdiction from grant-funded activities and is subject to CDBG regulatory requirements pursuant to

24 CFR, Part 570.489(e) - Program Administrative Requirements as amended in the CDBG Final Rule, 24 CFR, Part 570.504 - Program Income, 24 CFR Part 85 – Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments, and OMB Circulars A-87 and A-122 as applicable. These regulations include the requirement that the Jurisdiction record the receipt and expenditure of PI as part of the financial transactions of the grant activity(ies).

For activities generating PI that are only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG participation. Examples of PI include but are not limited to: payments of principal and interest on housing rehabilitation or business loans made using CDBG funds; interest earned on PI pending its disposition; interest earned on funds that have been placed in a revolving loan account; net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds; and, income (net of costs that are incidental to the generation of the income) from the use or rental of real property that has been acquired, constructed or improved with CDBG funds and that is owned (in whole or in part) by the participating Jurisdiction or Sub-recipient.

8. Fiscal Reporting of Program Income Receipts, Deposits and Disbursements

The undersigned Jurisdiction certifies that CDBG PI will be accounted for using the Department's fiscal year timeframe (July 1 to June 30). All receipts of PI or RLF revenue (and the depositing of those funds into separate account(s)) and expenditures of PI in accordance with this PI Reuse Agreement will be monitored and reported per the Department's fiscal year cycle. The undersigned Jurisdiction certifies that they will report using the Department's reports/forms and will submit them in a timely manner.

9. Duration of This Program Income Reuse Agreement

The undersigned Jurisdiction certifies that it and its Governing Body understand that this document is effective for five (5) years from the execution date by the authorized CDBG Representative listed in this Agreement. At that time unless here are no further CDBG PI assets generating repayments, or the Jurisdiction has become a HUD entitlement Jurisdiction and uses these funds for entitlement activities, a new PI Reuse Agreement will be submitted to the Department. The Department has the Authority to void the Agreement with notice for cause.

10. Program Income General Administration (PI GA)

- A. After the PI Reuse Agreement is executed, the Jurisdiction reserves the right to calculate and track up to seventeen percent (17%) of PI received pursuant to Section 1, item 2 above, for payment of eligible PI GA costs. PI GA will not

be calculated for any RLF deposits. PI GA funds will not be used until General Conditions for PI GA are cleared and Departmental written approval is received. As noted above, these funds cannot be set aside since all PI must be expended first on whatever CDBG cost must be paid next, however tracking the amount of PI GA generated by the Jurisdiction's PI revenue permits the Jurisdiction to use that amount on eligible CDBG costs that don't have to meet a national objective, and ensures the Department is not exceeding the administrative funding cap of twenty percent (20%), as set by federal statute.

- B. If more funds are expended than what is available under PI GA calculation, the Jurisdiction will be required to return the over-expended PI GA amount back into their PI Account.
- C. Ineligible PI GA costs will be required to be returned to their PI Account.
- D. PI GA funds, once approved for use, may be used to pay for costs associated with receiving Department approval of PI activities funded under this agreement. Before submitting any proposed PI activities (Waivers or RLF) for Department approval, the Jurisdiction must hold at least one formal public hearing to discuss eligible activities and proposed PI activities. Department recommends that this public hearing be conducted to review current fiscal year PI activities and proposed and possible activities for future Department applications.

11. Revolving Loan Funds (RLFs)

- A. Pursuant to the criteria noted below, the undersigned Jurisdiction may be eligible to apply for the Housing RLF and/or the ED RLF.
- B. RLFs listed under the Agreement will only be utilized after the Jurisdiction submits written certification as well as the required guideline documents, and receives written Departmental approval certifying that the proposed RLF meets the Department's definition as follows:
 - 1) There are existing loans and assets from past RLF eligible activities that can be reasonable expected to generate repayments.
 - 2) The existing loans and assets have generated at least one loan repayment in the current fiscal year.
- C. The two RLFs and their respective CDBG eligible activities listed in this Agreement will be administered under the guidance and requirements provided in this Agreement and in the Department's current GMM Chapter on Program Income, and any subsequent policy, regulation, or statutory guidance, from the Department.
- D. Pursuant to Management Memorandum 14-05, the undersigned Jurisdiction

certifies acknowledgement that the Department reserves the right to cancel the grantee's RLF and require the funds to be returned to the Department as a corrective action for significant, ongoing non-compliance with RLF rules.

- E. The two (2) RLFs listed below each have a multiple eligible CDBG program activities. All CDBG rules pertaining to eligible RLF program activities will be followed.

1) Housing Revolving Loan Fund

There are three (3) housing programs that must be made available under this RLF. The Jurisdiction will get written Department approval for all three programs as part of Housing RLF approval.

Eligible housing activities under this RLF include:

- i. Housing Rehabilitation - Single Unit Residence program for owner and/or tenant occupied properties. Matrix code **14A**.
- ii. Housing Rehabilitation - 2-4 Units program for owner and/or tenant occupied properties. Matrix code **14B**.
- iii. Housing Acquisition - Single Family program for homebuyer assistance. Matrix code **13**.

2) Economic Development (ED) Revolving Loan Funds (RLF)

Eligible ED activities under this RLF include:

- i. Business Assistance program (direct financial assistance to a for-profit business). Matrix code **18A**; and
- ii. Microenterprise Financial Assistance. Matrix code **18C**.

- F. Each approved RLF will offer all eligible activities under the RLF definition.
- G. Separate and formally adopted program guidelines for each eligible activity will be provided to the Department as part of General Conditions for all eligible RLF activities when obtaining Department approval of a RLF.
- H. The undersigned Jurisdiction acknowledges that although all eligible activities under each approved RLF must be available, the Jurisdiction has the discretion to fund RLF loans for the activity or activities they deem to address the greatest need in their community.
- I. RLF receipts on deposit may be used for one or both single family housing program activities. Although both activities are required to be approved by the Department for use under the RLF, the Jurisdiction may choose to only operate one program at time or both simultaneously.
- J. In addition, each approved RLF will meet the following criteria:

- 1) RLFs will operate on a fiscal year of July 1 to June 30 for accounting and performance reporting.
- 2) Jurisdictions will set up RLFs as separate accounts (Housing and ED RLF accounts must be separate) with separate fund and transaction numbers. All other CDBG funds received as PI must be accounted for in a separate account.
- 3) All accounts set up pursuant to 2.G.2 will be interest bearing.
- 4) RLF monies will be expended first when the same RLF activity is funded under an awarded active grant contract.
- 5) RLF projects may be funded with both RLF monies and an active grant contract.
- 6) RLFs will be expended primarily on loans since RLFs must revolve. Thus, activities under an active contract that are funded using only grants rather than loans, will use contract funds not RLF monies to pay for the activity. Microenterprise grants, home repair grants and closing cost grants, that do not have loans associated with them, will not become RLF assets and therefore will not require RLF funds to be spent first on the active grant activities.
- 7) The RLFs will primarily provide financing instruments that will revolve, (i.e. loans), RLFs cannot fund projects primarily or solely with grants or forgivable loans.
- 8) RLF receipts from loans or assets generated from the same program activity, (i.e. single family housing rehabilitation loan repayments will only be deposited into a Housing RLF). Thus, repayments from the same program activities that go into an RLF must be used for originating loans for the same program activities.
- 9) RLF PI balances will not be moved to another approved RLF account or to the Jurisdiction's regular PI account. The Department may use a state or federal disaster declaration to formally allow for re-purposing of PI funds by the Jurisdiction. Funds approved by the Department for re-purposing to meet an urgent need are considered PI and must be expended first under active grant contracts or under approved waivers if there is no active contract.
- 10) RLFs that become depleted of funds and do not have additional asset repayments to sustain revolving activities, such that no longer meeting the Departments RLF definition, will be canceled by the Department.
- 11) RLF PI received and deposited is not allowable for PI GA expenses thus, seventeen percent (17%) cannot be set aside as with Jurisdictions with separate PI accounts.
- 12) RLFs with no annual revolving activities, (i.e. approved loans), are not able to be used by the Jurisdiction for reimbursement of non-revolving

costs therefore, activity delivery (AD) costs are not eligible. **AD costs are only eligible if one or more projects are funded and accomplishment data (i.e. beneficiaries), for those activity(ies), on an annual basis, are reported.**

- 13) RLF projects must be documented as meeting a national objective. If a project does not meet a national objective, then all expenses associated with the project (activity and activity delivery funds) must be repaid to the RLF with non-federal funds.
- 14) Given that RLF revenue cannot be “banked”, to remain eligible, a RLF must revolve. To meet the definition of revolving, the undersigned Jurisdiction will not have more than \$100,000 on deposit in an RLF within a fiscal year without making at least one loan. Nor will the undersigned Jurisdiction have more than \$500,000 on hand even if making loans, each fiscal year.
- 15) The undersigned Jurisdiction certifies they are aware that the Department will address excess funds and revolving compliance by issuing finding letters to the grantee which could result in the Department cancelling the grantee’s RLF, which immediately converts the funds to PI; and, therefore, must be used prior to drawing down grant funds.
- 16) RLF activity delivery funds (AD) may be used to pay for loan servicing costs.
- 17) Citizens of the Jurisdiction must be the primary beneficiaries of all RLF program activities.
- 18) Financial and performance reporting, on RLF projects will be done using current eligible activity set up, performance and completion reports for National Objective data and beneficiary demographics as HUD required accomplishment information.
- 19) Additional financial reports for RLF PI deposits and expenditures will be done twice a year using the Department’s current PI fiscal reporting forms.
- 20) The Jurisdiction will be required to repay the RLF account for ineligible costs or activities with local non-federal funds.
- 21) RLF programs will meet the CDBG National Objective of benefit to Low/Moderate-income (Low/Mod) households, per 24 CFR Part 5, and in accordance with the Department’s Income Manual.
- 22) Loan servicing costs under the RLFs are not eligible as PI GA costs but are eligible AD costs. As such, loan servicing costs are only eligible if one or more loans are made fiscally.

K. Activity Specific Requirements:

1) **Housing RLF:**

- a. All Housing Rehabilitation and Homeownership Assistance programs will only fund projects that meet a National Objective and comply with other State and federal requirements, including Department Management Memorandums and GMM Chapters on Housing Rehabilitation, Multi-Family Rehabilitation (2-4 units), and Homeownership Assistance.
- b. No more than nineteen percent (19%) of funds expended for **Housing Rehabilitation** in the RLF will be used for AD costs on an annual fiscal basis.
- c. No more than eight percent (8%) of funds expended in a fiscal year for **Homeownership Assistance** will be used to reimburse eligible AD costs.
- d. AD costs are not eligible until one loan is approved, closed and project beneficiary information is submitted.
- e. Projects cannot be solely funded as a grant.

2) **ED RLF:**

- a. Both ED programs will only fund projects that meet a National Objective and comply with other State and federal requirements, including Department Management Memorandums and GMM Chapters on Microenterprise and BA program.
- b. Income eligibility must be met per 24 CFR Part 5 and in accordance with the Department's Income Manual.
- c. No more than 15 percent (15%) of the total funds expended for **BA or Microenterprise financial assistance** activities shall be used to reimburse Jurisdiction for eligible activity delivery (AD) costs on an annual fiscal basis.
- d. Annual AD costs are not eligible until one loan is approved, closed and project beneficiary information is submitted.
- e. For **Business Assistance (BA)**, local review and underwriting of business assistance projects requesting a CDBG loan under this RLF shall be conducted under the Business Assistance Program Guidelines that have been adopted by the Governing Body of the undersigned Jurisdiction and approved in writing by the Department, as part of RLF approval.
- f. For **Microenterprise Assistance (ME)** The CDBG eligible activity

of direct financial assistance to eligible Microenterprise businesses will be conducted under this RLF. Local review and approval of microenterprise business assistance projects requesting a CDBG loan under this RLF shall be conducted under the Microenterprise Financial Assistance Program Guidelines that have been adopted by the Governing Body of the undersigned Jurisdiction and approved in writing by the Department as part of the General Conditions clearance. **Note:** *this subsection applies to ME loans only, not ME grants. Financial Assistance that is solely a grant cannot be made through an RLF.*

12. Loan Portfolio and Asset Management Policies and Costs

- A. The undersigned Jurisdiction certifies that it has asset management policies and loan portfolio servicing policies that are in compliance with HUD standards per 24 CFR Part 570, OMB Circulars A-87, A-122 A-133, and 24 CFR Part 85.
- B. The use of CDBG funds creates public financial assets. The public financial assets created can be in the form of loans or other repayment instruments which result in PI. Financial assets may also be in the form of real property or chattel (equipment and fixtures). All assets created from the use of CDBG funds must be administered in compliance with OMB Circulars A-87, A-122 A-133, 24 CFR Part 85. These policies will be used for managing all CDBG assets, including those which generate PI and RLF PI.
- C. General Administration PI funds may be used to reimburse the Jurisdiction for loan servicing and asset management costs. If the Jurisdiction has no PI GA available, GA funds from active grant contracts may be used to pay for eligible loan servicing costs.

13. Program Income Waivers

- A. The PI Waiver Submission Process will only be conducted when the undersigned Jurisdiction has no active grant contract(s) with the Department.
- B. The process below will be followed if a PI Waiver is to be requested:
 - 1) All PI Waiver requests will be submitted on approved Departmental forms for the Department's written approval.
 - 2) After the Department's review of the activity for eligibility and national objective compliance, the PI Waiver will be formally adopted via public hearing and resolution of the Jurisdiction's Governing Body, as part of the PI Waiver General (and Special Conditions if applicable) Clearance process.
 - 3) Expenditure of PI Waiver funds will not commence until clearance of all

required General and Special Conditions have been met, and written Departmental approval has been issued to the Jurisdiction.

- 4) Possible Waiver activities will be discussed at a properly noticed public hearing, held in front of the Jurisdiction's Governing Body, prior to submission of a Certified Resolution as part of a PI Waiver Request to the Department.
 - 5) The PI Waiver request must be submitted in accordance with current Department policy, and any subsequent policy, regulation, or statutory guidance.
 - 6) PI Waiver activity reporting will be submitted per current Departmental policies and includes financial accounting of all PI received and expended, including PI Waivers and PI Waiver activity performance.
 - 7) PI Waiver activities must be fully funded with program income already on hand.
 - 8) Only two (2) PI Waivers may be open and active at any one time.
 - 9) RLF funds will not be used for PI Waivers, since RLF monies must be expended on the activity that generated the payments.
 - 10) PI Waivers will not be approved for the same program activities for approved RLFs.
- C. PI GA and PI Waiver financial and performance reporting will be done using current eligible activity set up and completion reports which will collect national objective data and beneficiary demographics for HUD required accomplishment information.
- D. Additional financial reports for PI GA, PI Waivers, PI deposits and expenditures will be done semi-annually using the Department's current PI fiscal reporting forms.
- E. Ineligible costs will be required to be repaid to the PI Account. In some cases with ongoing significant compliance issues, the Department reserves the right to require the jurisdiction return all PI to the Department until it is satisfied that the jurisdiction has resolved all compliance issues.

14. Program Income Not Associated with an RLF

- A. Provided the undersigned Jurisdiction has made the Department aware at the beginning of the fiscal year they intend to exercise the \$35,000 rule, PI which is received annually that has a cumulative amount up to \$35,000 (RLF receipts are not included in the \$35,000 calculation) may be "re-categorized" as non-CDBG funds. In electing to exercise the \$35,000 rule, the Jurisdiction agrees not to expend CDBG revenue until either the fiscal year ends or the amount received goes above \$35,000, at which point the jurisdiction must consider the revenue as CDBG PI and must use it, first prior to drawing CDBG contract funds.

- B. The undersigned Jurisdiction certifies that it acknowledges if it has PI on hand and has not applied for or been awarded CDBG funds with the past three NOFAs, the Jurisdiction will be required to submit a PI Expenditure Plan for its PI on hand. The plan must be submitted via the CDBG PI Waiver process. If the Jurisdiction does not initiate the request, the Department will send the Jurisdiction a letter requiring submission of the plan within a set time frame. If the Jurisdiction does not respond to the Department's letter, the Jurisdiction will be required to return all PI on hand to the Department, regardless of the amount of PI.

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SECTION THREE: DEPARTMENT TERMS, CONDITIONS AND AUTHORIZATION

TERMS AND CONDITIONS: The undersigned Jurisdiction certifies that all terms and conditions listed below have been read and understood, and will be implemented and followed:

1. Authority & Purpose

This Agreement provides official notification of the Jurisdiction's PI Reuse Agreement's approval under the State's administration of the Federal CDBG for Non-entitlement Jurisdictions pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. The Program is listed in the Catalog of Federal Domestic Assistance as 14.228 - CDBG Community Development Block Grant Program.

In accepting the PI Reuse Agreement approval, the Jurisdiction agrees to comply with the terms and conditions of this Agreement, all exhibits hereto and the representations contained in the Jurisdiction's PI Reuse Agreement. Any changes made to the PI Reuse Agreement after this Agreement is accepted must receive prior written approval from the Department.

2. Distribution for Reuse of PI

A. The Jurisdiction shall perform PI funded activities as described in the Distribution for Reuse in the PI Reuse Agreement. All written materials or alterations submitted as addenda to the original PI Reuse Agreement and which are approved in writing by the Department are hereby incorporated as part of the PI Reuse Agreement.

The Department reserves the right to require the Jurisdiction to modify any or all parts of the PI Reuse Agreement in order to comply with CDBG requirements. The Department reserves the right to review and approve all work to be performed by the Jurisdiction in relation to this Agreement. Any proposed revision to the work must be submitted in writing for review and approval by the Department and may require an amendment to this Agreement. Approval shall not be presumed unless such approval is made in writing by the Department.

B. The PI funded activities shall principally benefit Low/Mod-income persons or households residing in the Jurisdiction. HUD defines Low/Mod as having an annual income that is no more than 80 percent (80%) of the

county median area income, adjusted for household size.

3. Sufficiency of Funds and Termination

The Department may terminate this Agreement at any time for cause. . The Jurisdiction will have at least 14 days upon receipt of the Departments written notice. Termination shall consist of violations of any terms and/or conditions of this Agreement, upon the request of HUD, or withdrawal of the Department's expenditure authority.

The Department reserves the right, for any significant on-going non-compliance with RLF or Program Income rules, to cancel any RLF and require, all RLF and PI funds, to be returned to the Department.

4. Meeting National Objectives

All activities performed under this Agreement must meet one of the National Objectives determined by the HUD regulations as included in the Application authorized under Title I of the Housing and Community Development Act of 1974, as amended.

- A. Benefit to HUD defined Low/Mod-income person or household (LMI). The term Low/Mod-income is defined under CDBG as no more than 80 percent (80%) of the median area income, as determined by HUD, per Federal Regulation 24 CFR, Part 570.483(b); and/or;
- B. Prevention or elimination of slums or blight. In order for an activity to meet the National Objective of elimination of slums and blight, the activity must take place in an area that meets the definition of a blighted area and the project must be shown to eliminate blight or prevent further blight per Federal Regulation 24 CFR, Part 570.483(c).
- C. For Microenterprise Assistance activities, the Jurisdiction must only meet the benefit to Low/Mod-income person or household (LMI) National Objective.

5. Inspections of Activities

- A. The Department reserves the right to inspect any activity(ies) performed hereunder to verify that the activity(ies) is in accordance with the applicable federal, State and/or local requirements and this Agreement.
- B. The Jurisdiction shall inspect any activity performed by contractors and subrecipients hereunder to ensure that the activity(ies) is in accordance with the applicable federal, State and/or local requirements and this Agreement.

The Jurisdiction agrees to require that all activity(ies) found by such inspections not to conform to the applicable requirements be corrected, and to withhold payment to its contractor or subcontractor, respectively, until it is so corrected.

6. Insurance

The Jurisdiction shall have and maintain in full force and effect during the term of this Agreement such forms of insurance, at such levels as may be determined by the Jurisdiction and the Department to be necessary for specific components of the activity(ies) described in this Reuse Agreement.

7. Contractors and Subrecipients

A. The Jurisdiction shall not enter into any agreement, written or oral, with any contractor or subrecipient without the prior determination that the contractor or subrecipient is eligible to receive CDBG funds and is not listed on the Federal Consolidated List of Debarred, Suspended, and Ineligible Contractors.

- 1) Contractors are defined as program operators or construction contractors who are procured competitively.
- 2) Subrecipients are defined as public or private non-profit agencies or organizations and certain (limited) private for-profit entities who receive CDBG funds from an awarded Jurisdiction to undertake eligible activities.

B. An agreement between the Jurisdiction and any contractor or subrecipient shall require:

- 1) Compliance with the applicable State and federal requirements of this Agreement, which pertain to, among other things, labor standards, non-discrimination, Americans with Disabilities Act, Equal Employment Opportunity, and Drug-Free Workplace; and, Compliance with the applicable provisions relating to Labor Standards/Prevailing Wages. In addition to these requirements, all contractors and subcontractors shall comply with the applicable provisions of the California Labor Code.
- 2) Maintenance of, at minimum, the State-required Workers' Compensation Insurance for those employees who will perform the activity(ies) or any part of it.
- 3) Maintenance of, if so required by law, unemployment insurance, disability insurance and liability insurance, which is reasonable to compensate any person, firm, or corporation, who may be injured

or damaged by the contractor, or any subcontractor in performing the activity(ies) or any part of it.

- 4) Compliance with the applicable Equal Opportunity Requirements described in this Agreement.

C. Contractors shall:

- 1) Perform the activity(ies) in accordance with federal, State and local housing and building codes, as are applicable.
- 2) Provide security to assure completion of the project by furnishing the borrower and construction lenders with Performance and Payment Bonds, or other security approved in advance in writing by the Department.

D. Subrecipients shall:

- 1) Retain all books, records, accounts, documentation, and all other materials relevant to this Agreement for a period of five (5) years from date of termination of this Agreement, or five (5) years from the conclusion or resolution of any and all audits or litigation relevant to this Agreement, and any amendments, whichever is later.
- 2) Permit the State, federal government, the Bureau of State Audits, the Department and/or their representatives, upon reasonable notice, unrestricted access to any or all books, records, accounts, documentation, and all other materials relevant to the agreement for the purpose of monitoring, auditing, or otherwise examining said materials.

8. **Obligations of the Jurisdiction with Respect to Certain Third Party Relationships**

The Jurisdiction shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the Activities funded under this agreement with respect to which assistance is being provided under this Agreement to the Jurisdiction.

The Jurisdiction shall comply with all lawful requirements of the Department necessary to ensure that the Program, with respect to which assistance is being provided under this Agreement to the Jurisdiction, is carried out in accordance with the Department's Assurance and Certifications, including those with respect

to the assumption of environmental responsibilities of the Department under Section 104(g) of the Housing and Community Development Act of 1974.

9. Periodic Reporting Requirements

During the term of this Agreement, the Jurisdiction must submit the following reports by the dates identified, respectively, or as otherwise required at the discretion of the Department. The Jurisdiction's performance under this Agreement will be based, in part, on whether it has submitted the reports on a timely basis.

- A. Semi-Annual PI Expenditure/Performance Report: Submit by January 31 and July 31 of each year regardless of whether or not the Jurisdiction has any unexpended PI. PI Waivers or open Grants with no accomplishment are not excluded to the reporting requirement.
- B. Annual Federal Overlay Reporting: Submit by July 31 starting from the contract effective date to subsequent June 30, and for each State Fiscal Year. Annual Reporting includes but is not limited to: Section 3, and Minority Owned Business/Women Owned Business (MBE/WBE).
- C. Wage Compliance Reports: Semi-annual Wage Compliance Reports are to be submitted by October 7 and April 7 during the entire construction period. The final Wage Compliance Report is to be submitted thirty (30) days after construction is completed.
- D. Any other reports that may be required as a Special Condition of this Agreement.

10. Monitoring Requirements

The Department shall perform a program and/or fiscal monitoring of the activity(ies). The Jurisdiction shall be required to resolve any monitoring findings to the Department's satisfaction by the deadlines set by the Department. If findings are not adequately resolved in a timely manner, the Department may deduct points from the Jurisdiction's performance score on future applications.

Additionally, the Department reserve the right to suspend a Jurisdiction's authority to expend PI (Waiver, RLF and/or PI attached to an open grant) based on significant compliance issues, reporting concerns or serious lack of cooperation in clearing PI monitoring findings.

11. Signs

If the Jurisdiction places signs stating that the Department is providing financing, it shall indicate in a typeface and size commensurate with the Department's

funding portion of the project that the Department is a source of financing through the CDBG Program.

12. Audit/Retention and Inspection of Records

- A. The Jurisdiction must have intact, auditable fiscal records at all times. If the Jurisdiction is found to have missing audit reports from the SCO during the term of this Agreement, the Jurisdiction will be required to submit a Agreement to the State, with task deadlines, for submitting the audit to the SCO. If the deadlines are not met, the Jurisdiction will be subject to termination of this Agreement and disencumbrance of the funds awarded. The Jurisdiction's audit completion Agreement is subject to prior review and approval by the Department.
- B. The Jurisdiction agrees that the Department or its designee will have the right to review, obtain, and copy all records pertaining to performance of this Agreement. The Jurisdiction agrees to provide the Department or its designee with any relevant information requested and shall permit the Department or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with California Public Contract Code (PCC) Section 10115 et seq., Government Code (GC) Section 8546.7 and 2 CCR 1896.60 et seq. The Jurisdiction further agrees to maintain such records for a period of five (5) years after final payment under this Agreement. The Jurisdiction shall comply with the caveats and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in PCC 10115.10.
- C. An expenditure which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee by the Jurisdiction.
- D. Absent fraud or mistake on the part of the Department, the determination by the Department of allowable expenditures shall be final.
- E. For the purposes of annual audits under OMB Circular A-133 (The United States Office of Management and Budget Circular for Audits of States and Local Governments), Jurisdiction shall use the Federal Catalog Number 14.228 for the State CDBG Program.
- F. Notwithstanding the foregoing, the Department will not reimburse the Jurisdiction for any audit cost incurred after the expenditure deadline of this Agreement.

- G. The Jurisdiction understands that the expenditure of PI is covered under the OMB A-133 Single Audit Requirements and will meet all these requirements and report said PI Expenditure along with grant funds each fiscal year.

13. Conflict of Interest of Members, Officers, or Employees of Contractors, Members of Local Governing Body, or other Public Officials

Pursuant to 24 CFR 570.611, no member, officer, or employee of the Jurisdiction, or its designees or agents, no member of the Governing Body of the locality in which the program is situated, and no other public official of such locality or localities who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to a CDBG-assisted activity or its proceeds, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one (1) year thereafter. The Jurisdiction shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this Section.

14. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Jurisdiction of these provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

15. Litigation

- A. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent Jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.
- B. The Jurisdiction shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

16. Lead-Based Paint Hazards

Activity(ies) performed with assistance provided under this Agreement are subject to lead-based paint hazard regulations contained in Title 8 (Industrial Relations) and Title 17 (Public Health) of the CCR and 24 CFR, Part 35 (Lead Disclosure). Any grants or loans made by the Jurisdiction with assistance provided under this Agreement shall be made subject to the provisions for the elimination or mitigation of lead-based paint hazards under these Regulations. The Jurisdiction shall be responsible for the notifications, inspections, and clearance certifications required under these Regulations.

17. Prevailing Wages

- A. Where funds provided through this Agreement are used for construction work, or in support of construction work, the Jurisdiction shall ensure that the requirements of California Labor Code (LC), Chapter 1, commencing with Section 1720, Part 7 (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.
- B. For the purposes of this requirement "construction work" includes, but is not limited to rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part, through this Agreement. All construction work shall be done through the use of a written contract with a properly licensed building contractor incorporating these requirements (the "construction contract"). Where the construction contract will be between the Jurisdiction and a licensed building contractor, the Jurisdiction shall serve as the "awarding body" as that term is defined in the LC. Where the Jurisdiction will provide funds to a third party that will enter into the construction contract with a licensed building contractor, the third party shall serve as the "awarding body." Prior to any disbursement of funds, including but not limited to release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid.

18. Compliance with State and Federal Laws and Regulations

- A. The Jurisdiction agrees to comply with all State laws and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the Jurisdiction, its subcontractors, contractors or subcontractors, and the Reuse activity(ies), and any other State provisions as set forth in this Agreement.
- B. The Jurisdiction agrees to comply with all federal laws and regulations applicable to the CDBG Program and to the activity(ies), and with any other federal provisions as set forth in this Agreement.

19. Anti-Lobbying Certification

The Jurisdiction shall require that the language of this certification be included in all contracts or subcontracts entered into in connection with this activity(ies) and that all subrecipients shall certify and disclose accordingly.

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 no more than \$100,000 for such failure.

"The undersigned certifies, to the best of his or her knowledge or belief, that:

- A. No federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any 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; and,
- 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 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, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions."

20. Bonus or Commission, Prohibition Against Payments of

The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of:

- A. Obtaining the Department's approval of the Application for such assistance; or,
- B. The Department's approval of the Applications for additional assistance; or,
- C. Any other approval or concurrence of the Department required under this Agreement, Title I of the Housing and Community Development Act of

1974, or the State regulations with respect thereto; provided, however, that reasonable fees for bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

21. Citizen Participation

The Jurisdiction is subject to the requirements concerning citizen participation contained in Federal Regulations at 24 CFR, Part 570.486, Local Government Requirements, Part 91.105 and 91.115.

22. Clean Air and Water Acts

This Agreement is subject to the requirements of the Clean Air Act, as amended, 42 USC 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 USC 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR, Part 15, as amended from time to time.

23. Conflict of Interest of Certain Federal Officials

No member of or delegate to the Congress of the United States, and no resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit to arise from the same. The Jurisdiction shall report all perceived or actual conflicts of interest cases to the State for review before financial benefits are given.

24. Environmental Requirements

The Jurisdiction shall comply with the provisions of the National Environmental Policy Act (NEPA) by following the procedures contained in 24 CFR, Part 58. The Jurisdiction shall not undertake any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives under 24 CFR, Part 58.22 until HUD or the Department has issued an environmental clearance.

25. Equal Opportunity

A. The Civil Rights, Housing and Community Development, and Age Discrimination Acts Assurances

During the performance of this agreement, the Jurisdiction assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, handicap, religion, familial status, or religious preference, under any activity funded by this Agreement, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, the

Age Discrimination Act of 1975, the Fair Housing Amendment Act of 1988, and all implementing regulations.

B. Rehabilitation Act of 1973 and the "504 Coordinator"

The Jurisdiction further agrees to implement the Rehabilitation Act of 1973, as amended, and its regulations, 24 CFR, Part 8, including, but not limited to, for Jurisdiction's with fifteen (15) or more permanent full or part time employees, the local designation of a specific person charged with local enforcement of this Act, as the "504 Coordinator."

C. The Training, Employment, and Contracting Opportunities for Business and Lower-Income Persons Assurance of Compliance

- 1) The activity(ies) to be performed under this Agreement are subject to the requirements of Section 3 of the HUD Act of 1968, as amended, 12 U.S.C. 1701u. Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in 24 CFR, Part 135.34(a)(2).
- 2) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement. The parties to this Agreement certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- 3) The Jurisdiction will include these Section 3 clauses in every contract and subcontract for Work in connection with the activity(ies) and will, at the direction of the Department, take appropriate action pursuant to the contract or subcontract upon a finding that the Jurisdiction or any contractor or subcontractor is in violation of regulations issued by the Secretary of HUD, 24 CFR, Part 135 and, will not let any contract unless the Jurisdiction or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- 4) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement shall be a condition of the federal financial assistance provided to the activity(ies), binding upon the Jurisdiction, its successors, and assigns. Failure to fulfill these requirements shall

subject the Jurisdiction, its contractors and subcontractors and its successors, to such sanctions as are specified by 24 CFR, Part 135 and those sanctions specified by this Agreement.

D. Assurance of Compliance with Requirements Placed on Construction Contracts of \$10,000 or More

The Jurisdiction hereby agrees to place in every contract and subcontract for construction exceeding \$10,000 the Notice of Requirement for Affirmative Action to ensure Equal Employment Opportunity (Executive Order 11246), the Standard Equal Employment Opportunity, and the Construction Contract Specifications. The Jurisdiction furthermore agrees to insert the appropriate Goals and Timetables issued by the U.S. Department of Labor in such contracts and subcontracts.

26. Flood Disaster Protection

- A. This Agreement is subject to the requirements of the Flood Disaster Protection Act (FDPA) of 1973 (Public Law 93-234). No portion of the assistance provided under this Agreement is approved for acquisition or construction purposes as defined under FDPA, Section 3 (a) of said Act, for use in an area identified by the Secretary of HUD as having special flood hazards which is located in a community not then in compliance with the requirements for participation in the national flood insurance program pursuant to FDPA, Section 102(d) of said Act.
- B. The use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program shall be subject to the mandatory purchase of flood insurance requirements of FDPA, Section 102(a) of said Act.
- C. Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain certain provisions. These provisions will apply if such land is located in an area identified by the Secretary of HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 et seq.
- D. These provisions shall obligate the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under FDPA, Section 102(s) of the Flood Disaster Protection Act of 1973. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

27. Federal Labor Standards Provisions

The Jurisdiction shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of:

- A. Davis-Bacon Act (40 U.S.C. 3141-3148) requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the Federal Department of Labor and are issued in the form of federal wage decisions for each classification of work. The law applies to most construction, alteration, or repair contracts over \$2,000.
- B. "Anti-Kickback Act of 1986" (41 U.S.C. 51-58) prohibits any person from (1) providing, attempting to provide, or offering to provide any kickback; (2) soliciting, accepting, or attempting to accept any kickback; or (3) including directly or indirectly, the amount of any kickback prohibited by clause (1) or (2) in the contract price charged by a subcontractor to a prime contractor or a higher tier subcontractor or in the contract price charged by a prime contractor to the United States.
- C. Contract Work Hours and Safety Standards Act - CWHSSA (40 U.S.C. 3702) requires that workers receive "overtime" compensation at a rate of one to one-half (1-1/2) times their regular hourly wage after they have worked forty (40) hours in one week.
- D. Title 29, Code of Federal Regulations CFR, Subtitle A, Parts 1, 3 and 5) are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

The Jurisdiction shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Department for review upon request.

28. Procurement

The Jurisdiction shall comply with the procurement provisions in 24 CFR, Part 85.36: Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.

29. Non-Performance

The Department shall review the actual National Objective and/or Public Benefit achievements of the Jurisdiction. In the event that the National Objective and/or Public Benefit requirements are not met, the Department will require the recapture of the entire PI expended on that project/activity. Additional remedies

may include suspending the Jurisdiction's authority to use PI funds until the Jurisdiction has developed capacity to ensure future PI funds will be used for eligible activities that will meet a National Objective.

30. Relocation, Displacement, and Acquisition

The provisions of the Uniform Relocation Act, as amended, 49 CFR, Part 24, and Section 104(d) of the Housing and Community Development Act of 1974 shall be followed where any acquisition of real property is carried out by the Jurisdiction and assisted in whole or in part by funds allocated by CDBG.

31. Uniform Administrative Requirements

The Jurisdiction shall comply with applicable Uniform Administrative Requirements as described in 24 CFR, Section 570.502, including cited Sections of 24 CFR, Part 85.

32. Section 3

The Jurisdiction will comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing Regulations at 24 CFR, Part 135.

33. Affirmatively Furthering Fair Housing

The Jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the Jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

34. General Contract Conditions

The following conditions apply to all activities, including set aside activities. The Jurisdiction must meet the conditions within ninety (90) days of this Agreement's execution. Failure to meet the following Special Conditions may result in termination of this Agreement.

A. Environmental Compliance

The Jurisdiction shall have satisfied all National Environmental Policy Act (NEPA) requirements and California Environmental Quality Act (CEQA) requirements. CEQA shall be approved by the Jurisdiction. The level of compliance varies by activity. NEPA review must be completed by the Jurisdiction for each activity and approved in writing by Department staff prior to incurring costs on the activity(ies).

B. Acquisition/Relocation Compliance

The Jurisdiction must document its compliance with the Uniform Relocation Act, Section 104(d) before release of funds by the Department. The Jurisdiction must submit a specific relocation assistance Agreement for each activity which may result in temporary or permanent displacement. For projects where there will be temporary or permanent displacement, the Jurisdiction must submit signed General Information Notices (GINs) from each tenant who was residing in the project at the time of Application submittal. If the Jurisdiction believes that there will be no displacement as a result of their activities, they must submit a letter explaining why no displacement or relocation will occur, which will be subject to written approval by the Department.

C. Site Control

The Jurisdiction shall demonstrate site control of the proposed project property by submitting evidence of one or more of the following to the Department:

- 1) Fee title;
- 2) A leasehold interest on the project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all Program requirements;
- 3) An option to purchase or lease;
- 4) A disposition and development agreement with a public agency;
- 5) A land sale contract, or other enforceable agreement for the acquisition of the property; or,
- 6) All easements and right-of-ways (required for completion of the CDBG project) must be obtained.

D. Funding Commitments and Project Cost Estimates

All funding required for project completion must be documented and committed. If all funding is not committed, the Department shall terminate this Agreement. If the Jurisdiction has applied for other funding prior to the execution of this Agreement, the Jurisdiction must notify the Department as soon as that application is approved or denied. If the Jurisdiction must apply for other funding after the execution date of this Agreement, the Jurisdiction must apply at the earliest possible opportunity offered by the

other funding source(s) and notify the Department as soon as that application is approved or denied.

A current third-party cost estimate must be provided by the engineer or architect for the project.

E. Activity Administration Documentation

There are four methods of administering and/or completing RLF activities:

- 1) Use of in-house staff only;
- 2) Subrecipient agreement(s) with qualified non-profit(s);
- 3) Consultants/contractors/others obtained through federal procurement procedures; and,
- 4) Any combination of the above methods.

The Jurisdiction must provide the following documentation demonstrating that one or more of these methods were used for the GA of the RLF and for all activities carried out under this Agreement.

- 1) Use of in-house staff only: If not previously provided in the Application, submit staff resumes and duty statements that clearly identify that Jurisdiction staff has capacity and experience to complete administration of the proposed activities in the Application.
- 2) Subrecipient agreement(s) with qualified non-profit(s): Subrecipients and their respective agreements with the Jurisdiction must adhere to all Program requirements. Submit the subrecipient agreement that was executed between the non-profit and the Jurisdiction. (Submitting draft documents for review prior to execution is recommended.) The scope of work in the subrecipient agreement must match the description of activity in this Agreement. Any parts of the activity description in this Agreement not covered by the subrecipient agreement must have separate procurement information. If the subrecipient is using CDBG funds to hire other consultants or subrecipients to do part or all of the Work then the procurement documentation or additional subrecipient agreements must be provided to the Department for review and approval.
- 3) Consultants: Submit procurement documentation that all third-party consultants are procured in accordance with Federal Procurement Procedures and the Grant Management Manual, as follows:

- a. A copy of the document used to notify prospective consultants, such as a Request for Proposal or similar document.
- b. A list of all bid respondents, showing respondents' contact information and the dollar amount of each proposal.
- c. A brief description of the process used to select the consultant/ contractor/other, including the rationale for the selection.
- d. Additional information may be found in the Grant Management Manual, Program Operators.

F. Compliance With All Loans and/or Grant Agreements

Pursuant to this Agreement, the Jurisdiction must comply with State and Federal Laws and Regulations that pertain to matters applicable to the Jurisdiction. Prior to disbursement of any funds under this Agreement, the Jurisdiction shall be in compliance with all loan and/or grant agreements to which it is a party, which are administered by the Department.

G. Easements and Rights-of-Way

If required for the completion of a CDBG project, the Jurisdiction must obtain all easements and rights-of-ways required for completion of the CDBG project within twelve (12) months of execution of this Agreement. Failure to obtain these may result in termination of this Agreement.

H. Section 504 Accessibility Requirements

- 1) Section 504 Regulations apply when CDBG funds are used on a new construction housing or public facility project or when an existing public facility or housing project with fifteen (15) or more units is being purchased and/or "substantially" rehabilitated. Qualified CDBG assisted housing projects are required to have a certain percentage of the units designed for and accessible to persons with mobility and sensory impairments.
- 2) For a federally assisted new construction housing project, Section 504 requires five percent (5%) of the dwelling units, or at least one unit, whichever is greater, to meet Uniform Federal Accessibility Standards or a standard that is equivalent or stricter, for persons with mobility disabilities. An additional two percent (2%) of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.

- 3) Under Section 504, alterations are substantial (i.e. substantially rehabilitated) if they are undertaken to a housing project that has 15 or more units and the cost of the alterations is seventy-five percent (75%) or more of the replacement cost of the completed facility; and require that a minimum of five percent (5%) of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with mobility disabilities and an additional two percent (2%) of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with hearing or visual disabilities.
- 4) The Jurisdiction shall provide documentation satisfactory to the Department verifying that the required housing units or public facility described in the project comply with the accessibility standards. CDBG funds will not be released until the necessary documentation is provided. All CDBG funded programs must, to the greatest degree possible, be conducted in buildings which meet Section 504 accessibility standards.

I. Grantee's Data Universal Numbering System (DUNS)

The Jurisdiction shall provide the Department with a DUNS number for any contractor or subcontractor prior to release of any funds under this Agreement.

35. Community Development Activity Conditions

A. Homeownership Assistance

If the Work to be performed under this Agreement involves Homeownership Assistance, the following additional special conditions apply:

- 1) Program Guidelines: The Jurisdiction must submit a copy of its Homeownership Assistance Program Guidelines and its PI Re-Use Agreement to the Department for review and approval within ninety (90) days of the execution date of this Agreement.
- 2) If the Jurisdiction proposed to assist homebuyers to purchase newly constructed units in its CDBG application under the Homeownership Assistance activity, the following requirements must be met:
 - a) The units must have been available for sale to the general public;

- b) Development of the new subdivision must not be dependent upon the funding of the homebuyer loan;
- c) CDBG funds shall not be used for construction; and,
- d) Homeownership Assistance loans will not be approved prior to the foundation of the housing being in place.

B. Housing Rehabilitation

If the Work to be performed under this Agreement involves Housing Rehabilitation, the following additional special conditions apply:

- 1) Program Guidelines: The Jurisdiction must submit a copy of its Housing Rehabilitation Program Guidelines and its PI Re-Use Agreement to the Department for review and approval.
- 2) Affordable Rent: If the Jurisdiction's Housing Rehabilitation Program provides for rehabilitating rental properties, the Jurisdiction must submit to the Department its provisions for assuring affordable rent for the LMI occupants. Jurisdiction may include this information as part of the Housing Rehabilitation Program Guidelines.

36. Economic Development Activity-Specific Conditions

A. Restrictions on CDBG-Assisted Public Property

CDBG funds can be used by the Jurisdiction to purchase or rehabilitate public property. The change of use of real property provisions contained in 24 CFR 570.489(i) apply to real property within the unit of general local government's control (including activities undertaken by subrecipients), which was acquired or improved in whole or in part using CDBG funds in excess of the threshold for small purchase procurement (currently \$100,000). The restrictions shall apply from the date CDBG funds are first expended for the property until five (5) years after completion of the project. See the Federal Regulations for the full text of this regulation. The Jurisdiction must provide documentation of proper restriction on assisted property.

B. Business Assistance Activity

- 1) Jurisdictions implementing Business Assistance (BA) Loans, shall submit program guidelines that ensure compliance with CDBG underwriting requirements as described in 24 CFR 570, Appendix

A, "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements" and with public benefit requirements contained in 24 CFR 570.482(f).

- 2) Jurisdictions implementing a BA loan shall provide a written Employment Agreement required to be executed between the Jurisdiction and the business owner [requirements of the Employment Agreement are described in 24 CFR 570.506 (b), (5), and (6)]. The written Employment Agreement must include a commitment by the business that the jobs are to be created or retained by the termination date of this Agreement and that at least fifty-one percent (51%) of all jobs created or retained (on a FTE basis) will be held by LMI persons. The Employment Agreement shall specify that, prior to receiving assistance, the business shall agree to:
 - a) Provide a listing, by job title, of the permanent jobs projected to be created;
 - b) Identify which jobs, if any, are part-time and the annual hours of work for each position;
 - c) Identify which jobs are projected to be filled by LMI; and,
 - d) Provide periodic reporting (semi-annual) not limited to: listing jobs, by job title, of all the permanent jobs actually filled, and which of those jobs are held by members of the LMI.

C. Microenterprise Assistance Activities

- 1) Jurisdictions implementing a Microenterprise Assistance activity for technical assistance and/or microenterprise loans, shall submit program guidelines that ensure compliance with CDBG requirements. Specifically, guidelines must ensure that all beneficiaries of the program are eligible micro enterprises, per HUD definitions. A microenterprise must:
 - a) Have all owners of the business documented as meeting HUD family income eligibility standards; and,
 - b) Have documentation that the business's owners and employees are five (5) or fewer in number.
- 2) When implementing a Microenterprise Program, the program guidelines shall include the proposed benefits, eligible activities and ongoing evaluation of program services. The guidelines will include

a Beneficiary Tracking Agreement, which defines the goals; identifies the roles and responsibilities of the service providers; identifies the market and focuses the outreach; defines the screening and referral process; and, tracks the beneficiaries through the program's level of service. The Beneficiary Tracking Agreement shall also describe the roles and responsibilities of the Jurisdiction and/or program operator for meeting the reporting requirements of the State CDBG Program.

- 3) When implementing a Microenterprise Program that is part of an integrally-related component of a larger project where non-LMI persons will be extended training and supportive services, shall submit guidelines including the methodology describing how CDBG funds will only be used towards the assistance of LMI to LMI persons under the Jurisdiction's activity.
- 4) Jurisdictions implementing a Microenterprise activity for loans to microenterprises made with Grant funds or PI funds, shall submit guidelines that ensure compliance with CDBG underwriting requirements as described in 24 CFR, Part 570, Appendix A, "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements."
- 5) If under this Agreement, a Microenterprise Façade Improvement activity is being implemented, the Jurisdiction shall submit program guidelines that ensure compliance with CDBG National Objective requirements, as described in 24 CFR 570, Appendix A, "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements."

D. Required Agreements for Assisted Businesses

The Jurisdiction shall execute a written agreement between the Jurisdiction and the business receiving CDBG funds (loans or grants) under this Agreement to ensure compliance with CDBG State and federal regulations. The written agreement shall contain language to ensure each business complies with the terms of this Agreement, Exhibit A, as well as each of the criteria as set forth in 24 CFR 570.506 (b)(4) and (c).

- 1) Each agreement between the Jurisdiction and the business(es) shall be submitted to the Department for review and written approval, prior to execution by the business and the Jurisdiction.
- 2) Each agreement shall require the business to report employee information periodically to the Jurisdiction, so that the Jurisdiction can comply with its reporting requirements to the Department. The

report shall list each job position by job title and number of annual hours worked and LMI status. The report shall list all the permanent jobs actually created or retained, and identify which of those job positions are held by members of the LMI. Additionally, the report shall include the demographics of job holders (ethnicity/race, disability, status, gender, and head of household status).

- 3) Each agreement shall require the business(es) submit a Data Universal Numbering System (DUNS) number and be verified as not being on the current federal debarred list, prior to receiving any CDBG financial assistance. The agreement shall require proof of proper insurance for secured collateral and protecting the Jurisdiction. The agreement shall reference this Agreement between the Department and the Jurisdiction. The agreement shall contain all other special conditions as directed by the Department or local loan committee.

37. **Community and Economic Development Agreement Activities**

Non Implementation Activities and Planning activities are not allowed under this agreement using PI.

A. Implementation Activity

Implementation Activities are not permitted under this Agreement using PI GA funds.

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please continue to the next page.**

Certified Approving Resolution Is Attached

I certify that the foregoing is true and correct and the City of Yreka will follow all requirements of this agreement. I understand that my certification also acknowledges that serious compliance issue with the above requirements could result in the State suspending the authority of the City of Yreka to expend PI or may require City of Yreka to return unused PI to the State until the City of Yreka clears the serious compliance issues.

Signature of Authorized Representative

Date Signed

Steven W. Baker, City Manager

Name and Title of Authorized Representative

Signature of CDBG Section Chief

Date Signed

Name of CDBG Section Chief

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
Community Development Block Grant Program**

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Sacramento, CA 95833
P. O. Box 952054, MS 500
Sacramento, CA 94252-2054
(855) 333-CDBG (2324) / FAX (916) 263-2762



CDBG MANAGEMENT MEMORANDUM
Community Development Block Grant Program - Memorandum Number 14-05

June 16, 2014

MEMORANDUM FOR: Non-Entitlement Jurisdictions Eligible for the State Community Development Block Grant (CDBG) Program

FROM: Thomas Brandeberry, CDBG Section Chief

SUBJECT: Program Income (PI) Rule Changes

This Management Memo (Memo) supersedes the following Program Income Memos: 10-03, 11-04 and 12-03. However, Memo 14-02 is still applicable.

Note: *The applicability of this memo also includes cities and counties that have gained entitlement status and cities within urban county agreements which have elected to continue to report their State CDBG PI to the State. See, "Jurisdictions Leaving or Entering the State CDBG Program with Program Income," page 11, for specific requirements/limitations.*

REGULATORY/STATUTE CITATIONS

- Section 104(j) Housing and Community Development Act (HCDA)
- §570.489 (e) Program Income
- §570.489 (f) Revolving funds

Introduction

This Memo outlines changes, **effective July 1, 2014**, to PI and RLA policies in the State CDBG Program.

Based on direction from HUD and technical assistance from HUD contractors, the Department has determined the State's present rules on Program Income (PI) and Revolving Loan Accounts (RLA) are out of compliance with CDBG federal statute and regulations. Policy and procedure changes must be made to resolve existing programmatic compliance issues related to the CDBG Final Rule (effective May, 2012), and with the State's current PI/RLA rules.

The changes that are necessary for the Department to operate in compliance are significant and range from changes in policy, to fully restructuring CDBG PI accounting and reporting

practices at both the State and local levels. These changes will impact all of our grantees in varying degrees, grantee with large PI balances most significantly.

For this reason, the Department completed six Roundtable meetings and two Advisory Committee meetings which: 1) discussed the significance of the changes; 2) gathered feedback on corrective options, and; 3) discussed how the options may be implemented so the HUD required Department policy can be formulated. The Department has also been in extensive consultation with HUD and HUD TA providers to ensure the policy will be in compliance and to make certain our grantees have the best available options to continue to complete valuable CDBG activities with their CDBG PI and RLA funds.

HUD understands the Department has a very large task to complete and that we cannot create the PI policy retroactively. Therefore, any changes in policies and procedures herein will have a **July 1, 2014 effective date**.

NOTE: The most significant rule change, effective July 1, 2014, is:

- ***Funds on-hand determined to be PI must be used prior to drawing down any awarded grant funds.***

Also Note: Based on the CDBG federal Final Rule change, all PI/RLF expenditures, along with activity accomplishments, must be entered into the Integrated Disbursements & Information System (IDIS) beginning July 1, 2011.

NEW POLICY - Revolving Loan Fund

REVOLVING LOAN FUND - HUD uses the term Revolving Loan *Fund* (RLF), not Revolving Loan *Account* (RLA), (which is a State term). The Department, to distinguish between past practices and those implemented with this Management Memo, effective July 1, 2014, is now using the HUD term "RLF."

As of July 1, 2014, all State RLAs are cancelled since HUD has determined the State's RLAs do not meet the RLF definition. This means that until a grantee follows the steps to create an eligible RLF outlined below *and receives the Department's approval for the RLF*, ***all funds on hand and within the grantee's loan portfolio are considered PI*** and, therefore, must be used prior to drawing down grant funds from any CDBG contracts.

REVOLVING LOAN FUNDS:

Grantees have the option to establish RLFs under these two RLF definitions only:

1. **Housing RLF:** Activities are limited to Homebuyer Assistance (13), Owner Occupied Rehab (14A), and Tenant Occupied Rehab (14B), and are limited to 1-4 Units. (Multi-family activities, or those with 5 or more units, are *not* considered part of the Housing RLF activities.)

-
2. **Economic Development RLF:** Activities are limited to Microenterprise Financial Assistance (18C) (no grants), and Business Assistance (18A) (limited to Special ED).

The above defined RLFs will allow grantees the maximum number of activities to capitalize the RLF and ensure the RFL will have sufficient funds to revolve.

RLF RULES:

- a. RLFs can only use financing instruments that revolve. Therefore, RLFs cannot fund **projects** that are **solely** grants or forgivable loans.
- b. A grantee cannot establish a RLF unless:
 - 1) the grantee has made loans in the past for the same RLF activity; **and**,
 - 2) the grantee has received loan payments from the same RLF activity.
- c. Funds within a RLF can only be from activities defined by the RLF, as listed above. This means RLF monies must go out in loans and come back as payments for the same RLF activity. Funds received for RLF activities cannot be "diverted."
- d. Once a RLF has been established and approved by the Department, no funds can be used for any other CDBG activity, committed to any contract to supplement a grant funded project, or transferred to another RLF(except as noted below).
- e. Moving funds out of an RLF requires Department approval and will only be allowed under limited circumstances (for a natural disaster, for example). Once approved, the funds will be considered PI; and, therefore, must be used prior to drawing down grant funds. Additionally, this action could result in the Department cancelling the grantee's RLF due to a lack of ability to revolve (insufficient funding).
- f. When calculating the 17% General Admin (21A) funds on the received PI in a given year, funds received for an RLF may not be included in this calculation.
- g. Associated Activity Delivery (AD) costs can only be reported and included in the definition of "revolving" when actual accomplishments are reported within the fiscal year. This means no AD may be charged to the RLF within a fiscal year if no loans were made within that fiscal year.
- h. When a grantee has been approved for an RLF, those funds must be placed within a separate set of accounts (grantee will be required to create a separate fund/ transaction number) for each approved RLF. *This will also require all other CDBG funds received from CDBG activities be accounted for as PI.*
- i. If a grantee has awarded grant funds for the same activity as their approved RLF and there are insufficient RLF monies to fund an entire activity, the grantee can "split-fund" a project (RLF funds first) when the project needs additional funds beyond the amount of RLF monies on-hand.

-
- j. *Projects funded solely with grants are not considered RLF and, therefore, can be funded with awarded grant funds. To qualify as an RLF eligible activity, there must be the possibility of repayment, so only deferred loans and performing loans are eligible.*
- k. Grantees cannot “bank” RLF monies. To remain eligible, a RLF must revolve. Thus, a grantee cannot have more than \$100,000 on hand in a RLF within a given fiscal year, without making at least one loan. Additionally, grantees may not have more than \$500,000 on hand even if making loans, each fiscal year. The Department will address these issues by issuing finding letters to the grantee which could result in the Department cancelling the grantee’s RLF, which immediately converts the funds to PI; and, therefore, must be used prior to drawing down grant funds.

Note: The Department reserves the right to cancel the grantee’s RLF and require the funds to be returned to the Department as a corrective action for significant, ongoing non-compliance with RLF rules.

STEPS: MOVING FROM RLA TO RLF

As of July 1, 2014, grantees do not have Revolving Loan Funds until the following has been completed. Thus, as of July 1, 2014, all funds on hand are considered PI and must be used prior to drawing down any grant funds.

As of July 1, 2014, the following steps must be followed to establish an RLF:

1. Grantee must decide if they wish to create one or both of the RLFs as replacement for their present RLAs. If not, the grantee must begin the new process of accounting for all current RLA funds and PI on hand as PI.
2. If the grantee decides to create one or both of the RLFs, they must:
 - a. Certify the amount of funds currently on hand which are from the same activity that the grantee wishes to fund each RLF;
 - b. Certify the amount of funds in their loan portfolio which have come from the same activity and will continue within the RLF when payments are received; and,
 - c. Certify the amount of funds, both on hand and within the loan portfolio, which are not from the same activity. This includes funds on hand, funds within the RLA, or funds within the loan portfolio where the grantee cannot identify the activity that generated the funds; these funds will be considered PI and must be accounted for as such.
3. The grantee must have approved guidelines for each activity within the RLF, as listed below. These RLFs are consistent with the CDBG Program’s “Combo” Activities:

Housing RLF:

- Owner Occupied Rehabilitation
- Tenant Occupied Rehabilitation (if allowed in the grantee's program)

➤ Homebuyer Assistance

Economic Development RLF:

- Microenterprise Financial Assistance
- Special Economic Development Business Assistance

Note: Once the grantee has identified portfolio loans as being within an RLF, the loans must be individually coded to indicate they are part of the RLF, which will ensure any payments are correctly accounted for and reported into the RLF.

4. Complete all needed Board Resolutions and Citizen Participation requirements.

Note: Certification must be made, in writing on the grantee's letterhead, be signed by the Authorized Representative, and must be submitted to the Department with all supporting documentation.

5. The Department will provide a written decision on the RLF request. Until grantees receive the Department's written approval, the RLF does not exist and all CDBG revenue is considered PI and must be spent prior to requesting a draw of grant funds.

<u>NEW POLICY - Program Income When the Grantee has an Active Contract</u>

For the purpose of this section, an Active Contract means the grantee has an executed Standard Agreement (contract) for CDBG activities and the expenditure deadline has not passed.

ANNUAL PROGRAM INCOME RECEIVED THAT IS LESS THAN \$35,000

In May 2012 the CDBG federal Final Rule changed this amount from \$25,000 on all funds received by the grantee to \$35,000, *but clarified that it only applies to PI*. Any RLF funds must stay RLF and cannot be included in the \$35,000 calculation. The \$35,000 rule is found in the CDBG federal regulations defining when proceeds received from a CDBG activity are *not* considered PI. The \$35,000 is based on a fiscal year and since it applies only to PI, the rule now requires that grantees certify at the beginning of each fiscal year whether or not they intend to utilize the \$35,000 rule.

If a grantee does intend to use the \$35,000 rule, they must:

- a. When requesting grant funds, certify the amount of PI on hand that have been received during that fiscal year;
- b. Not expend any of these funds until the fiscal year is over, unless they received greater than \$35,000, at which point the grantee must expend the PI first prior to requesting any grant funds Use all PI carried over from the prior year;
- c. Use the PI once the amount of PI received reaches \$35,000 within the fiscal year; and,

- d. Have adequate accounting records to verify, to the Department's satisfaction, they received less than \$35,000 in CDBG PI in a given fiscal year. This must be reported on the semi-annual PI Reports.

If a grantee does not intend to use the \$35,000 rule, all revenue received (even if under the \$35,000 limit) is CDBG PI and must be used prior to requesting any grant funds.

Revised Funds Request forms are necessary to document the grantee's certification regarding the \$35,000 rule. Therefore, the Department will be releasing the Revised Funds Request forms under a separate Memo.

PI RETURNED TO THE STATE

Jurisdictions that have PI on hand and have not applied for or been awarded CDBG funds with the past three NOFAs will be required to submit a PI Expenditure Plan for their PI on hand. The plan must be submitted via the CDBG PI Waiver process, and if they do not initiate the request, the Department will send the grantee a letter requiring submission within a set time frame. If the grantee does not respond to the Department's letter, the grantee will be required to return all PI on hand to the Department, regardless of the amount of PI.

NEW PI RULES – *(PI Revenue; not revenue from an approved RLF)*

1. Program Income must be used prior to requesting a draw of grant funds from any contract. For example, if a grantee incurs costs on a grant funded project *and* has PI on hand, the PI must be used first and the grantee cannot request grant funds until all PI has been paid out.
2. Grantees cannot "commit" (or set aside) PI to an active contract; PI funding must be applied to the next CDBG cost to be paid.
3. PI Waiver projects (set aside PI funds) can only be approved if there is no active contract.
4. If the revenue cannot be associated with an approved, defined RLF, the funds will be considered PI and, therefore, must be used first.

STEPS: ACTIVE 2012 OR 2013 CONTRACTS

Approving PI waivers when a grantee has an active contract is out of compliance with CDBG federal regulations because PI Waivers are funded with PI and PI must be spent first.

As of July 1st, the Department will allow grantees to amend their current active contracts to add "Supplemental Activities." This will allow awarded grant funds that have been supplanted by PI to be used for programs and projects identified by the grantee. Since the

requirement of using PI first will likely result in contract funds being “left over” in the contract, “left over” funding will roll to the grantee’s Supplemental Activities, allowing the grantee an opportunity to complete additional CDBG eligible activities so that they do not lose the awarded funds due to having PI.

To initiate Supplemental Activities

- a. The grantee must complete and submit to the Department a “Supplemental Activity Inquiry Form,” signed by the Authorized Representative, along with any necessary supporting documentation.
- b. The Department will review the Supplemental Activity Inquiry Form for eligibility and meeting National Objective.
- c. If approved, the grantee will be required to complete the citizen participation process and submit a final resolution approving:
 - 1) the submission of the PI Supplemental Activity(ies); and,
 - 2) the amending of the grantee’s contract.
- d. Any approved waiver activities that have not been fully expended by July 1, 2014 must be added as “Supplemental Activities” through a contract amendment.

2014 CONTRACTS

Once a jurisdiction receives an award letter, the above steps must be taken to add any Supplemental Activities and/or existing waiver projects that have not been fully expended and are not identified as being added to an active 2012 or 2013 contract.

STEPS: FOR 2015 CONTRACTS

When a jurisdiction applies for funding under the 2015 CDBG NOFA, “Supplemental Activities” will be identified in the application if the jurisdiction wishes to have grant funds (if awarded) available to complete activities that would have been funded with PI . Including these activities in the contract will allow grant funds (if awarded) to roll to the Supplemental Activities, since if a jurisdiction has any PI on hand it must be used to complete the active contract activities before grant funds can be drawn. The amount of grant funds equal to the PI paid funds can be rolled into funding the Supplemental Activities. The 2015 NOFA will include the steps necessary to add “Supplemental Activities” to the application.

From 2015 and forward, PI waivers will not be added to active contracts. This means any PI waiver projects must be completed prior to drawing down grant funds since waivers are funded by PI, and PI must be expended first.

NEW POLICY - Program Income When the Grantee Does Not Have an Active Contract

When a jurisdiction does not have an active contract, the PI Waiver process will remain as it is. However, if a jurisdiction has an open PI Waiver and is awarded a contract, going forward after the CDBG 2015 NOFA, the PI Waiver will need to be completed *prior to* drawing down grant funds.

However, grantees must have an approved Reuse Plan to expend PI and/or RLF monies if the grantee has no active CDBG contract.

NEW POLICY – Additional Considerations

Note: The Department reserves the right, for any significant on-going non-compliance with RLF and/or Program Income rules, to cancel any RLFs and require the funds, both RLF and PI, to be returned to the Department.

GENERAL ADMINISTRATION (GA)

As of July 1, 2014:

Grantee can carry forward the GA balance from Fiscal Year PI Report covering Fiscal Year 2013-2014. The balance forwarded will be used to determine the *maximum available GA* funding cap in the next step below.

For PI funds received after July 1, 2014, grantees may calculate 17% of PI received (again, excluding RLF monies). This amount can be added to the amount on hand as of July 1, 2014 and will be considered as part of the *maximum available GA* funding cap.

No Active Contract

The grantee can expend the funds calculated above, with an approved Reuse Plan, up to the established *maximum available GA* funding cap, and may roll over this amount between fiscal years.

Active Contract

While grantees can continue to have a *maximum available GA* funding cap balance, they will not be able to “set-a-side” the funds as GA since PI must be used first. So that the grantee doesn’t lose this calculated GA, the Department will increase the grant GA when PI Waivers (being added to 2012-2014 contracts) and Supplemental Activities are approved.

While the grantee may continue to maintain a *maximum available GA* funding cap with active contracts, these funds may not be set aside to remain on hand given that all PI must be spent first.

Note: Planning (PTA) Studies cannot be funded with PI GA, Supplemental Activities or Waivers, because Planning and Technical Assistance (PTA) funding is included in the federal 20% Administration Cap and must meet a National Objective to be eligible. Thus, PTA studies can only be done through an awarded contract.

AGREEMENTS BETWEEN THE STATE AND THE GRANTEE

Per the CDBG Final Rule, no funds (PI, RLF or grant funds) may be spent unless an agreement (contract) has been established and executed. All PI Reuse Plans, effective immediately, must be voided since they are not in compliance with HUD PI and RLF rules. The following actions are being implemented to permit the expenditure of PI and RLF monies.

- For grantees amending 2012 and 2013 contracts: with the addition of Waivers and/or Supplemental Activities, all PI and RLF rules and requirements will be added to the contract during the amendment process.
- For 2014 Contract and forward: all PI and RLF rules and requirements will be included prior to contract execution.
- For jurisdictions with no Active Contracts: the Department will make available an updated PI Reuse Plan by July 30, 2014, which must be fully executed in order to spend any PI or RLF monies outside of an Active Contract.

CITIZEN PARTICIPATION

Federal regulations require grantees to address all projected activities for the upcoming NOFA application submission during the pre-submission Public Hearing. This includes all grant funded activities and PI/RLF activities and expenditures. All Public Notices and Agendas for the hearings must include PI and RLF proposed activities and expenditures, in addition to all proposed grant and Supplemental activities.

- For active 2012, 13 and 14 contracts where Waivers and Supplemental Activities will be added/included, a separate Public Hearing must be held for the projected activities and expenditures being added to the contract, and documentation of such must be submitted to the Department to complete the contract amendment process.
- Beginning with the 2015 NOFA and going forward, the pre-application submission Public Hearing must include all proposed activities and expenditures including grant funded activities, PI and RLF activities, and Supplemental Activities.

PROGRAM INCOME REPORTING

For fiscal 2013/14, the current PI Report Form, along with Grant Performance Reports (GPR) must be used. The reporting changes reflected in this memo will begin concurrent with the 2014/15 fiscal year.

The current PI Report Form will be used to close out this fiscal year (2013/14), along with a GPR that reports the PI/RLF accomplishments.

Beginning with fiscal 2014/15 new Setup/Completion Reports will be incorporated into the PI/RLF and Grant reporting requirements, as well as into the 2014 Standard Agreement. A Management Memo will be released separately on this subject in the near future.

All of the above will be will be addressed in trainings.

NEW POLICY – Jurisdictions Leaving or Entering the State CDBG Program with Program Income

Pursuant to 24 CFR 570.489(e)(3)(iii) and (iv) the Department is implementing the following policy and procedures for jurisdictions that have State CDBG PI.

24 CFR 570.489(e)(3)(iii) *Transfer of program income to Entitlement program.*

Jurisdictions that are entitlement communities or part of an urban agreement, or grantees that at a later date become an entitlement community or join a urban agreement, have the following options for PI and RLFs:

PI not associated with a RLF, the jurisdiction must:

1. Complete the process to certify they will be reporting the State PI into the Entitlement Programs process, including receipting the CDBG proceeds into IDIS, or,
2. Return all State CDBG Program Income to the Department, the amounts on hand as of July 1, 2014 and as it is received until all PI generated by State CDBG funding has been returned.

PI in an approved RLF:

Entitlement jurisdictions and those who are part of an urban agreement may keep their RLF(s) and monies within an RLF as long as the following is met:

1. They have a State Reuse Plan (agreement) signed by the Department and the City/County Authorized Representative.
2. Agree to immediately implement the RLF rules within this Memo and execute updated the Reuse Plan, as provided by the Department.

Note: the above must be complete prior to October 31, 2014 or all funds on-hand and within the loan portfolio that is from State CDBG activities will be consider PI and must be returned to the Department.

24 CFR 570.489(e)(3) (iv) *Transfer of program income of grantees losing Entitlement status.*

Upon entry into the State CDBG program, a unit of general local government that has lost or relinquished its Entitlement status must submit a letter to the department, signed by the Authorized Representative stating which of the following options the jurisdiction will be implementing. Keep in mind, that retaining Entitlement PI while participating in the State CDBG program will require PI reporting for both sets of funding. Entitlement PI and any PI generated by State CDBG fund cannot be comingled.

Within 90 days of leaving the Entitlement Program to join the State CDBG program, the jurisdiction must certify that it will either:

1. Retain program income generated under Entitlement grants and continue to comply with Entitlement program requirements for program income, including reporting it into IDIS or the urban county; or
2. Retain the program income and transfer it to the State CDBG program, in which case the jurisdiction must comply with the State's rules for PI and RLF address within this Memo, the Reuse Plan and Chapter 14 of the Grant Management Memo.

Establishing a RLF Decision Flow

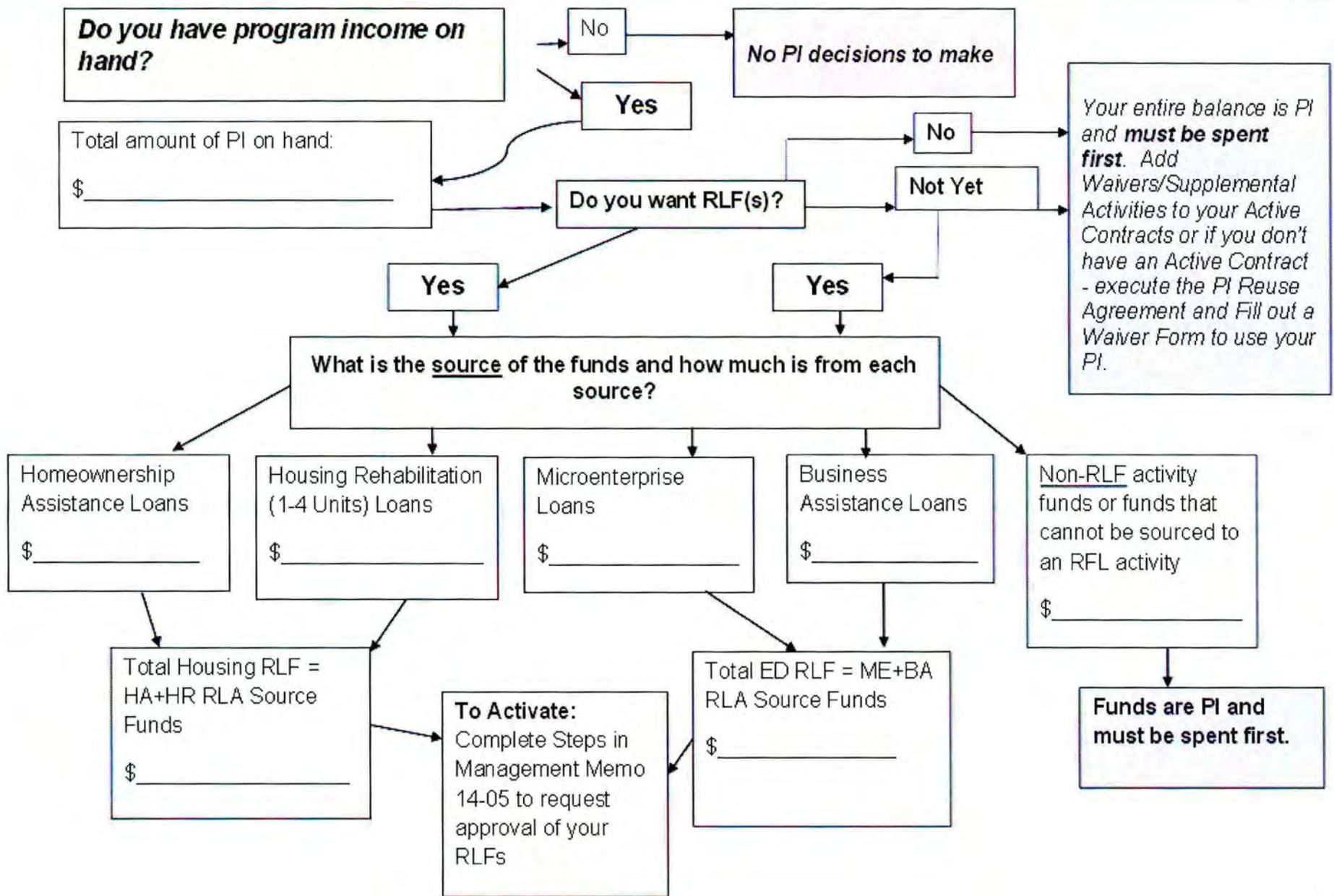
Decision Making

With a number of choices and decisions to make, the Department has a one page document that allows grantees to walk through the process. Please see Establishing a RLF Decision Flow, below.

Additionally, it is recommended that grantees contact the CDBG Representative with any questions regarding their particular circumstances:

<http://www.hcd.ca.gov/fa/cdbg/ContactUs.html>

ESTABLISHING A REVOLVING LOAN FUND - DECISION FLOW CHART





CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM

To: Yreka City Council
Prepared by: Steve Baker, City Manager
Agenda title: Discussion/Possible Action adopt Resolution amending Resolutions # 2529 and #2967 establishing definitions and setting fees for services provided by the Yreka Planning Department and finding the adoption of this Resolution to be exempt from CEQA.
Meeting date: October 2, 2014

Discussion:

In September of 2011, the City Council held a workshop focusing on relations between the City and businesses, with a particular focus on the development process. Mark Teague of Pacific Municipal Consultants (PMC), facilitated the workshop, and provided the City with a summary of the Development Services Review.

As part of the recommendations, PMC recommended that the City update its development review process and make amendments overtime amending the application process, establishing fixed fees where feasible, and establishing a link between the fees charged and conditions of approval attached to the project with the size and/or scope of the project.

In April of 2012, at the recommendation of City Staff, the Council adopted Resolution 2967, which established a fixed fee for a Use Permit (\$150.00) and a Boundary Line Adjustment (\$200.00). The advantages of fixed price fees include greater certainty for the person paying the fees and less work on the part of staff to keep tract of billable hours. This process has been well received and has worked great, as most of the Conditional Use Permits issued fit into the category we propose to describe as "Minor Conditional Use Permit".

However, for more complex applications that require detailed review/approval by professionals such as the City Engineer, Building Official and consultants, we have found that the cost for these services are project/location specific and can vary significantly. In order to enable to Planning Department to recover the costs which are billed to the planning department for these services, staff is requesting to establish the following definitions and "flat fee" / "deposit against actual costs" fee structure:

A Minor Conditional Use Permit is for an existing building/project site for which a Conditional Use Permit is required for a particular use in that zone district and no exterior structural changes are made to the building or site. \$150.00 fee

A Moderate Conditional Use Permit is for a project for which a Conditional Use Permit is required for a particular use in that zone district and where there will be some moderate exterior changes made to an existing building or site. \$200.00 fee

A Major Conditional Use Permit is for a project for which a Conditional Use Permit and extensive site plan review is required for a particular use in that zone district on an undeveloped parcel or project that includes razed buildings. \$500.00 deposit against actual cost.

Site Plan Review for Moderate and Major Conditional Use Permit (If applicable, to be determined by the Planning Director. Not all Moderate Conditional Use Permits will require Site Plan Review) \$200.00 deposit against actual cost.

Lot Merger	\$200.00	\$500.00 deposit against actual cost
Reversion to Acreage	\$250.00	\$500.00 deposit against actual cost
Certificates of Compliance	\$250.00	\$250.00 deposit against actual cost

In addition, the Planning Department is also recommending an increase to the following fees to more accurately reflect the cost of providing the service:

Environmental Review – Preliminary Review	\$25.00	\$50.00 fee
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The average cost for the preliminary review is \$97.22.

Public Hearing – Newspaper Publication	\$60.00	\$75.00 minimum fee, deposit against actual cost charged for publication.
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The cost of the publication can vary significantly depending on the scope of the project. The \$75 represents the minimal fee for the publication. If the publication cost exceeds \$75, the applicant will be billed for the actual cost as billed by the newspaper.

In accordance with the Government Code, the attached Public Hearing Notice is scheduled to be published in the Siskiyou Daily News on September 22 and 29, 2014, and a public information file indicating the amount of cost, or estimated cost, required to provide the service, is available at City Hall for public review. A copy of the cost analysis is also attached for your review.

If adopted at tonight’s meeting, the effective date of the Resolution will be December 2, 2014, which is 60 days from adoption as required by Government Code.

Recommendation:

Adopt the Resolution amending Resolutions # 2529 and #2967 establishing definitions and setting fees for services provided by the Yreka Planning Department.

Approved by: 
Steve Baker, City Manager

PLANNING DEPARTMENT
COST ANALYSIS FOR PROPOSED FEES TO BE AMENDED

Project Type	Estimated Actual cost to City Varies depending on project	Current Fee	Proposed new deposit/Fee
Environmental Review			
Preliminary review 2 hrs	\$100.00	\$25.00	\$50.00
Conditional Use Permits			
<u>Minor Conditional Use Permit</u> Requires Planning Commission approval (review application & prepare permit and supporting Documents City Staff - 4 hrs est.)	\$180.00	\$150.00	No change
<u>Moderate Conditional Use Permit</u> Requires Planning Commission approval (review app & prepare permit and supporting Documents 7 hrs – varies with scope of project)	\$340.00	\$150.00	\$200.00
<u>Major Conditional Use Permit</u> Requires Planning Commission approval (Planning staff review of application and preparation of permit and supporting documents 20+ hrs; Consultant assist staff with preparation of initial study; proposed findings and conditions, and CEQA documents meeting state requirements. Time varies substantially, depending on type of project and location. Planning Commission meeting time also varies with project; may take more than one Public Hearing and meeting with Planning Commission. If an Environmental Impact Report is required, Planning Staff will need to submit the documents to City Council for final approval)	\$1,500.00	\$150.00	\$500.00 deposit against actual costs.

Other Applications

Applications not specifically listed herein, including but not limited to Certificate of Compliance, Lot Merger, Reversion to Acreage, and Development Agreement, etc. the fee will be the actual cost for processing, with an advance deposit to be set by the Planning Department.

***Actual Costs and Deposits**

Actual Costs as required by this fee schedule shall include the hourly rate for following: Planning Staff, Development Review Committee, Director of Public Works, City Engineer, Building Official, City Attorney and Consultants as billed, as well as costs accrued for public hearing notices and mailing costs, copying, supplies, attorney fees and court costs in event of litigation.

An advance deposit will be required by the Planning Department based on the estimated cost to be incurred. No service will be provided by the City, its agents, or consultants unless an adequate deposit is submitted for the services to be incurred. In the event a deposit becomes inadequate to cover anticipated costs, the applicant shall increase the deposit to the amount estimated by the Planning Department within 7 days from notification. Any unexpended deposit shall be refunded to the applicant.

(All times are estimated minimum average time expended by staff.)

RESOLUTION NO. 2014- 46

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YREKA
AMENDING RESOLUTIONS #2529 AND # 2967
ESTABLISHING DEFINITIONS AND FEES FOR SERVICES
PROVIDED BY THE YREKA PLANNING DEPARTMENT AND FINDING THE
ADOPTION OF THIS RESOLUTION TO BE EXEMPT FROM CEQA

WHEREAS, a city has the authority to impose fees, charges and rates under its police power pursuant to the direct grant of police power under Cal. Const. art. XI, § 7; and,

WHEREAS, in addition to other powers, a legislative body may perform all acts necessary or proper to carry out its functions pursuant to Government Code § 37112; and,

WHEREAS, a fee may not exceed the estimated reasonable cost of providing the service or facility for which the fee is charged, and, must be reasonable, fair and equitable in nature and proportionately representative of the costs incurred by the regulatory agency; and,

WHEREAS, in fixing fees, it is proper and reasonable to take into account not only the expense merely of direct regulation, but all the incidental consequences that may be likely to subject the public to cost; and,

WHEREAS, any action adopting or increasing a fee or charge for development projects may not take effect for at least 60 days; and,

WHEREAS, due notice has been given as required by law;

WHEREAS, pursuant to Title 14 of the California Code of Regulations, Section 15061(b)(3) this action is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a Project which has the potential for causing a significant effect on the environment;

BE IT RESOLVED by the City Council of the City of Yreka as follows:

Section 1. The City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The City Council hereby adopts the following definitions and fee schedule:

Use Permits requiring Planning Commission Approval are defined as:

A Minor Conditional Use Permit is for an existing building/project site for which a Conditional Use Permit is required for a particular use in that zone district and no exterior structural changes are made to the building or site. \$150.00 fee

A Moderate Conditional Use Permit is for a project for which a Conditional Use Permit is required for a particular use in that zone district and where there will be some moderate exterior changes made to an existing building or site. \$200.00 fee

A Major Conditional Use Permit is for a project for which a Conditional Use Permit and extensive site plan review is required for a particular use in that zone district on an undeveloped parcel or project that includes razed buildings. \$500.00 deposit against actual cost.

Site Plan Review for Moderate and Major Conditional Use Permit (If applicable, to be determined by the Planning Director) \$200,00 deposit against actual cost.

Filing fee to Siskiyou County Clerk	Actual cost
Environmental Review – Preliminary Review	\$50.00
Public Hearing – Newspaper Publication cost).	\$75.00 minimum fee (deposit against actual cost).
Lot Merger	\$500.00 deposit against actual cost
Reversion to Acreage	\$500.00 deposit against actual cost
Certificates of Compliance	\$250.00 deposit against actual cost

All applications which require review by professionals outside of the City Planning Department that bill the Planning Department for their services (including but not limited to the City Engineer, Building Official, and consultants) will be billed to the project applicant at 100% of the actual cost.

Actual costs as required by this fee schedule shall be the burdened hourly rate for salary and benefits for city employees and consultants as billed, filing fees, public hearing notices and mailing costs, copying, supplies, attorney fees, and court costs in the event of litigation.

Section 3:

This Resolution shall become effective 60 days from its adoption.

Passed and adopted this 2nd day of October 2014, by the following vote:

AYES:

NAYS:

ABSENT:

Robert Bicego, Mayor

Attest: _____
Elizabeth E. Casson, City Clerk

**NOTICE OF PUBLIC HEARING
YREKA CITY COUNCIL**

**CONSIDERATION OF PROPOSED MODIFICATION/ESTABLISHMENT OF
DEFINITIONS AND FEES FOR PLANNING DEPARTMENT SERVICES
PROVIDED BY THE CITY OF YREKA**

Notice is hereby given that on October 2, 2014, at the hour of 6:30 p.m. the Yreka City Council will hold a public hearing in the Council Chamber at 701 Fourth Street, Yreka, to consider the proposed establishment/modification of definitions and fees for Planning Department Services provided by the City of Yreka.

The following definitions and fees are proposed to be established and or modified:

<i>Type of Activity</i>	<i>Fee/Deposit</i>
<i>A <u>Minor Conditional Use Permit</u> is for an existing building/project site for which a Conditional Use Permit is required for a particular use in that zone district and no exterior structural changes are made to the building or site.</i>	\$150.00 fee
<i>A <u>Moderate Conditional Use Permit</u> is for a project for which a Conditional Use Permit is required for a particular use in that zone district and where there are some moderate exterior changes made to an existing building or site.</i>	\$200.00 fee
<i>Site Plan Review for Moderate/Major Conditional Use Permit</i>	\$200.00 deposit against actual cost.
<i>A <u>Major Conditional Use Permit</u> is for a project for which a Conditional Use Permit and site plan review is required for a particular use in that zone district on an undeveloped parcel or project that includes razed buildings.</i>	\$500.00 Deposit against actual cost.
<i>Public Hearing <u>Newspaper publication</u></i>	\$75.00 Minimum fee/deposit against actual cost.
<i>Environmental Review – Preliminary Review</i>	\$50.00 fee
<i>Filing Fee – Siskiyou County Clerk</i>	Actual Cost
<i>Lot Merger & Reversion to Acreage.....</i>	\$500.00 deposit against actual cost
<i>Certificates of Compliance</i>	\$250.00 deposit against actual cost

The purpose of the public hearing is to give citizens an opportunity to make their comments known. A public information file is available for review in the Office of the Yreka City Clerk at 701 Fourth Street, Yreka, CA between the hours of 8:00 a.m. and 5:00 p.m. Monday through Thursday.

All interested persons are invited to attend the meeting and to participate in the public hearing or deliver written comments regarding the proposed fees on or before 4 p.m. October 2, 2014, to the following address: Liz Casson, City Clerk, City of Yreka, casson@ci.yreka.ca.us 701 Fourth Street, Yreka, CA. 96097.



**CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM**

To: Yreka City Council
Prepared by: Steve Baker, City Manager
Agenda title: Discussion/Possible Action – Adopt Ordinance No. 839 - an Ordinance of the City Council of the City of Yreka, repealing Section 6.08.230 of Chapter 6.08 entitled “Garbage Service Fees” and Section 9.48.190 of Chapter 9.48 entitled “Opium Smoking” of the Yreka Municipal Code.
Meeting date: October 2, 2014

Discussion:

Ordinance 839 was introduced by the City Council at its meeting held September 18, 2014, and no public comments were received.

Recommendation:

That the City Council waive the reading of the body of the Ordinance and adopt Ordinance No. 839 as submitted.

Approved by: _____

A handwritten signature in blue ink, appearing to read "S. Baker", written over a horizontal line.

Steven Baker, City Manager



ORDINANCE NO. 839

**AN ORDINANCE OF THE CITY OF YREKA REPEALING
SECTION 6.08.230 OF CHAPTER 6.08 ENTITLED "GARBAGE SERVICE FEES"
AND SECTION 9.48.190 OF CHAPTER 9.48 ENTITLED "OPIUM SMOKING"
OF THE YREKA MUNICIPAL CODE AND FINDING THE ADOPTION OF THIS
ORDINANCE TO BE EXEMPT FROM CEQA**

Recitals

WHEREAS, the City of Yreka, California desires to repeal the adoption of Section 6.08.230 of Chapter 6.08 entitled "Garbage Service Fees" because the provision is obsolete; and

WHEREAS, the City of Yreka, California desires to repeal the adoption of Section 9.48.190 of Chapter 9.48 entitled "Opium Smoking" because the provision is obsolete.

THE PEOPLE OF THE CITY OF YREKA DO ORDAIN AS FOLLOWS:

SECTION 1. Section 6.08.230 of Chapter 6.08 entitled "Garbage Service Fees" is hereby repealed in its entirety.

SECTION 2. Section 9.48.190 of Chapter 9.48 entitled "Opium Smoking" is hereby repealed in its entirety.

SECTION 3. Any provisions of the Yreka Municipal Code, or appendices thereto, or any other ordinances of the City inconsistent herewith, to the extent of such inconsistencies and no further, are hereby repealed.

SECTION 4. Exemption from CEQA. The action taken in this Ordinance does not commit the City to any action that may have a significant effect on the environment. As a result, pursuant to Title 14 of the California Code of Regulations, Section 15061(b)(3) such approval does not constitute a project subject to the requirements of the California Environmental Quality Act. The City Council directs City staff to file a Notice of Exemption within five (5) days following adoption of this Ordinance with the Siskiyou County Clerk.

SECTION 6. Severability. If any section, subsection, part, clause, sentence or phrase of this Ordinance or the application thereof is for any reason held to be invalid or unconstitutional

33 by a decision of any court of competent jurisdiction, the validity of the remaining portions of this
34 Ordinance, the application thereof, shall not be effected thereby but shall remain in full force and
35 effect, it being the intention of the City Council to adopt each and every section, subsection, part,
36 clause, sentence phrase regardless of whether any other section, subsection, part, clause, sentence
37 or phrase or the application thereof is held to be invalid or unconstitutional.

38 SECTION 7. Effective Date. This ordinance shall take effect thirty days after its
39 adoption.

40 SECTION 8. Implementation. The City Council hereby authorizes and directs the
41 City Manager to take any action and sign any documents necessary to implement this
42 Ordinance.

43 SECTION 9. Publication. The City Clerk is directed to cause a copy of the full text of
44 this ordinance to be published once in an adjudicated newspaper of general circulation in the
45 City of Yreka within fifteen (15) days after adoption of this ordinance. If the charge for
46 publication of the ordinance exceeds the customary rate charged by the newspaper for
47 publication of private legal notices, the City Clerk is directed to prepare, post and publish a
48 summary of this ordinance as provided in Government Code Section 36933(c)(1).

49 SECTION 10. Classification. This ordinance is considered of a general and permanent
50 nature and is an uncodified ordinance.

51 SECTION 11. Execution. The Mayor and City Clerk are authorized to subscribe this
52 ordinance where indicated below to evidence its approval by the voters of the City.

53 Introduced at a regular meeting of the City Council held September 18, 2014, and
54 adopted as an ordinance of the City of Yreka at a regular meeting of the City Council held on
55 October 2, 2014 by the following vote:

56
57
58 AYES:
59 NOES:
60 ABSENT:

61
62 _____
63 Robert Bicego, Mayor

64 APPROVED AS TO FORM

Attest:

65
66 By: _____
67 Dohn Henion, City Attorney

By _____
Elizabeth E. Casson, City Clerk



CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM

To: Yreka City Council
Prepared by: Steve Baker, City Manager
Agenda title: Discussion/Possible Action – Introduce Ordinance No. 839 - an Ordinance of the City Council of the City of Yreka, repealing Section 6.08.230 of Chapter 6.08 entitled “Garbage Service Fees” and Section 9.48.190 of Chapter 9.48 entitled “Opium Smoking” of the Yreka Municipal Code.
Meeting date:

Discussion:

The City completes periodic reviews of the Yreka Municipal Code to amend or delete provisions which have become obsolete or that do not follow current City policies and practices.

The following portions of the Yreka Municipal Code have been submitted for deletion by staff as part of this periodic review:

Section 6.08.230 Garbage Service Fees. This section originally adopted in 1947 and is obsolete. The following section will be deleted in its entirety:

6.08.230 Garbage service fees. Any person from whom garbage, rubbish or waste matter is collected under the provisions of this chapter shall pay the city, through the office of the city clerk, the following fees for such service:

- (1) For the purpose of collecting all garbage and rubbish produced in and about the household, but not including dead animals or the refuse from the cutting of grass, hedges, trees and brush, each separate household having a separate can or receptacle shall pay a minimum fee of one dollar and fifty cents per month, for each can or receptacle of the size, type and kind hereinbefore provided, where one collection per week is required, and the minimum fee shall be paid whether the householder has or has not any garbage or rubbish to be collected. The householder shall pay an additional fee of twenty-five cents per collection for anything in excess of that placed in the required container hereinbefore provided;
- (2) For apartment houses using a common garbage container, or having all containers in one location, the fee shall be: for five or less apartments, three dollars per month for two collections per week; for more than five apartments, the rate for each additional apartment shall be one dollar per month for two collections per week. "Apartment" as used herein includes occupied trailers in trailer camps and occupied cabins, cottages and tents in auto courts, motels and labor camps;

- (3) For the regular collection of garbage and rubbish from any place of business other than heretofore mentioned, or from public institutions, industrial, and manufacturing establishments, the rate shall be five dollars and fifty cents for two collections per week, and a fee of seventy-five cents for each additional collection during the month, provided the fee shall be twelve dollars per month where daily collection is requested. In the event that from any such place a full truck load of rubbish or garbage is taken in any one collection a fee of five dollars shall be charged for each such truck load in addition to the fee or fees hereinafter provided for;
- (4) For the occasional or irregular collection of rubbish or waste matter for which rates are not hereinbefore provided, the charge shall be at the rate of two dollars and fifty cents per cubic yard with a minimum charge of one dollar and twenty-five cents. The fees are to be paid at the time the collection is made and are to be turned over by the collector to the city clerk. For such purpose the collector shall be provided with a duplicate receipt book in which the receipts shall be serially numbered and such collector shall furnish to the person from whom the collection is made the original of such receipt and shall submit the carbon copy duplicate to the city clerk for verification at the time of the payment of the amount so collected to the city clerk. Such payments shall be made either upon the day of collection on or the next immediate succeeding business day;
- (5) Disputes over charges made as to the character of the services performed shall be decided by the director of public works and his decision shall be final;
- (6) All fees and charges for collections and disposal of garbage, rubbish or waste matter shall be paid monthly, except those hereinbefore provided to be paid concurrently with the performance of the service, and shall be included as a part of the city water bills issued monthly in cases in which city water service is furnished to the same person for whom garbage collections, rubbish collection or waste collection is furnished. Refusal or failure to pay the fees and charges when due will subject the person, firm or corporation obliged to pay the same to immediate discontinuance of garbage and water service by the city to the person, firm or corporation.

(Ord. 221 § 23, 1947).

Section 9.48.190 Opium smoking. This section, originally adopted in 1888 as part of Ordinance No. 1. The following section has been verified as obsolete by the Chief of Police and will be deleted in its entirety:

9.48.190 Opium smoking.

No person shall, in the city, keep, maintain, or become an inmate of, or visit, or shall in any way contribute to the support of any place, house or room, where opium, or any of its preparations, is smoked, or where persons assemble for the purpose of smoking opium, or inhaling the fumes of opium or any other drug. Any person convicted of a violation of this section is punishable by a fine of not more than five hundred dollars, or by imprisonment for not more than six months, or by both such fine and imprisonment. (Ord. 440 § 1 (part), 1970; Ord. 1 § 110, 1888).

Fiscal Impact: The recommended actions will result in no financial impact to the City's General Fund.

Recommendation:

That the City Council Introduce Ordinance No. 839 as submitted.

Approved by: 
Steven Baker, City Manager

CITY OF YREKA
TREASURER'S REPORT TO THE CITY COUNCIL
Aug-2014

Fund Type	Fund	Fund Description	Previous Balance	Receipts / Debits	Disbursements / Credits	Prior Period Adj.	Cash Balance by Fund	
General-Unrestricted	01	General Operating	\$ 1,951,244.26	\$ 332,476.62	\$ 337,385.60	\$ -	\$ 1,946,335.28	
General-Designated	01	Comm Art	2,772.56	-	-	-	2,772.56	
General-Designated	01	Fire Museum	3,322.35	-	-	-	3,322.35	
General-Designated	01	Planning Deposits	-	-	-	-	0.00	
General-Designated	01	Sidewalk in Lieu	36,228.46	-	-	-	36,228.46	
General-Designated	01	Parkland Trust	300.00	-	-	-	300.00	
General-Designated	01	Police Asset Forfeit	6,436.82	-	-	-	6,436.82	
General-Designated	01	Parking Fees	63,011.04	-	-	-	63,011.04	
General-Designated	01	Campbell Tract Redemption	48,020.34	-	-	-	48,020.34	
General-Designated	01	Baker Tract/Lucas	-	-	-	-	0.00	
General-Designated	02	Gifts Donations	3,549.23	300.00	-	-	3,849.23	
General-Designated	02	K-9 Unit	11,535.78	-	-	-	11,535.78	
General-Designated	02	YPD Donated - Hitson	6,606.45	-	-	-	6,606.45	
General-Designated	02	YPD Donated - Travellers	2,841.88	-	-	-	2,841.88	
General-Designated	02	YPD Donated - Teen Fund	2,651.59	-	-	-	2,651.59	
General-Designated	02	Greenhorn Park Redevelopment	-	-	-	-	0.00	
General-Designated	03	YVFD Volunter Fund	60,693.99	7,524.72	-	-	68,218.71	
General-Restricted	04	Crandell Cash	687,141.80	1,744.98	7,770.67	-	681,116.11	
General-Restricted	04	Morgan Stanely SmithBarney-Crandall	-	-	-	-	0.00	
General-Designated	08	Grant Projects Reserve	1,026,685.87	8,579.56	17,159.12	-	1,018,106.31	
General-Designated	08	PERS Pension Liability Reserve	(313,530.33)	8,579.56	-	-	(304,950.77)	
General-Designated	09	Reserves for Cap. Outlay	580,387.82	-	-	-	580,387.82	
General-Designated	10	Capital Outlay	(21,340.80)	-	31,020.15	-	(52,360.95)	General - All
General-Designated	11	Capital Building Project - YPD	1,041,179.40	900.00	131.04	-	1,041,948.36	\$ 5,166,377.37
Spec. Rev. -Streets	20	Road and Street Funds including HUTA	242,230.75	-	27,026.51	-	215,204.24	
Spec. Rev. -Streets	21	Local Transportation	296,528.88	35,470.21	-	-	331,999.09	Streets
Spec. Rev. -Streets	24	Fines - Traffic Safety	87,240.23	7,298.92	9,404.64	-	85,134.51	\$ 632,337.84
Special Revenue	30	Fire Assessment Spec. Rev	86,809.95	19,788.08	10,873.23	-	95,724.80	
Special Revenue	31	Landfill Access Fee - Debt Service	(174,791.57)	19,257.96	520.06	-	(156,053.67)	Special Revenues
Special Revenue	32	Developer Impact Fees	494,959.54	-	-	-	494,959.54	\$ 434,630.67
Special Grants	60	Spec Grants Capital Outlay	(90,249.61)	44,975.42	126,504.27	-	(171,778.46)	Special Grants
Special Grants	65	Community Development Grants	291,453.05	1,333.18	149.14	-	292,637.09	\$ 120,858.63
Water Enterprise	70	Water Operating	92,056.21	305,451.32	224,191.31	-	173,316.22	
Water Enterprise	71	Water Capital Projects	(32,434.40)	-	18,979.72	-	(51,414.12)	
Water Enterprise	72	Water Debt Servicing	37,046.25	-	-	-	37,046.25	
Water Enterprise	72	USDA COPS 2010	200,000.00	-	-	-	200,000.00	Water Enterprise
Water Enterprise	74	Water Reserves	6,327,335.06	74,270.99	-	-	6,401,606.05	\$ 6,760,554.40
Sewer Enterprise	80	Sewer Operating	80,022.51	202,152.41	143,108.33	-	139,066.59	
Sewer Enterprise	81	Sewer Capital Outlay	529,449.92	522,729.84	542,950.64	-	509,229.12	
Sewer Enterprise	82	Sewer Debt Servicing	9,893.49	-	-	-	9,893.49	
Sewer Enterprise	82	USDA COPS 2003	100,000.00	-	-	-	100,000.00	Enterprise-Sewer
Sewer Enterprise	84	Sewer Reserves	1,350,635.38	49,797.40	-	-	1,400,432.78	\$ 2,158,621.98
Agency	90	Agency - Cash	(50,857.64)	348,019.82	331,276.96	-	(34,114.78)	Agency- Payroll
								\$ (34,114.78)
		COLUMN TOTALS	\$ 15,077,066.51	\$ 1,990,650.99	\$ 1,828,451.39	\$ -	\$ 15,239,266.11	\$ 15,239,266.11
		BANK RECAPITULATION	PER BANK	Market Value			PER LEDGER	
		L.A.I.F. 0.26%	14,466,828.94	14,466,828.94				
		Petty Cash Drawers	1,200.00					
		YVFD Petty Cash	100.00					
		TriCounties YVFD DDA	68,218.71					
		Scott Valley Bank - Primary DDA	777,856.10					
		TOTAL PER BANK	15,314,203.75			Cash Total	15,239,266.11	
		ADJUSTMENTS				Petty Cash		
		Less Outstanding Checks SVB	(78,305.61)					
		Less Outstanding Checks TCB	(100.00)					
		SVB DDA Interest 5/31 GL 6/1	(70.84)					
		SVB ZBA to SVB DDA Transfer 9/2	3,240.94					
		I Pay Bk 8/29 GL 9/2	(157.54)					
		Credit Card Bk 9/2 GL 8/28	455.41					
		TOTAL PER LEDGER	15,239,266.11				15,239,266.11	

Rhetta Hogan, City Treasurer

Robert Bicego, City Mayor

CITY OF YREKA
TREASURER'S REPORT TO THE CITY COUNCIL
Jul-2014

Fund Type	Fund	Fund Description	Previous Balance	Receipts / Debits	Disbursements / Credits	Prior Period Adj.	Cash Balance by Fund	
General-Unrestricted	01	General Operating	\$ 1,993,000.52	\$ 592,657.26	\$ 634,413.52	\$ -	\$ 1,951,244.26	
General-Designated	01	Comm Art	2,772.56	-	-	-	2,772.56	
General-Designated	01	Fire Museum	3,322.35	-	-	-	3,322.35	
General-Designated	01	Planning Deposits	-	-	-	-	0.00	
General-Designated	01	Sidewalk in Lieu	35,803.46	425.00	-	-	36,228.46	
General-Designated	01	Parkland Trust	300.00	-	-	-	300.00	
General-Designated	01	Police Asset Forfeit	6,424.78	12.04	-	-	6,436.82	
General-Designated	01	Parking Fees	63,011.04	-	-	-	63,011.04	
General-Designated	01	Campbell Tract Redemption	48,020.34	-	-	-	48,020.34	
General-Designated	01	Baker Tract/Lucas	-	-	-	-	0.00	
General-Designated	02	Gifts Donations	3,549.23	265.50	265.50	-	3,549.23	
General-Designated	02	K-9 Unit	11,529.39	6.39	-	-	11,535.78	
General-Designated	02	YPD Donated - Hitson	6,596.84	9.61	-	-	6,606.45	
General-Designated	02	YPD Donated - Travellers	3,107.38	-	265.50	-	2,841.88	
General-Designated	02	YPD Donated - Teen Fund	2,651.59	-	-	-	2,651.59	
General-Designated	02	Greenhorn Park Redevelopment	-	-	-	-	0.00	
General-Designated	03	YVFD Volunter Fund	56,440.57	4,253.42	-	-	60,693.99	
General-Restricted	04	Crandell Cash	684,572.81	2,568.99	-	-	687,141.80	
General-Restricted	04	Morgan Stanely SmithBarney-Crandall	-	-	-	-	0.00	
General-Designated	08	Grant Projects Reserve	1,032,851.19	11,411.80	17,577.12	-	1,026,685.87	
General-Designated	08	PERS Pension Liability Reserve	(319,695.65)	8,788.56	2,623.24	-	(313,530.33)	
General-Designated	09	Reserves for Cap. Outlay	580,387.82	-	-	-	580,387.82	
General-Designated	10	Capital Outlay	3,423.13	-	24,763.93	-	(21,340.80)	General - All
General-Designated	11	Capital Building Project - YPD	1,040,330.30	976.34	127.24	-	1,041,179.40	\$ 5,199,738.51
Spec. Rev. -Streets	20	Road and Street Funds including HUTA	260,824.96	30,138.33	48,732.54	-	242,230.75	
Spec. Rev. -Streets	21	Local Transportation	296,338.18	190.70	-	-	296,528.88	Streets
Spec. Rev. -Streets	24	Fines - Traffic Safety	86,160.01	4,391.91	3,311.69	-	87,240.23	\$ 625,999.86
Special Revenue	30	Fire Assessment Spec. Rev	77,669.24	19,985.45	10,844.74	-	86,809.95	
Special Revenue	31	Landfill Access Fee - Debt Service	(0.00)	19,226.60	194,018.17	-	(174,791.57)	Special Revenues
Special Revenue	32	Developer Impact Fees	482,483.43	12,476.11	-	-	494,959.54	\$ 406,977.92
Special Grants	60	Spec Grants Capital Outlay	(0.00)	4,866.85	95,116.46	-	(90,249.61)	Special Grants
Special Grants	65	Community Development Grants	289,908.13	1,544.92	-	-	291,453.05	\$ 201,203.44
Water Enterprise	70	Water Operating	(0.00)	283,317.89	191,261.68	-	92,056.21	
Water Enterprise	71	Water Capital Projects	12,514.40	-	44,948.80	-	(32,434.40)	
Water Enterprise	72	Water Debt Servicing	37,046.25	-	-	-	37,046.25	
Water Enterprise	72	USDA COPS 2010	200,000.00	-	-	-	200,000.00	Water Enterprise
Water Enterprise	74	Water Reserves	6,258,172.03	69,163.03	-	-	6,327,335.06	\$ 6,624,003.12
Sewer Enterprise	80	Sewer Operating	-	218,709.23	138,686.72	-	80,022.51	
Sewer Enterprise	81	Sewer Capital Outlay	284,506.20	770,930.52	525,986.80	-	529,449.92	
Sewer Enterprise	82	Sewer Debt Servicing	10,566.95	-	673.46	-	9,893.49	
Sewer Enterprise	82	USDA COPS 2003	100,000.00	-	-	-	100,000.00	Enterprise-Sewer
Sewer Enterprise	84	Sewer Reserves	1,299,620.11	51,015.27	-	-	1,350,635.38	\$ 2,070,001.30
Agency	90	Agency - Cash	108,033.13	511,922.44	670,813.21	-	(50,857.64)	Agency- Payroll
								\$ (50,857.64)
		COLUMN TOTALS	\$15,062,242.67	\$ 2,619,254.16	\$ 2,804,430.32	\$ -	\$ 15,077,066.51	\$ 15,077,066.51
		BANK RECAPITULATION	PER BANK	Market Value			PER LEDGER	
		L.A.I.F. 0.244%	14,466,828.94	14,466,828.94				
		Petty Cash Drawers	1,200.00					
		YVFD Petty Cash	100.00					
		TriCounties YVFD DDA	61,998.61					
		Scott Valley Bank - Primary DDA	1,033,676.98					
		TOTAL PER BANK	15,563,804.53			Cash Total	15,077,066.51	
		ADJUSTMENTS				Petty Cash		
		Less Outstanding Checks SVB	(485,276.73)					
		Less Outstanding Checks TCB	(1,404.62)					
		SVB DDA Interest 5/31 GL 6/1	(56.67)					
		TOTAL PER LEDGER	15,077,066.51				15,077,066.51	

Rhetta Hogan, City Treasurer

Robert Bicego, City Mayor

**2014-2015 Operating Budget of Revenue and Expenditures
with Actual Results
August 31, 2014**

Fund Analysis		REVENUE			EXPENSE			Excess of Rev over Exp.-Surplus/ (Deficit)		Based on Operating Budget			Current Cash Balance
		Adopted	Operating Budget	Year to Date	Adopted	Operating Budget	Year to Date	Operating Budget	Net Actual Year to Date	Prelim Close Beginning Working Capital	Operating Budget Net Increase / (Decrease)	Ending Working Capital	
Major Grp	Fund												
Investment in LAIF	00	-	-	-	-	-	-	-	-	-	-	-	-
General Operating	01	4,852,126.41	4,852,126.41	121,622.01	4,889,013.89	4,889,013.89	779,961.42	(36,887.48)	(658,339.41)	2,785,455.12	(36,887.48)	2,748,567.64	2,106,426.85
General Operating Fund		4,852,126.41	4,852,126.41	121,622.01	4,889,013.89	4,889,013.89	779,961.42	(36,887.48)	(658,339.41)	2,785,455.12	(36,887.48)	2,748,567.64	2,106,426.85
Gifts Donations	02	500.00	500.00	300.00	700.00	700.00	199.50	(200.00)	100.50	27,384.43	(200.00)	27,184.43	27,484.93
YVFD Volunter Fund	03	11,000.00	11,000.00	6,802.10	11,000.00	11,000.00	(4,976.04)	-	11,778.14	56,440.57	-	56,440.57	68,218.71
Trusts -Crandell-Stewart	04	8,000.00	8,000.00	1,919.72	87,000.00	87,000.00	7,770.67	(79,000.00)	(5,850.95)	685,196.82	(79,000.00)	606,196.82	681,116.11
General Fund Reserves	08	(213,031.41)	(213,031.41)	(14,744.88)	(149,942.77)	(149,942.77)	(14,744.88)	(63,088.64)	-	713,155.54	(63,088.64)	650,066.90	713,155.54
Reserves for Cap. Outlay	09	100,000.00	100,000.00	-	152,729.94	152,729.94	-	(52,729.94)	-	579,236.21	(52,729.94)	526,506.27	580,387.82
Capital Outlay	10	142,600.00	142,600.00	-	142,600.00	142,600.00	51,209.34	-	(51,209.34)	-	-	-	(52,360.95)
Construction Fund	11	2,000.00	2,000.00	1,800.00	950,000.00	950,000.00	181.94	(948,000.00)	1,618.06	990,330.30	(948,000.00)	42,330.30	1,041,948.36
General Fund - Restricted or Designated		51,068.59	51,068.59	(3,923.06)	1,194,087.17	1,194,087.17	39,640.53	(1,143,018.58)	(43,563.59)	3,051,743.87	(1,143,018.58)	1,908,725.29	3,059,950.52
Total General Fund		4,903,195.00	4,903,195.00	117,698.95	6,083,101.06	6,083,101.06	819,601.95	(1,179,906.06)	(701,903.00)	5,837,198.99	(1,179,906.06)	4,657,292.93	5,166,377.37
Gas Tax & Traffic Cong.	20	614,963.96	614,963.96	-	889,963.96	889,963.96	59,663.49	(275,000.00)	(59,663.49)	276,796.42	(275,000.00)	1,796.42	215,204.24
Local Transportation	21	1,609.37	1,609.37	-	283,625.00	283,625.00	-	(282,015.63)	-	331,999.09	(282,015.63)	49,983.46	331,999.09
Fines - Traffic Safety	24	81,178.06	81,178.06	50.00	81,178.06	81,178.06	1,244.14	-	(1,194.14)	86,328.65	-	86,328.65	85,134.51
Road, Street & Transit - Restricted		697,751.39	697,751.39	50.00	1,254,767.02	1,254,767.02	60,907.63	(557,015.63)	(60,857.63)	695,124.16	(557,015.63)	138,108.53	632,337.84
Total Road, Streets and Transit		697,751.39	697,751.39	50.00	1,254,767.02	1,254,767.02	60,907.63	(557,015.63)	(60,857.63)	695,124.16	(557,015.63)	138,108.53	632,337.84
Fire Assessment Spec. Rev	30	230,750.00	230,750.00	41,146.79	129,693.66	129,693.66	21,397.77	101,056.34	19,749.02	95,243.18	101,056.34	196,299.52	95,724.80
Landfill Access Fee - Debt Service	31	217,000.00	217,000.00	38,772.79	181,189.61	181,189.61	175,811.58	35,810.39	(137,038.79)	4,998.83	35,810.39	40,809.22	(156,053.67)
Developer Impact Fees	32	16,000.00	16,000.00	12,216.06	-	-	-	16,000.00	12,216.06	232,559.62	16,000.00	248,559.62	494,959.54
Special Revenue - Restricted		463,750.00	463,750.00	92,135.64	310,883.27	310,883.27	197,209.35	152,866.73	(105,073.71)	332,801.63	152,866.73	485,668.36	434,630.67
Total Special Revenue		463,750.00	463,750.00	92,135.64	310,883.27	310,883.27	197,209.35	152,866.73	(105,073.71)	332,801.63	152,866.73	485,668.36	434,630.67
Spec Grants Capital Outlay	60	3,277,784.94	3,277,784.94	43,776.00	3,277,784.94	3,277,784.94	107,997.46	-	(64,221.46)	77,518.17	-	77,518.17	(171,778.46)
Community Development Grants	65	6,800.00	6,800.00	2,053.27	5,000.00	5,000.00	149.14	1,800.00	1,904.13	256,590.92	1,800.00	258,390.92	292,637.09
Special Grants - Capital Projects		3,284,584.94	3,284,584.94	45,829.27	3,282,784.94	3,282,784.94	108,146.60	1,800.00	(62,317.33)	334,109.09	1,800.00	335,909.09	120,858.63
Special Grants - Operating & Capital Projects		3,284,584.94	3,284,584.94	45,829.27	3,282,784.94	3,282,784.94	108,146.60	1,800.00	(62,317.33)	334,109.09	1,800.00	335,909.09	120,858.63
Water Operating	70	1,602,971.61	1,602,971.61	500,051.43	1,602,971.61	1,602,971.61	199,830.04	-	300,221.39	-	-	-	173,316.22
Water Capital Projects	71	700,800.00	700,800.00	-	700,800.00	700,800.00	51,414.12	-	(51,414.12)	-	-	-	(51,414.12)
Water Debt Servicing	72	262,880.00	262,880.00	-	262,880.00	262,880.00	(37,046.25)	-	37,046.25	200,000.00	-	200,000.00	237,046.25
Water Reserves	74	190,848.39	190,848.39	139,809.59	-	-	-	190,848.39	139,809.59	5,587,286.97	190,848.39	5,778,135.36	6,401,606.05
Water Enterprise		2,757,500.00	2,757,500.00	639,861.02	2,566,651.61	2,566,651.61	214,197.91	190,848.39	425,663.11	5,787,286.97	190,848.39	5,978,135.36	6,760,554.40
Sewer Operating	80	1,653,936.77	1,653,936.77	302,750.31	1,653,936.77	1,653,936.77	143,416.53	-	159,333.78	-	-	-	139,066.59
Sewer Capital Outlay	81	4,719,370.75	4,719,370.75	1,293,105.85	4,719,370.75	4,719,370.75	533,423.18	-	759,682.67	-	-	-	509,229.12
Sewer Debt Servicing	82	(4,134,354.03)	(4,134,354.03)	(1,293,105.85)	(4,134,354.03)	(4,134,354.03)	(9,893.49)	-	(1,283,212.36)	100,000.00	-	100,000.00	109,893.49
Sewer Reserves	84	198,046.51	198,046.51	99,566.45	-	-	-	198,046.51	99,566.45	3,153,168.83	198,046.51	3,351,215.34	1,400,432.78
Sewer Enterprise Fund		2,437,000.00	2,437,000.00	402,316.76	2,238,953.49	2,238,953.49	666,946.22	198,046.51	(264,629.46)	3,253,168.83	198,046.51	3,451,215.34	2,158,621.98
Total Enterprise Funds		5,194,500.00	5,194,500.00	1,042,177.78	4,805,605.10	4,805,605.10	881,144.13	388,894.90	161,033.65	9,040,455.80	388,894.90	9,429,350.70	8,919,176.38
Agency Trust - Cash	90	-	-	-	-	-	34,080.39	-	(34,080.39)	-	-	-	(34,114.78)
Agency Funds		-	-	-	-	-	34,080.39	-	(34,080.39)	-	-	-	(34,114.78)
Total Agency Funds		-	-	-	-	-	34,080.39	-	(34,080.39)	-	-	-	(34,114.78)
All Funds Combined		14,543,781.33	14,543,781.33	1,297,891.64	15,737,141.39	15,737,141.39	2,101,090.05	(1,193,360.06)	(803,198.41)	16,239,689.67	(1,193,360.06)	15,046,329.61	15,239,266.11

Approval: _____

Robert Bicego, City Mayor

9/18/2014 11:18 AM



CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM

To: Yreka City Council
Prepared by: Steve Baker, City Manager
Agenda title: Discussion/Possible Action – Purchase of Superior Water Rights for Fall Creek including Power Generation Facility.
Meeting date: October 2, 2014

Discussion:

Councilmember Simmen has requested to place as an action item on tonight's agenda, the authorization to purchase the superior water rights on Fall Creek owned by PacifiCorp, including Power Generation Facility.

Approved by: _____

Steven Baker, City Manager



City of Yreka
701 Fourth Street • Yreka, CA 96097
(530) 841-2386 • FAX (530) 842-4836



December 18, 2008

Pat Reiten, President and CEO
PacifiCorp
825 N.E. Multnomah Street, Ste. 2000
Portland, Oregon 97232

Re: Expression of Interest in PacifiCorp's Facilities at Fall Creek

Dear President Reiten:

The City of Yreka has long enjoyed an excellent working relationship with PacifiCorp. As you are probably aware, Yreka is the county seat of Siskiyou County and one of the largest communities in your California service territory. Yreka has supported PacifiCorp in the process for renewal of the company's hydropower licenses based upon either the PacifiCorp or the Staff Alternative, with modifications.

The City is in receipt of the State Water Resources Control Board Notice of Preparation of an Environmental Impact Report for the section 401 water quality certification for the California facilities of the Klamath Hydro Project. Yreka has taken note that these studies and the decisions taken thereafter may affect your generation plant on Fall Creek, above the Irongate Reservoir.

PacifiCorp's facilities on Fall Creek are closely related to the City's welfare. The water that drives the PacifiCorp in-stream turbines on Fall Creek is impounded downstream by Yreka and pumped over the hills on the far side of the Klamath mainstem to become the domestic water supply for our City. At current rates, our annual energy charge for pumping is approximately \$200,000 per year. The City would like to engage in engineering analysis to determine whether there are more efficient techniques for conveying our domestic water supply to our City. At this very preliminary stage, we are simply requesting that your technical staff cooperate to provide Yreka's representatives with information and feedback for the studies we propose to undertake.

Second, the City of Yreka would like to make clear its interest in acquiring the Fall Creek facilities, both the generating plant and the superior water rights PacifiCorp holds. These facilities are consistent with our municipal powers and duties. We believe the acquisition can be financed with municipal revenue bonds. We understand this would be a complex transaction. We are seeking an expression of interest on your part; thereafter, the City would engage the necessary professional services to formalize a proposal.

Thank you for considering our proposals. Please don't hesitate to contact Brian Meek, our City Manager, if you would like more information.

Very truly yours,

Tom Amaral
Mayor, City of Yreka



February 9, 2009

Tom Amaral
Mayor
City of Yreka
701 Fourth Street
Yreka, CA 96097

Re: Response to Letter Expressing Interest in Fall Creek Facilities

Dear Mayor Amaral:

Thank you for your letter dated December 18, 2008. I appreciate the long-standing relationship between Pacific Power and the City of Yreka and look forward to continuing that relationship into the future.

With regard to your first request, the company is happy to cooperate in providing City of Yreka representatives with information and feedback for studies the City may conduct related to alternative methods for conveying the City's water supply. The lead on this matter will be Tim Hemstreet, in PacifiCorp Energy's hydro unit. Tim can be reached directly at 503-813-6170, and I encourage you to have your representatives work directly with Tim on questions related to this issue.

Your letter also requests an expression of interest on the company's part related to the City of Yreka's interest in acquiring the Fall Creek facilities and water rights. As you likely know, on November 12, 2008, the United States, the Governors of Oregon and California, and PacifiCorp executed an Agreement in Principle (AIP) for the continued operation and potential future removal of PacifiCorp's licensed Klamath River dams. Negotiations leading to a final agreement, consistent with the AIP, are expected to conclude no later than June 30, 2009. Section IX.B of the AIP specifically states that the final agreement may address the "Disposition of the Fall Creek Hydropower Facility...in a manner that would protect the City of Yreka's water supply." Your interests appear consistent with the goal set forth in the AIP. Siskiyou County representatives are expected to participate in the negotiations of the final agreement, and I encourage you to coordinate with Siskiyou County Attorney, Tom Guarino, with the County's role and position with respect to this issue. PacifiCorp Energy's lead in the settlement discussions is Dean Brockbank, Vice President and General Counsel. I encourage you to work directly with Dean to help the company fully understand the City's interests and possible connections those interests may have in the ongoing settlement discussions. Dean can be reached at 801-220-4568.

Thank you again for your letter. If I, or my staff, can be of any further assistance as these matters progress, please let me know.

Sincerely,

Pat Reiten
President