

**AGENDA FOR THE REGULAR MEETING
DUNSMUIR CITY COUNCIL
COUNCIL CHAMBERS
5902 DUNSMUIR AVE, DUNSMUIR, CA
FEBRUARY 18, 2016
CLOSED SESSION: NONE
REGULAR SESSION: 6:00 PM**

As a courtesy, please turn off cell phones and electronic devices while the meeting is in session. Thank you.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PUBLIC COMMENT ON CLOSED SESSION ITEM(S): NONE**
4. **ADJOURN TO CLOSED SESSION: NONE**
5. **REPORT FROM CLOSED SESSION: NONE**
6. **FLAG SALUTE**
7. **APPROVAL OF AGENDA**
8. **APPROVAL OF MINUTES**
 - A. **February 4, 2016**
9. **COMMITTEE REPORTS**
 - a. **Economic Development/Tourism**
 - b. **Finance**
 - c. **Public Facilities and Services**
 - d. **Public Safety**
 - e. **Airport**
 - f. **Solid Waste**
 - g. **Mossbrae**

10. ANNOUNCEMENTS AND PUBLIC COMMENT

Regular City Council meetings are televised on Channel 15 to keep City residents informed of City Council actions and deliberations that affect the community. Meetings are scheduled to be televised on the 1st and 3rd Thursday of each month. Meetings that take place on dates other than the 1st and 3rd Thursday will not be televised.

This time is set aside for citizens to address the City Council on matters listed on the Consent Agenda as well as other items **not** included on the Regular Agenda. If your comments concern an item noted on the Regular Agenda, please address the Council when that item is open for public comment. **Each speaker is allocated three (3) minutes to speak. Speakers may not cede their time to another speaker.** Comments should be limited to matters within the jurisdiction of the City. Speaker forms are available from the City Clerk, 5915 Dunsmuir Ave, Dunsmuir, on the City's website, or on the podium. The City Council can only take action on matters that are on the Agenda, but may place matters brought to their attention at this meeting on a future Agenda for consideration. If you have documents to present to members of the City Council, please provide a minimum of seven (7) copies.

11. ANNOUNCEMENTS AND REPORTS FROM COUNCIL AND STAFF:

Members of the Council or staff may ask questions, request reports for a later meeting, or ask that an item be placed on a future agenda on any subject within the Council's jurisdiction.

12. CONSENT AGENDA

The Consent Agenda consists of proposed actions on business matters which are considered routine and for which approval is based on previously approved City policy or practice. The Consent Agenda will be approved by a single motion to "Adopt the Consent Agenda" and Council Members will vote without debate. Council Members may remove a Consent Agenda matter for any reason and request that it be placed on the Agenda for discussion and consideration. Matters removed from the Consent Agenda will be placed on the agenda as an item of "New Business" for discussion and consideration.

A. Approve Check Register Report dated February 12, 2016

B. Receive and file 2015 Annual Operations Report for Waste Water Treatment Plant

C. Receive and file notification from UP of non-funding of children's lunch program 2016

D. Consider and authorize additional pay for temporary assignment of Acting City Manager

E. Authorize reimbursement for mileage and hotel cost to former Interim City Manager Randy Johnsen for attendance at the February 18 and March 3 City Council Meetings not to exceed \$300 per meeting

13. PUBLIC HEARING

Public Hearing Protocol:

- a. Mayor will describe the purpose of the Public Hearing.
- b. City Staff will provide the Staff Report.
- c. City Staff will respond to questions from the City Council.
- d. Mayor will open the Public Hearing.
- e. Citizens wanting to comment will come to the podium, provide the City Clerk with their name and address and provide their comments.
- f. Mayor will close the Public Hearing.

A. Presentation of applicants to fill Planning Commission vacancy and appointment thereto

14. OLD BUSINESS

A. Consider and approve new City Manager Contract pending results of requirements of Conditional Offer of Employment

B. Accept and approve program guidelines and forms to implement business assistance program to generate jobs

C. Discussion and possible action regarding offer from Ron Stock and Steve Baker to facilitate work plan

D. Consider and give possible direction regarding Children's Park

15. NEW BUSINESS

A. Setting new lease fees for Mott Airport

B. Consider and award contract for 2016 South Dunsmuir Water Main Replacement Project

C. Consider and award contract for 2016 North Dunsmuir Water Main Replacement Project

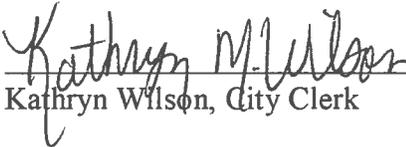
16. ADJOURNMENT:

Copies of this agenda were posted at City Hall, Dunsmuir City Library, Dunsmuir Park and Recreation District Office and at the Post Office on or before February 14, 2016 at 6:00 pm.

The City of Dunsmuir does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disability or any other legally protected classes in employment or provision of services. Persons who need accommodations for a disability at a public meeting may call City Hall at (530) 235-4822 for assistance. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to accommodate participation in the meeting.

CERTIFICATION

This is the official Dunsmuir City Council Agenda, created and posted in accordance with the Dunsmuir City Council Protocols.



Kathryn Wilson, City Clerk



Date

**CITY OF DUNSMUIR
CITY COUNCIL MEETING MINUTES
FEBRUARY 4, 2016**

CALL TO ORDER:

Meeting was called to order at 5:00 pm by Mayor Spurlock.

ROLL CALL:

Council members present: Craig, Deutsch, Keisler, Spurlock

Council member absent: Syrrist

City staff present: Johnsen

City official present: Wilson

ADJOURN TO CLOSED SESSION:

A. Public employment-pursuant to Section 54957 Title: City Manager

B. Conference with Real Property Negotiators- Section 54956.8

RECONVENE AND REPORT FROM CLOSED SESSION: 6:00 pm

A. Council directed staff to give offer of employment to Paul Poczobut.

B. Council direction given for the City to vacate the section of Spruce Street known as Children's Park.

Council direction given for the hazmat situation at the Engine House to be abated as soon as possible.

FLAG SALUTE

APPROVAL OF AGENDA:

Motion to approve by Keisler, second by Craig. Voice vote: 4-0-0-1, motion carried. (Ayes: Craig, Spurlock, Keisler, Deutsch)

APPROVAL OF MINUTES:

Motion to approve by Keisler, second by Craig. Voice vote: 4-0-0-1, motion carried. (Ayes: Craig, Spurlock, Keisler, Deutsch)

COMMITTEE REPORTS:

b. Finance: Council member Craig stated that the Committee had met to receive the audit and budget status update, and explained that the only finding in the audit was that the previous year's audit was late.

e. Airport: Council member Deutsch stated that the Committee is working to clarify ambiguity regarding property lines, and explained that the property east of the airport is City property. He stated that it could be used for any zoning as long as assurances regarding the airport are met. He explained that the Committee is looking in to an arrangement to generate revenue from the property, and is working with the FAA to get back on track with the funding cycle. Council

FEBRUARY 4, 2016
CITY COUNCIL MEETING MINUTES
PAGE 2

member Deutsch stated that the Committee will be looking into beautifying the airport, and will work on marketing as well.

ANNOUNCEMENTS AND PUBLIC COMMENT:

Audience member Mari Shanta stated that she had not received any mailings regarding the water or sewer rate changes. She expressed concern as to how the list of mailings was formulated, and stated that there were inconsistencies.

Audience member Carolyn Rivard asked if anything was being done to repair the City's sidewalks, stating that the repairs should come before beautifying the airport.

Audience member Peter Arth asked that Council move the item up in the agenda regarding the formulation of a work plan. Mr. Arth also stated that he was informed at City Hall at 4:00 pm, prior to the meeting, that he could not be given a copy of the agenda.

Mr. Arth expressed concern regarding the Mossbrae Trail, stating that the process has neither been informative nor transparent.

Audience member Michael Bush stated that the beautification of the airport is important as it creates a good first impression. He suggested the inclusion of the Botanical Garden Committee in the project.

Siskiyou County Sheriff's Sergeant Rees reviewed the date of the next Neighborhood Watch meeting.

Audience member Linda Gnesa stated that she would be bringing information regarding Bent Rail Park to the next meeting.

Audience member Mario Rubino stated that there is misunderstanding regarding how the Solid Waste fund balance works. He stated that funds are supposed to be self-supporting, and that the lack of clear understanding could lead to the clearing out of a fund. He explained that the City has to be able to show that the Sewer/Water Enterprise is making money, and that it could become a drain on the City. Mr. Rubino stated that if the City needs to replace expensive equipment and there is no money, the replacement would come out of the General Fund.

ANNOUNCEMENTS AND REPORTS FROM COUNCIL AND STAFF:

Mayor Spurlock reiterated the action taken during closed session.

Council member Craig suggested moving item New Business F to item A1. Council agreed unanimously.

Council member Deutsch reviewed the 218 process and the dates of the public hearings regarding. He reviewed the work that needs to be done and the need to be able to get back into the grant system.

Council member Keisler thanked Sandy Raine for her dedication at the Burger Barn, and wished the new owners good luck.

Interim City Manager Johnsen stated that the Prop 218 mailings went to property owners and customers. He stated that the list was sent to a professional firm, and if some people were missed, he was unsure why.

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CITY OF DUNSMUIR MEETING MINUTES
PAGE 3

Council member Craig stated that anyone requesting an agenda at City Hall needs to be provided with one. ICM Johnsen stated that it would be taken care of.

Council member Craig asked why the City is not the lead agency for the Mossbrae Trail. ICM Johnsen stated that the City originally took the lead role with the understanding that it may have eminent domain, but that the State has presented to the Council that that is not the case. He explained that the property is outside of the City's jurisdiction. He explained that the intention of the committee and stakeholders is to apply for grants once there is a willing seller.

Discussion.

ICM Johnsen expressed his hope that the City would be eligible for grant money for sidewalk repair this year. He stated that a consultant is working with the public works supervisor regarding trees and sidewalk repair.

ICM Johnsen stated that Jim Elkins has been authorized to attend the next LTC meeting.

CONSENT AGENDA:

A. Approve check register reports dated January 15, 2016 and January 29, 2016

B. Approve payment of League of California Cities annual dues and litigation surcharge for a total of \$1,087.84

C. Authorize write off of late fees and interest on utility billing account for Department of Fish and Wildlife account for 4350 Upper Soda Road

D. Receive and file notice from League of California Cities that Assembly Bill 21 (Wood) to delete March 1 deadline for marijuana cultivation ordinances was approved by State Assembly and has been forwarded to Governor's desk for signature

Motion to approve by Keisler, second by Deutsch. Roll call vote:

Ayes: 4 Keisler, Spurlock, Craig, Deutsch

Noes: 0

Abstain: 0

Absent: 1 Syrrist Motion carried: 4-0-0-1

PUBLIC HEARING:

A. Consider, approve second reading of, and adopt Ordinance No. 553, An Ordinance amending Section 17.12.070 of the Dunsmuir City Code to allow Single Family Houses in Central Commercial (C-2) Zone by Right and in the Historic District (C-2HD) Combining Zone with an Approved Conditional Use Permit

Review by ICM Johnsen.

Public Hearing Open: 6:55 pm

Public Hearing Closed: 6:55 pm

Brief Council discussion.

Motion to read Ordinance No. 553 by number and title only by Keisler, second by Craig. Motion to approve by Keisler, second by Craig. Voice vote: 4-0-0-1, motion carried. (Ayes: Craig, Spurlock, Keisler, Deutsch)

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CITY OF DUNSMUIR MEETING MINUTES
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Motion to pass second reading and adopt Ordinance No. 553, An Ordinance of the City Council of the City of Dunsmuir Amending Section 17.12.070 of the Dunsmuir City Code to allow Single Family Houses in Central Commercial (C-2) Zone by right and in the Historic District (C-2HD) Combining Zone with an Approved Conditional Use permit by Keisler, second by Deutsch. Motion to approve by Keisler, second by Craig. Voice vote: 4-0-0-1, motion carried. (Ayes: Craig, Spurlock, Keisler, Deutsch)

OLD BUSINESS:

A. Consider and authorize agreement with MuniCode to republish Dunsmuir City Code Review by ICM Johnsen, explaining the offer to republish the City Code at the cost of \$7628 plus \$1,000 annually for online services.

Audience member Michael Bush asked about the ease and accessibility of the program. Council member Craig explains that it would be easy to search any term.

Motion to authorize staff to enter into agreement with MuniCode to republish the Dunsmuir City Code for an amount not to exceed \$7628 plus \$1000 for online updates of new ordinances by Keisler, second by Deutsch. Roll call vote:

Ayes: 4 Keisler, Spurlock, Craig, Deutsch

Noes: 0

Abstain: 0

Absent: 1 Syrrist Motion carried: 4-0-0-1

B. Consider and authorize agreement with Candace Miller to provide professional assistance in evaluating street trees along Dunsmuir Avenue in the Historic District for an amount not to exceed \$300.

Review by ICM Johnsen.

Audience member Peter Arth stated that Ms. Miller is superbly qualified for the job. He stated that Mt. Shasta has had the same problem with trees overgrowing to the detriment of the sidewalk, and that their solution was to place pavers around the trees. He suggested that the City engineer work with Public Works to come up with a plan for dealing with the problem.

Audience member Candace Miller stated that she was happy to be involved in the process, and reviewed different types of trees that may be appropriate. Discussion.

Motion to authorize staff to enter into agreement with Candace Miller to provide professional assistance in evaluating street trees along Dunsmuir Avenue in the Historic District for an amount not to exceed \$300 by Keisler, second Craig. Roll call vote:

Ayes: 4 Keisler, Spurlock, Craig, Deutsch

Noes: 0

Abstain: 0

Absent: 1 Syrrist Motion carried: 4-0-0-1

C. Authorize award of bid to A Cut Above tree Service for removal and trimming of trees in the public right of way

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CITY OF DUNSMUIR MEETING MINUTES
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ICM Johnsen reviewed the one bid received by A Cut Above. He explained that the requirement that an arborist be on site made it difficult to receive more bids. He stated that if the City reduced the requirement, the cost of the bid would be reduced. Brief discussion.

Motion to award bid to A Cut Above Tree Service for an amount not to exceed \$33,410 by Keisler, second by Deutsch. Roll call vote:

Ayes: 4 Keisler, Spurlock, Craig, Deutsch

Noes: 0

Abstain: 0

Absent: 1 Syrrist Motion carried: 4-0-0-1

D. Presentation of 2014-15 Audit Report and 2015-16 budget comparison report for the period July 1, 2015 to December 31, 2015

ICM Johnsen reviewed the item, explaining the only finding was that the previous year's audit was late. Clarifying questions. ICM Johnsen reviewed the Airport, Solid Waste, and Water funds. Audience member/City Treasurer Mario Rubino reviewed depreciation and how it works in a budget. He stated that Solid Waste has a good amount of money, but that if depreciation is deducted, the amount is not so large. He stated that when looking a depreciation, the goal is to set money aside and to be able to explain the retained earning sums for capital improvement and expenditures. He stated that the Council needs to ensure that the fund will make money after a couple of years, and if it does not, the City will be unable to replace equipment and do repairs.

Motion to accept presentations and authorize distribution of single audit report to grant agencies and others requesting copy of full or single audit by Keisler, second by Craig. Voice vote: 4-0-0-1, motion carried. (Ayes: Craig, Spurlock, Keisler, Deutsch)

NEW BUSINESS:

A1. Consider and discuss development of work plan

ICM Johnsen reviewed the process used by the City of Weed, explaining that it allowed for the determination of responsibilities of each department. He suggested including all staff, and completing the process in the near future. Discussion.

Audience member Peter Arth stated that since 2010 the City has had no vision or strategic plan. He stated that if Council had facilitated objectives, they would find more people interested, engaged, and willing to do something.

Discussion.

Motion to continue the item to February 18, at which time Council would discuss and set a date for the meeting, and to authorize staff to contact Ron Stock regarding facilitation of the meeting by Keisler, second by Craig. Voice vote: 4-0-0-1, motion carried. (Ayes: Craig, Spurlock, Keisler, Deutsch)

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CITY COUNCIL MEETING MINUTES
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A. Consider and appoint City Council member liaison to League of California Cities
Review by ICM Johnsen. Clarifying questions. Motion by Deutsch to approve the appointment of Council member Craig, second by Keisler. Voice vote: 4-0-0-1, motion carried. (Ayes: Craig, Spurlock, Keisler, Deutsch)

B. Receive and provide direction regarding petition to not remove three Douglas Fir trees in front of 4307 Wood Street or widening Wood Street

Review by ICM Johnsen.

Mayor Spurlock recused himself from the discussion as two of the trees are located in his yard. Motion to direct staff to write letter stating that the trees would not be removed by Keisler, second by Deutsch. Roll call vote: 3-0-1-1, motion carried. (Ayes: Craig, Keisler, Deutsch Abstain: Spurlock)

C. Consider and adopt Resolution No. 2016-01 authorizing submittal of application for payment and related authorizations pursuant to Public Resources Code section 48000 et seq for programs administered by CalRecycle (Department of Resources Recycling and Recovery)

Review by ICM Johnsen.

Motion to adopt Resolution 2016-01 authorizing submittal of applications for payment programs and related authorizations pursuant to Public Resources Code Section 48000 et seq by Keisler, second by Craig. Voice vote: 4-0-0-1, motion carried. (Ayes: Craig, Spurlock, Keisler, Deutsch)

D. Consider and approve new Mott Airport hangar lease rate for non-aviation (commercial) leases and lease form

ICM Johnsen reviewed the current hangars leased and the existing rate. He explained that per the FAA, the hangars should be leased at a competitive commercial rate if not used for aviation. Discussion.

Motion to direct Airport Manager to impose rate three times that for aviation leases for commercial leases of hangars at Mott Airport, and to approve the lease form with the amendment that the vacate period be extended from 21 days to 30 days by Craig, second by Deutsch. Voice vote: 4-0-0-1, motion carried. (Ayes: Craig, Spurlock, Keisler, Deutsch)

E. Consider and approve different design of garbage cans in downtown and authorize replacement of broken concrete garbage cans for an estimated cost of \$1756.

ICM Johnsen reviewed damaged cans and the need for replacement. Brief discussion.

Motion to approve changing out square concrete garbage containers in the downtown with round containers and approve replacement of three damaged containers at this time for an estimated cost of \$1756 by Keisler, second by Craig. Roll call vote:

Ayes: 4 Keisler, Spurlock, Craig, Deutsch
Noes: 0
Abstain: 0
Absent: 1 Syrrist Motion carried: 4-0-0-1

Staff directed to find candidate to act as City Manager and to create agreement regarding.

**FEBRUARY 4, 2016
CITY OF DUNSMUIR MEETING MINUTES
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Council member Deutsch volunteered as representative for the Siskiyou Media Council, Council agreed.

ADJOURNMENT: 8:37 pm

ATTEST:

City Clerk Wilson

Check Register Report

12 A

2-12-16 A/P

Date: 02/11/2016

Time: 2:45 pm

Page: 1

City: Dunsmuir

BANK: U.S. BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
U.S. BANK Checks							
47831	02/12/2016	Printed		514	ADVANCE INFOSYSTEMS	PRE-PROCESSING UB & MATRL'S FORMS	404.64
47832	02/12/2016	Printed		1000	AIELLO,GOODRICH,TEUSCHER	PROF SVCS AUDIT 1-31-16	3,200.00
47833	02/12/2016	Printed		1215	ALSCO	PW&WWTP CVRALL RNTLS	32.00
47834	02/12/2016	Printed		9447	AUS SACRAMENTO MC LOCKBOX	C.H.MATS,WKLYLNDRY 2-3-16,TWLS	370.45
47835	02/12/2016	Printed		10309	FRANK BAGAFORO	REFND DEP F. BAGAFORO #25051	150.00
47836	02/12/2016	Printed		2635	BASIC LABORATORY, INC.	FRENCH DRAIN LEACH LINE	109.00
47837	02/12/2016	Printed		2800	BAXTER AUTO PARTS, INC.	RADNOR WELDING PRODU	61.75
47838	02/12/2016	Printed		9999999174	BENSON ROOFING	REMYL GUTTR FIRE STA. AND INST	1,450.00
47839	02/12/2016	Printed		9012	BEST WESTERN LUXURY INN	4-3,4,5-16 STAY,D. DELLA BONA	356.37
47840	02/12/2016	Printed		3572	BLUE CROSS OF CALIF	3-1-16/4-1-16 LIF INS PREM	299.10
47841	02/12/2016	Printed		9437	BLUE STAR GAS	FIREHSE TANK 327.7	1,339.95
47842	02/12/2016	Printed		10310	ROBERT BONNING	REIMB FOR LIVE SCAN	74.00
47843	02/12/2016	Printed		4050	BORGES & MAHONEY	2-BUFER SOLUTION	378.97
47844	02/12/2016	Printed		10017	CAL-ORE COMMUNICATIONS	FEB '16 COMM. SVCS	19.95
47845	02/12/2016	Printed		5325	REBECCA CATLETT	CLN SVC 1-29,31&2-1,7,8-16	148.50
47846	02/12/2016	Printed		10210	KATE CHADWICK	REFND DEP DOGWOOD DNR#24805	32.04
47847	02/12/2016	Printed		9820	CITY OF DUNSMUIR	APLY DEP K CHADWICK #24568	1,425.77
47848	02/12/2016	Printed		6325	CLEMENS WASTE REMOVAL	DUMP FEES JAN '16	5,116.15
47849	02/12/2016	Printed		6950	CROSS PETROLEUM	CNCL CHMBRS KEROSENE 134.6	327.55
47850	02/12/2016	Printed		9439	CRWA	D DELLA BONA CRWA TRNING GRD I	250.00
47851	02/12/2016	Printed		9999999269	CSMFO	MEMBERSHIP FEES	110.00
47852	02/12/2016	Printed		2002	DAVIDSON'S TRAINING	D.DELLA BONA WASTEWA CERT	250.00
47853	02/12/2016	Printed		10185	ARLENE DINGES	PLN SVCS 1-1/2-7-16	506.25
47854	02/12/2016	Printed		9999999376	DUNSMUIR FIRE PROTECTION	REIMB BARKER FIRE 7-31-15 DIST	1,320.00
47855	02/12/2016	Printed		9850	DUNSMUIR HARDWARE	JAN '15 SUPPLIES&MATRL'S	445.45
47856	02/12/2016	Printed		9885	DUNSMUIR TIRE	RAIN-X WIPER BLADES (2)	23.63
47857	02/12/2016	Printed		11255	ELECSYS INTERNATIONAL CORP	MAR '16 MO MAINT CHRGS	223.50
47858	02/12/2016	Printed		9303	FASTENAL COMPANY	2-22" STEEL LEAF RAKES	266.03
47859	02/12/2016	Printed		22160	JERRY HILL	REIMB FOR RE-CERT TRAINING	75.00
47860	02/12/2016	Printed		22145	INTERSTATE SALES	6CS ORANGE BAGS	575.75
47861	02/12/2016	Printed		22620	JULIE ISKRA	REIMB HEATER,CUTLERY,PLATES	46.80
47862	02/12/2016	Printed		29010	LEAGUE OF CA CITIES	MEMBERSHIP FOR '2016	1,087.84
47863	02/12/2016	Printed		29012	LEAGUE OF CALIFORNIA CITIES	SAC VAL DIV MEM DUES '2016	50.00
47864	02/12/2016	Printed		31212	MANFREDI'S DEPOT	11-22/ 1-16-16 & 1-12,13-16 FU	564.18
47865	02/12/2016	Printed		33120	MOUNTAIN COUNTIES SUPPLY CO.	JAN '16 VEH FUEL	1,437.29
47866	02/12/2016	Printed		33146	MT SHASTA SPRING WATER CO	1 CS DW	85.15
47867	02/12/2016	Printed		37106	OFFICEMAX CONTRACT INC.	POST ITS,PNCLS,FLDRS,ERSRS,	243.49
47868	02/12/2016	Printed		39853	PURCHASE POWER	MTR POSTAGE	3,025.00
47869	02/12/2016	Printed		44240	RAMSHAW'S ACE HARDWARE	STIHL	99.22
47870	02/12/2016	Printed		10311	MIKE ROBLO	REFND DEP M. ROBLO #25809	150.00
47871	02/12/2016	Printed		47520	SHASTA AUTO SUPPLY	12-ROTELLA T OIL, 1-BLUE DEF	208.55
47872	02/12/2016	Printed		24858	SHASTA CO. DEPT OF RESOURCE	DUNS WWTP PERMITS	822.77
47873	02/12/2016	Printed		9942	SISKIYOU CO. RECORDER	REC FEES, NO DUSN WA MN RPL PR	38.00
47874	02/12/2016	Printed		9943	SISKIYOU CO. RECORDER	REC FEES SO. DUNS MN WA RPL PR	38.00
47875	02/12/2016	Printed		47676	SMITH BUILDING SERVICES, LLC	BLDG INSP SVCS JAN '16	1,416.67
47876	02/12/2016	Printed		9413	STATEWIDE TRAFFIC SAFETY	MATRL'S TO REPL GUARDRAIL(SAC)	376.79
47877	02/12/2016	Printed		21084	STAYBRIDGE SUITES	3-1-16/3-3-16 DENNIS DELLABONA	433.42
47878	02/12/2016	Printed		21085	BRIAN TAYLOR	REIMB EMT CERT	222.99
47879	02/12/2016	Printed		50841	UNION PACIFIC RAILROAD	LS-RENT, PRESET CEDAR&SAC AVE	3,000.00

Check Register Report

2-12-16 A/P

Date: 02/11/2016

Time: 2:45 pm

Page: 2

City of Dunsmuir

BANK: U.S. BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
U.S. BANK Checks							
47880	02/12/2016	Printed		53810	US BANK EQUIPMENT FINANCE	1-20-16/2-20-16 COPIER, PRINTR	1,040.76
47881	02/12/2016	Printed		53806	USA BLUE BOOK, INC	YSI CAP MEM KIT	84.11
47882	02/12/2016	Printed		50850	VERIZON WIRELESS	JAN '16 CELL SVC	231.67
Total Checks: 52						Checks Total (excluding void checks):	34,044.50
Total Payments: 52						Bank Total (excluding void checks):	34,044.50
Total Payments: 52						Grand Total (excluding void checks):	34,044.50

**CITY OF DUNSMUIR
CITY COUNCIL AGENDA ITEM
CONSENT CALENDAR**

Item No: 12.B
Date: February 18, 2016
Subject: Receive and file 2015 Annual Operations Report for Waste Water Treatment Plant as prepared by PACE Engineering



January 27, 2016

204.49

SENT BY MAIL AND EMAIL

citymanager@ci.dunsmuir.ca.us

Randy Johnsen, Interim City Manager
City of Dunsmuir
5915 Dunsmuir Avenue
Dunsmuir, CA 96025

Dear Dave,

Subject: City of Dunsmuir – 2015 Annual Operations Report

PACE Engineering, Inc. is pleased to present the attached Annual Operations Report (Report) for the City of Dunsmuir Wastewater Treatment Plant. This Report addresses the compliance issues contained within the new Central Valley Regional Water Quality Control Board (CVRWQCB) Waste Discharge Requirements Order No. R5-2012-0085 per Attachment E Section X.D.6.

On behalf of the City of Dunsmuir, this Report is being submitted to the CVRWQCB. As always, please call with any questions that you might have regarding the facilities.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Warnock". The signature is fluid and cursive.

Thomas W. Warnock
Principal Engineer

TWW/JC

Enclosures

c w/enc: Stacy Gotham, CVRWQCB, Stacy.Gotham@waterboards.ca.gov

Ron LaRue, Dunsmuir Wastewater Treatment Plant, wwtp@ci.dunsmuir.ca.us

M:\Jobs\0204\0204.49 WWTP Contract Operations\Annual Operations Report\Annual Operations Report 2015\Cover Letter.Doc

**CITY OF DUNSMUIR
DUNSMUIR WASTEWATER TREATMENT PLANT
NPDES NO. CA0078441**

2015 ANNUAL REPORT

INTRODUCTION

The City of Dunsmuir (City) owns and operates the Dunsmuir Wastewater Treatment Plant (WWTP). The City's WWTP is operating under Central Valley Regional Water Quality Control Board (CVRWQCB) Waste Discharge Requirements (WDRs) Order No. R5-2012-0085. The intent of this Annual Report is to document the City's compliance with the WDRs.

BACKGROUND

The City collects and treats sewage for a population of approximately 1,578 equivalent dwelling units. The WWTP is located on the south end of the City, approximately 0.5 miles east of Interstate 5 and adjacent to the east bank of the Sacramento River.

Treated municipal effluent can be discharged in compliance with the WDRs through NPDES No. CA0078441 to the Sacramento River, at a point of Latitude 41°11'00" and Longitude 122°16'52" from September 16 through June 14. Treated wastewater is discharged to five unlined percolation ponds located within the WWTP from June 15 through September 15. In 2015, the City elected to discharge only to the percolation beds due in part to the drought and the stringent dichlorobromomethane (DCBM) limits when discharging to the Sacramento River.

DUNSMUIR WASTEWATER TREATMENT PLANT 2015 REVIEW

The WWTP has a design capacity at an average dry weather flow (ADWF) of 0.3 million gallons per day (MGD) and is currently operating at an ADWF of 0.21 MGD. The WWTP presently provides tertiary treatment utilizing an aerated grit chamber, anoxic selector, dimminutor, oxidation ditch, secondary clarifier, traveling bridge filter, aerobic digester, gas (Cl₂) chlorination, gas (SO₂) de-chlorination, sludge storage basins and sludge drying beds. Effluent is discharged through a multiport diffuser when discharging to the Sacramento River. De-chlorination does not occur when the City is discharging to the ponds. Effluent discharge limits and recorded monthly highs and lows when discharging to the **Percolation Ponds (D-002)** are summarized in Table 1:

Table 1 Summary of Effluent Concentrations to Percolation Ponds			
Constituent	Effluent Limit	Max Monthly Average	Min Monthly Average
BOD (mg/L)	30	3.2	1.0
TSS (mg/L)	30	3.3	1.0
pH (s.u.)	6-9	7.5	7.0
Total Coliform (MPN/100mL)	23	<2	<2
Ammonia as N (mg/L)	N/A ¹	2.68	0.02
Nitrate as N (mg/L)	N/A ¹	6.74	1.63
Dichlorobromomethane (DCBM) ug/L	N/A ¹	4.56	0.41

1. The City currently does not have effluent limits for ammonia, nitrate, or DCBM when discharging to the percolation ponds (D-002).

WDRs were met while discharging to the discharge ponds in 2015:

- All effluent parameters for BOD, TSS, pH, chlorine, coliform, DCBM, and ammonia residuals met permit requirements – See Figures 1 and 2.
- Receiving water (Sacramento River) samples for DO, temperature, turbidity, coliform and pH, upstream (RSW-001) and downstream (RSW-002), from point of discharge indicate that the plant effluent did not negatively impact the constituents of the river.
- Semi-annual acute and annual chronic toxicity bioassay tests were not completed during 2015. WWTP effluent was not sent to the Sacramento River in 2015, therefore acute and chronic toxicity tests were not taken.
- Anaerobically digested sludge produced at Dunsmuir was decanted to three drying beds. The sludge was then covered and will be hauled from Dunsmuir WWTP to the Drycreek Landfill in Central Point, OR in the spring of 2016.
- The WWTP influent ADWF for 2015 was 0.21 MGD (70% of plant design capacity) and the effluent ADWF for 2015 was 0.14 MGD (47% of design capacity). Chlorinated effluent is used around the plant for irrigation and washing down facilities.

VIOLATION(S) SUMMARY

The WWTP had no violations during 2015.

FLOW METERS AND OTHER MONITORING EQUIPMENT CALIBRATION

The WWTP influent and effluent flow meters were calibrated by Plant Operator Ron LaRue, while observed by PACE. All other monitoring instruments are maintained and calibrated on a periodic basis per manufacturers' requirements.

CURRENT OPERATION AND MAINTENANCE MANUAL AND CONTINGENCY PLANS

The operation and maintenance (O&M) manual and contingency plans are in the process of being updated to reflect the recent improvements to the WWTP. WWTP drawings, both mechanical and electrical, are up-to-date.

STAFFING AND ORGANIZATION

Names, certificate grades, and general responsibilities of the Dunsmuir WWTP employees are as follows:

EMPLOYEE	CERTIFICATE GRADE	RESPONSIBILITY
<i>City of Dunsmuir</i>		
Ronald D. LaRue	Grade II-8444	Utility Supervisor/ Designated Operator-in-Charge (DOIC)
Dennis M. Della Bona	Grade II-28669	Plant Operator
<i>PACE Engineering</i>		
Thomas W. Warnock	Grade IV-5243	Chief Plant Operator (CPO)
Eric W. Marshall	Grade IV-3253	Assistant CPO
Jessica L. Chandler	OIT-1	OIT

The City of Dunsmuir’s WWTP requires a Grade III operator. The City attempted to hire a new Grade III wastewater operator in April 2013 by advertising in the local newspaper, but received no qualified applicants. Failing to attract a qualified operator, the City has decided to hire an operator-in-training (OIT) and train and promote a person to eventually become the Chief Plant Operator (CPO). In the interim, the City hired PACE Engineering, Inc. (PACE) on August 15, 2013, as the Contract Operator (CO) and CPO.

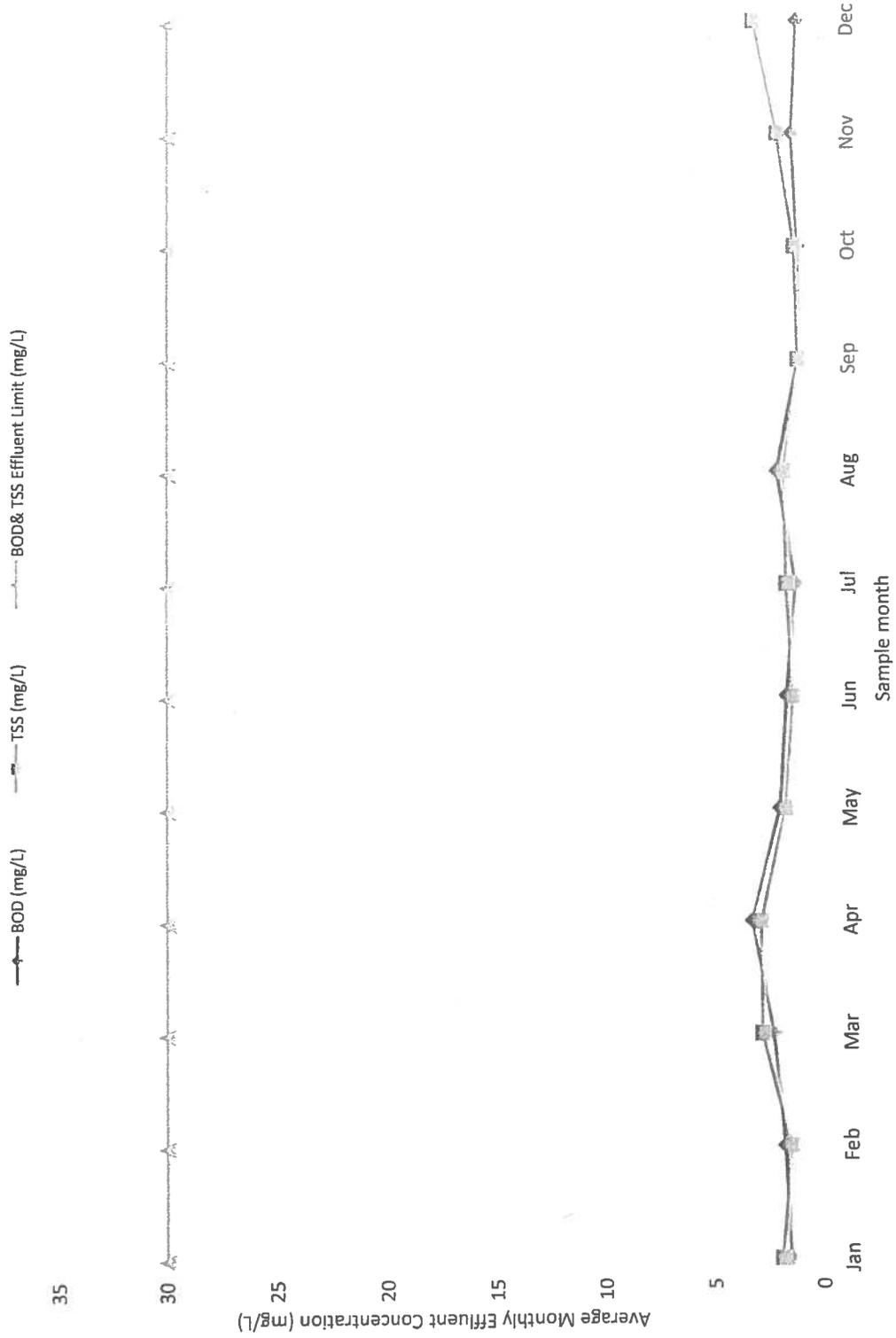
The City has been operating with an interim City Manager/Chief Financial Officer (CFO) since February 2015, who has have been trying to hire a permanent City Manager/CFO. In November 2015, the City hired a permanent CFO. The interim City Manager will be leaving in February and the City hopes to find a qualified City Manager to fill his position. The CFO has been able to review the City’s financials and budget for a new wastewater OIT.

As CPO, PACE is responsible for overall operation of the Dunsmuir WWTP, including compliance with effluent limitations established in the WWTP’s WDRs and NPDES permit, and ensuring that operators-in-training are supervised directly as required. In the absence of the CPO, the DOIC is responsible for the overall operation of the Dunsmuir WWTP, including compliance with all requirements established in the WDRs and NPDES permit. The DOIC is in charge of daily operations at the Dunsmuir WWTP and should report to the CPO when direction is needed to comply with WDRs and NPDES permit.

ROUTINE AND EMERGENCY CONTACTS

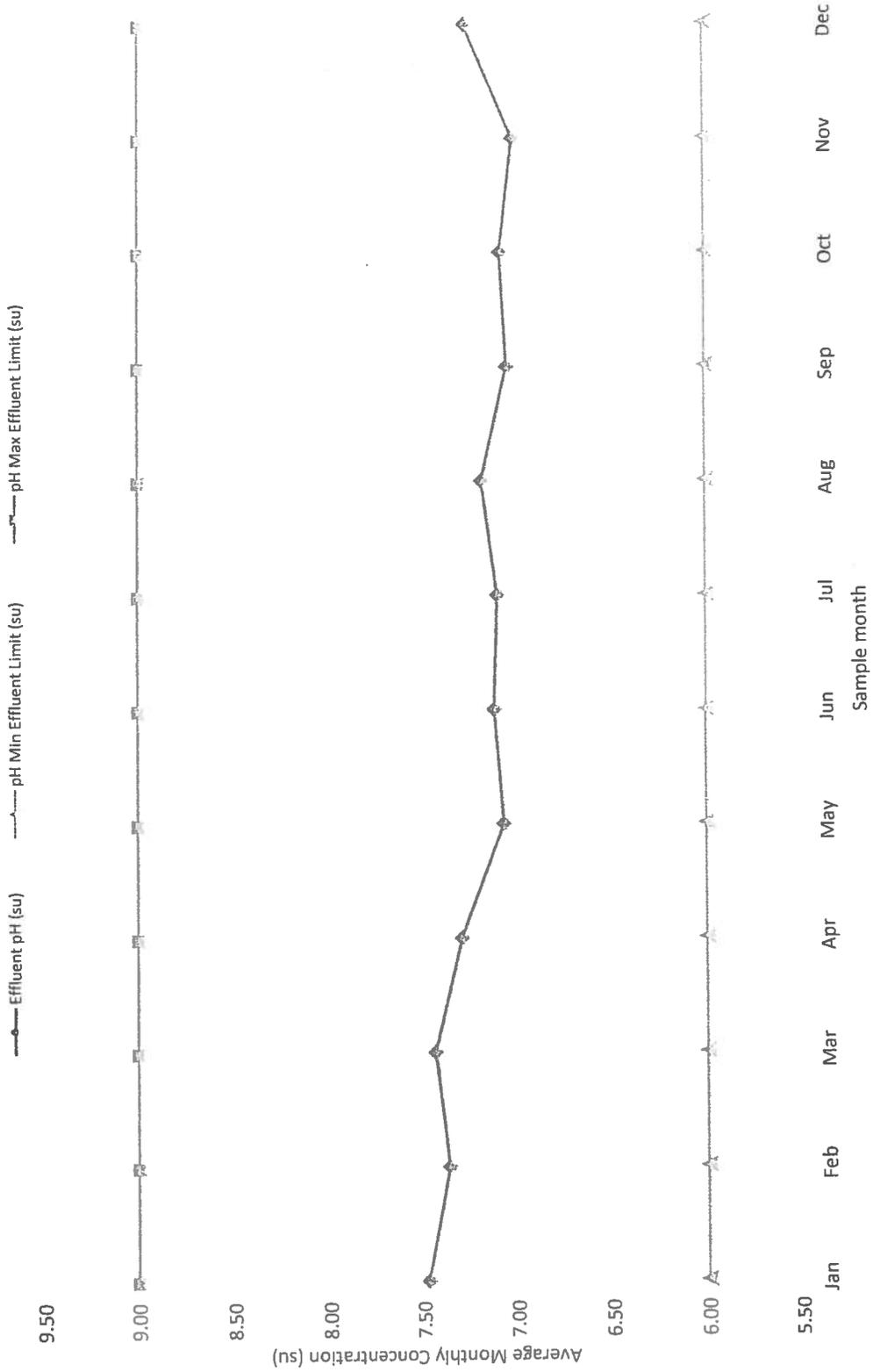
NAME	RESPONSIBILITY	WORK PHONE	CELL PHONE
Ronald D. LaRue	Utility Supervisor/ DOIC	(530) 235-2325	(530) 925-0871
Dennis M. Della Bona	Plant Operator	(530) 235-2325	(530) 925-0765
Thomas W. Warnock	Chief Plant Operator (CPO)	(530) 244-0202	(530) 355-9612
Eric W. Marshall	Assistant CPO	(530) 244-0202	(530) 949-8566
Jessica L. Chandler	Operator-in-Training (OIT)	(530) 244-0202	(530) 526-2825

City of Dunsmuir BOD & TSS Effluent Compliance Figure 1



City of Dunsmuir pH Effluent Compliance

Figure 2



**CITY OF DUNSMUIR
CITY COUNCIL AGENDA REPORT
CONSENT CALENDAR**

Item No: 12 - C -
Date: February 18, 2016
Subject: Receive and file notification from Union Pacific Railroad of
non-funding of children's summer lunch program during 2016



BUILDING AMERICA®

February 1, 2016

Mrs. Julie E Iskra
Administrative Assistant
City of Dunsmuir
5915 Dunsmuir Avenue
Dunsmuir, CA 96025

Dear Mrs. Iskra:

Thank you for your interest in Union Pacific Foundation. We have carefully considered your request for support in 2016 and regrettably are unable to provide financial assistance.

We receive many requests for support and, unfortunately, our limited budget does not provide the opportunity to support all the worthy organizations that request our help. This is not a reflection on the worthiness of your request, but rather the difficulty in making funding decisions.

We recognize your organization as an important community resource and regret that we are unable to assist with your funding request.

Sincerely,

Ranae J. Keckeisen
Director

City Council Agenda Item
Interim City Manager Staff Report
Consent Agenda

Item No: 12.D.
Date: February 18, 2016
Subject: Consider and authorize additional pay for temporary assignment of Acting City Manager

As a follow-up to the February 4, 2016 meeting, I am confirming that Julie Iskra has been temporarily assigned as the Acting City Manager. This assignment will begin on February 6 and continue until the new City Manager begins.

Recommendation: Move to authorize staff to compensate Julie Iskra with additional pay of \$5.00 per hour while on temporary assignment as Acting City Manager

**CITY OF DUNSMUIR
CITY COUNCIL AGENDA ITEM
PUBLIC HEARING STAFF REPORT**

Item No: 13. A.
Date: February 18, 2016
Subject: Presentation of applicants to fill Planning Commission vacancy and appointment thereto

Three applications were received in a timely manner. Those applications are included in your packets. It is recommended that each candidate be asked to explain why they wish to serve on the Planning Commission, followed by Council members asking question to be addressed to all candidates.

At the conclusion of questioning by City Council, the public hearing should be closed and Council deliberate and nominate, vote for, and appoint a new Planning Commissioner.

RECEIVED
FEB 2 2016

CITY OF DUNSMUIR INTEREST/APPLICATION FORM
TO SERVE ON COMMISSIONS OR COMMITTEES

J

City of Dunsmuir
2016

1. Are you at this time over 18 years of age? Yes No

2. Are you are resident of the City of Dunsmuir? Yes No

If yes, please provide address where you reside 5607 SACRAMENTO AVE Dunsmuir CA

3. Please indicate the commission/committee on which you are willing to serve

Dunsmuir Planning Comm.

4. Please indicate why you wish to serve on the commission/committee you have indicated above. *I would like to serve to help bring Dunsmuir up and ~~start~~ windows filled and not forget the historical value that must remain. And to help provide safety and health also. I have also work construction historical remains and run the ground up*

5. Please indicate why you feel qualified to serve on the commission/committee you have indicated above. *28 yrs. International Red Cross Retired medic
~~10 yrs. Dunsmuir~~ 8 yrs. Historical committee in Santa Cruz City and San Juan Batista mission
I also have been Dunsmuir City Resident 5 yrs.*

Name: *[Signature]*
LINDA M. GUTSIS

Signature: *[Signature]*

Will Newman

R E C E I V E D
FEB 8 2016

February 8, 2016

Dunsmuir City Council
5915 Dunsmuir Avenue
Dunsmuir CA 96025

CITY OF DUNSMUIR

Dear Councilors:

It has come to my attention that the Dunsmuir Planning Commission has a vacancy and is seeking applicants. I am applying for consideration for that position with this letter.

I will have been a resident of Dunsmuir nineteen years this March. During that time, I have tried to be active in matters that benefit our community. I have been a member of the Rotary Club of Dunsmuir since 1997, serving as president twice and currently as its secretary. I currently serve on the Dunsmuir Recreation and Parks Board of Directors and the Dunsmuir Elementary School District Board of Trustees. I joined both these boards in order to support the needs of all residents of our community but most particularly the families, children, and youth.

My wife and I helped found the Dunsmuir Community Resource Center (then known as the Kids Factory). I volunteer at Dunsmuir Elementary School and have worked as a nonpaid tutor for a number of our young people. Writing this list feels a bit like bragging to me, but that is not my intention. I am writing to demonstrate my commitment to Dunsmuir. In fact, Linda and I moved to Dunsmuir because prior to doing so, I had wanted to live in a small town so that I could be involved in the civic life of the town.

My long-term vision for Dunsmuir is this: I want our town to prosper financially so that our residents benefit. I would like to see the job base increase in such a way that current residents can work at one rather than multiple jobs. I would like to see steady, managed physical and population growth but with the town maintaining its small town charm and atmosphere, the atmosphere that convinced that "I'd come home" when I moved here.

I hope the Dunsmuir City Council will consider my application for the position on the Planning Commission.

Thank you.

Respectfully yours,



Will Newman
5701 Castle Avenue
Dunsmuir, CA 96025

2-8-16

To whom it may Concern
My Name is Larry Baker and
I would like to apply for the position
of Planning Commission.

Thank you
Sincerely

Larry Baker

RECEIVED
FEB 8 2016

CITY OF DUNSMUIR

INTEREST/APPLICATION FORM
TO SERVE ON COMMISSIONS OR COMMITTEES

RECEIVED
FEB 9 2016

City of Dunsmuir
2016

CITY OF DUNSMUIR

1. Are you at this time over 18 years of age? Yes No

2. Are you are resident of the City of Dunsmuir? Yes No

If yes, please provide address where you reside 6200 Elinore Avenue

3. Please indicate the commission/committee on which you are willing to serve

Planning Commission

4. Please indicate why you wish to serve on the commission/committee you have indicated above.

I enjoy being a part of Dunsmuir and the surrounding community. As a member of the Planning Commission I hope to help shape policy, contribute to updating outdated municipal codes and advising the council when called upon to do so.

5. Please indicate why you feel qualified to serve on the commission/committee you have indicated above.

I have a baccalaureate degree from Chico State and a California Brokers License which entailed education on zoning, land use, subdivisions and environmental regulations. I am familiar and friendly with several current Commisoners including Barbara Cross, Ann Powers, Don Harley and Forrest Lamb. I believe this familiarity will allow me to enjoy easy collaboration and establish good working relationships.

Name: DEBRA MARLATT

Signature: Debra Marlatt

EMPLOYMENT AGREEMENT
CITY MANAGER
CITY OF DUNSMUIR

THIS AGREEMENT is made and entered into on the date it is fully executed by both parties, by and between the City of Dunsmuir, California, (hereinafter referred to as "City") and Paul H. Poczobut Jr., (hereinafter referred to as "Employee").

RECITALS

1. City desires to employ Employee as City Manager of the City of Dunsmuir pursuant to authority set forth in applicable state law, including but not limited to Government Code §36501 et seq. and the Dunsmuir Municipal Code.
2. Employee desires to accept employment as City Manager as set forth herein.
3. City and Employee desire to set forth in this agreement the terms, conditions and benefits of such employment.

AGREEMENT

In light of the recitals set forth above and in consideration of the terms and conditions hereinafter stated, the parties agree as follows:

Section I - Duties:

City hereby agrees to employ Employee as City Manager, to perform the functions and duties specified in Chapter 2.08 of the Dunsmuir Municipal Code and other duties and functions as the Dunsmuir City Council shall from time to time assign.

Section II - Term:

The parties agree that there is no set term to this agreement. The parties agree that Employee's employment with the City is "at will," and may be terminated at any time by either party, with or without cause, for any reason or for no reason at all.

Section III - Termination and Severance Pay

- A. As an "at will" employee serving at the pleasure of the City Council, Employee's appointment may be terminated by the City Council without cause at any time by majority vote of the City Council. In the event that Employee is terminated during the term of this agreement by the City other than as specified in subsection (B) herein, and during such time as Employee is willing and able to perform his duties, the City agrees to pay Employee a lump sum cash payment equal to three (3) months of Employee's salary.
- B. Employee may be terminated by the City Council at any time for either malfeasance or nonfeasance in office, or for a conviction of a crime involving moral turpitude. In the event of such removal, the City shall have no obligation to pay the aggregate severance pay referred to above.

Section IV - Resignation:

In the event Employee voluntarily resigns his position as City Manager, Employee shall give City two (2) months' notice in advance, unless the parties agree otherwise.

Section V – Disability:

If Employee is permanently disabled or is otherwise unable to perform his duties because of sickness, accident, injury, or mental incapacity for a period of four (4) successive weeks beyond any accrued sick leave, City shall have the option to terminate this agreement, subject to the severance pay as specified In Section III (A).

Section VI – Compensation:

City agrees to pay Employee for his services rendered pursuant to this agreement an initial base annual salary of \$90,000, payable in installments at the same time as other management employees of the City. Compensation shall commence when Employee begins his duties in Dunsmuir. The parties agree that Employee's duties in Dunsmuir shall commence on March 4, 2016.

Employee will also receive such benefits as may be accorded other management employees of City, except as modified by this agreement or other agreements between Employee and City. In addition to such benefits, Employee will be credited 80 hours of Administrative Leave per year. The parties agree that Employee cannot accrue or accumulate more than 80 hours of Administrative Leave in any year, and that Administrative Leave is not a form of paid time off and has no cash value if not used as time off.

City shall not during the term of this agreement reduce the compensation of the City Manager except to the degree of such a reduction across the board for all employees.

Section VII – Retirement:

Employee shall be enrolled in the California PERS Retirement System applicable to miscellaneous employees on the date of hire. The City shall pay the employer's share of premiums.

Section VIII - Performance Evaluation:

- A. The City Council shall review and evaluate the performance of Employee periodically at intervals that will not exceed six (6) months, with the review to be scheduled by the City Manager. Said review and evaluation shall be in accordance with specific criteria developed jointly by Employee and the City Council and modified at least annually or as circumstances change. The Mayor shall provide Employee with a written summary of the Council's findings and afford an opportunity for Employee to discuss his performance evaluation with the City Council. No failure on the part of the City Council to render any such evaluations shall be deemed to constitute a breach of this agreement by the City, nor shall such omission, or the results of any evaluation, affect the City's rights.
- B. Toward this objective, Employee and the City Council shall jointly define such goals and performance objectives as may be appropriate for the proper operation of the City of Dunsmuir and the attainment of the Council's policy objectives,

establishing relative priorities among said objectives, and reducing this to writing. Such goals shall be attainable within the time limits established and the annual budget appropriations provided.

Section IX - Hours of Work:

It is recognized that the Employee must devote a great deal of time outside the normal office hours on business for the City, and to that end Employee shall be allowed to establish an appropriate work schedule to meet the requirements of the position as set forth in Chapter 2.08 of the Dunsmuir Municipal Code.

Section X - Outside Professional Activities:

Employee shall not engage in teaching, consulting, writing, or other professional endeavors not related to City business without prior authorization of the City Council.

Section XI - Moving & Relocation Expenses:

Employee shall be reimbursed, or City may pay directly for the expenses of moving Employee's household goods from his present residence to Dunsmuir, including any necessary packing, unpacking, storage costs and insurance, in a sum not to exceed \$5,000.

Section XII - General Expenses:

City recognizes that certain expenses of a non-personal and generally job-related nature are necessary in the proper performance of the City Manager's duties, and agrees to reimburse Employee for such reasonable expenses as may be approved by the City Council.

Section XIII - Indemnification:

Employee shall be considered an employee as the term is used in California Government Code Sections 995 through 996.6 and shall be entitled to the protection of a public employee provided therein.

Section XIV - Professional Development:

City agrees to fund reasonable travel that would be beneficial to the City for Employee's continuing professional development, including professional conferences, meetings, and seminars, and to pay reasonable professional dues and subscriptions in appropriate organizations, with the exact level each year to be a budgetary matter to be determined by the City Council. City agrees to provide a monthly vehicle allowance of \$150.00 to Employee in lieu of mileage for use of personal vehicle for city business, if Employee so elects. City agrees to budget for and pay International City Management Association (ICMA) and California City Managers Association annual dues in Employee's name during Employee's employment with City of Dunsmuir. City agrees to budget for and pay for Employee's attendance at the League of California Cities' annual conference and the League of California Cities annual City Manager's conference.

Section XV – Notices:

Notices pursuant to this Agreement shall be given by deposit in the custody of the US Postal Service, postage prepaid, addressed as follows:

To the City: Mayor
City of Dunsmuir
5915 Dunsmuir Avenue
Dunsmuir, CA 96025

To Employee: Paul A Poczobut
5805 Palm Avenue, Apt. 204
Sacramento, CA 95841

Each party to this agreement shall notify the other with respect to any change in address.

Section XVI - General Provisions:

- A. This instrument supersedes all previous agreements between the parties, and contains the entire agreement between them and it is expressly agreed that no representations, promises, conditions, warranties, or other understandings, either express or implied, other than herein set forth, shall be binding upon either party. Employee agrees that no other promises or inducements have been made to employee unless contained in writing, attached hereto or incorporated herein by reference.
- B. This Agreement shall become effective on the date it is fully executed by both parties.
- C. If any provision in this agreement is held to be unconstitutional, invalid or unenforceable, the remainder of this agreement shall be decreed severable and shall remain in full force and effect.
- D. This agreement shall bind the parties, their heirs, agents, successors and assigns.
- E. This is a personal services contract. Employee's rights and obligations under this agreement are personal and not assignable, and any attempted assignment shall be void.
- F. The subject headings of the paragraphs and subparagraphs of this agreement are included for convenience only and shall not affect the construction or interpretation of any of its provisions.
- G. This agreement and any amendments hereto shall be governed by and construed in accordance with the laws of the State of California. Any hearing, proceeding, arbitration, trial, or other proceeding arising out of this agreement shall be located in Siskiyou County, California, unless all parties to this agreement consent to a different venue.
- H. This agreement may be executed in counterparts, each which shall be deemed an original, but all of which together shall constitute one and the same instrument.

In Witness Whereof, the City of Dunsmuir has caused this Agreement to be signed and executed on its behalf by its Mayor and duly attested to by its City Clerk, and Employee has signed and executed this agreement.

CITY OF DUNSMUIR

Josh Spurlock, Mayor

Date

ATTEST:

Kathryn Wilson., City Clerk

Date

APPROVED AS TO FORM:

John Kenny, City Attorney

Date

PAUL H. POCZOBUT JR.

Paul H. Poczobut Jr.

Date

**CITY OF DUNSMUIR
CITY COUNCIL AGENDA ITEM
OLD BUSINESS**

Item No: 14.B
Date: February 18, 2016
Subject: Accept and approve program guidelines and forms to implement business assistance program to generate jobs

The City's Community Development Block grant consultant has put together the attached program guidelines and forms to implement the current business assistance program. It has been presented to staff that these are the last items needing approval before solicitation of loan applications is undertaken.

As you may recall, this program is to generate jobs for target income group by providing loans of up to \$35,000 for each new job created for existing or new business. The jobs are to last a minimum of one year.

Consultant reports that acceptance and approval of these documents as a packet is needed for HCD record keeping.

Recommendation: Move to accept and approve program guidelines and forms, packet, to be used to implement business assistance program generating jobs with Community Development Block grant funding.

City Manager

From: Jim Cook <jimcook@snowcrest.net>
Sent: Wednesday, January 20, 2016 3:32 PM
To: City Manager
Subject: FW: Emailing: business Dunsmuir draft assistance program-guideline .docx
Attachments: business Dunsmuir Copy of jobs-tracking-form.xlsx; business Dunsmuir cost-categories-table.pdf; business Dunsmuir flow chart cdbg-business-assistance-program-activities-2015.pdf; business Dunsmuir jurisdiction-ba-loan-certification.docx; business Dunsmuir no-conflict-of-interest-certification.docx; business Dunsmuir no-pirating-certification.docx; Business Dunsmuir BA-Self-Certification.pdf; business dunsmuir cdbg-loan-disbursements.xlsx; business Dunsmuir draft assistance program-guideline (2).docx

Here is the email about the Business program jc

Hi Randy,

Here are some eleven draft documents for the Business loan fund.

The primary document is a WORD document labeled business Dunsmuir draft assistance program guideline.

These documents should be adopted as a packet by the Council.

Thanks

Jim

Guidelines

For

Business Assistance Loan Program

Operated By

City of Dunsmuir

With

Community Development Block Grant
(CDBG) Funding

Adopted: December __, 2015

Department Updated: June 2015

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[Department TA: The page numbers on this table will need to be changed once final approved edits to guidelines are made.]

8. PROGRAM OVERSITE BY LENDER
1. Oversight of Program Administrator 17

List of Attachments with Support Documents

ATTACHMENT A: Lender Loan Approval Memo

ATTACHMENT B: Lender CDBG Business Assistance Loan Agreement

ATTACHMENT C: Lender Required Documents:

- 1) Jobs Tracking Form
- 2) Self Certification of Income Form
- 3) Loan Disbursement Schedule
- 4) Certification of No Conflict of Interest
- 5) Certification of No Job Pirating
- 6) Certification of Federal Regulatory Compliance.

ATTACHMENT D: Lender Adopted Business Loan Servicing Policies

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BUSINESS ASSISTANCE (BA) LOAN PROGRAM GUIDELINES

1.0 INTRODUCTION

The City of Dunsmuir here after call "Lender" has established a Business Assistance Loan Program, here after called "the Program". The Program is designed to use public tax payer dollars to stimulate economic growth and improve living conditions of low / moderate income residents in Lender's community. The Program provides low cost loans to eligible for profit businesses. In return, businesses are required to provide documentation of public benefit (normally creating new job positions) and meeting a national objective (normally filling most of the new job positions with persons qualified as low -moderate income and living in the jurisdiction). These Program guidelines describe policies and procedures required for award of loan funds to eligible borrowers. The guidelines have been adopted via resolution by the Lender and approved by the California Department of Housing and Community Development, here after called "Department".

2.0 BUSINESS ASSISTANCE PROGRAM OVERVIEW

2.1 PROGRAM ADMINISTRATOR

The Lender has secured the services of a qualified program administrator here after called "the Administrator". The Administrator will be charged with originating business assistance loans, documenting compliance with CDBG regulations and these Program guidelines. The contact information for the Administrator is:

Name: City Administrator *Manager*
Agency: City of Dunsmuir

2.2 PROGRAM SERVICE AREA

Financing under this Program is available to all eligible businesses physically located within the jurisdictional limits of the Lender. These funds may not be used in jurisdictions that receive CDBG funds from the federal Department of Housing and Urban Development (HUD) entitlement program. This Program is subject to CDBG service area requirement of substantially benefiting residents in the service area.

2.3 SOURCE OF PROGRAM FUNDS

The Program is capitalized with CDBG federal funds provided by HUD to the Department, who in turn provides the CDBG funds to the Lender. As such, CDBG funds are federal money administered by the Department so both federal and state laws and regulatory requirements must be followed.

CDBG funds come to the Lender from two sources: 1) active grant contract agreement between the Department and Lender originating from annual competitive application process; 2) CDBG program income administered under PI reuse agreement between Department and Lender.

3.0 CDBG PROGRAM REQUIREMENTS

3.1 ELIGIBLE LOAN APPLICANTS

CDBG funds under this Program can only be expended on the eligible activity authorized under Title I of the Housing and Community Development Act of 1974 (hereafter called "Act"), section 105(a)(17): special economic development, providing direct financial assistance to private for-profit businesses.

An eligible applicant is:

- an existing business legally operating, with any required local business license, insurance, permits per local, state and federal requirements;
- an applicant with a non-operating start-up business may not have all required licenses or insurance, so these items will be made a condition of loan closing;
- a person or persons wishing to buy an existing business;
- a business leasing tenant space or owner occupied business in the service area.

The loan applicant must provide documentation that the proposed project will meet CDBG eligibility criteria of national objective and public benefit per Sections 3.4 and 3.5. The loan applicant must provide documentation of meeting standard commercial underwriting criteria outlined in Section 6 of these guidelines as well as HUD CDBG mandated six underwriting standards described in Section 3.6. An eligible loan applicant must document compliance with all CDBG regulations listed in Section 3.7.

Specific ineligible loan applicants include:

- a business with an existing CDBG BA loan that has not been closed-out with the Department;
- a business operating a private "exclusive" recreational facility;
- non-profit businesses are not eligible under this program;
- a businesses or person(s) with unresolved state / federal tax liens;
- a business or person in bankruptcy process are not eligible until bankruptcy process is complete.

3.2 ELIGIBLE PROJECT COSTS

CDBG funds are non-discretionary and restricted to certain eligible costs. These eligible costs cover most costs associated with successful BA projects. Specifically, CDBG BA activity eligible costs are:

- operating capital and inventory;
- furniture fixtures and equipment (FF&E), with or without installation costs;
- project site improvements, new construction or rehabilitation of leased space or owned building;
- engineering and architectural plans and required permits or fees;
- purchase of manufacturing equipment (with or without installation costs);
- refinancing of existing business debt when done in conjunction with restructuring of other existing private financing debt(s);
- purchase of real property, when it provides positive cash flow for new jobs;
- relocation grants for persons displaced due to funding of the project;
- purchase of an existing business, including documented value of good will.

These eligible costs must be connected to the business' ability to meet an eligible CDBG national objective per section 3.4 of these guidelines. Lender will only use CDBG loan funds to reimburse borrower for actual eligible / approved project costs.

3.3 INELIGIBLE PROJECT COSTS

CDBG funds are non-discretionary, limited to certain eligible costs described in Section 3.2 above and there are also a number of ineligible costs. Some ineligible costs are:

- costs incurred prior to submittal of BA loan application and environmental review completion;
- costs associated with residential housing development, i.e. on mixed use project;
- costs associated with supporting "other" businesses the applicant owns;
- costs on a funded project NOT meeting a national objective;
- personal expenses such as cars, home repairs, not directly associated with the business;
- costs of paying off credit cards (personal or business);
- costs of paying off any personal debt not directly associated with business;
- providing CDBG loan as a revolving line of credit (LOC) is not eligible;
- cash payments of any kind made directly to the assisted business owner(s) (wages or draws) from loan proceeds
- costs associated with a funded project when the owner(s) or business is found to be on federal debarred list
- public infrastructure in support of the business
- research and development costs for future production (speculative)

Once approved, loan funds cannot be shifted from one approved type of cost to another without formal written approval of Lender. If there is a substantial change in the project scope of work or underwriting, then the loan must be re-evaluated and re-approved by Lender, per state and federal regulations, prior to loan closing or disbursement of CDBG funds.

3.4 MEETING NATIONAL OBJECTIVE STANDARDS

All eligible activities funded under this program must meet a CDBG "National Objective" as described in the Act, Section 104(b)(3) and federal regulations 24 CFR Part 570.483. Detail on documenting the meeting of national objective standard for a project is contained in Department's guidance on BA Activity Chapter Website. Projects not documented as meeting a national objective are an ineligible activity. Below is a general description of documenting how a BA project meets the national objective of benefit to low - moderate income (LMI) persons. The Lender will use Department specific guidance for ensuring each eligible project funded is documented as meeting a national objective.

BA projects normally meet a national objective standard when they create jobs and provide over half, at least fifty one percent (51%), of the new job positions to LMI qualified persons. BA projects proposing to provide most of newly created jobs to LMI persons must agree to allow the Lender, or their designated representative, to meet with each job applicant prior to hiring and complete a Department Self Certification of Income Form, see **Attachment C**. After all new hires are made, payrolls must be collected by the Lender and compared to the job applicant Income Certification forms to

prove over half of all newly created job positions were provided to low-moderate income persons. This will prove the project's job creation met the national objective of principally benefiting LMI persons and allow the Lender to close out the project with the Department and HUD. All documentation of national objective for jobs falls under Section 4.5 on confidentiality.

Some BA projects may require CDBG funding to retain jobs. In this case CDBG loan funds will assist in keeping the business from closing or to avoid terminating some staff. This type of project must document that, at the time of application, over half of existing employee positions to be eliminated are held by LMI persons. As such, the business must agree to allow the Lender or their designated representative to interview existing employees and help them complete the Department's Self Certification of Income Form. The business must also provide financial documentation that, if not for CDBG funding, the job positions will be lost and staff laid off. The business must also document that with the investment of CDBG funds, the business will continue operations and jobs can be retained. If approved and funded, the business employees must have Self-Certification of Income completed again, prior to Lender closing out the project. By verifying that, at the time of loan application and after loan disbursements, over half of the retained positions were LMI, then the project will have LMI national objective met and it can be closed out with the Department and HUD. All documentation of national objective for jobs falls under Section 4.5 on confidentiality.

A few BA projects may meet the LMI national objective by documenting that the BA loan applicant provides goods or services to the local community, and the business service area is primarily within the Lender's jurisdiction, and the service area is primarily residential, and the area is primarily occupied by low – moderate income persons. Thus the BA loan applicant must provide documentation of the business' service area. The Lender will use zoning maps to document the service area as primarily residential and located within the Program service area. The Lender will confirm the LMI status of the BA loan applicant's service area from American Communities Survey data, in accordance with HUD low - moderate area (LMA) benefit standard. Lender will require business to provide documentation of the goods or services they provide and justify the need for CDBG funds as part of providing goods and services. This documentation must be provided prior to loan approval. After expenditure of CDBG loan funds and documentation that the business continues to provide goods and services, then the project can be closed out with the Department and HUD. LMA national objective standard guidance is provided on Department's BA Activity Chapter webpage.

3.5 MEETING PUBLIC BENEFIT STANDARDS

All eligible project activities funded under this program must meet a minimum CDBG "Public Benefit Standard" as described in the Act, section 104(b)(17) and federal regulations; 24 CFR Part 570.483(f)(g). Public Benefit is provided by the BA loan recipient in return for use of subsidized federal funds, and provides a funding limit or "cap". Meeting Public Benefit Standard is very different than meeting National Objective Standard and should not be confused. Lender will use detailed guidance on meeting Public Benefit Standards provided on Department's BA Activity Chapter webpage.

For BA projects meeting national objective via jobs provided to LMI persons, the Public Benefit standard is jobs, and the maximum CDBG loan funding available is limited to \$35,000 per job. The Lender will require BA loan applicants to provide an estimate of public benefit generated by investment of CDBG funds into the project via the Job Tracking Form, see **Attachment C**. This proposed level of public benefit will be verified after investment of CDBG funding. The actual level of public benefit (loan funds per job) may be greater than or less than the level proposed at the BA application stage. All public benefit data falls under the confidentiality Section 4.5.

For BA projects meeting LMA national objective, based on benefit (goods or services), the Public Benefit Standard is goods or services to LMI persons. In this case, the maximum CDBG funding available is limited to \$350 per LMI person in the business service area. For this public benefit standard, Lender will document compliance at the BA loan application stage prior to loan approval or closing.

CDBG public benefit requirements of the program will be disclosed by the Lender at the start of the application process. Lender will use financial underwriting to identify the need for BA loan subsidies and determine reasonable public benefit that will be generated from the project, i.e. the number of jobs created from proposed project. Projects with small amounts of public benefit may be required to bring in other sources of funding because of CDBG funding limits imposed by this standard.

3.6 MEETING SIX UNDERWRITING STANDARDS

In addition to documenting that the project meets CDBG public benefit standard, the project must also be documented as meeting six HUD underwriting standards, per federal regulation 24 CFR Part 570.483(e). These underwriting standards are required to document a minimum "due diligence" of the Lender and ensure projects are financially sound enough to meet public benefit and national objective standards, i.e. create new or retain existing job positions. The six HUD underwriting standards are general, qualitative and are supported by commercial underwriting standards in Section 6 of these guidelines. See Department BA Activity Chapter webpage for detailed guidance on compliance with each of the six HUD underwriting standards.

The Six Underwriting Standards are:

- project costs are documented as reasonable (typically, third party cost estimates);
- all sources of funding for the project are documented with final commitments;
- to the extent practicable, CDBG funds are not substituted for private (non-federal) funds;
- documentation that project is financially feasible (based on cash flow projections to support jobs and debt service, etc.);
- to the extent practicable, the return of the owner's equity investment is not unreasonable (based on level of equity and proposed CDBG loan terms);
- to the extent practicable, CDBG funds are disbursed on a pro-rata basis with other financing provided for the project.

3.7 MEETING OTHER FEDERAL REGULATORY REQUIREMENTS

Since these CDBG BA loans are from a federal funding source, there are a number of federal laws and requirements which are triggered by their use. The Lender and Administrator will require BA loan applicants to provide project information which allows them to make a determination of required project compliance. BA applicants are required to sign loan disclosures and work with Lender to ensure each project is in compliance with any of the triggered, applicable regulations listed below.

National Environmental Policy Act (NEPA): Every project funded under the Program must be reviewed under HUD NEPA regulations 24 CFR Part 58 and the Lender must sign and certify an Environmental Review Record (ERR) for each project prior to approval or disbursement of loan funds. The Lender is required to sign and certify the correct NEPA EER, per current Environmental Review Requirements *Chapter of Department's Grant Management Manual (GMM)*, along with any state review under California's Environmental Quality Act (CEQA).

The ERR level of review is based on the project's "aggregated" scope of work, which includes all proposed project funding. Any construction or equipment installation proposed will require more review work on the ERR. The ERR will be done early in application process, as soon as the project is deemed eligible and scope of work is finalized. No costs will be charged to the Borrower for this process. Applicants must sign Department certification form that no "choice limiting action" under NEPA regulations has or will take place. The form is included in **Attachment C**.

Prevailing Wage Compliance: If a project proposes to use CDBG funds to pay costs for any construction, then federal and state labor standards compliance must be documented. Davis-Bacon Act (40 USC 276a - 276a-5) and related laws are "triggered" when any CDBG funding is used to pay for any project construction costs. Lender will follow *Department guidance in current Labor Standards Chapter of the GMM* for prevailing wage compliance on funded projects.

Additional labor costs will be added to projects proposing to use CDBG to pay for new construction, rehabilitation, or equipment installation. The Administrator and Lender will work with loan applicants to ensure project compliance. The additional time and work required by prevailing wage regulations will be disclosed to the borrower as soon as possible. Any additional costs resulting from this regulation will be incorporated into the CDBG loan approval.

Acquisition and Relocation Laws: All BA applicants proposing to use CDBG funds for purchase of real property must comply with 49 CFR Part 24 Acquisition laws. Lender will provide required Seller Disclosure for execution as part of meeting this requirement.

All BA applicants proposing projects which trigger relocation compliance i.e. result in displacement of persons per Uniform Relocation Act (URA), must work with Lender to ensure compliance with this law. Additional costs associated with relocation compliance will be disclosed to the applicant prior to CDBG loan approval and included in project loan approval.

Required Prohibition of Job Pirating Certification: All BA applicants must sign a Certification of No Job Pirating. Job pirating is prohibited per CDBG federal regulation 24CFR 570.482 (h). Job pirating is defined as using CDBG public funds to facilitate the moving of a business and associated jobs from one jurisdiction to another (business attraction). As such, CDBG federal funds cannot be used to attract / subsidize a business to move from one labor market area to another or keep a business from moving out of a labor market by making a retention argument. Lender will require all applicants to sign a non- job pirating certification, **Attachment C**. Any questions regarding possible job pirating will be submitted to the Department for final determination.

Conflict of Interest Certification: BA loan applicants will sign a Certification of No Conflict of Interest. In accordance state and federal regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the CDBG BA program shall directly or indirectly be eligible for this program. Lender will require all applicants to sign a non-conflict of interest certification, **Attachment C**. Any questions regarding possible federal conflict of interest will be submitted to the Department for final determination. Any questions about state conflict of interest laws will be referred to Lender's legal council for final determination.

Required DUNs number, federal debarred verification and demographic data: All BA program applicants must obtain a DUN's number, if they do not already have one. The DUN's number is free and can be obtained on line. In addition, prior to loan approval, the Lender will document that the business being assisted and all owners and affiliated businesses are verified as NOT on the federal debarred contractors list. HUD also requires that the Department and the Lender collect certain income and demographic data from the business and any beneficiaries of CDBG funds.

Required Benefit to Citizens of the Jurisdiction: Applicant must work with Lender to documentation substantial benefit to residents in the Program service area is obtained. This requirement does not apply to job retention. For projects proposing to document providing goods or services, the service area of the business must be within the jurisdictional limits.

4.0 LOAN PROCESSING AND APPROVAL

4.1 FAIR LENDING COMPLIANCE

The Program will be implemented in ways consistent with the Lender's commitment to fair lending laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with Program funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (number or ages of children), physical or mental disability, sexual orientation, or other

arbitrary cause. All personal information of loan applicants will be kept confidential, per Section 4.4.

4.2 LOAN APPLICATION PROCESSING

Loan applications will be processed on a first come first served basis. The Administrator will accept loan applications and review them for initial eligibility per Section 6.1. Applicants that do not meet basic CDBG requirements of the program will be sent a letter of explanation. All BA applications received will be kept on file to document fair lending standards. Applications that meet basic eligibility requirements will be contacted for a site visit and collection of additional information.

Loan files will be set up as applications are received and compliance information gathered. The business will be required to provide accurate financials for past, current and future projection of the business operations. All owners will have credit checks conducted as part of loan underwriting per Section 6.0. The Administrator may provide sample financial Excel forms (balance / cash flow sheets, profit and loss, personal financial statements, and proforma) but in no instance will the Administrator's or Lender's staff generate financial numbers for an applicant. The applicant may be referred to local business support organizations to assist applicants in producing proper financial statements, develop a business plan, conduct market study or develop industry accounting practices.

Loan applicants are responsible for providing accurate and timely information to the Administrator as part of the loan process. This may include:

- disclose all business owners with twenty percent or more ownership;
- disclose all other businesses the owners have an ownership interest of twenty percent (20%) or more;
- provide current personal financial statements for each owner;
- disclose sources of collateral and security;
- provide business historic financial information, including year to date;
- disclose sources of cash for any equity investment proposed;
- provide third party documentation of eligible project costs;
- provide market study or document basis of future sales projections;
- provide management capacity documentation for ability to execute;
- provide necessary information to clear federal overlays in Section 3.7.

If the loan applicant does not provide required information and documentation to the Administrator in a timely fashion, then there will be delays in the loan approval process.

Once the Administrator has compiled a complete loan file with all the credit, financial, and underwriting information needed to show loan is eligible under these guidelines, then a loan approval memo will be drafted. The memo will be submitted to Lender for their approval. Once approved, the Administrator and Lender will submit project set up report to Department and craft loan documents for signing at closing with the Borrower.

4.3 PROGRAM LOAN APPROVAL PROCESS

The Lender's CDBG Business Loan Committee shall be made up of an odd number of persons. The Lender's staff will ask committee members to volunteer for this board. Committee members can be from local financial institutions, the Lender, or other interested parties who have the professional capacity to review and evaluate commercial loans. See **Attachment A** for Lender loan approval memo format.

Loan approval meetings will be scheduled by Lender staff in conjunction with Administrator staff once a loan has been underwritten and is ready for review and approval. Lender staff will be responsible for reviewing each loan application funding proposal and recommending approval or rejection for the loan. Committee members may request additional information and or attach contingencies on closing or funding of the loan. If the loan is approved, then the project can move forward with loan closing.

If Lender approval is not obtained, then the BA loan applicant can take dispute resolution actions, per Section 4.5 of these guidelines.

[Department TA: The Lender must approve each project receiving CDBG BA loan funds. If projects are reviewed by a committee of professionals (per language above), then the Lender will need to set up policies for how the group members are selected (is it a formal committee that must follow the Brown Act or an informal committee). There must also be policies for if the group's determination is final or if the Lender staff can veto the group's recommendation, etc.]

[Department TA: Lender may choose to use this same committee for reviewing loan servicing requests by existing CDBG BA loan borrowers for change of loan terms, etc. This same committee could also approve CDBG housing projects under Lender housing program. Some Lenders may want BA loans to be presented to their governing body, which would require additional language in this section and extend the loan approval process out.]

4.4 LOAN APPLICANT CONFIDENTIALITY

Administrator or Lender or any persons involved in the loan process for this Program will not disclose any of applicant's business or personal confidential information as part of loan review and approval process. All confidential information of businesses will only be disclosed to persons required to view the information as part of loan review and approval. All personal and business confidential information of loan applicants will be kept in a locked secured storage facility and are not available to persons outside of the program. If the Lender or Administrator or Department receives a formal public records request for a loan applicant file, then only non-confidential information, as verified by legal counsel, will be provided.

4.5 APPLICANT DISPUTE RESOLUTION/APPEALS PROCEDURE

Any business applying for assistance through this CDBG program has the right to appeal, if their application is denied. The appeal must be made in writing to the Administrator and the Lender. The Lender will schedule a meeting for the appeal to be heard. If the application is denied a second time then the person may ask to have their appeal presented to the Lender's governing body for a final decision.

4.6 EXCEPTIONS / SPECIAL CIRCUMSTANCES

Exceptions are defined as any action, which would depart from policy and procedures stated in the guidelines. The Lender or Administrator staff may initiate consideration of an exceptional/special circumstance to the policies in these guidelines as long as it does not violate CDBG federal / state requirements. A written analysis of the exception will be prepared and submitted with loan approval request. This analysis shall contain a narrative, including the staff's recommended course of action and any written or verbal information supplied by the applicant. The loan approval shall be made after review and acceptance of the exceptional/special circumstances request.

4.7 LOAN CLOSING PROCESS

After Lender approval, submittal BA Loan Certification and Project Set Up Report to Department, the Administrator and Lender will prepare for the loan closing with Escrow Company. The Administrator will prepare the loan closing documents; prepare title and lien searches, and UCC-1 filings, if appropriate. Lender legal counsel will review all agreements and documents, as necessary.

The Borrower will sign all the necessary documents and agreements. The Lender will request reimbursement of eligible costs from the Department after Borrower has submitted documentation of eligible expenditures and Lender has paid for those costs.

5.0 DESCRIPTION OF LOANS

5.1 DETERMINATION OF LOAN AMOUNT

The Program has no minimum loan amount. The maximum loan amount is \$300,000.

Actual loan amounts will be based on the business' need for capital to conduct the proposed project's scope of work and meet public benefit standards. Most often the amount of CDBG funding is limited based on "gap" in project financing or ability of business to support new debt or pay for required jobs from business future cash flow projections or by the amount of collateral that the business can provide as security for the CDBG debt. If there are not sufficient CDBG funds for the project, then the Administrator can assist in finding other project funding.

5.2 DETERMINATION OF LOAN TERM

The BA loan term is tied directly to what project costs CDBG funds and what security is being pledged for the loan. If a business only wants operating capital then the term of the loan is normally five years. If a business wants to pay for equipment and supplies, then the term of the loan can be extended out to 10 years. If the loan is for real property improvements and can be secured on real property, then the terms can be extended out to 20 or 30 years. A loan amortization term can be longer than the loan term, so an equipment loan may have a term of ten years but an amortization term of fifteen years, which will create a lump sum payment at year ten. Administrator will confirm that the proper term is given based on the use of the CDBG funds and loan security / collateral being provided.

5.3 DETERMINATION OF LOAN INTEREST RATE

Loan interest rates will start with two percent (2%). This rate will be increased, if the investment of CDBG funds at the three percent level causes the business to have an excessive profit, return on investment (ROI). See HUD underwriting standards discussion of undue enrichment on Department's BA Activity Chapter webpage for direction on how to set interest rate to comply with this standard. By allowing the interest rate to move and not be fixed, the Lender can best tailor the loans under this program to meet the cash flow needs of different businesses in the community and ensure public benefit and national objective standards are met.

5.4 LOAN PROCESSING FEES

The CDBG program provides administration funds to pay for all loan processing and servicing costs. No direct loan fees will be charged to the borrower. Also, there is no pre-payment penalty on the loans under this Program.

6.0 LOAN UNDERWRITING STANDARDS

6.1 INITIAL LOAN EVALUATION

Each project / business will be evaluated based on the how it has performed in the past and its future financial forecasts. Specifically the following questions will be asked upon receipt of a loan application.

- Is business an eligible applicant, per Section 3.1?
- Are the proposed project costs eligible, per Section 3.2 & 3.3?
- Will project meet a CDBG national objective, per Section 3.4?
- Will business meet public benefit jobs required in Section 3.5?
- Does project appear to meet six HUD underwriting standards, per Section 3.6?
- Are federal overlays triggered that will adversely impact project development?
- Are the business and all owners' credit worthy?
- Does the business and owner pay bills on time, collect on time?
- Does owner have a detailed "business plan"?
- Does owner have documented market demand for projected sales?
- Does owner have management capacity to operate the business?
- Does owner have financial accounting capacity to operate the business?
- Is the owner contributing a reasonable amount of equity?
- Is the owner able to get conventional bank financing, if not, why not?
- Was the business financially viable in the past (net income covers debt)?
- Are there reasonable financial assumptions for future viability/success?
- Is there enough collateral available to secure the proposed loan?
- Is the owner's personal financial status stable?

By collecting enough initial application information to answer the above list of questions, the Administrator will have a good sense of how strong a borrower is, and how successful they will be, if assisted with a CDBG loan. Most of this information is collected on the loan application form and verified verbally at the initial site visit with the owner. By meeting the borrower and asking these questions the Administrator will know what additional information/documentation needs to be collected to provide a clear picture of how CDBG funds can be used to assist the BA loan applicant. These questions demonstrate the need for CDBG funds and business eligibility.

After the initial review, the Administrator/ application processor will collect the proper information required for loan underwriting. The required documentation is listed in the CDBG underwriting guidance document provided on Department's BA Activity Chapter webpage. At this same time, Administrator and Lender will begin regulatory compliance documentation, per Section 3.5. The amount of documentation and detailed underwriting is based on size of the loan and type of business (existing or start up) and what LMI national objective is used. Additional documentation may be required for a business with special circumstances.

6.2 PERSONAL AND BUSINESS CREDIT REQUIREMENTS

Each applicant will have third party credit reports obtained showing credit scores and payment history. All owners and their spouses with twenty percent (20%) or more interest in the business will get credit reports reviewed. If a personal credit reporting service provides low credit scores or shows poor credit history, applicants must provide a written explanation and justification for allowing the loan to go forward.

The primary applicant business and all associated businesses of the owners (20% or more ownership) will have a Dunn and Bradstreet report reviewed as well, if it is available. If it is not available, then the Administrator will call vendors or suppliers of the business to inquire as to the business payment history. This same narrative process will be used for the business credit reports to demonstrate the good standing or poor standing of the business being evaluated, when no third party business credit report is available.

6.3 PERSONAL AND BUSINESS FINANCIAL INFORMATION

Personal financial statements will be required for each person who owns 20% or more of the business. Financial statements need to show all assets and liabilities of the person. In addition to these statements, federal tax return statements for owners and the business for the past three years are needed to give a historic perspective of income.

For the business fiscal year, historic financial statements will be required. These will consist of past three year's balance sheets and cash flow statements, generated from past tax returns and quarterly year to date statements. These statements should be put together by the person responsible for doing the bookkeeping and finance management for the business. Past tax returns will be provided to document the statements provided. Based on these statements the Lender / Administrator can develop ratios for debt service and payment history, etc.

The business will also need to provide future projected financials. These will consist of pro formas showing projected revenue and costs for the business on a monthly basis for each fiscal year for a minimum of three years from application date. Start-ups may need to provide up to five years of projection statements to show "break even" point of business. Two sets of pro formas need to be completed: one showing the business projections with CDBG financing; and a second set showing the business with conventional financing. This will provide evidence of the benefit / increased profit the business is receiving by using the more affordable CDBG loan. These pro formas must

also show the increased costs to the business from adding the new job positions and the CDBG debt service.

A project sources and uses form must be provided to show all funding required for completing all project activities. This form will show the owner's equity as well as private bank financing and any other investments from other sources. The sources and uses give a clear idea of what costs the CDBG loan will cover and its information must be reflected in the pro formas as described above.

Using the information in these financial statements, along with any back up documentation required, will allow the Administrator to do the project's underwriting analysis. This analysis will include both the conventional lending underwriting and HUD required underwriting. This analysis will be provided to the LAB for use in loan approval.

6.4 COLLATERAL REQUIREMENTS

All loans under this program will be collateralized using normal commercial lending standards. Collateral coverage will be assessed based on assets available as security and the level at which they are already liened. CDBG funding is typically in a subordinate position to banks and other lenders.

It is the goal of the Program to get the best lien position possible to ensure loan repayments. Types of collateral may include:

- Secured liens on real property,
- UCC liens on machinery, equipment, or other fixtures,
- Lease assignments, as appropriate,
- Personal and corporate guarantees, as appropriate, and
- Life insurance assignment and other collateral, as appropriate.

Appraisal of assets may be required as part of determining how to obtain the best lien positions for the CDBG loan. Combined loan to value ratio on collateral for the typical CDBG loan should not exceed ninety percent (90%). Equipment and inventory secured should be properly discounted to reflect actual resale value when doing loan to value calculations.

6.5 BUSINESS EXPERIENCE AND MANAGEMENT CAPACITY

The BA loan applicant will provide resumes and management histories to show the experience of business owners and their management staff in successful operation of the existing business or something comparable. Existing businesses proposing to use CDBG BA funds to create jobs, must have at least an updated business plan if not a new plan.

For BA loan applicants proposing to use CDBG funds for a non-operational start-up businesses or for applicants that wish to use CDBG funds to purchase an existing business or for applicants that wish to use CDBG funds for job retention (to keep the business from closing) a comprehensive business plan will be required. The comprehensive business plan will include a detailed analysis of what management

capacity is need for the business to be successful and identify resources that the business will utilize to meet the identified capacity needs.

7.0 LOAN SERVICING

7.1 LOAN SERVICING RESPONSIBILITIES

Borrower will be provided loan servicing information from the Lender. The Lender will retain all original project files within locked storage. Original legal documents will be kept in locked fire proof filing system for future loan servicing. Lender will provide annual income tax interest statements to the borrower for their tax purposes.

BA loan repayments will be collected by Lender's loan servicing agent:

Agency: City of Dunsmuir
Address: 5915 Dunsmuir Ave, Dunsmuir, CA.
Phone Number: (530) 235-4822
E: Mail Address: CFO@ci.dunsmuir.ca.us

All loan payment will be make directly to the Lender and deposited into current CDBG PI accounts. If payments are collected by a third party, all gross collected CDBG BA loan payments will be provided to the Lender on a monthly basis for deposit into the proper CDBG program income account.

The borrower may be required to provide the Lender / loan servicing agent with periodic financial statements of the business and proof of insurance annually. Upon reviewing the borrower's financial statements, the Lender may require the business to take actions that improve the business cash flows. Borrower may be required to meet with business development staff to assist in stabilizing or building capacity.

Borrower must disclose any sale of equipment or assets that are used as loan security by the Lender. The borrower may submit a written request to the Lender to change the CDBG loan terms, if the business is not able to fully service CDBG debt repayments or if they wish to pre-pay the loan by making one or more larger payments.

7.2 LOAN SERVICING POLICIES

The Lender has adopted a set of loan servicing policies that outline how the loan servicing agent will proceed if payments are late or no payments are received. The policies also outline how loan files will be set up and protected. A copy of these adopted loan servicing polices will be provided to each BA loan recipient at loan closing.

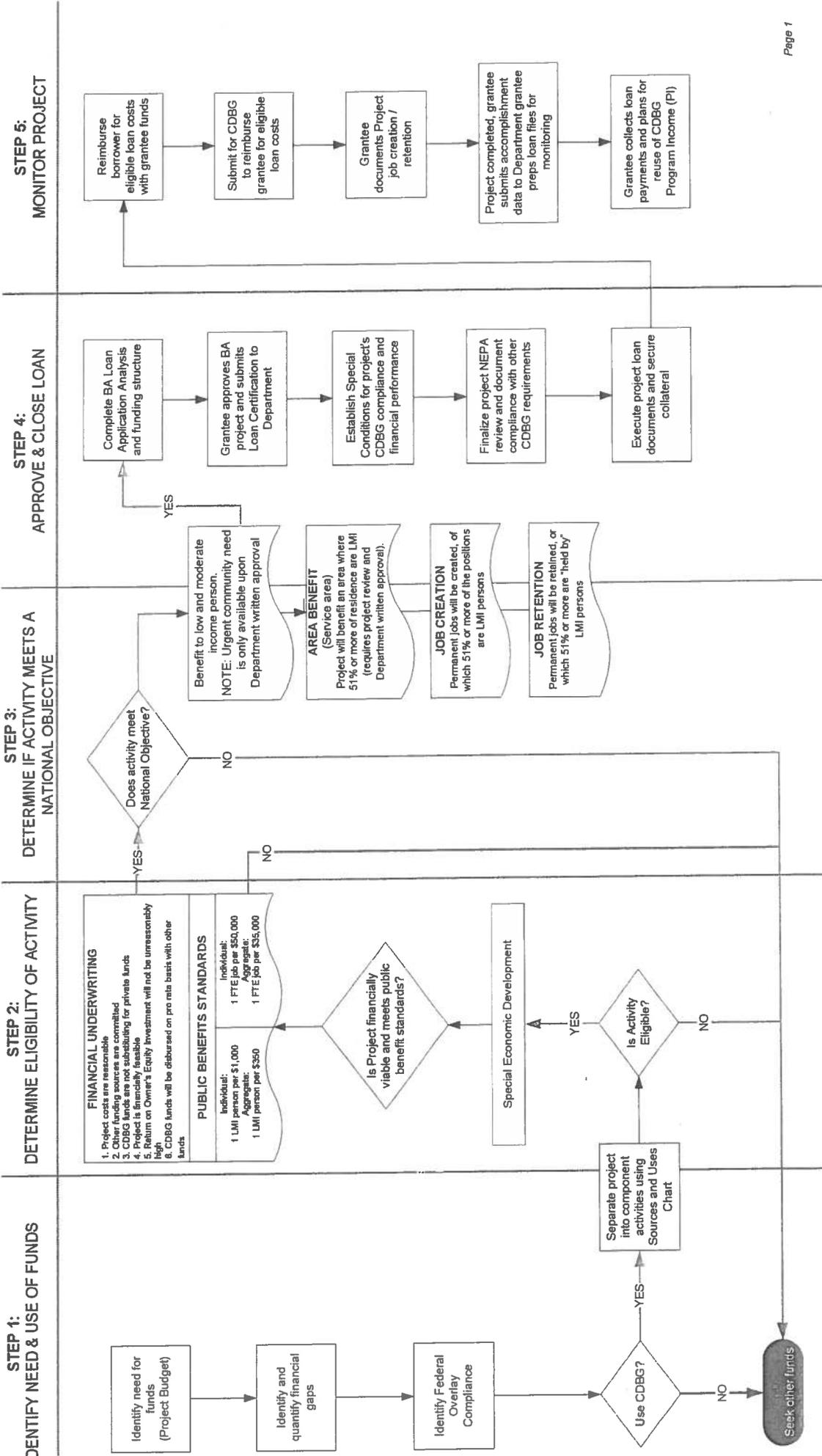
8.0 PROGRAM OVERSITE BY LENDER

8.1 OVERSITE OF PROGRAM ADMINISTRATOR

The Lender is ultimately the responsible entity for the CDBG BA loan program. Lender will oversee the Administrator and communicate with the loan applicants and borrowers as needed to explain CDBG compliance.

The Administrator is responsible to the Lender and loan applicants to assure that the Program is implemented in compliance with these program guidelines, and state and federal regulations. In addition, Administrator staff will ensure loan applicant projects are underwritten in a timely and responsible manner. This includes working closely with BA loan applicants to ensure they provide accurate financial statements through documenting BA project compliance for project close-out with Department and HUD. Administrator will review all loan documents with borrowers prior to loan closing.

CDBG Business Assistance Program Activities: The Process



**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

DATE OF JURISDICTION'S LOAN APPROVAL:

JURISDICTION AND CDBG REPRESENTATIVES		
JURISDICTION:	NAME OF JURISDICTION STAFF REVIEWING THE LOAN:	
JURISDICTION STAFF TITLE:	PHONE:	EMAIL:
HCD CONTRACT REP. NAME:	PHONE:	EMAIL:

UNDERWRITER / BA PROGRAM ADMINISTRATOR		
ORGANIZATION NAME:	NAME OF UNDERWRITER PROCESSING THE LOAN:	
CONTACT NAME:	PHONE:	EMAIL:

BUSINESS AND BUSINESS OWNER	
BUSINESS NAME with DBA:	BUSINESS PHYSIAL ADDRESS:
NATURE OF BUSINESS (<i>restaurant, manufacturing, service provider</i>):	
NAMES OF BUSINESS OWNER(S) / BORROWER(S):	

BUSINESS LEGAL STRUCTURE	PURPOSE OF LOAN
SOLE PROPRIETORSHIP: <input type="checkbox"/> Yes <input type="checkbox"/> No	START UP: <input type="checkbox"/> Yes <input type="checkbox"/> No
PARTNERSHIP: <input type="checkbox"/> Yes <input type="checkbox"/> No	EXPANSION: <input type="checkbox"/> Yes <input type="checkbox"/> No
COMPANY: <input type="checkbox"/> Yes <input type="checkbox"/> No	RETENSION: <input type="checkbox"/> Yes <input type="checkbox"/> No
CORPORATION: <input type="checkbox"/> Yes <input type="checkbox"/> No	TOTAL PROJECT COSTS: \$

PROJECT SOURCES AND USES INFORMATION	
FUNDING SOURCE	USE OF FUNDING
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	PURCHASE OF REAL PROPERTY
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	FURNITURE FIXTURES & EQUIPMENT
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	CONSTRUCTION / TENANT IMPROVEMENTS
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	OPERATONS COSTS (MONTHLY)
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	INVENTORY / SUPPLIES
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	DEBT REFINANCE
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	OTHER: _____

**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

CDBG LOAN INFORMATION	
LOAN AMOUNT:	LOAN TERM: YEARS
LOAN INTEREST RATE: %	MONTHLY PAYMENT: \$
UNIQUE LOAN STRUCTURE PROVIDED? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If yes, provide brief narrative below.	

CDBG NATIONAL OBJECTIVE (Only Complete A or B)	
A. PROJECT WILL USE CDBG NATIONAL OBJECTIVE OF LOW-MODERATE JOB (LMJ) BENEFIT BY PROVIDING DIRECT ASSISTANCE TO A BUSINESS THAT CREATES / RETAINS JOBS PRIMARILY (OVER 51%) FOR HUD ELIGIBLE LOW-MOD PERSONS. If no, then project must use LMA below, so move onto section B.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Loan documents have language requiring Borrower to allow Jurisdiction Staff or Third party to obtain copy of payrolls and use Department Self- Certification of Income forms for all job applicants on new jobs created <u>OR</u> to existing job positions retained?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Borrower has signed Job Tracking Form, listing the total jobs <u>PROPOSED</u> to be created <u>OR</u> retained and lists the 51% low mod job positions being created <u>OR</u> retained?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Underwriter has included all costs of new / retained jobs in future financial spreadsheets, to clearly document that all jobs, including low-mod jobs, will be <u>created within the term of the grant contract</u> or as stipulated in the CDBG loan agreement for program income?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For job retention, project file contains documentation of business public notice or employment notice of failure / layoffs and over 51% of lost job positions are LMI person? <u>or</u> Underwriter has documentation of "but for" CDBG the business will fail and jobs will be lost and over 51% of those lost job positions are held by LMI persons?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
B. PROJECT WILL USE LOW MODERATE AREA (LMA) NATIONAL OBJECTIVE?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Jurisdiction has documentation of business service area and has HUD data to prove low moderate income area benefit (LMA) status of area? LMA = %	<input type="checkbox"/> Yes <input type="checkbox"/> No
Jurisdiction has documentation that service area of business is primarily residential?	<input type="checkbox"/> Yes <input type="checkbox"/> No

CDBG PUBLIC BENEFIT STANDARD FOR JOBS (When Using LMJ)	
A. VERIFICATION OF JOB POSITIONS CREATED / RETAINED:	
Borrower provided payroll documentation of existing jobs and documents are in project file to verify the number of permanent FTE existing jobs in place prior to investment of CDBG funds?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

Borrower signed Job Tracking Form, which will be an attachment to executed loan agreement, listing all new jobs created <u>or</u> existing jobs retained from use of CDBG funds and listing dates when job positions will be added / retained on payroll?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Borrower signed Job Tracking Form lists out part time and full time job positions? Note: per state regulations (part time equivalent (PTE) positions must work at least 875 hours and full time equivalent (FTE) must work at least 1,750 hour annually)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
COST PER JOB CREATED / RETAINED IS EQUAL TO OR LESS THAN \$35,000, AGGREGATE?	<input type="checkbox"/> Yes <input type="checkbox"/> No
COST PER JOB: CDBG PROJECT FUNDING: \$ _____ ÷ TOTAL NUMBER OF PROPOSED FTE JOBS: ____ = COST PER PROPOSED CREATED OR RETAINED FTE JOB \$	
PROJECT FILE VERIFIES THAT NONE OF THE PROPOSED JOBS TO BE CREATED HAVE BEEN HIRED PRIOR TO LOAN APPROVAL?	<input type="checkbox"/> Yes <input type="checkbox"/> No
CDBG PUBLIC BENEFIT STANDARD FOR GOODS OR SERVICES (When Using LMA)	
B. VERIFICATION OF SERVICE AREA AND GOODS OR SERVICES:	
Project file has documentation of service area for Good OR Services, documentation that business is open to all, and that goods or services are needed / available to LMI persons, prior to loan approval?	<input type="checkbox"/> Yes <input type="checkbox"/> No
AMOUNT OF CDBG PER LMI PERSON FOR GOODS OR SERVICES IS EQUAL TO OR LESS THAN \$350 ANNUAL AGGREGATE?	<input type="checkbox"/> Yes <input type="checkbox"/> No
COST PER PERSON: CDBG PROJECT FUNDING: \$ _____ ÷ TOTAL NUMBER OF LMI PERSONS IN SERVICE AREA: ____ = COST PER LMI PERSON \$	

CDBG ELIGIBLE ACTIVITY	
PROJECT COMPLIES WITH LOCAL BA PROGRAM GUIDELINES?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If, NO, project file contains a written special exception justification, per guidelines?	<input type="checkbox"/> Yes <input type="checkbox"/> No
PROJECT FILE VERIFIES BUSINESS IS PHYSICALLY LOCATED WITHIN JURISDICTIONAL BOUNDARY?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If not in county jurisdiction, then county has written approval from non-entitlement city for doing a CDBG BA project within city limits?	<input type="checkbox"/> Yes <input type="checkbox"/> No
ALL CDBG PROJECT COSTS ARE ELIGIBLE PER BA CHAPTER AND GUIDELINES?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

CDBG FEDERAL OVERLAY REQUIREMENTS

<p>HAS A CORRECT CDBG NEPA REVIEW BEEN COMPLETED ON FULL SCOPE OF PROJECT?</p> <p>Is Original signed Environmental Review Record (ERR) in the project file?</p> <p>Was Department Authorization to use grant funds required for ERR?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>DOES THE PROJECT TRIGGER FEDERAL LABOR STANDARDS MONITORING?</p> <p><i>If YES, Jurisdiction has designated staff as a labor standard compliance officer, who will submit request for federal wage determination to the Department?</i></p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>DOES THE PROJECT TRIGGER FEDERAL RELOCATION REQUIREMENTS?</p> <p><i>If YES, did Jurisdiction hire Relocation Specialist and submit draft relocation plan to Department?</i></p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>DOES THE PROJECT TRIGGER FEDERAL ACQUISITION REQUIREMENTS?</p> <p><i>If YES, has the proper seller acquisition disclosure been executed for project file?</i></p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>PROJECT FILE CONTAINS DOCUMENTATION OF COMPLIANCE WITH FEDERAL DEBARRED REQUIREMENTS?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>PROJECT FILE CONTAINS BUSINESS OWNER CERTIFY THAT THERE IS NO CONFLICT OF INTEREST?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>DOES THE BUSINESS' PROPOSED PROJECT INCLUDE ANY JOB PRIATING?</p> <p><i>Is Signed Certification of No Job Pirating in Project file?</i></p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>

CDBG / HUD SIX UNDERWRITING STANDARDS

CDBG business assistance loans must document that they meet the six CDBG HUD underwriting standards below. See BA Chapter in Department's Current On-Line Grant Management Manual for further guidance or contact HCD Rep.

<p>1) PROJECT FILE HAS VERIFICATIONS OF THE REASONABLENESS OF ALL PROJECT COSTS?</p> <p><i>If NO, a special condition must be in loan approval to not allow CDBG loan closing until all costs are verified as reasonable.</i></p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>2) PROJECT FILE HAS VERIFICAITON OF ALL PROJECT FUNDING COMMITTED?</p> <p><i>If NO, a special condition must be in loan approval to not allow CDBG loan closing until full funding is in place.</i></p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>3) PROJECT FILE HAS VERIFICATION THAT, TO THE EXTENT PRACTICABLE, THERE IS NO SUBSTITUTION OF PUBLIC FUNDING?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>

**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

4) PROJECT FILE HAS VERIFICATION OF UNIVERSAL CASH FLOWS EXPECTED AFTER INVESTMENT OF CDBG FUNDS SHOWING FINANCIAL FEASIBILITY?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5) PROJECT FILE HAS VERIFICATION THAT, TO THE EXTENT PRACTICABLE, THE CDBG LOAN FUNDS DO NOT PROVIDE UNDUE ENRICHMENT TO THE BUSINESS OWNER(S)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6) PROJECT FILE HAS VERIFICATION THAT, TO THE EXTENT PRACTICABLE, DISBURSEMENT OF CDBG FUNDS WILL BE ON A PRO-RATA BASIS WITH OTHER PROJECT FUNDS?	<input type="checkbox"/> Yes <input type="checkbox"/> No
LOAN DISBURSMENT SCHEDULE IS IN PROJECT FILE?	<input type="checkbox"/> Yes <input type="checkbox"/> No

BUSINESS OWNER UNDERWRITING AND PROJECT COLLATERAL ANALYSIS	
IS A PERSONAL FINANCIAL ANALYSIS DONE FOR EACH OF THE BUSINESS OWNERS, WITH 20% OR MORE INTEREST IN THE BUSINESS OR WITH MATERIAL CONTROL OF BUSINESS?	<input type="checkbox"/> Yes <input type="checkbox"/> No
DOCUMENTION OF CDBG LOAN COLLATERAL IS IN PROJECT FILE?	<input type="checkbox"/> Yes <input type="checkbox"/> No
LOAN DOCUMENTS SECURITIZE COLLATERAL, NATIONAL OBJECTIVE AND OTHER CDBG REQUIRED COMPLIANCE?	<input type="checkbox"/> Yes <input type="checkbox"/> No

SIGNATURE OF JURISDICTION AUTHORIZED REPRESENTATIVE	
Authorized Representative has read and certifies all information in this loan memo is true and correct, to the best of their ability.	
<p>I hereby certify under the penalty of perjury that all the information contained in this request for funds (including all supporting documentation) is true and correct. I understand and acknowledge that making false statement on this certification, including any documents submitted in support of it, is a crime under federal and California state laws, which may result in criminal prosecution.</p> <p>PRINT NAME OF AUTHORIZED REPRESENTATIVE: _____</p> <p>TITLE: _____</p> <p>SIGNATURE: _____</p>	DATE: _____

Cost Categories Table for BA Program Activity		
Activity Costs	Activity Delivery	Project Loan
Program Development & Loan Processing:		
Program Clearance of General Conditions	X	
Program Marketing & Application Intake	X	
Project Threshold Review & Site Visit	X	
Project Federal Overlay Compliance	X	
Project Underwriting & Compliance	X	
Appraisals and Other 3rd Party Origination Costs		X*
Project Approval & Set Up	X	
Project Loan Closing & Completion:		
Loan / Escrow Closing & Collateralization		X
Reimburse Eligible Project Costs		X
Track LMJ and Public Benefit	X	
Close out Project	X	
Loan Servicing		
Set up Loan Servicing File	X	
Collect Loan Payments	X	
Monitor Loan for Compliance	X	
Annual Tax Statements & Reporting	X	
Release Debt Upon Repayment	X	

Note: Activity Delivery Costs are available to be reimbursed with CDBG funds after BA loan approval, up to maximum 15%.

Note: There are no General Administration costs included in this table as it is a separate activity.

The Table applies to all three sources of funding for BA activities: 1) Department Grant Contracts (including supplements) Local Program Income Waivers (PI) and Local Revolving Loan Funds (RLF).

* These are loan costs that are incurred prior to close of Escrow.

**BORROWER CERTIFICATION OF NO CONFLICT OF INTEREST
IN RECEIVING COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

City of Dunsmuir, hereafter called Grantee, will use federal CDBG funds to provide financial assistance to eligible program participants, hereafter called Participants. These CDBG funds are administered by the State Department of Housing and Community Development hereafter called Department. As part of receiving CDBG funds from the Department, the Grantee is required to ensure there is no conflict of interest created when using these funds on eligible CDBG activities. As such, all Participants must certify that no conflict of interest has been created.

State Conflict of Interest: Pursuant to California Government Code 87100, et seq. CDBG financial assistance is not available if there is a conflict of interest. Any person / business loan participant that is an employee of the Grantee, an elected official, or consultant involved in administering a business assistance activity would not be eligible to receive CDBG funds due to a conflict of interest. If there is a real or perceived conflict of interest, the Grantee must have a legal determination that will be placed in the Participant's file.

Federal Conflict of Interest: Pursuant to the Code of Federal Regulations, Section 24 CFR 570.489 (h) a conflict of interest is not allowed when using CDBG funds as follows:

Conflicts prohibited. Except for eligible administrative or personnel costs, the general rule is that no persons described in paragraph (h)(3) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this subpart 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 the activity, or have an interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

Persons covered. The conflict of interest provisions for paragraph (h)(2) of this section apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving CDBG funds.

If there is a real or perceived conflict of interest relative to the federal language above, the Grantee must submit a request to the Department for an exception to the Conflict of Interest determination. The Department will render a written decision that will be placed in the Participant's file.

By signing below, I certify that no conflict of interest, as prohibited by California Government Code Section 87100 et seq. and/or by the Code of Federal Regulations Section 24 CFR 489 (h), is created.

Signature of Borrower

Print Name and Title

Date: _____

X

**BORROWER'S CERTIFICATION CONCERNING NO JOB PIRATING
IN CONNECTION WITH COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
ECONOMIC DEVELOPMENT (ED) FINANCING**

The City of Dunsmuir use federal CDBG economic development funds to make loans to eligible projects. These federal funds are available from local program income funds or from grant contracts issued by the State Department of Housing and Community Development. These CDBG ED loans are not eligible if their use supports job pirating. Job pirating is not allowed under 24 CFR 570.482(f) of federal regulations. CDBG ED activities trigger this prohibition of funds as follows:

1. Statement of Job Pirating Provisions:

Use of CDBG funds, to assist directly, the relocation of any industrial or commercial plant, facility or operations, from one labor market area to another labor market area.

Yes No

If yes, what is the total number of jobs to be relocated: _____.

2. Certification of no Job Pirating:

Will a significant loss of jobs take place due to the relocation of the business operations (Definition of significant is 25 or more full time positions.).

Yes No

If yes, CDBG assistance is prohibited.

If no, business certifies that neither it nor any of its subsidiaries has plans to relocate jobs, as of the date of the CDBG loan agreement.

3. Consequences of Job Pirating Violation:

Use of CDBG funds, to assist directly, the relocation of any industrial or commercial plant, facility or operations, from one labor market area to another labor market area will result in the repayment of all CDBG funding invested in the project.

I hereby certify under the penalty of perjury that all the information contained in the CDBG request for funding (including all supporting documentation) is true and correct. I understand and acknowledge that making false statement on this certification, including any documents submitted in support of it, is a crime under federal and California state laws, which may result in criminal prosecution.

Signature of Borrower

Print Name and Title

Date

Business Assistance Project SELF-CERTIFICATION of Income for City of / Town of / County of _____ **CDBG Funded Activity**

Page 1 to be filled out by Applicant/Employee

Status: Job Applicant (Creation) Current Employee (Retention)

Business Name: _____

Business Physical Address: _____, _____ (City)

Part I: Confidential Job Applicant / Employee HUD Demographic Data

(This section is voluntary.)

Ethnicity (Select One)		<input type="checkbox"/> Not Hispanic	<input type="checkbox"/> Hispanic
Race (Select One)			
<input type="checkbox"/> White	<input type="checkbox"/> Am. Indian/Alaskan Nat. & White		
<input type="checkbox"/> Black/African American	<input type="checkbox"/> Asian & White		
<input type="checkbox"/> Asian	<input type="checkbox"/> Black/African American & White		
<input type="checkbox"/> American Indian/Alaskan Native	<input type="checkbox"/> Am. Indian/Alaskan & Black/African		
<input type="checkbox"/> Nat. Hawaiian/Other Pacific Isl.	<input type="checkbox"/> Other Multi-Racial		
Other Demographic Data (Select each that Applies)			
<input type="checkbox"/> Female Head of Household	<input type="checkbox"/> Single / Non Elderly		
<input type="checkbox"/> Participant Disable	<input type="checkbox"/> Related/Single Parent		
<input type="checkbox"/> Veteran	<input type="checkbox"/> Related/Two Parent		
<input type="checkbox"/> Elderly	<input type="checkbox"/> Other (_____)		
<input type="checkbox"/> Unemployed prior to Employment			

Part II: Confidential Job Applicant / Employee Income Certification

(Certification process may not be administered by business receiving CDBG funds.)

My total family size consists of _____ members, and the total gross annual income* for all adult members is \$_____.

*Gross annual income must include all sources of income (wages, child support, SSI, unemployment, pension, income from assets, etc., but does not include the income of live-in aids, per 24 CFR 5.403).

I certify that the information given on this form is true and accurate to the best of my knowledge. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds, which may include immediate repayment of all Federal or State funds received and/or prosecution under the law. I understand that the information on this form is subject to verification by state or federal personnel as part of compliance monitoring.

Job Applicant / Employee Signature: _____ Date: _____

Applicant / Employee Name (print): _____

Job Applicant / Employee Physical Home Address: _____, _____ (City)

CDBG Business Assistance Project Verification by

City of / Town of / County of _____ for CDBG Funded Activity

Page 2 to be filled out by Program Operator

Project Information:

Business Name: _____

Job Applicant / Employee Name: _____

Public Benefit Type: Job Creation Job Retention

Project funded by: Grant #: _____ - Or - PI Fiscal Year: _____

Business and Job Applicant / Employee Location Verification:

Business Physical Address: _____ In Jurisdiction Limits

Job Applicant / Employee Physical Home Address: _____ In Jurisdiction Limits

NOTE: Business must be located in Jurisdiction. **Significant number of** Job Applicants should reside in Jurisdiction (does not apply to retention).

Job Applicant / Employee Income Verification:

Effective Date of the Income Limit Chart being used: _____

- Family is: 30% or less (Extremely Low Income)
 31%-50% (Low Income)
 51%- 80% (Moderate Income)
 Over 80% of median income: **NOT ELIGIBLE AS LOW /MOD JOB**

Program Operator must:

- 1) Must complete confidential demographic data on cert. form if applicant / employee leaves blank.
- 2) Must complete business project information and business & applicant / employee location verification.
- 3) Must complete the applicant/employee income verification by:
Print the current HCD Income limits from the HCD website (NOT HUD's), and
Circle the applicable family size and annual income on HCD limit printout, and
Include the copy of the circled printout with these certification forms.

Program Operator Certification: *I certify that Applicant / Employee demographic data provided is true and correct, to the best of my knowledge. I certify that, using the current HCD annual income publication compared to stated family size and gross income, the income level indicated above is true and correct. I certify that residency of the Applicant / Employee and the business address is true and correct per the requirements of 24 CFR 570.486(b) and/or (c) as applicable.*

Note: This completed certification, whether Job Applicant / Employee benefited (was hired) or not, must be maintained in the Confidential Project file for review at time of monitoring. Certification of Job Creation cannot be done prior to CDBG funding approval.

Program Operator Name (print)

Job Title

Signature:

Date:

CDBG Jobs Tracking Form for Completed Project

Company Name: _____

List all employee positions on payroll, both existing and new hires as a result of CDBG loan.

Date of Project Approval: _____

Date of Project Completion: _____

Income
Self Cert
Date

	Job Position Title	New or Existing Job	Annual hours	Annual Wages	Full/Part Time	LMJ
1						
2						
3						
4						
5						
6						
7						
8						
9						
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11						
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32						
33						
34						

EXISTING JOB POSITIONS
Total Full Time
Total Part Time
Grand Total Full Time

ACTUAL NEW HIRE OR RETAINED JOB POSITIONS
Total Full Time
Total Part Time
Grand Total Full Time

LMJ

% LMJ
#DIV/0!

I hereby certify under the penalty of perjury that all the information contained in this form (including all supportive documentation) is true and correct. I understand and acknowledge that making false statement on this certification, including any documents submitted in support of it, may result in repayment of loan funds.

Signature of Jurisdiction Staff: _____

Date: _____

Ronald W. Stock, CPM, CM, JD

24466 Creamery Lane • Weed, CA 96094 • (530) 859-5040 • E-mail:
rs9588@earthlink.net

February 12, 2016

Ms. Julie Iskra, Acting City Manager
City of Dunsmuir
Via E-mail

Dear Julie:

Steve Baker, the City Manager of Yreka, and I would be delighted to assist the City Council of Dunsmuir in facilitating a meeting or two.

We would suggest that a team building retreat might be an excellent way to introduce Paul Poczobut into the community. We would recommend strongly that the team building exercise occur after Paul is on board and that the goal of the retreat be two fold—to build a strong working relationship between the staff and the Council and to develop a work plan for the next two years that everyone on the team buys into.

A team building exercise must, under the Brown Act be noticed as a regular meeting and must take place within the corporate limits of the community. The public is invited to attend, but the public may not participate. It is recommended that the Department Heads, City Manager, City Attorney and the City Council participate equally. Because of your form of government, I would encourage participation by the Sheriff's Deputy assigned to Dunsmuir. In addition, it is best to use a location which is informal and encourages participation. So we do not recommend that it be held in the Council Chambers.

To insure that we meet the needs of your Council and set aside time to discuss the issues that are important to you, we recommend that Steve and I meet individually with each member of the Council. Perhaps these can be one-half hour meeting scheduled back to back on a Friday afternoon or early Friday evening. Your insights would be very helpful in our structuring the activities and pacing the retreat.

We will need to know if this is a half-day, full-day, evening, or Saturday activity. We have no preference, but do want to make sure that you set aside enough time to cover the issues thoroughly and schedule the retreat so that every member of the Council can participate.

In addition, knowing your community as we do, we know that there are a number of engaged citizens, actively involved in civic activities, who have the best interest of the community at heart. These individuals may be frustrated by the inability to participate in a team building retreat. We would suggest a second open public discussion to garner the

public's view on what the community's goals and objectives. It is your decision as to which should take place first. If this community workshop is held before the team building retreat, the citizens' views can be reflected in the work plan. If it is held after the team building retreat, the work plan can be refined and enhanced thereby.

Again, Steve and I would be willing to assist you with one or both of these endeavors.

Sincerely,

Ron Stock

Ron Stock

Cc: Randy Johnson
Steve Baker

**CITY OF DUNSMUIR
CITY COUNCIL AGENDA REPORT
NEW BUSINESS**

Item No: 15. A.
Date: February 18, 2016
Subject: Setting new lease fees for Mott Airport

Airport committee has been considering revenues and expenditures at Mott Airport. One of the areas where it has been agreed fees should be increased is in leasing/renting hangars. Some of the hangars are owned by pilots and some are owned by City. Several pilot owned hangars are leased at \$17.50 per month, and some at \$55.00 per month. City owned hangars are leased at \$152 per month, with the exception of two larger hangars at \$169 per month. It is recommended that all be increased by 10% effective July 1, 2016 when leases renew.

Other fees charged at airport, tie down and landing fees are not recommended to be increased at this time or until there is better collection process implemented. There is a car parking for aviator fee of \$30 per month that is collected but not recommended for increase. There are a couple trailers parked at the airport and the committee and City are working to get these moved to storage area to be developed east of airport and then storage fee imposed.

Recommendation: Move to increase lease/rent fees for hangars by 10% effective July 1, 2016.

Fund 40 (Airport)	2009-10		Change***		2010-11	
<i>Air Operations</i>						
Tie-down rent	\$ 5.00	\$ -	\$ -	\$ -	\$ 5.00	per day
Single	\$ 35.00	\$ -	\$ -	\$ -	\$ 35.00	per month
Twin	\$ 40.00	\$ -	\$ -	\$ -	\$ 40.00	per month
Single/Twin	\$ 400.00	\$ -	\$ -	\$ -	\$ 400.00	per Year
Landing fee-Private	\$ -	\$ -	\$ -	\$ -	\$ -	per landing
Landing fee-Fire or Emergen	\$ -	\$ -	\$ -	\$ -	\$ -	per landing
Landing fee-Business	\$ 10.00	\$ -	\$ -	\$ -	\$ 10.00	per landing
Car Parking (for aviator-use purposes only)	\$ 30.00				\$ 30.00	per month
 <i>Ground Operations</i> rates subject to change upon lease agreement renewals						
<i>City Hangers:</i>						
7 Hangars "B"- "G" Rent	\$ 152.00	\$ -	\$ -	\$ -	\$ 152.00	per month
Main Hangar	\$ 332.00	\$ -	\$ -	\$ -	\$ 332.00	per month
Airport Office	\$ 180.00				\$ 180.00	per month
 <i>Privately Owned Hangars:</i>						
Hangar "A" (Manning)	\$ 169.00	\$ -	\$ -	\$ -	\$ 169.00	per month
Hangar "1-4" Ground Rent	\$ 55.00	\$ -	\$ -	\$ -	\$ 55.00	per month
Hangar "4"- "J" Rent	\$ 26.40				\$ 26.40	per month

*** All "change(s)" subject to applicable rent increase adoption laws.
 The council wishes to arrive at rents - of comparable Mott airport property - which have consistant costs per square foot.

LEASE

This Lease is made this 22 day of April, 1986, by and between the City of Dunsmuir, hereinafter called "City", and Paul Sheppard & John Herlihy, hereinafter called "Lessee(s)".

1. City agrees to lease to Lessee(s), and Lessee(s) agree to lease from City that certain parcel of land located at Mott Airport described in the attached Exhibit A, which is incorporated herein by reference, Parcel #3.
2. The leased parcel shall be used for airplane hangar purposes, with Lessee(s) to construct a hangar thereon.
3. The term of this lease is thirty (30) years, commencing on the date first set forth above. Lessee(s) shall have an option to renew on the same terms for a ten (10) year period thereafter. After forty (40) years, Lessee(s) shall have an option to renew for a further period with the rent to be renegotiated at that time.
4. Lessee(s) shall pay as rent to City the sum of \$15,000 per month. This rental shall be increased when the City's rates for airplane tie downs are increased, but increases may not exceed 10% during any five (5) year period. Rent shall be payable as soon as Lessee(s) complete construction of a hangar on the premises, which must be within twelve (12) months of the date of this lease.
5. The hangar constructed on this parcel shall remain the personal property of Lessee(s), and may be removed at the termination of this lease.
6. Lessee(s) interest may be assigned, subleased, or otherwise transferred.
7. Lessee(s) shall have full access to the premises at all times, subject only to possible delays caused by snow accumulation. City shall be responsible for plowing snow only on the airport runway within 48 hours after City streets have been cleared.
8. Tenants of Lessee(s) shall use the main airport runway as a taxiway to the hangar.
9. Lessee(s) may exercise their option to renew by notifying City in writing at least six months before the end of the term of this lease or of any renewal term.
10. Lessee(s) shall be responsible for paying all property tax levied only on the improvements constructed thereon.
11. Lessee(s) shall not do, bring, or keep anything in or about the premises that will cause a cancellation of any insurance covering the premises.
12. Lessee(s) shall comply with all laws concerning the premises or Lessee(s) use of the premises, including, without limitation, the obligation at Lessee(s) cost to alter, maintain, or restore the premises in compliance and conformity with all laws relating to the condition, use, or occupancy of the premises during the term.

13. Lessee(s) shall not use the premises in any manner that will constitute waste, nuisance, or unreasonable annoyance (including, without limitation, the use of loudspeakers or sound or light apparatus that can be heard or seen outside the premises) to owners or occupants of adjacent properties.

14. Lessee(s) shall be responsible for all maintenance on the premises, except as Lessee(s) may pass that responsibility on to their tenants.

15. Lessee(s) shall pay all costs for construction done by it or caused to be done by it on the premises as permitted by this lease. Lessee(s) shall keep the building, other improvements, and land of which the premises are a part free and clear of all mechanics' liens resulting from construction done by or for Lessee(s). Lessee(s) shall have the right to contest the correctness or the validity of any such lien if, immediately on demand by City, Lessee(s) procure and record a lien release bond issued by a corporation authorized to issue surety bonds in California in an amount equal to one and one-half times the amount of the claim of lien. The bond shall meet the requirements of Civil Code Section 3143 and shall provide for the payment of any sum that the claimant may recover on the claim (together with costs of suit, if it recovers in the action).

16. Lessee(s) shall make all arrangements for and pay for all utilities and services furnished to or used by it, including, without limitation, gas, electricity, water, telephone service, and trash collection, and for all connection charges.

17. City shall not be liable to Lessee(s) for any damage to Lessee(s) or Lessee(s) property from any cause. Lessee(s) waive all claims against City for damage to person or property arising for any reason, except that City shall be liable to Lessee(s) for damage to Lessee(s) resulting from the acts or omissions of City or its authorized representatives.

18. Lessee(s) shall hold City harmless from all damages arising out of any damage to any person or property occurring in, on, or about the premises, except that City shall be liable to Lessee(s) for damage resulting from the acts or omissions of City or its authorized representatives. City shall hold Lessee(s) harmless from all damages arising out of any such damage. A party's obligation under this paragraph to indemnify and hold the other party harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any, received by the party being indemnified.

19. Lessee(s) at their cost shall maintain public liability and property damage insurance with a single combined liability and property damage limits of not less than \$500,000, insuring against all liability of Lessee(s) and its authorized representatives arising out of and in connection with Lessee(s) use or occupancy of the premises. All public liability insurance, and property damage insurance shall insure performance by Lessee(s) of the indemnity provisions of Paragraph 18. Both parties shall be named as additional insureds, and the policy shall contain cross-liability endorsements.

20. The occurrence of any of the following shall constitute a default by Lessee(s):

1. Failure to pay rent when due, if the failure continues for five days after notice has been given to Lessee(s).

2. Failure to perform any other provision of this lease if the failure to perform is not cured within 30 days after notice has been given to 1. If the default cannot reasonably be cured within 30 days, Lessee(s) shall not be in default of this lease if Lessee(s) commence to cure the default within the 30 day period and diligently and in good faith continues to cure the default.

Notices given under this paragraph shall specify the alleged default and the applicable lease provisions, and shall demand that Lessee(s) perform the provisions of this lease or pay the rent that is in arrears as the case may be, within the applicable period of time, or suit the premises.

No such notices shall be deemed a forfeiture or a termination of this lease unless City so elects in the notice.

The purpose of the notice requirements set forth in this paragraph is to extend the notice requirements of the unlawful detainer statutes of California.

21. City shall have the following remedies if Lessee(s) commit a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

1. Lessee(s) Right to Possession not Terminated. City can continue this lease in full force and effect, and the lease will continue in effect as long as City does not terminate Lessee(s) right to possession, and City shall have the right to collect rent when due. During the period Lessee(s) are in default, City can enter the premises and relet them, or any part of the, to third parties for Lessee(s) account. Lessee(s) shall be liable immediately to City for all costs City incurs in reletting the premises, including, without limitation, brokers' commissions, expenses of remodeling the premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this lease. Lessee(s) shall pay to City the rent due under this lease on the dates the rent is due, less the rent City receives from any reletting. No act by City allowed by this paragraph shall terminate this lease unless City notifies Lessee(s) that City elects to terminate this lease. After Lessee(s) default and for as long as city does not terminate Lessee(s) right to possession of the premises, if Lessee(s) obtain City consent Lessee(s) shall have the right to assign or sublet its interest in this lease, but Lessee(s) shall not be released from liability. City consent to a proposed assignment or subletting shall not be unreasonably withheld.

If City elects to relet the premises as provided in this paragraph, rent that city receives from reletting shall be applied to the payment of:

First, any indebtedness from Lessee(s) to City other than rent due from Lessee(s);

Second, all costs, including for maintenance, incurred by City in reletting;

Third, rent due and unpaid under this lease. After deducting the payments referred to in this paragraph, any sum remaining from the rent City receives from reletting shall be held by City and applied in payment of future rent as rent becomes due under this lease. In no event shall Lessee(s) be entitled to any excess rent received by City if, on the date rent is due under this lease, the rent received from the reletting is less than the rent due on that date, Lessee(s) shall pay to City, in addition to the remaining rent due, all costs, including for maintenance, City incurred in reletting that remain after applying the rent received from the reletting as provided in this paragraph.

2. City can terminate Lessee(s) right to possession of the premises at any time. No act by City other than giving notice to Lessee(s) shall terminate this lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on City's initiative to protect City's interest under this lease shall not constitute a termination of Lessee(s) right to possession. On termination, City has the right to recover from Lessee(s):

a) The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this lease;

b) The worth, at the time of the award, of the amount by which the unpaid rent would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of rent that Lessee(s) prove could have been reasonably avoided;

c) The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Lessee(s) prove could have been reasonably avoided; and

d) Any other amount, and court costs, necessary to compensate City for all detriment proximately caused by Lessee(s) default. "The worth, at the time of the award," as used in a and b of this paragraph, is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth, at the time of the award", as referred to in c of this paragraph, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus 1%.

3. City at any time after Lessee(s) commit a default, can cure the default at Lessee(s) cost. If City at any time, by reason of Lessee(s) default, pays any sum or does any act that requires the payment of any sum, the sum paid by City shall be due immediately from Lessee(s) to City at the time the sum is paid, and if paid at a later date shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by City until City is reimbursed by Lessee(s). The sum, together with interest on it, shall be additional rent.

4. Rent not paid when due shall bear interest from the date due until paid at the maximum rate an individual is permitted by law to charge.

22. If either party commences an action against the other party arising out of or in connection with this lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suit.

23. On expiration or 30 days after termination of the term Lessee(s) shall surrender to City the premises and all Lessee(s) improvements and alterations in good condition (except for ordinary wear and tear occurring after the last necessary maintenance made by Lessee(s) and destruction to the premises), except for alteration that Lessee(s) have the right to remove or is obligated to remove under the provisions of paragraph 5. Lessee(s) shall remove all their personal property within the above stated time. Lessee(s) shall perform all restoration made necessary by the removal of any alterations or Lessee(s) personal property within the time periods stated in this paragraph.

City can elect to retain or dispose of, in any manner, any alterations or Lessee(s) personal property that Lessee(s) do not remove from the premises on expiration or termination of the term as allowed or required by this lease giving at least 30 days notice to 1. Title to any such alterations or Lessee(s) personal property that City elects to retain or dispose of on expiration of the 30 day period shall vest in City. Lessee(s) waive all claims against City for any damage to Lessee(s) resulting from City's retention or disposition of any such alterations or Lessee(s) personal property. Lessee(s) shall be liable to City for City's cost for storing, removing, and disposing of any alterations or Lessee(s) personal property.

If Lessee(s) fail to surrender the premises to City on expiration or 30 days after termination of the term as required by this paragraph, Lessee(s) shall hold City harmless from all damages resulting from Lessee(s) failure to surrender the premises, including, without limitation, claims made by a succeeding tenant resulting from Lessee(s) failure to surrender the premises.

24. If Lessee(s), with City's consent, remain in possession of the premises after expiration to termination of the term, or after the date in any notice given by City to Lessee(s) terminating this lease, such possession by Lessee(s) shall be deemed to be month-to-month tenancy terminable on 30 days notice given at anytime by either party.

All provisions of this lease, except those pertaining to term, option to extend, and option to acquire the premises, shall apply to the month-to-month tenancy.

25. Time is of the essence of each provision of this lease.

26. Whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval.

27. If either party is a corporation, that party shall deliver to the other party on execution of this lease a certified copy of a resolution of its board of directors authorizing the execution of this lease and naming the officers that are authorized to execute this lease on behalf of the corporation.

28. This lease shall be binding on and inure to the benefit of the parties and their successors.

29. Rent and all other sums payable under this lease must be paid in lawful money of the United States of America.

CITY OF DUNSMUIR

LESSEE(S)

Jack H. Burt

Jack H. Burt, City Manager
4-22-86

Pat R. Hoff

John A. Herdley

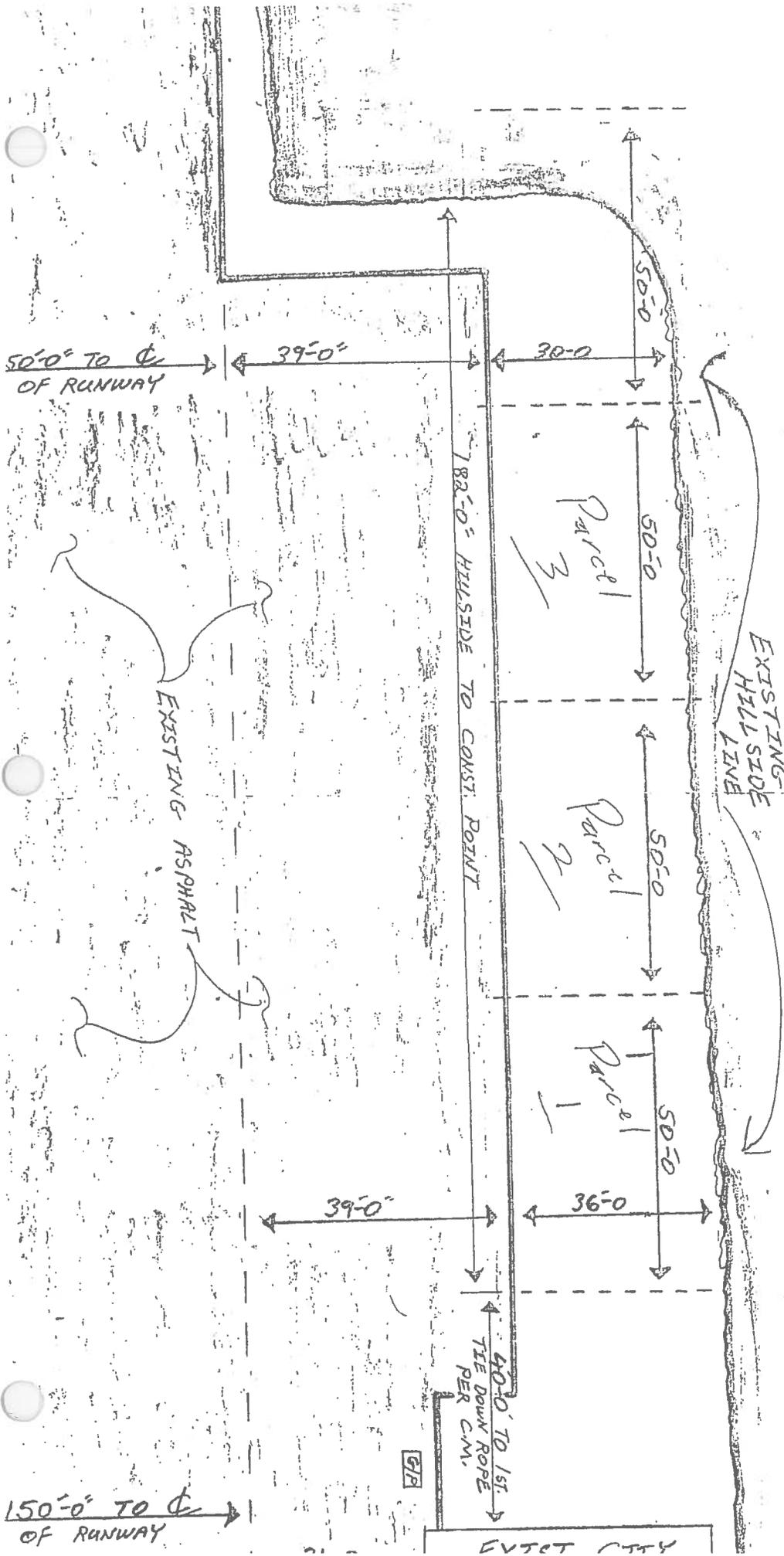
Date

ATTEST:

R. O. Newman

CITY CLERK, Deputy

3-30-86
NORTH TIE DOWNS
AOTY. AIRPORT
N.T.S



HANGAR LEASE

This Lease by and between the City of Dunsmuir, California (hereinafter the "City") and _____ (hereinafter the "Tenant") is executed as of the dates indicated by the undersigned opposite their respective signatures on the final page hereof.

1. Premises Description. For and in consideration of the mutual covenants contained herein, City hereby leases unto Tenant and Tenant rents from City the premises described as Hangar _____ (hereinafter "hangar") located at Dunsmuir-Mott Municipal Airport (hereinafter the "Airport").

2. Use. The hangar is to be used for the storage of aircraft and as a base for conducting aircraft flight operations, including all uses incidental thereto, and for no other purposes without the prior written consent of City. The aircraft generally hangared in hangar will be _____ provided, however that other aircraft owned, leased, or controlled by Tenant may use facility temporarily, which shall be construed as less than 30 days, without the City's written permission.

3. Term. The term of this Lease shall be for one year expiring on June 30th_____. This Lease may be renewed subject to terms that are satisfactory to both City and Tenant. In the event City alters the terms and conditions for renewal of the Lease from those in effect for the immediately preceding year said alterations or changes shall be provided to Tenant not less than 30 days prior to expiration.

4. Rent. Tenant shall pay to City rent, payable in advance, according to one of the following schedules selected by Tenant:

- A lump-sum annual payment of \$1,824.⁰⁰ due and payable by July 10th or within five (5) business days following execution of this Lease by all parties hereto; or
- Four (4) quarterly payments of \$456.00 due and payable on the first day of each 3-month period of this Lease; or
- Twelve (12) monthly payments of \$152.00 due and payable on the first day of each month of this Lease.

All rents to be paid by Tenant shall be paid without deduction or offset, prior to notice or demand at the address designated by City in this Lease. Any rent payment not paid within ten (10) days of its due date shall be subject to a ten percent (10%) late charge of the amount due which shall be deemed to be additional rent. Failure of Tenant to pay rent by the first day of the month following the due date will be considered a default.

5. Assignment & Subletting. Tenant shall not assign, sublet, or otherwise transfer this Lease, or Tenant's rights hereunder unless approved in writing by the City, or except by operation of law pursuant to a court order.

6. Laws & Ordinances. Tenant shall comply with all applicable federal, state, and local laws relating to Tenant's use of the hangar, including without limitation Airport traffic rules and regulations promulgated by the Airport Manager (Read City Manager), or as contained in City Ordinances. A copy of the existing City Ordinance is attached as Exhibit C. The City will provide any ordinance changes or other rules and regulations to all Tenants upon adoption by the City.

7. Access by Tenant. Tenant shall have full access to the hangar at all times subject only to possible delays caused by snow accumulations or other conditions beyond the control of City. The City shall be responsible for plowing the snow on the Airport runway, taxiways, access roads, and hangar apron. It is the City's intent that snow plowing and/or removal shall occur within forty-eight (48) hours of the termination of any storm. Failure by the City to clear snow due to severity of the storm or mechanical breakdown shall not constitute a breach of this Lease. Tenant shall be responsible for removing snow accumulation from the one to two foot paved area in front of the hangar doors that connects the hangar to the apron.

8. Prohibited Uses. Tenant shall not do, bring, or keep anything in or about the premises that will (a) cause the cancellation of or jeopardize the City's insurance coverage for the premises, or (b) obstruct or interfere with the rights of other hangar tenants, or (c) allow the premises to be used for any unlawful purpose, or (d) cause any nuisance or unreasonable annoyance, or (e) constitute waste. It is understood that the decision of the Airport Manager shall be final in making such determinations as may be required in administering this paragraph. It is understood between the parties hereto that the storage of limited amounts of oil and cleaning solvents in an aircraft or in proper containers in the hangar are uses incidental to the storage and use of aircraft and are not prohibited uses herein.

9. Alterations. Tenant shall not make any alterations to the hangar without the prior written consent of the City. Any alterations approved by the City must be removed by Tenant at the expiration of this Lease, or any renewals thereof, and the hangar restored to its condition as of the date this Lease is executed by the City, save for normal wear and tear.

10. Maintenance & Repairs. The City shall be responsible for maintenance and repairs of the hangar, runway, taxiways, aprons, and paved connection between the hangar and apron, provided however, that any damage caused to the hangar by the Tenant (including Tenant's agents, employees, customers, and guests) shall be the responsibility of Tenant.

11. Utilities. Tenants desiring any utility services agree to pay for all connection and other charges associated with any utility services desired by Tenant to be used at the hangar, including, but not limited to, gas, electricity, water, telephone, or trash collection.

12. Indemnification. The Tenant shall indemnify, defend, and save the City of Dunsmuir, its agents, officials, officers, and employees harmless from and against any and all active and passive liability, claims, suits, actions, damages and or cause of action arising during the term of this Lease out of any personal injury, bodily injury, loss of life or damage to property, violation of any federal, state or municipal law or ordinance, or other cause in connection with the activities of the Tenant or Tenant's employees, customers or agents pursuant to this Lease, or on account of the performance or character of the activities performed or neglected to be performed under this Lease, unforeseen difficulties, accidents, occurrences or other cause, and from and against all costs, attorney fees, expenses incurred and obtaining expert testimony and the attendance of witnesses, expenses, and liability incurred in and about any such claim, the investigation thereof with a defense with any action or proceedings brought thereon and from and against any orders, judgments or decrees which may be entered therein.

13. Damage or Destruction of Premises. If the hangar, or any part thereof, shall be damaged by fire or other casualty, not caused by Tenant (including Tenant's agents, employees, customers, or guests), the hangar shall be promptly repaired by the City. In the event the hangar may have been unsafe or cannot be used for the purpose leased, the City may furnish Tenant with other space, or in the event alternative space is unavailable, a rebate of rent for the period of time until the hangar is repaired or replaced. If the hangar should be damaged to the extent that the City decides not to rebuild, the term of this Lease shall end and the rent to be prorated up to the date of such damage.

14. Insurance. Tenant shall not permit use of the hangar for storage of any uninsured aircraft. Tenant, at Tenant's cost, shall maintain public liability and property damage insurance, in an amount of not less than \$1,000,000 for single combined liability and property damage, for injuries to persons or damages to property which may arise from or in connection with the Tenants operation and use of facility and more specifically described in Exhibit A. The City shall be named as an additional insured on all policies covering said operations and all such policies shall contain cross liability endorsements. As evidence of such insurance, the endorsement attached hereto as Exhibit B, or such other endorsement or evidence satisfactory to the City, shall be provided the City during the term of this Lease and any renewals thereof.

15. Taxes. Tenant is aware that this lease may create a property interest in the hangar on behalf of Tenant, and

as such, may cause Tenant to be subject to a possessory interest tax. Accordingly, Tenant shall be responsible for the payment of any such possessory interest tax, levied by Siskiyou County, that may arise in connection with this lease.

16. Waiver. No covenant, term, or condition of this Lease, or the breach thereof, shall be deemed waived, except by written consent of the party against whom the waiver is claimed.

17. Notices. All notices or demands of any kind required or desired to be given by either party hereto shall be in writing and shall be deemed delivered forty-eight (48) hours after depositing same in the United States mail, first class postage prepaid, addressed to the City or Tenant respectively at the address set forth below their signatures hereon or at such other address as either may designate from time to time in writing.

18. Termination. This Lease may be cancelled by Tenant upon violation of any of the terms hereof by the City provided thirty (30) days advance written notification of cancellation is furnished. Waiver of Tenants right to cancel this Lease upon any such violation shall not constitute a waiver for any other violation nor shall it constitute a waiver of any other remedies allowed by law. Any such cancellation shall entitle the Tenant to a prorated refund of prepaid but unearned rent. The City may terminate this lease at its option upon violation of any of the terms of this lease by providing thirty (30) days written notice to Tenant at the address shown below Tenants signature and provided that any prepaid rents are prorated to the date of cancellation, and unearned rents less any deductions for repair of damages to hangar caused by tenant, agents, employees, or customers, is returned to Tenant.

19. Severability. If any provision of this Lease shall be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

20. Governing Law. This Lease shall be construed under and governed by the laws of the State of California.

21. Entire Agreement. This Lease constitutes the entire agreement between the City and Tenant relative to the premises and supersedes any prior agreements, brochures, or representations, whether written or oral. This Lease may be altered, amended or revoked only by an instrument in writing signed by both the City and Tenant. This Lease shall not be effective or binding on either party until fully executed by both parties hereto.

Executed in duplicate original at Dunsmuir, Siskiyou County, California as of the dates indicated below.

City of Dunsmuir

TENANT

By: _____
City Administrator
City of Dunsmuir
5915 Dunsmuir Avenue
Dunsmuir, CA 96025
(530) 235-4822

Name: _____
Address: _____

Phone: () _____

Date: _____

Date: _____



February 9, 2016

Job No. 204.53

SENT BY EMAIL ONLY

citymanager@ci.dunsmuir.ca.us

Julie Iskra, City Manager
City of Dunsmuir
5915 Dunsmuir Avenue
Dunsmuir, CA 96025

Dear Julie,

Subject: RECOMMENDATION OF AWARD
2016 SOUTH DUNSMUIR WATER MAIN REPLACEMENT PROJECT

The bid opening for the subject project was held on February 9, 2016. PACE has reviewed the bids received, and enclosed is the Bid Summary.

The low bidder on the project was Whitehawk Construction, Inc., Palo Cedro, CA, with a total base bid of \$298,985. The IRWM funding for construction is \$377,000. If the base project is accepted, there will be \$78,015 for contingency needs that may occur during construction of the project. PACE has examined the low bidder's Proposal and finds it to be correct and acceptable. Therefore, it is recommended the City of Dunsmuir award the Contract to Whitehawk Construction, Inc..

Once the Contract has been awarded, please sign and date the attached Notice of Award and scan and email to PACE. We will convey the Notice of Award to the Contractor, together with Agreement and Bond forms. Instructions will be included for the Contractor to sign and complete the necessary documents and return them to PACE Engineering for review. PACE will then forward them to the City of Dunsmuir for signature, which will constitute execution of the Contract.

Sincerely,

A handwritten signature in black ink that reads "Keith P. Krantz". The signature is written in a cursive, flowing style.

Keith P. Krantz
Project Manager

KK
Enclosures

M:\Jobs\0204\0204.53 IRWM Black Berry Hill - South\Contract Administration\Recommendation of Award - Ltr.docx

NOTICE OF AWARD

Date of Issuance:

Owner: City of Dunsmuir Owner's Contract No.:
Engineer: PACE Engineering, Inc. Engineer's Project No.: 204.53
Project: South Dunsmuir Water Main Replacement Project Contract Name: South Dunsmuir Water Main Replacement Project
Bidder: Whitehawk Construction
Bidder's Address: PO Box 181, Palo Cedro, CA 96073

TO BIDDER:

You are notified that Owner has accepted your Bid dated February 8, 2016 for the above Contract, and that you are the Successful Bidder and are awarded a Contract for:

2016 South Dunsmuir Water Main Replacement Project

The Contract Price of the awarded Contract is: \$ 298,985 subject to the actual installed quantities and unit prices in the Bid Form.

Three (3) unexecuted counterparts of the Agreement Performance Bond and Payment Bond forms accompany this Notice of Award.

Five (5) sets of the Drawings and Specifications will be delivered separately from the other Contract Documents.

You must comply with the following conditions precedent within 15 days of the date of receipt of this Notice of Award:

1. Deliver to Owner three (3) counterparts of the Agreement, fully executed by Bidder.
2. Deliver with the executed Agreement(s) the Contract security [e.g., performance and payment bonds] and insurance documentation as specified in the Instructions to Bidders and General Conditions, Articles 2 and 6.

Failure to comply with these conditions within the time specified will entitle Owner to consider you in default, annul this Notice of Award, and declare your Bid security forfeited.

Within ten days after you comply with the above conditions, Owner will return to you one fully executed counterpart of the Agreement, together with any additional copies of the Contract Documents as indicated in Paragraph 2.02 of the General Conditions.

Owner: _____
Authorized Signature
By: Julie Iskra _____
Title: City Manager _____
Date: _____

Copy: Engineer



- File
- Chron

TO: Julie Iskra
5915 Dunsmuir Avenue
Dunsmuir, CA 96025

DATE: February 9, 2016
RE: City of Dunsmuir
2016 South Dunsmuir Water
Main Replacement Project

ATTN: Julie Iskra

PROJECT
NO.: 204.53

FROM: Keith Krantz

COPIES TO:

WE ARE SENDING THE FOLLOWING MATERIAL TO YOU:

- First Class Mail Hand Delivered Express Pick Up Email
-

No. Copies ITEM

1

Recommendation of Award Letter for City Council approval and your signature, Whitehawk Bid package and bid summary for the City's records.

If City Council accepts the bid by Whitehawk Construction, please sign, date, and return to PACE.

BID SUMMARY - 2016 SOUTH DUNSMUIR WATER MAIN REPLACEMENT

Item Description	WHITEHAWK CONST			RA MARTIN CONST			TIMBERWORKS			PATTERSON TABER			AXNER CONST			IRON MTN CONST			SNL GROUP			
	Quantity	Unit	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price		
8-inch HOPE Water Main by Directional Drilling, complete	40	LF	\$250.00		\$10,000.00	\$200.00		\$8,000.00	\$2.89	\$119.00	\$682.00		\$27,320.00	\$225.00		\$9,000.00	\$375.00		\$15,000.00	\$290.00		\$10,400.00
8-inch Water Main with Class A3 Backfill, complete	35	LF	\$395.00		\$13,825.00	\$200.00		\$7,000.00	\$304.70	\$10,664.50	\$179.00		\$5,550.00	\$200.00		\$7,000.00	\$282.00		\$9,870.00	\$200.00		\$7,000.00
8-inch Water Main with Class A1 Backfill, complete	185	LF	\$97.00		\$17,945.00	\$95.00		\$17,275.00	\$117.37	\$21,713.45	\$115.00		\$21,275.00	\$125.00		\$23,125.00	\$257.00		\$47,545.00	\$187.00		\$30,985.00
8-inch Water Main with Class A3 Backfill, complete	1310	LF	\$101.00		\$132,310.00	\$108.00		\$137,850.00	\$108.22	\$139,140.20	\$96.00		\$125,760.00	\$130.00		\$170,300.00	\$148.00		\$191,260.00	\$157.00		\$205,870.00
4-inch Water Main with Class A3 Backfill, complete	435	LF	\$75.00		\$32,625.00	\$90.00		\$39,150.00	\$74.28	\$32,311.80	\$90.00		\$39,150.00	\$95.00		\$41,325.00	\$140.00		\$60,600.00	\$147.00		\$63,945.00
8" Gate Valve, complete	250	LF	\$4.00		\$1,000.00	\$10.00		\$2,500.00	\$2.51	\$627.50	\$16.00		\$4,000.00	\$5.00		\$1,250.00	\$4.00		\$1,000.00	\$17.00		\$4,260.00
6" Gate Valve, complete	3	EA	\$1,750.00		\$5,250.00	\$2,000.00		\$6,000.00	\$1,814.25	\$5,442.75	\$1,099.00		\$4,297.00	\$600.00		\$1,800.00	\$2,000.00		\$6,000.00	\$1,930.00		\$5,790.00
4" Gate Valve, complete	14	EA	\$1,200.00		\$16,800.00	\$1,350.00		\$18,900.00	\$1,308.31	\$18,408.34	\$1,227.00		\$18,570.00	\$600.00		\$12,000.00	\$2,000.00		\$22,400.00	\$1,700.00		\$23,800.00
Fire Hydrant, complete	1	EA	\$1,050.00		\$1,050.00	\$1,500.00		\$1,500.00	\$1,232.14	\$1,232.14	\$1,221.00		\$1,221.00	\$600.00		\$600.00	\$800.00		\$800.00	\$1,400.00		\$1,500.00
Blow-off, complete	2	EA	\$4,100.00		\$8,200.00	\$5,500.00		\$11,000.00	\$4,403.31	\$8,806.62	\$4,732.00		\$9,464.00	\$4,000.00		\$4,000.00	\$4,800.00		\$9,600.00	\$5,000.00		\$11,600.00
Water Service Reconnect, complete	1	EA	\$3,700.00		\$3,700.00	\$1,500.00		\$1,500.00	\$3,639.87	\$3,639.87	\$2,295.00		\$2,295.00	\$750.00		\$750.00	\$80.00		\$80.00	\$78.00		\$78.00
1-inch Water Service with Class A3 Backfill, complete	300	LF	\$75.00		\$22,500.00	\$75.00		\$22,500.00	\$84.40	\$25,320.00	\$119.00		\$35,700.00	\$101.00		\$30,300.00	\$80.00		\$24,900.00	\$78.00		\$22,880.00
1-inch Water Service with Class A4 Backfill, complete	80	LF	\$24.00		\$1,920.00	\$90.00		\$7,200.00	\$37.99	\$3,039.20	\$77.00		\$6,160.00	\$120.00		\$9,600.00	\$60.00		\$4,800.00	\$67.00		\$5,360.00
Water Meter & Box, complete	24	EA	\$815.00		\$19,560.00	\$900.00		\$21,600.00	\$378.96	\$9,081.60	\$801.00		\$19,424.00	\$720.00		\$17,280.00	\$1,200.00		\$28,800.00	\$1,600.00		\$38,400.00
Cast Adapter for Traffic Raised Meter Box Lid	3	EA	\$125.00		\$375.00	\$200.00		\$600.00	\$125.56	\$376.68	\$121.00		\$363.00	\$150.00		\$450.00	\$150.00		\$450.00	\$100.00		\$300.00
Cap & Abandon 6-inch Water Main, complete	2	EA	\$550.00		\$1,100.00	\$400.00		\$800.00	\$341.28	\$682.56	\$761.00		\$1,522.00	\$800.00		\$1,600.00	\$500.00		\$1,000.00	\$560.00		\$1,060.00
Cap & Abandon 8-inch Water Main, complete	2	EA	\$875.00		\$1,750.00	\$200.00		\$400.00	\$1,204.11	\$2,408.22	\$1,416.00		\$2,832.00	\$350.00		\$700.00	\$3,000.00		\$9,000.00	\$750.00		\$750.00
Cap & Abandon 2-inch Water Main, complete	1	EA	\$875.00		\$875.00	\$200.00		\$200.00	\$1,503.06	\$616.00	\$160.00		\$616.00	\$250.00		\$250.00	\$1,500.00		\$1,500.00	\$425.00		\$1,275.00
Cap & Abandon Water Service, complete	3	EA	\$700.00		\$2,100.00	\$100.00		\$300.00	\$602.74	\$2,408.22	\$160.00		\$480.00	\$200.00		\$200.00	\$600.00		\$1,800.00	\$425.00		\$1,900.00
Traffic Control	1	LS	\$4,400.00		\$4,400.00	\$4,000.00		\$4,000.00	\$15,545.22	\$15,545.22	\$17,141.00		\$17,141.00	\$35,000.00		\$35,000.00	\$10,000.00		\$10,000.00	\$3,000.00		\$4,000.00
French Sheeting, Shoring, And Bracing, complete	1	LS	\$500.00		\$500.00	\$500.00		\$500.00	\$2,391.57	\$2,391.57	\$20,973.00		\$20,973.00	\$10,000.00		\$10,000.00	\$3,000.00		\$3,000.00	\$457,625.00		\$464,535.00
Total Base Bid Amount					\$298,985.00			\$310,475.00		\$324,320.86			\$360,281.00			\$380,280.00			\$457,625.00			\$484,535.00

Math Correction



CONTRACTORS STATE LICENSE BOARD



Contractor's License Detail for License # 831256

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

CSLB complaint disclosure is restricted by law (B&P 7124.6) If this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.

Per B&P 7071.17, only construction related civil judgments reported to the CSLB are disclosed.

Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.

Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

Data current as of 2/9/2016 3:53:21 PM

Business Information

WHITEHAWK CONSTRUCTION
PO BOX 181
PALO CEDRO, CA 96073
Business Phone Number:(530) 547-5944

Entity Sole Ownership

Issue Date 01/23/2004

Expire Date 01/31/2018

License Status

This license is current and active.

All information below should be reviewed.

Classifications

A - GENERAL ENGINEERING CONTRACTOR

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with AMERICAN CONTRACTORS INDEMNITY COMPANY.

Bond Number: 190219

Bond Amount: \$15,000

Effective Date: 01/01/2016

[Contractor's Bond History](#)

Workers' Compensation

This license has workers compensation insurance with the STATE COMPENSATION INSURANCE FUND

Policy Number:9140704

Effective Date: 09/01/2015

Expire Date: 09/07/2016

[Workers' Compensation History](#)

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Travelers Casualty and Surety Company of America (?)

A.M. Best #: 003609 NAIC #: 31194 FEIN #: 060907370

Domiciliary Address

One Tower Square
Hartford, CT 06183
[United States](#)

Web: www.travelers.com

Phone: 860-277-0111

Fax: 860-277-7002

Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.



Based on A.M. Best's analysis, [058470 - Travelers Companies, Inc.](#) is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. View a list of [operating insurance entities](#) in this structure.

Best's Credit Ratings

Financial Strength Rating	View Definition
Rating:	A++ (Superior)
Financial Size Category:	XV (\$2 Billion or greater)
Outlook:	Stable
Action:	Affirmed
Effective Date:	May 28, 2015
Initial Rating Date:	June 30, 1975

Best's Credit Rating Analyst
Rating Issued by: A.M. Best Rating Services, Inc.
Senior Financial Analyst: Michael W. Russo
Assistant Vice President: Jennifer Marshall, CPCU, ARM

Long-Term Issuer Credit Rating	View Definition
Long-Term:	aa+
Outlook:	Stable
Action:	Affirmed
Effective Date:	May 28, 2015
Initial Rating Date:	April 18, 2005

Disclosure Information
View A.M. Best's Rating Disclosure Statement
A.M. Best Affirms Ratings of The Travelers Companies, Inc. and Its Subsidiaries May 28, 2015

u Denotes [Under Review Best's Rating](#)

AMB Rating Unit		
Note: This data record represents an AMB Rating Unit and the following Best's Credit Ratings are based on the consolidated financials assigned to this record.		
AMB #	Company Name	Best's Best's FSR ICR
087376	Travelers Cas & Sur Co of Europe Ltd	A++ aa+

Rating History

A.M. Best has provided ratings & analysis on this company since 1975.

Financial Strength		Long-Term Issuer Credit	
Effective Date	Rating	Effective Date	Rating
5/28/2015	A++	5/28/2015	aa+
5/23/2014	A++	5/23/2014	aa+
5/30/2013	A+	5/30/2013	aa
5/10/2012	A+	5/10/2012	aa
5/26/2011	A+	5/26/2011	aa
6/8/2010	A+	6/8/2010	aa

AMB Credit Reports

AMB Credit Report - includes Best's Financial Strength Rating and rationale along with comprehensive analytical commentary, detailed business overview and key financial data.
Report Revision Date: 6/15/2015 (represents the latest significant change).

Historical Reports are available in [AMB Credit Report Archive](#).

View additional [news, reports and products](#) for this company.

Press Releases

Date	Title
May 28, 2015	A.M. Best Affirms Ratings of The Travelers Companies, Inc. and Its Subsidiaries
May 23, 2014	A.M. Best Upgrades Ratings of The Travelers Companies, Inc. and Most of Its Subsidiaries
May 30, 2013	A.M. Best Revises Outlook to Positive for The Travelers Companies, Inc. and Most of Its Subsidiaries



February 9, 2016

Job No. 204.54

SENT BY EMAIL ONLY

citymanager@ci.dunsmuir.ca.us

Julie Iskra, City Manager
City of Dunsmuir
5915 Dunsmuir Avenue
Dunsmuir, CA 96025

Dear Julie,

Subject: RECOMMENDATION OF AWARD
2016 NORTH DUNSMUIR WATER MAIN REPLACEMENT PROJECT

The bid opening for the subject project was held on February 9, 2016. PACE has reviewed the bids received, and enclosed is the Bid Summary.

The low bidder on the project was Whitehawk Construction, Inc., Palo Cedro, CA, with a total base bid with Deductive Item No. 1 at an amount of \$484,844. The IRWM funding for construction is \$547,000. If the base project and deductive items are accepted, there will be \$62,156 for contingency needs that may occur during construction of the project. PACE has examined the low bidder's Proposal and finds it to be correct and acceptable. Therefore, it is recommended the City of Dunsmuir award the Contract to Whitehawk Construction, Inc..

Once the Contract has been awarded, please sign and date the attached Notice of Award and scan and email to PACE. We will convey the Notice of Award to the Contractor, together with Agreement and Bond forms. Instructions will be included for the Contractor to sign and complete the necessary documents and return them to PACE Engineering for review. PACE will then forward them to the City of Dunsmuir for signature, which will constitute execution of the Contract.

Sincerely,

A handwritten signature in black ink that reads "Keith P. Krantz". The signature is written in a cursive, flowing style.

Keith P. Krantz
Project Manager

KK
Enclosures

M:\Jobs\0204\0204.54 IRWM Dunsmuir Ave - North\Contract Administration\Recommendation of Award - Ltr.docx



- File
- Chron

TO: Julie Iskra
 5915 Dunsmuir Avenue
 Dunsmuir, CA 96025

DATE: February 9, 2016
 RE: City of Dunsmuir
 2016 North Dunsmuir Water
 Main Replacement Project

ATTN: Julie Iskra

PROJECT
 NO.: 204.54

FROM: Keith Krantz

COPIES TO:

WE ARE SENDING THE FOLLOWING MATERIAL TO YOU:

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- Express
- Pick Up
- Email

No. Copies ITEM

1	<p>Recommendation of Award Letter for City Council approval and your signature, Whitehawk Bid package and bid summary for the City's records.</p> <p>If City Council accepts the bid by Whitehawk Construction, please sign, date, and return to PACE.</p>
---	--

BID SUMMARY - North Dunsmuir Water Replacement

WHITELAWK CONST

RA MARTIN CONST

TIMBERWORKS

PATTERSON TABER

AKNER CONST

SINL GROUP

TRENT CONST

m No.	Item Description	Quantity	Unit	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price					
1	12-inch Water Main with Class A5 Backfill, complete	20	LF	\$280.00	\$5,700.00	\$5,700.00	\$280.00	\$5,700.00	\$5,700.00	\$165.00	\$3,300.00	\$3,300.00	\$165.00	\$3,300.00	\$3,300.00	\$165.00	\$3,300.00	\$3,300.00					
2	12-inch Water Main with Class A1 Backfill, complete	1620	LF	\$117.00	\$189,540.00	\$189,540.00	\$117.00	\$189,540.00	\$189,540.00	\$130.00	\$211,200.00	\$211,200.00	\$130.00	\$211,200.00	\$211,200.00	\$130.00	\$211,200.00	\$211,200.00					
3	12-inch Water Main with Class A4 Backfill, complete	15	LF	\$300.00	\$4,500.00	\$4,500.00	\$300.00	\$4,500.00	\$4,500.00	\$200.00	\$3,000.00	\$3,000.00	\$200.00	\$3,000.00	\$3,000.00	\$200.00	\$3,000.00	\$3,000.00					
4	12-inch Water Main with Class A5 Backfill, complete	25	LF	\$200.00	\$4,725.00	\$4,725.00	\$200.00	\$4,725.00	\$4,725.00	\$150.00	\$3,750.00	\$3,750.00	\$150.00	\$3,750.00	\$3,750.00	\$150.00	\$3,750.00	\$3,750.00					
5	12-inch Water Main with Class A5 Backfill, complete	110	LF	\$150.00	\$16,500.00	\$16,500.00	\$150.00	\$16,500.00	\$16,500.00	\$120.00	\$13,200.00	\$13,200.00	\$120.00	\$13,200.00	\$13,200.00	\$120.00	\$13,200.00	\$13,200.00					
6	12-inch Water Main with Class A4 Backfill, complete	35	LF	\$80.00	\$2,800.00	\$2,800.00	\$80.00	\$2,800.00	\$2,800.00	\$70.00	\$2,450.00	\$2,450.00	\$70.00	\$2,450.00	\$2,450.00	\$70.00	\$2,450.00	\$2,450.00					
7	12-inch Water Main with Class A4 Backfill, complete	10	LF	\$300.00	\$3,000.00	\$3,000.00	\$300.00	\$3,000.00	\$3,000.00	\$200.00	\$2,000.00	\$2,000.00	\$200.00	\$2,000.00	\$2,000.00	\$200.00	\$2,000.00	\$2,000.00					
8	12-inch Water Main with Class A5 Backfill, complete	10	LF	\$300.00	\$3,000.00	\$3,000.00	\$300.00	\$3,000.00	\$3,000.00	\$200.00	\$2,000.00	\$2,000.00	\$200.00	\$2,000.00	\$2,000.00	\$200.00	\$2,000.00	\$2,000.00					
9	12-inch Water Main with Class A4 Backfill, complete	220	LF	\$165.00	\$36,300.00	\$36,300.00	\$165.00	\$36,300.00	\$36,300.00	\$130.00	\$28,700.00	\$28,700.00	\$130.00	\$28,700.00	\$28,700.00	\$130.00	\$28,700.00	\$28,700.00					
10	Coast Adaptor for Using DR 14 PVC pipe	120	EA	\$16.00	\$1,920.00	\$1,920.00	\$16.00	\$1,920.00	\$1,920.00	\$15.00	\$1,800.00	\$1,800.00	\$15.00	\$1,800.00	\$1,800.00	\$15.00	\$1,800.00	\$1,800.00					
11	12" Gate Valve, complete	5	EA	\$3,000.00	\$15,000.00	\$15,000.00	\$3,000.00	\$15,000.00	\$15,000.00	\$2,500.00	\$12,500.00	\$12,500.00	\$2,500.00	\$12,500.00	\$12,500.00	\$2,500.00	\$12,500.00	\$12,500.00					
12	8" Gate Valve, complete	3	EA	\$1,500.00	\$4,500.00	\$4,500.00	\$1,500.00	\$4,500.00	\$4,500.00	\$1,200.00	\$3,600.00	\$3,600.00	\$1,200.00	\$3,600.00	\$3,600.00	\$1,200.00	\$3,600.00	\$3,600.00					
13	8" Check Valve & Box, complete	1	EA	\$7,200.00	\$7,200.00	\$7,200.00	\$7,200.00	\$7,200.00	\$7,200.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00					
14	8" Gate Valve, complete	2	EA	\$1,200.00	\$2,400.00	\$2,400.00	\$1,200.00	\$2,400.00	\$2,400.00	\$1,000.00	\$2,000.00	\$2,000.00	\$1,000.00	\$2,000.00	\$2,000.00	\$1,000.00	\$2,000.00	\$2,000.00					
15	4" Gate Valve, complete	1	EA	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00					
16	Fire Hydrant, complete	2	EA	\$3,900.00	\$7,800.00	\$7,800.00	\$3,900.00	\$7,800.00	\$7,800.00	\$3,200.00	\$6,400.00	\$6,400.00	\$3,200.00	\$6,400.00	\$6,400.00	\$3,200.00	\$6,400.00	\$6,400.00					
17	Nonreturn Fire Hydrant, complete	2	EA	\$1,200.00	\$2,400.00	\$2,400.00	\$1,200.00	\$2,400.00	\$2,400.00	\$1,000.00	\$2,000.00	\$2,000.00	\$1,000.00	\$2,000.00	\$2,000.00	\$1,000.00	\$2,000.00	\$2,000.00					
18	Nonreturn Valve, complete	2	EA	\$4,000.00	\$8,000.00	\$8,000.00	\$4,000.00	\$8,000.00	\$8,000.00	\$3,500.00	\$7,000.00	\$7,000.00	\$3,500.00	\$7,000.00	\$7,000.00	\$3,500.00	\$7,000.00	\$7,000.00					
19	Boilers, complete	3	EA	\$650.00	\$1,950.00	\$1,950.00	\$650.00	\$1,950.00	\$1,950.00	\$550.00	\$1,650.00	\$1,650.00	\$550.00	\$1,650.00	\$1,650.00	\$550.00	\$1,650.00	\$1,650.00					
20	Traffic Control	1	LS	\$620.00	\$620.00	\$620.00	\$620.00	\$620.00	\$620.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00					
21	French Shallowing, Shoring, And Bracing, complete	1	LS	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00					
				TOTAL BASE BID AMOUNT				\$333,430.00				\$377,509.17				\$443,645.00				\$396,620.00			

DEDUCTIVE ITEM 1

Item No.	Item Description	Quantity	Unit	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	Unit Price	Lump Sum	Total Price	
1.1	10-inch Water Main with Class A5 Backfill, complete	30	LF	\$240.00	\$7,200.00	\$7,200.00	\$240.00	\$7,200.00	\$7,200.00	\$180.00	\$5,400.00	\$5,400.00	\$180.00	\$5,400.00	\$5,400.00	\$180.00	\$5,400.00	\$5,400.00	
1.2	10-inch Water Main with Class A1 Backfill, complete	765	LF	\$85.00	\$65,025.00	\$65,025.00	\$85.00	\$65,025.00	\$65,025.00	\$65.00	\$50,725.00	\$50,725.00	\$65.00	\$50,725.00	\$50,725.00	\$65.00	\$50,725.00	\$50,725.00	
1.3	10-inch Water Main with Class A4 Backfill, complete	60	LF	\$110.00	\$6,600.00	\$6,600.00	\$110.00	\$6,600.00	\$6,600.00	\$70.00	\$4,200.00	\$4,200.00	\$70.00	\$4,200.00	\$4,200.00	\$70.00	\$4,200.00	\$4,200.00	
1.4	10-inch Water Main with Class A5 Backfill, complete	25	LF	\$125.00	\$3,125.00	\$3,125.00	\$125.00	\$3,125.00	\$3,125.00	\$100.00	\$2,500.00	\$2,500.00	\$100.00	\$2,500.00	\$2,500.00	\$100.00	\$2,500.00	\$2,500.00	
1.5	4-inch Water Main with Class A5 Backfill, complete	12	LF	\$90.00	\$1,080.00	\$1,080.00	\$90.00	\$1,080.00	\$1,080.00	\$70.00	\$840.00	\$840.00	\$70.00	\$840.00	\$840.00	\$70.00	\$840.00	\$840.00	
1.6	4-inch Water Main with Class A4 Backfill, complete	60	LF	\$190.00	\$11,400.00	\$11,400.00	\$190.00	\$11,400.00	\$11,400.00	\$150.00	\$9,000.00	\$9,000.00	\$150.00	\$9,000.00	\$9,000.00	\$150.00	\$9,000.00	\$9,000.00	
1.7	4-inch Water Main with Class A1 Backfill, complete	72	LF	\$92.00	\$6,624.00	\$6,624.00	\$92.00	\$6,624.00	\$6,624.00	\$70.00	\$5,040.00	\$5,040.00	\$70.00	\$5,040.00	\$5,040.00	\$70.00	\$5,040.00	\$5,040.00	
1.8	Coast Adaptor for Using DR 14 PVC pipe	20	LF	\$10.00	\$200.00	\$200.00	\$10.00	\$200.00	\$200.00	\$8.00	\$160.00	\$160.00	\$8.00	\$160.00	\$160.00	\$8.00	\$160.00	\$160.00	
1.9	10" Gate Valve, complete	4	EA	\$2,500.00	\$10,000.00	\$10,000.00	\$2,500.00	\$10,000.00	\$10,000.00	\$2,000.00	\$8,000.00	\$8,000.00	\$2,000.00	\$8,000.00	\$8,000.00	\$2,000.00	\$8,000.00	\$8,000.00	
2	8" Gate Valve, complete	4	EA	\$1,000.00	\$4,000.00	\$4,000.00	\$1,000.00	\$4,000.00	\$4,000.00	\$800.00	\$3,200.00	\$3,200.00	\$800.00	\$3,200.00	\$3,200.00	\$800.00	\$3,200.00	\$3,200.00	
2.1	4" Gate Valve, complete	2	EA	\$3,900.00	\$7,800.00	\$7,800.00	\$3,900.00	\$7,800.00	\$7,800.00	\$3,200.00	\$6,400.00	\$6,400.00	\$3,200.00	\$6,400.00	\$6,400.00	\$3,200.00	\$6,400.00	\$6,400.00	
2.2	Fire Hydrant, complete	1	EA	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	
2.3	Nonreturn Fire Hydrant, complete	20	LF	\$32.00	\$640.00	\$640.00	\$32.00	\$640.00	\$640.00	\$25.00	\$500.00	\$500.00	\$25.00	\$500.00	\$500.00	\$25.00	\$500.00	\$500.00	
2.4	12-inch Water Service with Class A5 Backfill, complete	50	LF	\$40.00	\$2,000.00	\$2,000.00	\$40.00	\$2,000.00	\$2,000.00	\$30.00	\$1,500.00	\$1,500.00	\$30.00	\$1,500.00	\$1,500.00	\$30.00	\$1,500.00	\$1,500.00	
2.5	12-inch Water Service with Class A4 Backfill, complete	20	LF	\$40.00	\$800.00	\$800.00	\$40.00	\$800.00	\$800.00	\$30.00	\$600.00	\$600.00	\$30.00	\$600.00	\$600.00	\$30.00	\$600.00	\$600.00	
2.6	Water Meter & Box, complete	10	EA	\$870.00	\$8,700.00	\$8,700.00	\$870.00	\$8,700.00	\$8,700.00	\$700.00	\$7,000.00	\$7,000.00	\$700.00	\$7,000.00	\$7,000.00	\$700.00	\$7,000.00	\$7,000.00	
2.7	Coast Adaptor for Traffic Based Meter Box Lid	5	EA	\$100.00	\$500.00	\$500.00	\$100.00	\$500.00	\$500.00	\$80.00	\$400.00	\$400.00	\$80.00	\$400.00	\$400.00	\$80.00	\$400.00	\$400.00	
				TOTAL AMOUNT OF DEDUCTIVE ITEM 1				\$151,414.00				\$172,387.43				\$196,390.00			
				TOTAL AMOUNT OF BASE BID, INCLUDING ADDITIVE ALTERNATIVES				\$488,644.00				\$550,906.60				\$616,960.00			
								Mash Correction											
												\$173,335.00				\$198,390.00			
																\$392,773.30			



CONTRACTORS STATE LICENSE BOARD



Contractor's License Detail for License # 831256

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

CSLB complaint disclosure is restricted by law (B&P 7124.6) If this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.
Per B&P 7071.17 , only construction related civil judgments reported to the CSLB are disclosed.
Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.
Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

Data current as of 2/9/2016 3:53:21 PM

Business Information

WHITEHAWK CONSTRUCTION
PO BOX 181
PALO CEDRO, CA 96073
Business Phone Number:(530) 547-5944

Entity Sole Ownership
Issue Date 01/23/2004
Expire Date **01/31/2018**

License Status

This license is current and active.

All information below should be reviewed.

Classifications

A - GENERAL ENGINEERING CONTRACTOR

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with AMERICAN CONTRACTORS INDEMNITY COMPANY.

Bond Number: 190219
Bond Amount: \$15,000
Effective Date: 01/01/2016
[Contractor's Bond History](#)

Workers' Compensation

This license has workers compensation insurance with the STATE COMPENSATION INSURANCE FUND

Policy Number:9140704
Effective Date: 09/01/2015
Expire Date: 09/07/2016
[Workers' Compensation History](#)

A.M. Best Rating Services

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Travelers Casualty and Surety Company of America (7)

A.M. Best #: 003609 NAIC #: 31194 FEIN #: 060907370

Domiciliary Address

One Tower Square
 Hartford, CT 06183

[United States](#)

Web: www.travelers.com

Phone: 860-277-0111

Fax: 860-277-7002

Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.



Based on A.M. Best's analysis, 058470 - [Travelers Companies, Inc.](#) is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. View a list of [operating insurance entities](#) in this structure.

Best's Credit Ratings

Financial Strength Rating [View Definition](#)

Rating: A++ (Superior)
 Financial Size Category: XV (\$2 Billion or greater)
 Outlook: Stable
 Action: Affirmed
 Effective Date: May 28, 2015
 Initial Rating Date: June 30, 1975

Best's Credit Rating Analyst

Rating Issued by: A.M. Best Rating Services, Inc.
 Senior Financial Analyst: Michael W. Russo
 Assistant Vice President: Jennifer Marshall, CPCU, ARM

Long-Term Issuer Credit Rating [View Definition](#)

Long-Term: aa+
 Outlook: Stable
 Action: Affirmed
 Effective Date: May 28, 2015
 Initial Rating Date: April 18, 2005

Disclosure Information

[View A.M. Best's Rating Disclosure Statement](#)

[A.M. Best Affirms Ratings of The Travelers Companies, Inc. and Its Subsidiaries](#)
 May 28, 2015

u Denotes [Under Review Best's Rating](#)

AMB Rating Unit

Note: This data record represents an AMB Rating Unit and the following Best's Credit Ratings are based on the consolidated financials assigned to this record.

AMB #	Company Name	Best's FSR	Best's ICR
087376	Travelers Cas & Sur Co of Europe Ltd	A++	aa+

Rating History

A.M. Best has provided ratings & analysis on this company since 1975.

Financial Strength		Long-Term Issuer Credit	
Effective Date	Rating	Effective Date	Rating
5/28/2015	A++	5/28/2015	aa+
5/23/2014	A++	5/23/2014	aa+
5/30/2013	A+	5/30/2013	aa
5/10/2012	A+	5/10/2012	aa
5/26/2011	A+	5/26/2011	aa
6/8/2010	A+	6/8/2010	aa

AMB Credit Reports

AMB Credit Report - includes Best's Financial Strength Rating and rationale along with comprehensive analytical commentary, detailed business overview and key financial data.
 Report Revision Date: 6/15/2015 (represents the latest significant change).

Historical Reports are available in [AMB Credit Report Archive](#).

View additional [news](#), [reports](#) and [products](#) for this company.

Press Releases

Date	Title
May 28, 2015	A.M. Best Affirms Ratings of The Travelers Companies, Inc. and Its Subsidiaries
May 23, 2014	A.M. Best Upgrades Ratings of The Travelers Companies, Inc. and Most of Its Subsidiaries
May 30, 2013	A.M. Best Revises Outlook to Positive for The Travelers Companies, Inc. and Most of Its Subsidiaries