

LAST RESOLUTION NO. 11-882
LAST ORDINANCE NO. 11-297

**REGULAR MEETING OF THE SOLVANG CITY COUNCIL
COUNCIL CHAMBERS
1644 OAK STREET
Monday
November 28, 2011
7:00 P.M.**

Please be advised that, pursuant to State Law, any member of the public may address the Council concerning any item on the Agenda. Please be aware that Items on the Consent Calendar are considered to be routine and are normally enacted by one vote of the Council.

If you wish to speak on Items 3, 4, or 5 please do so during Public Communications.
Regular City Council meetings are broadcast live on **Channel 23** in the Santa Ynez Valley

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

CITY MANAGERS REPORT

1. PUBLIC COMMUNICATIONS - WRITTEN OR VERBAL

At this time, please direct comments to the City Council regarding Consent Calendar Items or matters NOT on the agenda but within the jurisdiction of the Council. (Speakers are limited to five (5) minutes).

2. **COUNCIL COMMENTS AND REQUESTS**

Comments from City Council Members. No action will be taken at this meeting.

3. **APPROVAL OF AGENDA AS PRESENTED**

4. **NOVEMBER 14, 2011 CITY COUNCIL MINUTES**

Approval of minutes.

5. **CONSENT AGENDA**

- a. Approval of pre-issued warrants dated November 9, 2011
- b. Approval of warrant register dated November 28, 2011
- c. Award construction agreement:
 1. Award construction agreement to R. Burke Corporation and authorize Mayor to execute agreement
 2. Authorize City Manager to execute any change orders if within contingency of \$19,620
- d. Award contract for document imaging system to ECS Imaging, Inc.
- e. Approve request from Solvang Conference and Visitors Bureau for additional street closure for the Julefest Special Event
- f. Receive and file update from Santa Ynez Valley Hotel Association
- g. Receive and file Sheriff's report for the month of October 2011
- h. Accept and acknowledge donations for Parks & Recreation's Haunted House

PUBLIC HEARING

6. **ADOPTION OF ORDINANCE REVISING WATER AND WASTEWATER CODES IN REGARDS TO CONNECTION FEES**

Introduce for first reading, by title only, Ordinance No. 11-____, An Ordinance of the City of Solvang revising the water and wastewater codes in regards to connection fees.

7. **RESOLUTION FOR WATER METER DOWNSIZING FEES, TEMPORARY SERVICE AND BULK WATER RATES AND CHARGES AND FIRE PROTECTION SYSTEM STANDBY CHARGES**

Adopt Resolution No. 11-____, A Resolution of the City Council of the City of Solvang adopting the water meter downsizing fees, temporary service and bulk water rates and charges and adopting the fire protection system standby charges.

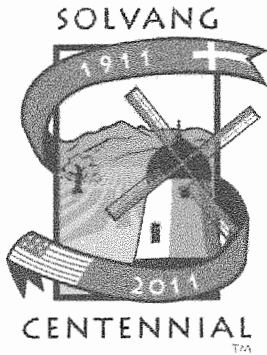
8. **COUNCIL MEMBER REPORTS (Oral reports: Each Council Member will give oral reports on their activities in relation to the following committee or agencies. In addition, each member may report on items that will be included on the agenda for such committee or agency and seek guidance from the Council as a whole on such items, including on what position to take on behalf of the City)**

- Centennial Organizing Committee
- Santa Barbara County Association of Governments
- Air Pollution Control Board
- Joint Wastewater Committee
- Finance Committee
- Water Committee

9. **ADJOURNMENT**

Copies of staff reports and supporting documentation pertaining to each item on this agenda are available for public viewing and inspection at City Hall, 1644 Oak Street, Solvang, during regular business hours and on the City's website www.cityofsolvang.com, in addition, any writings relating to an open session agenda item provided to a majority of the Council that is distributed within 72 hours of the meeting, after the posting of the agenda, will be identified and available separately at City Hall and may be posted to the website.

In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the office of Administrative Services at 688-5575 or the California Relay Service. Notification 48 hours prior to the meeting would enable the City to make reasonable arrangements to ensure accessibility to this meeting.



**MINUTES OF THE REGULAR MEETING OF THE
SOLVANG CITY COUNCIL**

Council Chambers
1644 Oak Street
Solvang, Ca. 93463

November 14, 2011
7:00 p.m.

CALL TO ORDER Mayor Richardson called the meeting to order at 7:00 pm

ROLL CALL

PRESENT: Mayor Richardson, Council Members Duus, Jamieson, Palmer and Wood.

STAFF: Brad Vidro, City Manager; Roy Hanley, City Attorney; Matt van der Linden, Public Works Director; Arleen Pilster, Planning/Community Development Director; Charlie Uhrig, Deputy Resource Officer; Mary Ellen Rio, City Clerk

PLEDGE OF ALLEGIANCE Led by Council Member Wood.

CITY MANAGERS REPORT

Informational report only.

1. PUBLIC COMMUNICATIONS - WRITTEN OR VERBAL

Michael LaBerra

- Reminding the City about the annual Waste Management cleanup day this Saturday from 9 to Noon at parking lot 4
- Thank the City for allowing us to provide these cleanup days for the community

2. COUNCIL COMMENTS AND REQUESTS

Council Member Palmer asked for and received a consensus of Council to request a water update on a future agenda.

Mayor Richardson requested and received consensus of Council to add a future agenda item seeking Council opinion for allowing the Chumash Band of Indians to become a voting member on SBCAG.

3. **APPROVAL OF AGENDA AS PRESENTED**

None.

4. **OCTOBER 24, 2011 CITY COUNCIL MINUTES**

Motion was made by Council Member Duus, seconded by Council Member Jamieson to approve the minutes as presented. **Motion carried** with a verbal response of 5 ayes.

5. **CONSENT AGENDA**

Consent agenda read by the City Clerk.

- a. Approval of pre-issued warrants dated October 28, & November 8, 2011
- b. Approval of warrant register dated November 14, 2011
- c. Receive and file report from Economic Development Committee and approve request to continue meeting through December 2012
- d. Approve cancellation of the second City Council meeting in December
- e. Adopt Resolution No. 11-____, A Resolution of the City Council of the City of Solvang amending the 2011-2012 budget
- f. Adopt Resolution No. 11-____, A Resolution of the City Council of the City of Solvang approving and adopting the Santa Ynez Valley Transit 2011 ADA Paratransit Plan
- g. Adopt Resolution No. 11-____, A Resolution of the City Council of the City of Solvang establishing a Plan to reimburse retirees for medical insurance premiums
- h. Adoption of various Human Resources related City policies

Motion was made by Council Member Palmer, seconded by Council Member Wood to approve the Consent Agenda as presented. **Motion carried** with a roll call vote of 5 ayes.

REGULAR AGENDA

6. **PROPOSED USE OF CITY STREETS FOR SEGWAY TOURS**

Staff report by Planning/Community Development Director

- Adventures Out West is a well established adventure company that will be opening a new base office in Solvang
- They would like to offer a Segway Solvang tour; a two wheeled electric powered transportation device to tour parts of the City
- In 2002 Council reviewed potential impacts of these devices and elected not to develop an ordinance governing its use
- Currently Solvang has two similar conveyances that are allowed on City streets, the horse drawn conveyances and the pedicycles
- Staff is recommending a similar type regulation and would return with a similar ordinance if Council approves the concept

CITY COUNCIL MINUTES REGULAR MEETING

November 14, 2011

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Public Comments:

Christopher Cyr & Gregory Wellens

- Offering an alternative way for tourists to view the City
- Segway tours are a new recreation activity which is rapidly growing
- Based on the tourist market in the City, feel this would be a new interest for tourists

Council Member Jamieson requested the opinion of Community Resource Officer, Charlie Uhrig. He expressed concern of the route shown as it is going against traffic on Molle Way; understands the concern on Copenhagen but feels it is even busier on Alisal Rd. Council Member Duus expressed concern that in residential areas it would interfere with the residents working their dogs and definitely would not want to see them on sidewalks.

City Attorney reported that staff has gotten Council direction and will return with a draft ordinance.

7. **COUNCIL MEMBER REPORTS (Oral reports: Each Council Member will give oral reports on their activities in relation to the following committee or agencies. In addition, each member may report on items that will be included on the agenda for such committee or agency and seek guidance from the Council as a whole on such items, including on what position to take on behalf of the City)**

- **Centennial Organizing Committee**
Council Member Jamieson reported that more items are needed for the Time Capsule.
- Santa Barbara County Association of Governments
- Air Pollution Control Board
- Joint Wastewater Committee
- Finance Committee
- Water Committee

8. **CLOSED SESSION**

Public Comment: None

Council entered into Closed Session at 7:43pm.

GC 54956.9 (b) 2 Potential Litigation and CG 54956.9 (3) e

Council adjourned to open session with Mayor Richardson reporting no reporting action.

9. **ADJOURNMENT** Mayor Richardson adjourned the meeting at 8:08pm.

New World Systems
DATE 11/09/11
TIME 12:36:23

F I N A N C I A L M A N A G E M E N T

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AP0390
MARICELAG

SUMMARY PAYMENT REGISTER

CHECK #	ACH#	PAY DATE	VENDOR#	VENDOR NAME	CHECK AMOUNT	ACH AMOUNT	PRE
BANK ACCOUNT . . . : 6354 MBT Check					Montecito Bank & Trust		
22819		11/09/2011	2114	Montecito Bank & Trust	392.60	.00	
22820		11/09/2011	2740	STATE OF CALIFORNIA	26.40	.00	
TOTAL CHECKS/ACH FOR BANK ACCOUNT . . . : 2					419.00	.00	
					TOTAL PAYMENTS:		419.00
TOTAL FOR ALL BANK ACCOUNTS : 2					419.00	.00	
					TOTAL PAYMENTS:		419.00

59

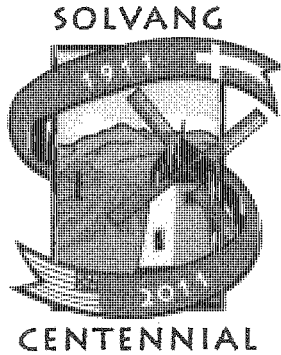
CP

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Warrant Registers

11/28/2011

Check #	Vendor	Amount
Check Run 11/28/11		
Pre-issue		
22821	Municipal Maintenance	\$ 500.00
22823	CWEA Tri-Counties Section	\$ 40.00
Check Run 11/21/11		
22825	American Services & Products	\$ 600.00
22826	Aramark	\$ 201.03
22827	Buellton Medical	\$ 185.00
22828	Bunyon Bros	\$ 1,200.00
22829	Baker, Manock & Jensen	\$ 2,251.50
22830	Coastal Copy	\$ 114.23
22831	Cannon Associates	\$ 2,800.12
22832	City of Buellton	\$ 14,432.67
22833	City of Lompoc	\$ 1,682.66
22834	Clean Machine Laundromat	\$ 129.00
22835	Clinical Lab of San Bernardino	\$ 1,460.00
22836	Dell Marketing	\$ 1,239.06
22837	Department of Justice	\$ 166.00
22838	Engel & Gray	\$ 2,307.68
22839	Ferguson Enterproses	\$ 4,601.02
22840	Julie Glendinning	\$ 50.61
22841	Totalfunds by Hasler	\$ 500.00
22842	Home Depot Credit Services	\$ 55.90
22843	Ikon Office Solutions	\$ 369.29
22844	Inmate Services bocalional	\$ 424.41
22845	James Ward Trucking	\$ 450.00
22846	Lesia Jones Plant Sales	\$ 896.50
22847	Lab Sagety Supply	\$ 230.32
22848	Lee Cenreal Coast Newspaper	\$ 394.68
22849	Little Engine	\$ 38.00
22850	Lunde's Solvang Auto Repair	\$ 194.25
22851	MailFinance	\$ 149.77
22852	Marty Orosz Design	\$ 860.00
22853	Mexico, David	\$ 90.00
22854	Mission Ready Mix	\$ 541.31
22855	Music Factory	\$ 425.00
22856	Kenneth and Lauren Nash	\$ 488.46
22857	Nielsen Building Materials	\$ 30.35
22858	Nu-Tech Pest Mgmnt	\$ 254.00
22859	Orosz Engineering Group	\$ 2,500.00
22860	PG&E	\$ 8,373.18
22861	Platinum Plus Business	\$ 1,504.66
22862	Polydene	\$ 1,144.31
22863	Procure	\$ 1,752.78
22864	Quincy Engineering	\$ 68,575.26
22865	Jim Richardson	\$ 157.20
22866	Satcom Global	\$ 33.95
22867	Sepeda, Salvador	\$ 50.00
22868	Smith, Lena	\$ 100.00
22869	Storer Transit System	\$ 23,005.35
22870	Santa Barbara Co. Sheriff	\$ 119,367.00
22871	So. Cal Gas	\$ 242.64
22872	Solvang Bakery	\$ 65.35
22873	Sprint	\$ 102.51
22874	SWRCB	\$ 16,739.00
22875	SYVHA	\$ 176,521.73
22876	Titan Ind. & Safety Supply	\$ 299.26
22877	Todd Pipe Supply	\$ 393.11
22878	TW Telecom	\$ 820.30
22879	Verizon California	\$ 552.33
22880	Zumar	\$ 1,847.48



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**CITY COUNCIL
STAFF REPORT/CONSENT AGENDA**

TO: SOLVANG CITY COUNCIL MEMBERS

FROM: Matt van der Linden, Public Works Director/City Engineer

MEETING DATE: November 28, 2011

DATE PREPARED: November 17, 2011

**SUBJECT: AWARD OF CONSTRUCTION AGREEMENT – FY 2011-12
PAVEMENT MAINTENANCE PROJECT**

I. RECOMMENDATIONS:

1. Award a Construction Agreement with R. Burke Corporation in the amount of \$130,800, and authorize execution of the Agreement by the Mayor.
2. Authorize the City Manager to execute any change orders if within contingency amount of \$19,620.

II. DISCUSSION:

The FY 2011-12 Pavement Maintenance Project consists of crack sealing, AC pavement dig-out repairs (by sawcutting and excavating, or by cold milling), disposal of AC grindings, traffic control, placement of traffic striping, markings and markers; and related work.

Engineering Division staff received and publically opened four bids for this project on November 8, 2011, at 3:00 P.M. R. Burke Corporation was the apparent low bidder with a bid proposal of \$130,800. A summary of bids is as follows:

Approvals: City Manager BSV Finance Director JJG City Attorney RAH

apparent low bidder with a bid proposal of \$130,800. A summary of bids is as follows:

- R. Burke Corporation \$130,800
- Cal Portland Construction \$134,980
- John Madonna Construction \$167,070
- Berry Gnl. Engineering Contractors \$171,580
- Engineer's Estimate \$175,638

The license and references of R. Burke Corporation were checked and staff has found them to be in good standing. R. Burke Corporation has furnished all of the necessary insurance and bond documents. After award of the Agreement, a pre-construction meeting will be scheduled, and a "Notice to Proceed" will be issued by staff.

The proposed construction services are required for successful completion of the FY 2011-12 Pavement Maintenance Project. Therefore, staff recommends that the City Council award a Construction Agreement with R. Burke Corporation in the amount of \$130,800, authorize execution of the Agreement by the Mayor, and authorize the City Manager to execute any change orders if within contingency amount of \$19,620.

III. ALTERNATIVES:

The City Council could choose to reject all bids, and either cancel, postpone, or re-bid the project.

IV. FISCAL IMPACT:

Funding for construction of the FY 2011-12 Pavement Maintenance Project is approved in the City's Fiscal Year 2011-12 Budget in Accounts No. 15-2500-0605 and 15-2500-0609. Funding for the recommended Construction Agreement of \$130,800 plus a contingency of \$19,620 is available. Furthermore, the cost of the proposed Construction Agreement is considered reasonable and consistent with the approved project budget.

V. ATTACHMENTS:

- A. Project Location Map
- B. Construction Agreement

B1 - CONSTRUCTION AGREEMENT

PROJECT: CITY OF SOLVANG – FY 2011-12 PAVEMENT MAINTENANCE PROJECT, PW 025

AMOUNT OF CONTRACT: _____

THIS AGREEMENT, made and entered into this _____ day of _____, 2010,

by and between the City of Solvang hereinafter referred to as "Agency", and _____,
hereinafter referred to as "Contractor".IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS
HEREINAFTER SET FORTH, THE PARTIES DO HEREBY AGREE as follows:**ARTICLE I: GENERAL**

For and in consideration of the payments and agreements hereinafter mentioned to be made and performed by said Agency, said Contractor agrees with said Agency to perform and complete in a workmanlike manner all work required under the Bidding Schedule of said Agency's Specifications entitled **FY 2011-12 PAVEMENT MAINTENANCE PROJECT, PW 025**, in accordance with the Specifications and Drawings therefore, to furnish at his own expense all labor, materials, equipment, tools, transportation, and services necessary therefore, except such materials, equipment and services as may be stipulated in said Specifications to be furnished by said Agency, and to do everything required by the Agreement and the said Specifications and Drawings, for the sum of \$ _____, pursuant to the Bidding Schedule attached hereto and made a part hereof.

ARTICLE II: PAYMENT

For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools, and equipment, and doing everything required by this Agreement and the said Specifications and Drawings; for all loss and damages arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; for all expenses resulting from the suspension or discontinuance of work, except as in the said Specifications are expressly stipulated to be borne by said Agency and for completing the work in accordance with the requirements of said Specifications and Drawings, said Agency will pay, and said Contractor shall receive, in full compensation therefor, the price named in the above mentioned Bidding Schedule.

ARTICLE III: CONSIDERATION

The Agency hereby employs said Contractor to perform the work according to the terms of this Agreement for the abovementioned price and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said Specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.

ARTICLE IV: INDEMNIFICATION

The Contractor shall indemnify, defend and save the Agency and its officers, agents and employees, harmless from all costs, loss, expenses, damages, attorney's fees and other costs of defense which Agency, or Engineer, may incur with respect to or on account of the work and the Contract, and with respect to the failure, neglect or refusal of Contractor to faithfully perform the work and all of Contractor's obligations under the Contract. Such costs, expenses and damages shall include all costs incurred by the Agency or Engineer to defend against any claims, stop notices or lawsuits based thereon in which the Agency or Engineer is made a part.

ARTICLE V: WAGES

The general prevailing rates of per diem wages and general prevailing rate for holiday and overtime work in the locality in which the work is to be performed have been determined by the Agency. Said general prevailing rates of per diem wages are hereby incorporated herein and made a part hereof. The Contractor agrees that he, or any subcontractor under him, will pay not less than the foregoing specified prevailing rates of wages to all workmen employed in the execution of the Contract.

Any contractor who is awarded a public works project and intends to use a craft or classification not shown on the general prevailing wage determinations, may be required to pay the wage rate of that craft or classification most closely related to it as shown in the general determinations effective at the time of the call for bids.

ARTICLE VI: HOURS AND WORKING CONDITIONS

The Agency is a public entity in the State of California and is subject to the provisions of the Government Code and the Labor Code of the State. It is stipulated and agreed that all provisions of law applicable to public contracts are a part of this contract to the same extent as though set forth herein and will be complied with by the Contractor.

ARTICLE VII: COMPONENTS OF AGREEMENT

The Bid Information Sheet, Contractor's Proposal, Bid Bond, Information Required of Bidder, Faithful Performance Bond, Labor and Material Bond, Certificate of Compliance, Insurance Requirements for Contractors, Labor Provisions, Standard Specifications for Public Works Construction (latest edition), General Provisions, General Provisions Modifications, Special Provisions, Specifications, Drawings and all Addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Agreement.

IN WITNESS WHEREOF, this contract has been executed on the day and year first above written.

CITY OF SOLVANG

CONTRACTOR

APPROVED AS TO FORM:

City Attorney

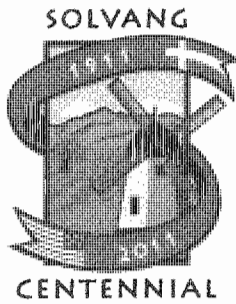
By: _____
MAYOR

By: _____

ATTEST

City Clerk

Title



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**CITY COUNCIL
STAFF REPORT/CONSENT AGENDA**

TO: SOLVANG CITY COUNCIL MEMBERS

FROM: Mary Ellen Rio, City Clerk

MEETING DATE: November 28, 2011

DATE PREPARED: November 21, 2011

**SUBJECT: PROFESSIONAL SERVICES AGREEMENT – ECS IMAGING,
INC.**

I. RECOMMENDATIONS:

Approve a Professional Services Agreement with ECS Imaging, Inc. for \$70,347.46.

DISCUSSION:

A Document Imaging System was approved in the City's Capital Improvement Program in FY 2010-11. Staff started looking at alternatives when the storage area which is located above the fire station was near capacity. The area is very difficult to access as there are three levels of shelves and it is difficult to pull the boxes off the upper shelves. The other problem is an invasion of rats in the area which the fire department has been working to eradicate. Both the Planning Department and the Public Works Department have limited storage areas.

The document imaging system is a useful tool which will do much to improve efficiency. Research will be much easier as once the archived documents are scanned into the system and new items are added it there will be much less time spent locating information.

Approvals: City Manager _BSV_ Finance Director _____ City Attorney _RAH_

A Request for Proposal was issued and six proposals were received. A panel of four City employees and one outside person reviewed and rated the proposals narrowing the field to three. The three were invited to make a presentation to those that would be utilizing the system and to answer questions about the program. A final vendor was then selected and the agreement is before you for approval.

II. ALTERNATIVES:

The City Council could choose to cancel or postpone this project, and not award the contract at this time.

III. FISCAL IMPACT:

Funding for the document imaging system is in the Fiscal Year 2011-12 Budget for \$100,000. The scanning process is based on an estimate and could result in utilizing some of the remaining funding. An additional server is required to implement the program at an estimated cost of \$9,000.

Some operational savings will be realized with the need for less large purging projects.

IV. ATTACHMENTS:

- A. Professional Services Agreement

CITY OF SOLVANG

PROFESSIONAL SERVICES AGREEMENT

This agreement is made upon the date of execution, as set forth below, by and between and ECS Imaging, Inc. (“Consultant”), consulting firm, and the City of Solvang (“City”). The parties hereto, in consideration of the mutual covenants contained herein, hereby agree to the following terms and conditions:

1.0 GENERAL PROVISIONS

1.01 **Term**: This agreement will become effective on the date of execution set forth below, and will continue in effect until terminated upon completion.

1.02 **Services**: Consultant shall perform the tasks described and set forth in **Exhibit A**, attached hereto and incorporated herein as though set forth in full. Consultant shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A.

Consultant shall determine the method, details and means of performing the above-referenced services.

Consultant may, at their own expense, employ such assistants and subconsultants, as Consultant deems necessary to perform the services required of Consultant by this agreement. However, Consultant may not assign this agreement to any other person or entity in the performance of required project-related services, and the City may not control, direct or supervise Consultant’s assistants or employees in the performance of those services.

1.03 **Standard of Performance**: Consultant’s services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Consultant’s profession currently practicing under similar conditions. Whenever the scope of work requires or permits approval by the City, it is understood to be approval solely for the purposes of conforming to the requirements of the scope of work and not acceptance of any professional or other responsibility for the work. Such approval does not relieve the Consultant of responsibility for complying with the standard of performance or laws, regulations, industry standards, or from liability for damages caused by negligent acts, errors, omissions, noncompliance with industry standards, or the willful misconduct of Consultant or its subcontractors. By delivery of completed work, Consultant certifies that the work conforms to the requirements of this contract and all applicable federal, state and local laws. If Consultant is retained to perform services requiring a license, certification, registration or other similar requirement under California law, Consultant shall maintain that license, certification, registration or other similar requirement throughout the term of this Contract.

1.04 **Compensation**: In consideration for the services to be performed by Consultant, City agrees to pay Consultant monetary consideration for a professional training, installing and scanning services in accordance with the rates set forth in **Exhibit A**. The parties agree that total compensation for fees and costs for the services detailed in Exhibit A shall not exceed the sum of \$70,347.46, unless and until this Agreement is amended as provided herein.

1.05 **Billing/Payment Terms**. All charges for Consultant's services and related reimbursable expenses shall be billed monthly, and all undisputed charges will be paid by City within 30 (thirty) days of receipt. The bills will itemize by date all services and expenses provided for the invoice period under this Agreement including a brief description of the nature of work performed, the person performing or vendor providing them, the applicable billing rate, the time expended. All Consultant service invoices must be approved by either the City Clerk or the City Manager, prior to payment.

2.0 OBLIGATIONS OF CONTRACTOR

2.01 **Contract Management and Service Performance**: Consultant Principal shall serve as the project manager and will personally prepare, or direct and supervise the preparation of, all work product called for by this agreement. Consultant represents that it has the qualifications, experience and facilities to properly perform all services hereunder in a thorough, competent, timely, and professional manner and shall, at all times during the term of this Agreement, have in full force and effect all licenses required of it by law. Consultant agrees to devote the hours and the human resources necessary to timely perform the services set forth in this agreement in an efficient, professional, and effective manner.

2.02 **Avoidance of Conflict of Interest**. Consultant may represent, perform services for, and be employed by additional individuals or entities, in Consultant's sole discretion, as long as the performance of these extra-contractual services does not interfere with or present a conflict with City's business or interfere with the timely performance and completion of Consultant's services under this Agreement.

Consultant shall comply with all conflict of interest laws and regulations including, without limitation, the City's Conflict of Interest Code (on file in the City Clerk's Office). All officers, employees and/or agents of Consultant who will be working on behalf of the City pursuant to this Agreement may be required to file Statements of Economic Interest. Therefore, it is incumbent upon the Consultant or Consulting Firm to notify the City of any staff changes relating to this Agreement.

- A. In accomplishing the scope of services of this Agreement, all officers, employees and/or agents of the Consultant(s) unless as indicated in Subsection B, will be performing a very limited and closely supervised function, and therefore, unlikely to have a conflict of interest arise. No disclosures are required for any officers, employees, and/or agents of Consultant, except as indicated in Subsection B. _____ (*Initials*).

- B. In accomplishing the scope of services of this Agreement, Consultant(s) will be performing a specialized or general service for the City, and there is substantial likelihood that the Consultants work product will be presented, either written or orally for the purpose of influencing a governmental decision. As a result, the following Consultant(s) shall be subject to the City's Conflict of Interest Code.
- _____
- _____

2.03 Tools and Instrumentalities: Consultant shall provide all tools and instrumentalities to perform the services under this agreement.

2.04 Workers' Compensation and Other Employee Benefits: City and Consultant intend and agree that Consultant is an independent contractor of City and agree that Consultant and Consultant's employees and agents have no right to Workers' Compensation and other City-sponsored employee benefits. Consultant agrees to provide Workers' Compensation and other employee benefits, where required by law, for Consultant's employees and agents. Consultant agrees to hold harmless and indemnify City for any and all claims arising out of any claim for injury, disability, or death of Consultant and any of Consultant's employees or agents.

2.05 Indemnification: Professional Services other than Design (a) To the fullest extent permitted by law, the Contractor shall (1) immediately defend, and (2) indemnify the City of Solvang, and its elected officials, officers, and employees from and against all liabilities regardless of nature or type arising out of or resulting from Contractor's performance of services under this contract, or any negligent or wrongful act or omission of the Contractor or Contractor's officers, employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. The Contractor's obligation to indemnify applies unless it is adjudicated that its liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an indemnified party, the Contractor's indemnification obligation shall be reduced in proportion to the established comparative liability of the indemnified party.

(b) The duty to defend is a separate and distinct obligation from the Contractor's duty to indemnify. The Contractor shall be obligated to defend, in all legal equitable, administrative, or special proceedings, with counsel approved by the City of Solvang, the City of Solvang and its elected officials, officers, and employees, immediately upon tender to the Contractor of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination of

comparative active negligence or willful misconduct by an indemnified party does not relieve the Contractor from its separate and distinct obligation to defend City of Solvang. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if the Contractor asserts that liability is caused in whole or part by the negligence or willful misconduct of the indemnified party. If it is finally adjudicated that liability was caused by the sole active negligence or sole willful misconduct of an indemnified party, Contractor may submit a claim to the City of Solvang for reimbursement of reasonable attorneys' fees and defense costs.

(c) The review, acceptance or approval of the Contractor's work or work product by any indemnified party shall not affect, relieve or reduce the Contractor's indemnification or defense obligations. This Section survives completion of the services or the termination of this contract. The provisions of this Section are not limited by and do not affect the provisions of this contract relating to insurance.

2.06 **Insurance**: Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit C attached to and part of this agreement

3.0 OBLIGATIONS OF CITY

3.01 **Cooperation**: City agrees to comply with all reasonable requests of Consultant necessary to the performance of Consultant's duties under this agreement. City employees, agents and officers of the City agree to disclose all information relevant to this project to Consultant.

4.0 TERMINATION OF AGREEMENT

4.01 **Termination Notice**: Notwithstanding any other provision of this agreement, any party hereto may terminate this agreement, at any time, without cause, by giving at least 30 (thirty) days' prior written notice to the other parties to this agreement.

4.02 **Termination on Occurrence of Stated Events**: This agreement shall terminate automatically on the occurrence of any of the following events:

- a. Sale of the business of any party;
- b. The end of the 30 (thirty) days as set forth in section 4.01;
- c. End of the contract to which Consultant's services were necessary; or
- d. Assignment of this agreement by Consultant without the consent of City.

- e. Bankruptcy or insolvency of any party.
- f. Death of any party.

4.03 **Termination by any Party for Default:** Should any party default in the performance of this agreement or materially breach any of its provisions, the non-breaching party, at its option, may terminate this agreement, immediately, by giving written notice of termination to the breaching party.

5.0 SPECIAL PROVISIONS

5.01 **Additional Tasks as May Be Assigned by City Clerk or the City Manager:** Prior to initiating any Consultant work on matters relating to installation, but outside this contract, it shall be the responsibility of Consultant to obtain written approval of the City Clerk, or the City Manager, prior to initiation of such tasks.

5.02 **Time Schedule:** Consultant is to begin work upon receipt and execution of City contract.

5.03 **Work Outside Contract Scope:** No payment for changed or additional work shall be made unless the changed or additional work has first been approved in writing by the Contract Manager and the parties have agreed upon the appropriate adjustment, if any, to the payment schedule and maximum payment amount for the changed or additional work. The Contract Manger may order changes or additions to the scope of work. Whether a change or addition to the scope of work is proposed by the Consultant or ordered by the Contract Manager, the parties shall in good faith negotiate an appropriate adjustment, if any, to the payment schedule and maximum payment for the changed or additional work. An approved change or addition, along with the payment adjustment, if any, will be effective upon an amendment to this contract executed by both parties. The amendment shall not render ineffective or invalidate unaffected portions of this contract.

5.04 **Confidentiality:**

- (a) Confidential Nature of Information. Consultant shall treat all information obtained from the City in the performance of this contract as confidential and proprietary to the City. Consultant shall treat all records and work product prepared or maintained by Consultant in the performance of this contract as confidential.
- (b) Limitation on use and disclosure. Consultant agrees that it will not use any information obtained as a consequence of the performance of work for any purpose other than fulfillment of Consultant's scope of work. Consultant will not disclose any information prepared for the City, or obtained from the City or obtained as a consequence of the performance of work to any person other than the City, or its own employees, agents or subcontractors who have a need for the information for the performance of work under this contract unless such disclosure is specifically authorized in writing by the City.

- (c) Security plan. If requested by the Contract Manager, Consultant shall prepare a security plan to assure that information obtained from the City or as a consequence of the performance of work is not used for any unauthorized purpose or disclosed to unauthorized persons. Consultant shall advise the City of any request for disclosure of information or of any actual or potential disclosure of information.
- (c) Survival. Consultant's obligations under this paragraph shall survive the termination of this contract.

6.0 MISCELLANEOUS

6.01 **Notices:** Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this agreement or by law to be served on or given to any party to this agreement shall be in writing and delivered or, in lieu of such personal service, when deposited in the United States mail, first class postage prepaid, to the following address for each respective party:

PARTY	ADDRESS
TO: CITY OF SOLVANG	City of Solvang 1644 Oak Street Solvang, CA 93463 Attention: City Clerk
TO CONSULTANT:	ECS Imaging Inc. 3720 Sunnyside Drive, Suite #200 Riverside, Ca. 92506 (877) 790-1600

6.02 **Governing Law:** This agreement and all matters relating to this agreement shall be governed by the laws of the State of California in force at the time, should any need for interpretation of this agreement or any decision or holding concerning this agreement arise.

6.03 **Binding Effect:** This agreement shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto, but nothing in this Section shall be construed as a consent by City to any assignment of this agreement or any interest in the agreement.

6.04 **Remedies:** The remedies set forth in this agreement shall not be exclusive, but shall be cumulative with, and in addition to, all remedies now or hereafter allowed by law or equity.

6.05 **Due Authority:** The parties hereby represent that the individuals executing this agreement are expressly authorized to do so on and in behalf of the parties.

6.06 **Ownership of Work Product:** Upon delivery, the work product, including without limitation, all original reports, writings, recordings, drawings, files, and detailed calculations developed under this contract are the property of the City. Consultant agrees that all copyrights, which arise from creation of the work pursuant to this contract, shall be vested in the City and waives and relinquishes all claims to copyright or other intellectual property rights in favor of the City. City acknowledges that its use of the work product is limited to the purposes contemplated by the scope of work and that the Consultant makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.

6.07. **Integration and Modification:** This contract represents the entire understanding and agreement of the City and Consultant as to those matters contained herein. This agreement correctly sets forth the obligations of the parties hereto to each other as of the date of this agreement. All agreements or representations respecting the subject matter of this agreement not expressly set forth or referred to in this agreement are null and void. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This contract may not be modified, amended, or altered except in writing signed by the City and Consultant.

6.08. **Advice of Counsel:** The parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms, and conditions of this contract, and that the decision of whether or not to seek the advice of counsel with respect to this contract is a decision which is the sole responsibility of each of the parties hereto. This contract shall not be construed in favor or against either party by reason of the extent to which each party participated in the drafting of the contract.

6.09. **Independent Review:** Each party hereto declares and represents that in entering this contract it has relied and is relying solely upon its own judgment, belief and knowledge of the nature, extent, effect and consequence relating thereto. Each party further declares and represents that this contract is being made without reliance upon any statement or representation not contained herein of any other party, or any representative, agent, or attorney of any other party.

6.10. **Attorney Fees:** In the event of any controversy, claim or dispute between the parties hereto, arising out of or relating to this agreement, or the breach hereof, the prevailing party shall be entitled, in addition to other such relief as may be granted, to a reasonable sum as and for attorney fees.

6.11 **No waiver:** The waiver of any breach by any party of any provision of this agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of this agreement.

6.12. **Assignment:** This agreement is specifically not assignable by Consultant to any person or entity. Any assignment or attempt to assign by Consultant whether it be voluntary or involuntary, by operation of law or otherwise, is void and is a material breach of this agreement, giving rise to a right to terminate as set forth in Section 4.03.

6.13. **Time for Performance:** Except as otherwise expressly provided for in this agreement, should the performance of any act required by this agreement to be performed by either party be prevented or delayed by reason by any act of God, strike, lockout, labor trouble, inability to secure materials, or any other cause, except financial inability, which is the fault of the party required to perform the act, the time for performance of the act will be extended for a period of time equivalent to the period of delay and performance of the act during the period of delay will be excused: provided, however, that nothing contained in this Section shall exclude the prompt payment by either party as required by this agreement of the performance of any act rendered difficult or impossible solely because of the financial condition of the party required to perform the act.

6.14 **Severability:** Should any provision of this agreement be held by a court of competent jurisdiction or by a legislative or rulemaking act to be either invalid, void or unenforceable, the remaining provisions of this agreement shall remain in full force and effect, unimpaired by the holding, legislation or rule.

6.15. **Construction:** The parties agree that each has had an opportunity to have their counsel review this agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this agreement or any amendments or exhibits thereto. The captions of the sections are for convenience and reference only, and are not intended to be construed to define or limit the provision to which they relate.

6.16. **Amendments:** Amendments to this agreement shall be in writing and shall be made only with the mutual written consent of all the parties to this agreement.

6.17. **Signatures:** The individuals executing this contract represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the parties have executed this contract on the following date.

Consultant:

Date: _____

By: _____
President, ECS Imaging, Inc.

City of Solvang:

Date: _____

By: _____
Mayor, Jim Richardson

APPROVED AS TO FORM:

City Attorney:

HANLEY & FLEISHMAN, LLP

Date: _____

By: _____
Roy Hanley
City Attorney

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to City in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to City.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office “Commercial General Liability” policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant’s employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer’s liability limits no less than \$1,000,000 per accident or disease.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a “pay on behalf” basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured’s liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to City for injury to employees of Consultant, sub consultants or others involved in the Work. The scope of coverage provided is subject to approval of City following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the consultant and “Covered Professional Services” as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than \$1,000,000 per claim and in the aggregate. The policy must “pay on behalf of” the insured and must include a provision establishing the insurer’s duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Best's rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and City agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds City, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all contractors, and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against City regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.
3. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City or its operations limits the application of such insurance coverage.
4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.
5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.
6. All coverage types and limits required are subject to approval, modification and additional requirements by the City, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.
7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to City at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by City shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at City option.
8. Certificate(s) are to reflect that the insurer will provide 30 days notice to City of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to

delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will “endeavor” (as opposed to being required) to comply with the requirements of the certificate.

9. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self insurance available to City.
10. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to City for review.
11. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to City. If Consultant’s existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the City. At that time the City shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.
12. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City will negotiate additional compensation proportional to the increased benefit to City.
13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
14. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on City nor does it waive any rights hereunder in this or any other regard.
15. Consultant will renew the required coverage annually as long as City, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until City executes a written statement to that effect.
16. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to

expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five days of the expiration of the coverages.

17. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to City, its employees, officials and agents.
18. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
19. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.
20. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.
21. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.

Consultant agrees to provide immediate notice to City of any claim or loss against Consultant arising out of the work performed under this agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.



3720 Sunnyside Drive, Ste. #200
 Riverside, CA 92506
 Main Phone (877) 790-1600
 Main Fax (951) 787-0831

Prepared by: Lori Welz
 Account Rep Phone: 562-335-4530
 Email: lori@ecsimaging.com

Quotation For:

Account City of Solvang
 Contact Mary Ellen Rio
 Phone (805) 688-5575
 Fax (805) 686-2049
 Email maryellenr@cityofsolvang.com

Quote Title: City of Solvang Avante Quote
 Quote #: 62974
 Date: 11/16/2011
 Valid through: 12/31/2011
 Terms: Net 20

AVANTE FULL MS SQL 'NAMED USER' LICENSING PRICING

Product Description	Amount	Quantity	Total	SubTotal
Software:				
Laserfiche MS SQL Avante includes Workflow*	\$ 5,000.00	1	\$ 5,000.00	
Laserfiche Named Full User	\$ 500.00	18	\$ 9,000.00	
(Includes: E-Mal, Snapshot and Workflow)				
Buy 5 get 1 free special (3 free licenses for buying 15)	\$ (500.00)	3	\$ (1,500.00)	
Laserfiche Quick Fields Base Module	\$ 595.00	1	\$ 595.00	
Laserfiche Quick Fields Real Time Lookup Module	\$ 595.00	1	\$ 595.00	
Laserfiche Quick Fields Zone OCR Module	\$ 2,795.00	1	\$ 2,795.00	
Sub-Total of software			\$ 16,485.00	

Hardware Scanners - Special Pricing Expires on 11/30/2011

Panasonic 1045c-v Production Scanner 40ppm/80ipm w/VRS	\$ 950.00	3	\$ 2,850.00	
Sub-Total of Hardware			\$ 2,850.00	

Annual Software Maintenance & Support:

Laserfiche MS SQL Avante LSAP	\$ 1,000.00	1	\$ 1,000.00	
Laserfiche Named Full User w/ (E-Mail, Snapshot and Workflow) LSAP	\$ 100.00	18	\$ 1,800.00	
Laserfiche Quick Fields Base Module LSAP	\$ 120.00	1	\$ 120.00	
Laserfiche Quick Fields Real Time Lookup Module LSAP	\$ 120.00	1	\$ 120.00	
Laserfiche Quick Fields Zone OCR Module LSAP	\$ 560.00	1	\$ 560.00	
**ECS Annual Priority Support Contract (optional)	\$ 2,750.00	1	\$ 2,750.00	

Annual ECS Priority Support/Consulting including 20 hours on-site/remote and phone support for installed Laserfiche version - 1 year support.

Sub-Total of 1st Year Annual Software Maintenance and Support \$ 6,350.00

1st through 5th yr/annuals if Configuration remains the same \$ 6,350.00

Estimated 6th yr annuals are TBD but will only increase 5% per yr

	Amount	Quantity	Total
ECS educational training on-site (Per Day)	\$ 1,500.00	2	\$ 3,000.00

Generic Materials, instructor, and follow up telephone support. For each purchased day of training: On-site for scan operators, retrieval persons & system administrator. Train the Trainer Approach - Training on Document Retention and Workflows

Configuration Services: (Per Day)	Amount	Quantity	Total
Software Install	\$1,500.00	1	\$ 1,500.00
Consulting and Configuration except Workflow	\$1,500.00	1	\$ 1,500.00
Workflow Consulting and Configuration	\$1,500.00	5	\$ 7,500.00
Sub-Total of Services			\$ 13,500.00

ECS Scanning Services

	Amount	Quantity	Total
ECS Project Consulting, Project Management and Setup*	\$500.00	1	\$ 500.00

ECS B&W Document Scanning Services up 8" x 14" size	\$ 0.10	225,000	\$ 22,500.00
ECS B&W Document Scanning Services up to e-size maps	\$ 1.20	6,000	\$ 7,200.00
ECS Document Pickup Charge	\$ 300.00	1	\$ 300.00
ECS Import Directly into Laserfiche - no charge with ECS			
Additional Indexes at .02/per index/per document	\$ 0.02		
Prep Charge per Box	\$ 25.00	50	\$ 1,250.00

*Project Consulting, Mgmt, Setup Not Taxable

Sub-Total of Scanning Services \$ 31,750.00

CA State Sales Tax on Taxable Items \$ 4,412.46

Tax \$ 4,412.46

Sub-Total \$ 75,347.46

ECS Discount for the City of Solvang (\$5,000)

ECS Turn-key Solution Total \$70,347.46

****ECS Annual Priority Support Contract**

- Upgraded phone support from standard Next Day response time that comes included with LSAPs to 2 hour response time.
- Unlimited phone and email support.
- On-site/remote support hours included as quoted. On-site within next business day as needed. Additional hours under the plan can be purchased at a discounted rate.
- On-site time is calculated to nearest half hour and minimum onsite calculation is between 2-8 hours depending on location. Remote support is calculated to nearest 15 minute increment.
- 2 Free Admissions to Annual Customer Conference, Free Admission to Quarterly User Groups.
- Monthly E-Newsletter
- Live Hours of support are 7:30am - 5:00pm PST M-F.
- This plan covers support for the Laserfiche software system including remedial training, installing updates, consulting, and troubleshooting.
- Customers not under this plan can purchase on-site hours at \$200/hour 1 hour minimum remote, 2-4 hour minimum onsite + travel expenses.

Requested Items for future purchase

	<u>Amount</u>	<u>Quantity</u>	<u>Total</u>
Laserfiche Web Access	\$ 100.00	1	\$ 100.00
Laserfiche Web Access LSAP	\$ 20.00	1	\$ 20.00
Laserfiche Starter Audit Trail	\$ 50.00	1	\$ 50.00
Laserfiche Starter Audit Trail LSAP	\$ 10.00	1	\$ 10.00
Laserfiche Web Distribution Portal	\$ 7,995.00	1	\$ 7,995.00
Laserfiche Web Distribution Portal LSAP	\$ 1,600.00	1	\$ 1,600.00
Total			\$ 9,775.00

****ECS Scanning Services Details**

Boxes and Image Count Estimate

	<u>Boxes</u>	<u>Pages/images</u>	<u>Sub Total Image</u>
City Clerk Archive Materials	75	1,800	135000
Human Resources Records	25	1,800	45000
Planning and Development Records	25	1,800	45000
		Total Pages	225,000

Laserfiche Tiff in portable volumes and attached to your Laserfiche system.

Black/White Scanning in Tiff images at 200dpi, Color or Grayscale scanning at additional charge.

Consulting of folder template and volume set ups

2 fields of index up to 20 characters and Unique Document Name up to 20 characters each

Each additional indexes are .02 per index per document

Documents are placed back into folders

Documents will be delivered free of charge after being scanned

While documents are at ECS, we can provide an electronic copy for up to 4 per batch at no charge. Additional special

handling requests are subject to charge of \$10/per document

If the City provides ECS an index file we will use that to populate additional fields at no extra charge.

Notes:

All prices listed above are for estimating purposes only. Actual prices may vary

Paper is scanned in order received. Any additional requests are subject to a charge.

Maps needing to be done in Grayscale for readability are \$1.85 at 200 dpi. For Color 2.10 each. Over 40" b/w, gray or color additional charges apply.

Pick up / Delivery charges (pricing varies). \$150 for 30 banker boxes, plus mileage charge.

OCRing can be done during scan process at no charge Any verification time is \$15/hour

Boxes may be destroyed at the customer's request at a cost of \$12.00 a box. A Destruction Certificate provided.

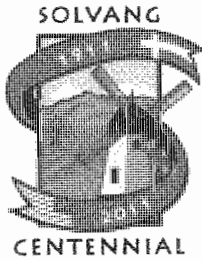
IMPORTANT: Once the imaged data has been delivered you will have 90 days to review all images. After 90 days all original documents will be destroyed.

DVD Set = 1 Data DVD, 1 Plus Viewer DVD \$100.00 per set - Plus DVD has retrieval engine on DVD. Regular size documents fit approximately 90,000 images

CD Set =1 Data CD, 1 Plus Viewer CD \$25.00 per set - Plus CD has retrieval engine on CD. Regular size documents fit approximately 10,000 pages. Maps fit approximately 2,000-4,000

Change orders once files are returned are subject to restructuring/reindexing fee

For privacy reasons, please review your scanned data as soon as it's delivered as ECS only retains that back up of your data for 90 days



Agenda Item 5e
Pages 3

**CITY COUNCIL
STAFF REPORT/CONSENT AGENDA**

TO: SOLVANG CITY COUNCIL MEMBERS

FROM: Diane Christensen, Public Works Office Assistant, and
Matt van der Linden, Public Works Director/City Engineer

MEETING DATE: November 28, 2011

DATE PREPARED: November 17, 2011

**SUBJECT: JULEFEST SPECIAL EVENT - REQUEST FOR ADDITIONAL
STREET CLOSURE**

I. RECOMMENDATIONS:

Approve request from Solvang Conference & Visitors Bureau to include an additional street closure in their Special Event Permit for the Julefest Special Event.

II. DISCUSSION:

Julefest is a holiday oriented special event sponsored annually by the Solvang Conference & Visitor's Bureau (SCVB). The SCVB runs this event as a condition of its contract with the City of Solvang for promotions. The Julefest event spans several days, incorporates many festive activities, includes a parade on Saturday, December 3rd, and holiday performances on Saturday, December 10th and Sunday, December 11th. In previous years, the gazebo/stage at Solvang Park was used for the holiday performances. This resulted in congestion along Mission Drive.

In an effort to reduce crowd congestion along Mission Drive during this year's planned holiday performances, SCVB has requested an alternate stage site that

Approvals: City Manager BSV Finance Director _____ City Attorney RAH

will involve the closure of First Street between Copenhagen Drive and Molle Way. The street would be closed and cleared of cars from 9AM to 5PM both days. A two-step riser stage is proposed to be placed in First Street adjacent to the Rabobank. Also planned in the area of the proposed street closure are a gift wrap station, and hot-chocolate stand. Holiday performances will include live music, ballerinas, and folk dancers.

Public Works staff has evaluated the proposed street closure and determined the impact to traffic flow will be negligible, and pedestrian safety will be improved. SCVB has sought and received advance approval from business owners directly affected by the requested street closure, and is now requesting City approval of the proposed street closure. In accordance with prior City Council direction regarding special event street closures, this request is being brought before the City Council for approval or denial.

III. ALTERNATIVES:

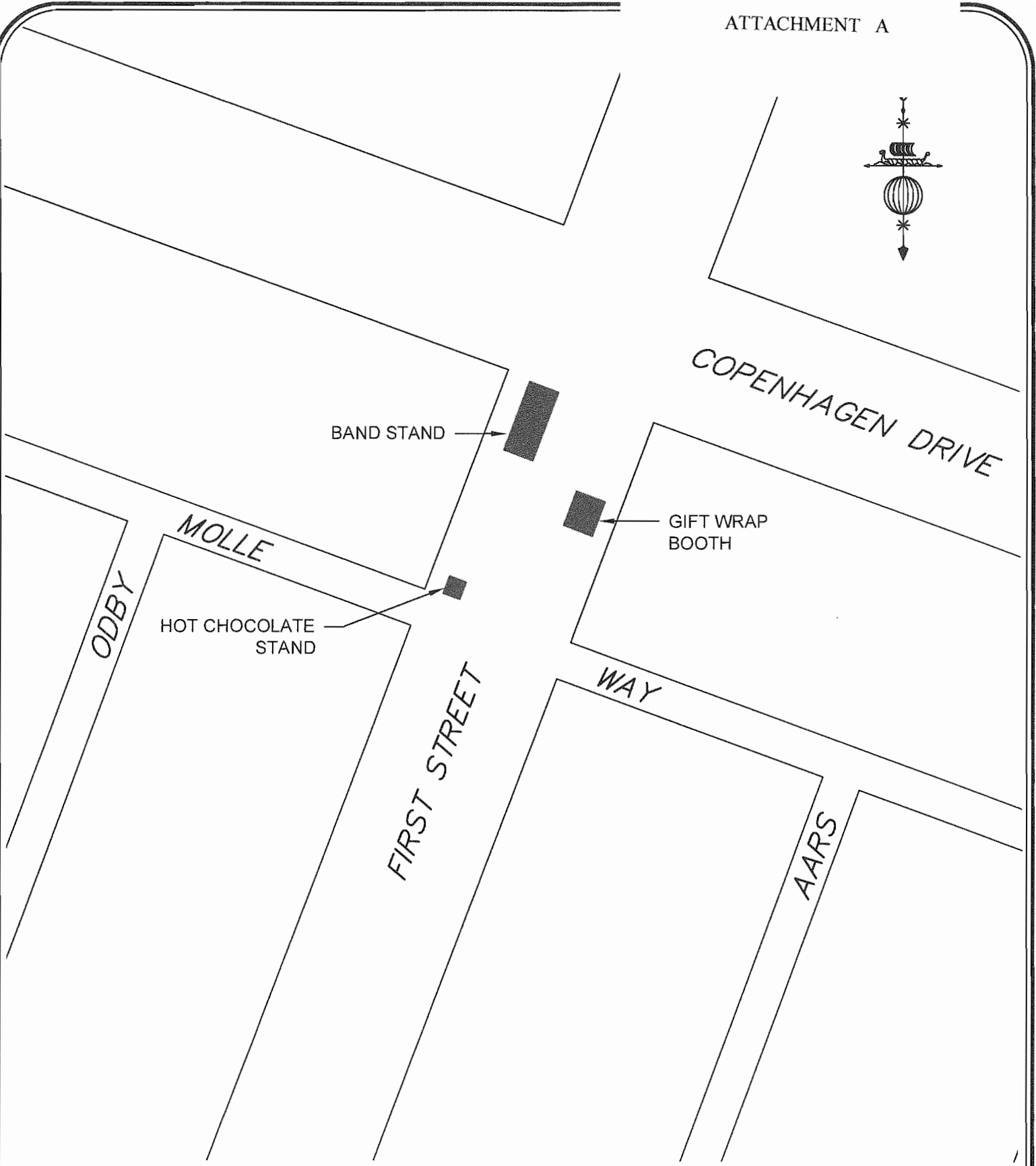
The City Council could choose to deny the applicant's request and have the applicant seek another alternative that does not include a street closure.

IV. FISCAL IMPACT:

There is no fiscal impact anticipated with this item.

V. ATTACHMENTS:

- A. Proposed Street Closure Map



JULEFEST SPECIAL EVENT
ADDITIONAL STREET CLOSURE
SOLVANG, CALIFORNIA

Santa Ynez Valley
Hotel Association
www.syvha.com

Update of the Santa Ynez Valley Hotel Association to the City of Solvang for City Council Meeting of November 28, 2011

Submitted by Mary Harris, Executive Director, Santa Ynez Valley Hotel Association

The summer and fall of 2011 have been busy times for the hotel association, particularly planning ahead for our 2012 year. We approved a budget for 2012, and have granted our second round of community grants. We continued our education program with a second round of food handling certification, prior to the January 1, 2012 California requirement deadline. We have initiated a wage survey to help hoteliers compare wages in a number of categories. We continue to survey our members to determine what their expectations are of their hotel association.

And our media presence continues with the forthcoming December 4 full page advertorial in the LA Times Travel Section; a similar advertorial was produced on August 28, 2011. The Sunset Magazine sweepstakes in the September 2011 issue garnered the largest number of entrants in the history of their sweepstakes program, as seven generous hotels offered one or two night stays, with restaurant and other embellishments, totaling 14 days in the valley. Our regular Sunset ad appeared in additional issues. The fall issue of the Travel Coupon Guide has the Santa Ynez Valley on its cover: this coupon book is widely distributed in California, Nevada, Utah and Arizona, and 14 of our 32 hotels advertise reduced mid-week pricing for Sunday through Thursday travel dates.

To continue to broaden our advertising and promotional presence, we bought ads for all 32 of the member hotels in the Santa Barbara Conference and Visitor Bureau and Film Commission annual Magazine for Visitors, which debuted in early November. The Solvang and Santa Ynez Valley 2012 Visitor Guide, with 32 ads as well, will debut December 14 at the Hotel Corque. The Hotel Association is also making possible 100,000 copies of a separate Santa Ynez Valley map, in conjunction with the Visitor Guide, as well as videos which bring to life the four valley profiles in the guide. In addition, we will be represented by a full page ad in the 2012 State of California Visitor Guide and a half page ad in the 2012 Central Coast Tourism Council guide. The collective impact of these guides mean that our hotels are featured worldwide, as well as locally, in our California drive markets, and throughout the US.

We continue to cooperate actively with the Santa Ynez Valley Visitors Association, the Solvang Conference and Visitors Bureau, and the Buellton Chamber and Visitor Center to coordinate activity and brainstorm for future promotional cooperation. In addition, Mary Harris, Executive Director, participates actively with the Santa Barbara Conference and Visitor Bureau and Film Commission, attending all Sales, Marketing and tourism outlook meetings, in addition to the South Coast TBID meetings. The SYVHA gave a grant to the Film Commission for their continued representation of the valley as a prime filming location, and the SYV Marriott hosted a recent familiarization tour for commercial film makers, brought to the valley by film commissioner Geoff Alexander.

MEMORANDUM



Date: November 17, 2011

To: Solvang City Council

From: Senior Deputy Charlie Uhrig

Subject: Solvang Statistics and Activity Report for October

CC: Lt. Julie McCammon

This statistics report is designed to provide a general overview of law enforcement activity in the City of Solvang for the month of October. The report highlights and describes patterns of activity, significant felonies in the city, and noteworthy performances by deputies assigned to the Solvang station.

Burglary:

Three burglaries were reported in the City of Solvang for the month of October.

On 10-03-11 (case 11-12776), a commercial burglary was reported in Solvang. The victim called to report that his work utility truck had been forcibly entered sometime during the weekend. The truck is not visible from the street, and the locked fence surrounding the area was also entered by means of a cutting tool. Unknown suspect(s) stole property from a storage compartment in the truck, valued at over \$2000.

During the investigation of the area the deputy also noticed a construction shed next to the parked vehicles, was also pried open; however, no property was taken. Deputies conducted a neighborhood canvas, but no witnesses were found. At the time of this report the suspect(s) are still unknown. The case is pending further leads.

On 10-30-11 (case 11-13995), a commercial burglary was reported at a local jewelry store. The victim stated that unknown suspect(s) broke a couple front windows, activating an alarm, to which deputies responded. No suspect(s) were seen and there were no witnesses to the burglary, and the value of 3 watches was placed at \$150 each. The case is pending further leads.

On 10-30-11 (case 11-13997), a commercial burglary was reported at a local bike shop. The victim stated that unknown suspect(s) broke the back door and window to gain entry into the building. During the investigation, a tire iron was found, along with various fingerprints, and those were submitted to Forensics for analysis. One bike, valued at \$2200 was taken in the burglary. The case is pending further leads.

Other Significant Activity:

During the month of October, deputies conducted traffic stops resulting in 6 moving violations, 3 equipment violations, and 4 DUI arrests, including a felony concealed weapon violation. There were a total of 14 citations written during the month of October, including 2 citations in the Viborg corridor.

On 10-09-11 (case 11-13030), a traffic stop resulted in a DUI arrest, as well as felony narcotics charges on the driver and passengers of the vehicle. The investigation revealed the driver did not have a license and was under the influence of alcohol and methamphetamine. All three passengers were also in possession of and under the influence of methamphetamine, and all were booked and transported to County Jail.

On 10-21-11 (case 11-13573), deputies stopped a vehicle for reckless driving after it was observed and reported by several witnesses. During the investigation, the suspect obstructed the investigation and also made threats to kill the deputy and his family, which resulted in his arrest and booking into County Jail, for DUI and felony Threats.

On 10-25-11 (case 11-13675-), deputies conducted a traffic stop on a subject for speeding. A records check determined his license was suspended for an earlier DUI conviction. A search of his backpack resulted in the discovery of a concealed and loaded firearm. The suspect was arrested and transported to County Jail where he was booked for felony concealed weapons.

Murder:

No murders were reported in the City of Solvang for the month of October.

Rape:

No rapes were reported in the City of Solvang for the month of October.

Robbery:

No robberies were reported in the City of Solvang for the month of October.

Domestic Assault/Assault:

During the month of October, there were no felony domestic violence cases reported, but there was one incident involving a juvenile bringing a weapon to Solvang School.

Grand Theft:

No grand thefts were reported in Solvang during the month of October. But there was one misdemeanor Identity Theft reported in Solvang.

Auto Theft:

One theft of a trailer was reported in Solvang during the month of October.

On 10-19-11 (case11-13440), an auto trailer theft was reported in Solvang. The victim stated the unknown suspect(s) stole his flatbed trailer from in front of his business. The trailer was unlocked and had been seen the afternoon before the reported theft. There were no witnesses to the theft and the case is suspended pending further leads. The theft report was entered into the California Stolen Vehicle Systems database.

Misdemeanors/Thefts:

No petty thefts or vandalisms were reported in Solvang during October.

Arrests:

During the month of October, deputies made a total of 9 arrests, including 3 felony arrests. This included the following types of Misdemeanor arrests: 4 for DUI, 1 for Public Intoxication and No Narcotic arrests.

On 10-09-11 (case 11-13030), a traffic stop resulted in a DUI arrest, as well as felony narcotics charges on the driver and passengers of the vehicle. The investigation revealed the driver did not have a license and was under the influence of alcohol and methamphetamine. All three passengers were also in possession of and under the influence of methamphetamine, and all were booked and transported to County Jail.

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Monthly Activity Report for October

This is the October end of the month report from the Solvang Community Resource Deputy. It highlights all the activities, meetings, and presentations by the Community Resource Deputy for the month of October.

MEETINGS:

On October 4, I met with Buellton CRD Kathi LeGault regarding the Citizens Academy.

On October 5, I met with City Rec Staff regarding the Solvang Triathlon.

On October 6, I met with Jim Banakus regarding the Wounded Warrior Bike Ride.

On October 14, I attended a meeting with PW Director Matt Vander Linden and Lt McCammon regarding LE staffing issues at parades.

On October 18, I attended a City Staff meeting.

On October 19 and 24, I attended meetings with City Staff regarding Special Events.

On October 20, I met with Cynthia Micale, from Solvang School, regarding the upcoming Halloween parade.

On October 25, I met with Tim Keaty, Solvang PW, and Frank Kelsey, Youth Rec, regarding the upcoming Viking Cup boxing event.

On October 26, I met with Mary Conway, PHP Drug Coalition, to discuss plans for the National Drug Take Back Day event on Saturday October 29.

PRESENTATIONS:

One presentation was given during the month of October. On October 15, I assisted Buellton CRD LeGault with our final Citizen Academy graduation BBQ and Award presentation. Eighteen citizens, along with their families were present during our final remarks. Everyone enjoyed the class and all of the presentations given during the 6 week course.

ACTIVITIES:

On October 5, 12, and 15, I assisted with the Buellton Citizens Academy.

On October 11, I attended a mandatory Quarterly Range and Training day at VAFB.

On October 14, I worked a security detail at the Vets Hall for a Valleywide Dance.

On October 15, I worked a security detail at the Vets Hall.

On October 21 and 28, I worked a security detail for two football games.

On October 24, I met with Lt McCammon regarding coordinating a Funeral Service for a retired deputy.

On October 27, I worked a security detail for a Missile launch at VAFB.

On October 29, I worked a Prescription Drug detail for the National Drug Take Back Day. We collected over 60 pounds of items during the 4 hour event. I also worked a security detail for the Haunted House.

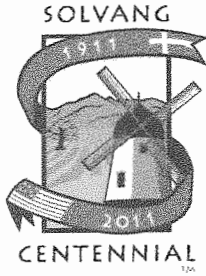
On October 31, I coordinated and worked a traffic detail for the Solvang School Halloween parade. I also worked a security detail for the Haunted House.

CITY OF SOLVANG STATISTICS 2011

ACTIVITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD Total
Log Entries	461	323	432	486	387	405	433	393	428	282			4030
OAI Reports	51	37	59	63	41	42	52	51	46	43			485
Trfc Invest.	9	7	9	8	5	8	11	6	8	6			77
Coroner	0	0	1	1	0	3	1	0	0	1			7
Burglaries	4	2	0	3	2	1	1	5	1	3			22
Attempts	0	0	0	0	0	1	0	0	0	0			1
Residential	1	0	0	0	0	0	0	1	0	0			2
Vehicle	0	0	0	0	0	0	1	0	0	0			1
Commercial	3	2	0	2	0	2	0	3	1	3			16
Other	0	0	0	1	2	0	0	1	0	0			4
Felonies	4	3	10	2	2	1	0	1	4	4			31
Murder	0	0	0	0	0	0	0	0	0	0			0
Rape	0	0	0	0	0	0	0	0	0	0			0
Robbery	0	0	0	0	0	0	0	0	0	0			0
Assault	2	1	6	1	0	1	0	0	1	0			12
Grand Theft	1	2	2	0	2	0	0	1	1	0			9
Auto Theft	0	0	1	1	0	0	0	0	2	1			5
Other	1	0	1	0	0	0	0	0	0	3			5
Misd./Thefts	6	3	2	2	4	1	8	1	3	0			30
Arrests	18	5	14	16	9	5	10	5	9	9			100
Misd.	12	2	8	10	7	4	9	3	7	6			68
Felony	6	3	6	6	2	1	1	2	2	3			32
DUI	2	2	3	4	3	1	3	0	1	4			23
Public Intox.	2	1	0	1	1	2	2	2	4	1			16
Narcotic	2	2	1	1	1	1	0	1	0	0			9
Citations	41	37	23	57	11	18	25	23	29	14			278
Moving	30	17	14	43	6	10	12	10	18	6			166
Equipment	6	10	3	3	1	6	4	2	3	3			41
Other	5	10	6	11	5	2	5	11	8	5			68
Parking	12	6	9	1	1	1	4	5	7	2			48
Viborg Rd.	4	5	0	8	0	1	1	1	5	2			27
Skate Park	0	0	0	2	0	0	0	1	0	0			3

CITY OF SOLVANG STATISTICS 2010

ACTIVITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD Total
Log Entries	573	494	478	478	495	560	550	529	477	421	330	423	5808
OAI Reports	53	64	51	38	43	43	55	52	44	47	36	40	566
Trfc Invest.	1	1	2	1	3	7	2	4	4	5	2	2	34
Coroner	0	1	0	0	2	1	1	1	0	0	1	0	7
Burglaries	2	2	3	4	1	1	3	2	0	3	6	3	30
Attempts	0	0	0	0	0	0	0	0	0	0	1	0	1
Residential	0	0	1	1	1	0	2	0	0	3	1	1	10
Vehicle	0	1	0	0	0	0	0	1	0	0	3	1	6
Commercial	2	1	2	3	0	1	1	1	0	0	2	1	14
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Felonies	3	4	2	2	3	1	2	5	2	3	2	5	34
Murder	0	0	0	0	0	0	0	0	0	0	0	0	1att/0
Rape	0	0	1	0	0	0	0	0	0	0	0	0	1
Robbery	0	0	0	1	0	0	0	0	0	0	0	0	1
Assault	0	3	1	0	0	0	0	2	1	0	1	0	8
Grand Theft	0	1	0	0	0	0	0	1	1	0	0	0	3
Auto Theft	0	0	0	0	0	0	0	0	0	0	1	1	2
Other	3	0	0	1	3	1	2	2	0	3	0	4	19
Misd./Thefts	4	5	2	1	3	2	0	3	2	4	1	5	32
Arrests	8	21	29	13	7	7	10	13	11	10	5	11	145
Misd.	8	18	21	11	5	5	8	9	10	7	4	7	113
Felony	0	3	8	2	2	2	2	4	1	3	1	4	32
DUI	2	3	2	3	2	0	1	3	2	2	3	2	25
Public Intox.	3	3	1	5	1	1	1	3	4	4	1	1	28
Narcotic	1	2	5	2	1	0	1	1	1	2	0	1	17
Citations	75	55	85	82	79	123	53	66	54	53	25	21	771
Moving	49	32	59	54	36	70	28	34	31	32	10	11	446
Equipment	13	6	11	11	10	7	8	11	9	7	3	1	97
Other	11	9	8	4	8	9	8	10	8	7	3	4	89
Parking	2	8	7	13	15	37	9	11	6	7	9	5	129
Viborg Rd.	5	4	2	2	3	3	1	3	4	5	1	0	33
Skate Park	0	0	0	0	0	0	0	0	0	2	0	1	3



Agenda Item 5h
Pages 3

**CITY COUNCIL
STAFF REPORT/ CONSENT AGENDA**

TO: SOLVANG CITY COUNCIL MEMBERS

FROM: Fred Lageman, Parks and Recreation Director

MEETING DATE: November 28, 2011

DATE PREPARED: November 22, 2011

SUBJECT: HALLOWEEN HAUNTED HOUSE DONATION ACCEPTANCE

I. RECOMMENDATION:

Recognize and accept the generous monetary donation from the following businesses: John and Teri Harmon, Gaye S. Rogowski Accounting and SYV Youth Recreation to go towards the Solvang Parks and Recreation Department Halloween Haunted House.

II. DISCUSSION:

The 18th Annual Haunted House relies heavily on monetary donations in order to make the haunt a success. With the monetary donations, materials are purchased in order to construct and decorate the haunted house. It is greatly appreciated by City staff when our efforts are noticed and appreciated by generous donations to the department, such as in this case.

Approvals: City Manager BSV Finance Director _____ City Attorney _____

The Parks and Recreation Department is always very thankful for any type of donation and hopes that the City Council acknowledges the generosity of those who contribute. In addition to the City Council's acknowledgement a "Letter to the Editor" has been sent to the local papers thanking the many donors and volunteers.

III. ALTERNATIVES:

N/A

IV. FISCAL IMPACT:

A donation in the amount of \$850.00 from the following: SYV Youth Recreation (\$500), John and Terry Harmon (\$300) and Gaye S. Rogowski Accounting (\$50) will result in \$850.00 in additional revenue for Parks and Recreation programs.

V. ATTACHMENTS:

- A. Letter to the Editor thanking the Halloween donors and volunteers.



SOLVANG Parks & Rec

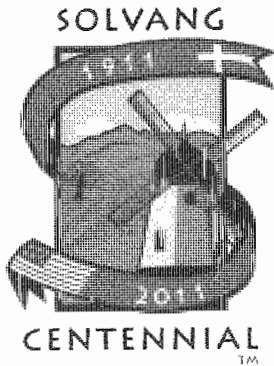
411 Second St • Solvang, CA 93463 • PH (805) 688-7529 • FAX (805) 693-0339

November 10, 2011

Letter to the Editor:

Not only was this year's Haunted House, the Centennial Cemetery, considered by many to be the "scariest ever" but it was also our biggest turnout for the two-day event with 2500 people daring to enter the fog-laden grounds strewn with tombstones and skeletons. As always, this popular community event is made possible by the many volunteers and various contributors who help in its production year after year. But first our thanks go to the community for making this annual tradition such a welcome and successful event. There are many people and business that we must thank for their generous contributions. Thank you to SYV Youth Recreation, the Harmon Family and Gaye S. Rogowski Accounting for their generous monetary contributions. Thank you to Crosby Woodturning & Milling, the Buellton Senior Thrift Shop, Kevin McConnell of Overnight Computer, Pat Carroll & CPC Construction, Karen Keller MASCUSA, Julia Tipolt of State Farm Insurance, Shadowlands Pumpkin Patch, and Marborg Industries. Thank you to those who helped with the successful Halloween Street Fair: Valley Tool Rental, Rafael Ruiz, Jonata-Oak Valley PTSA, Valley 4-H, SYVPC Youth Group (Lighthouse), Olive Grove Charter School, Sweet Angel, Cupcakes for Cancer, Fundraiser for Christian Wright, Bernice Dotz and the Sheriff's League. Thanks to all of our monsters and guides who help make the haunted house what it has grown into, a very scary success. Thanks to all of those individuals and groups that helped in the construction and the tear-down of the haunt. And of course, special thanks must be given to those volunteers that went above and beyond this frightful season: Mike Eliason, Ryan Metzger, Rick Nichols, Lynn Fischer, Brittany Mullenary, Greg Daphne and Kasi Costa. Lastly, a tremendous thank you to the Solvang Festival Theater and its staff Judith Canby and Lynda Kelley for allowing us to transform its grounds each year into the community's annual Haunted House. We welcome all of you back next year as we celebrate 19 years with a terrifying trip to Ghost Ranch. Thank you!

Sincerely,
Fred Lageman, Solvang Parks and Recreation &
Kyle Abello, Buellton Recreation



Agenda Item 6
Pages 48

**CITY COUNCIL
STAFF REPORT**

TO: SOLVANG CITY COUNCIL MEMBERS

FROM: Brad Vidro, City Manager

MEETING DATE: November 28, 2011

DATE PREPARED: November 21, 2011

**SUBJECT: INTRODUCTION FOR FIRST READING, BY TITLE ONLY, AN
ORDINANCE REVISING WATER AND WASTEWATER CODES IN
REGARDS TO CONNECTION FEES**

I. RECOMMENDATION:

Introduce for first reading by title only Ordinance No. 11-_____, an Ordinance of the City of Solvang revising the water and wastewater codes in regards to connection fees.

II. DISCUSSION:

The water and wastewater rate study done by NBS included a task to provide an alternative connection fee structure for the City Council to review. A presentation will be made by NBS to provide that alternative fee structure. In preparing the new water and wastewater rates the City Council directed staff to revise the City Code to eliminate the actual rates from the City Code and include that they would be set by City Council Resolution. Attached are the proposed ordinance changes to effectuate that change based on the new fee structure proposed by the consultant. This new fee structure uses a 5/8" x 3/4" meter as the base unit. All other connections are assigned an equivalency factor based off that volume of flow. The following table shows those factors:

APPROVAL: City Manager_BSV___ Finance Director_JG___ City Attorney_RAH___

Meter Class (Diameter)	Equivalency Factor	
	Max. Continuous Flow (gpm)	Equivalency to Base Meter Size
5/8" x 3/4"	10	1.00
3/4"	15	1.50
1"	25	2.50
1-1/2"	50	5.00
2"	80	8.00
3"	160	16.00
4"	250	25.00
6"	500	50.00

This comparative fee structure would be used for both the water and wastewater connection fees.

Attached is the Water & Sewer Connection Fees Report from the consultant showing the new fees.

III. ALTERNATIVES:

The City Council is not required to make changes to the ordinance, but the fees as established in 2003 will remain in the City Code until amended.

IV. FISCAL IMPACT:

The basis of the fee is for new users to pay their fare share contribution for use of the water and wastewater utility.

V. ATTACHMENTS:

- Water & Sewer Connection Fees Report
- Ordinance



32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516 (P) 951.296.1997
nbsgov.com

TRANSMITTAL

TO: BRAD VIDRO, CITY MANAGER
CITY OF SOLVANG

FROM: KIM BOEHLER, CONSULTANT
NBS

RE: WATER & WASTEWATER CONNECTION FEES

DATE: NOVEMBER 18, 2011

PURPOSE

The purpose of this transmittal is to distribute findings to the City of Solvang regarding the connection fees imposed for new or upsized service from the City's Water and Wastewater utilities. Findings communicated in this transmission focus on the nexus analysis prepared to determine the amount and structure of connection fees. Connection fees are one-time fees imposed on a new or modified connection to the systems, intended to reflect the cost of utility infrastructure made available to a new service. Connection fees are subject to California's Mitigation Fee Act (Government Code 66000 et seq.), which prescribes the means by which public agencies may impose development impact fees.

Attachment A to this transmittal includes the quantitative nexus analysis used to derive the fee amounts and structure for both utilities. NBS plans to present information from this analysis at the regular meeting of the City Council on November 28, 2011, in an effort to aid City Council deliberation of these fees subsequent to a noticed public hearing.



FEE OUTCOMES

This analysis has defined the schedule of Water and Wastewater connection fees listed in Exhibit 1. The amounts listed represent the maximum charge derived by this study, at or beneath which, the City Council may determine its policy direction.

Exhibit 1. Calculated Water and Wastewater Capacity Charges

<u>Meter Size</u>	<u>Water Fee</u>	<u>Wastewater Fee</u>
5/8" x 3/4"	\$8,740	\$4,673
3/4"	\$13,109	\$7,010
1"	\$21,849	\$11,683
1-1/2"	\$43,698	\$23,366
2"	\$69,916	\$37,386
3"	\$139,833	\$74,772
4"	\$218,489	\$116,831
6"	\$436,978	\$233,661
8"	n/a	\$373,858

The calculated charges shown in Exhibit 1 represent a substantive change in structure from the City's current schedule of charges. The prevailing fee structure relies upon a system of calculating equivalent service units based on unique attributes of different types of connecting land uses, a system which has proved to be extraordinarily difficult to administer and enforce, as well as potentially inconsistent with site demands of some parcels. The proposed structure uses the size of the water meter at the connection, which relates directly to the proportionate capacity requirements of the connecting parcel. Please refer to Attachment B to view a copy of the City's current fee structure, which would be replaced by the charges shown in Exhibit 1 if approved by the City Council.

To compare the dollar-value change between the calculated fees and current fees, a sample connection must be used. In this case, comparing a new single family residence, which likely would be assigned by the City the smallest (and demographically, most abundant) meter size in the system, the Water connection fee would increase \$1,552, and the Wastewater connection fee would decrease \$827: a net increase of \$725 for the two systems in total. Impacts to other land uses – both increases and decreases – would need to be calculated on a case-by-case basis, depending upon the capacity requirements of the connecting parcel, as measured now through the size of the water meter assigned by the City.

FINDINGS STATEMENTS

This study submits the following findings, which have been substantiated and quantified by the technical analysis in Attachment A, as well as prevailing practices of the City:

- The purpose of the Water and Wastewater connection fees is to ensure that new and modified connections to the systems reimburse and/or mitigate a portion of the capital investments made and planned by the City which benefit or are necessary to accommodate increase demand for water supply and distribution and wastewater collection and treatment services.
- The City uses connection fee proceeds to fund capital investments in the Water and Wastewater systems. Investments include reimbursement – through capital replacement and rehabilitation – for facilities already in service, as well as the future design and construction of planned facilities.
- All parcels seeking permission to connect to the City's Water and Wastewater systems are subject to the connection fee, payment of which is a condition of connection approval. Connection fees are not applicable to parcels for which Water and Wastewater service is unavailable. Attachment A, Exhibit 1, identifies the total growth to buildout expected currently in the two utility systems. In addition to the 3,437 equivalent service units currently in service, known developable parcels are estimated to generate an additional 418 equivalent service units by buildout.
- The amount of the connection fee varies for each parcel depending on the size of the water meter serving the connection. Meter size is directly related to the proportionate demands a parcel potentially may place on either utility system. Once connected, the City must serve or process on demand the maximum continuous flow consistent with the meter's specifications. Meter size is selected by the City for each connection based on uniformly applied standards linked to the individual plumbing requirements of the parcel. Attachment A, Exhibit 1, illustrates the equivalency factors differentiating meter sizes, based on the rate of maximum continuous flow. Of 1,985 connected meters of all sizes, nearly 70% are the smallest meter, representing an equivalency factor of 1.0, from which all larger meters are related.
- The City has made past investments in Water and Wastewater infrastructure and plans to invest further in expanded or upgraded facilities. These investments make possible the availability and continued reliable provision of utility service sufficient to meet demands inclusive of growth in connections expected from remaining known developable parcels within the City's service territory. Attachment A, Exhibits 2 through 4 for Water and Exhibits 5 through 6 for Wastewater, derive and identify the total value of existing system assets attributable to serving future connections. In the Water utility, of \$26.1 million in eligible value for existing assets, \$2.8

million is allocable to future services. In the Wastewater utility, of \$6.1 million in eligible value of existing assets, \$0.7 million is allocable to future services.

- Without capital investment in existing facilities, a Water and Wastewater system would not be available, ready to serve the needs of future connections at their chosen pace of activation. Without planned investments in future facilities, Water and Wastewater service would not be sustainable at the level of service enjoyed by current users. Attachment A, Exhibit 7 for Water and Exhibit 8 for Wastewater, derive and identify the total value of planned system assets attributable to serving future connections. In the Water utility, of \$6.5 million in the Capital Improvement Program, \$0.7 million is attributable to future services. In the Wastewater utility, of \$3.5 million of net expenditures to the City in the Capital Improvement Program, \$1.2 million is attributable to future services.
- Connection fee amounts are derived directly from the value of capital investments in existing and planned Water and Wastewater facilities. Attachment A, Exhibit 9 for Water and Exhibit 10 for Wastewater, derives and identifies the infrastructure cost per equivalent unit of service for a new connection. For Water, a unit cost of \$8,469 is derived: 80% of which is related to existing infrastructure in service, and 20% for future, planned facilities. For Wastewater, a unit cost of \$4,528 is derived: 35% of which is related to existing infrastructure in service, and 65% for future, planned facilities. (A small administrative fee is added to these unit costs of infrastructure before calculating the final fee structure to reimburse the City for the cost of implementing a compliant mitigation fee program, and minimize such impacts on existing users. Refer to Attachment A, Exhibit 11.)
- Upon payment of a connection fee, a new customer earns the right to pay equal ongoing service rates as existing customers, regardless of the date activated. Assessment of connection fees ensures that over time, ongoing service rates are not disproportionately burdened by the accommodation of system growth.

ATTACHMENT A

Water and Wastewater Connection Fee Analysis

Exhibit Number	Pages	Function
1	2	Demographic Data and Projections
2	3-4	Water Existing Capital Facilities and Equipment for Consideration (System Buy-In)
2	5-6	Water Existing Capital Facilities and Equipment Allocation (System Buy-In)
3	7	Water Existing Capital Facilities (Central Coast Water Authority Pipeline) for Consideration (System Buy-In)
3	8	Water Existing Capital Facilities (Central Coast Water Authority Pipeline) Allocation (System Buy-In)
4	9	Water Adjustments to System Buy-In Basis
5	10-11	Wastewater Existing Capital Facilities and Equipment for Consideration (System Buy-In)
5	12-13	Wastewater Existing Capital Facilities and Equipment Allocation (System Buy-In)
6	14	Wastewater Adjustments to System Buy-In Basis
7	15	Water Planned Capital Facilities and Equipment for Consideration (System Development)
7	16	Water Planned Capital Facilities and Equipment Allocation (System Development)
8	17	Wastewater Planned Capital Facilities and Equipment for Consideration (System Development)
8	18	Wastewater Planned Capital Facilities and Equipment Allocation (System Development)
9	19-20	Water Unit Cost Calculation
10	21-22	Wastewater Unit Cost Calculation
11	23	Capacity Charge Program Administration Costs
12	24	Water Fee Classification and Calculation of Maximum Fee
13	25	Wastewater Fee Classification and Calculation of Maximum Fee
14	26-27	Miscellaneous Workspaces

CITY OF SOLVANG
 WATER & WASTEWATER CAPACITY CHARGE STUDY
 Demographic Data and Projections

EXHIBIT 1

METER EQUIVALENT UNITS:

Meter Size	Existing Meters	Meter Equivalence		
		Maximum Continuous Flow (gpm)	Flow Factor for 5/8" x 3/4" Base	Meter Equivalent Units
5/8 inch	1,385	10	1.00	1,385
3/4 inch	314	15	1.50	471
1 inch	145	25	2.50	363
1 1/2 inch	47	50	5.00	235
2 inch	87	80	8.00	696
3 inch	2	160	16.00	32
4 inch	1	250	25.00	25
6 inch	3	500	50.00	150
8 inch	1	800	80.00	80
Total	1,985			3,437

EXISTING AND PROJECTED SERVICE NUMBERS:

Demographic Statistics	Existing Total (2010) (1)	Projected Service Total (2)	Total Change (Cumulative)		Annualized Change (Per Year, 20 Years)	
Meter Equivalent Units:						
Water	3,437	3,855	418	12.2%	21	0.6%
Wastewater	3,438	3,856	418	12.2%	21	0.6%

ALLOCATION OF UNITS TO EXISTING AND FUTURE SERVICES:

Proportionate Allocation Factor	Existing Services	Future Services
Water Equivalent Service Units	89.16%	10.84%
Wastewater Equivalent Service Units	89.16%	10.84%

Notes:

(1) Calculated based on the City of Solvang's list of all Water Meters as of 10/13/2011, provided by City Staff.

(2) There are 131 remaining residential units to build over the next 6 years in the Skytt Mesa development, per City Staff 5/19/2010. There are an additional 287 units that will be built in addition to Skytt Mesa, per the August 2009 Water Master Plan.

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Water Existing Capital Facilities and Equipment for Consideration (System Buy-In)

EXHIBIT 2

Asset ID	Facility / Equipment (1)	Original Values (1)				Replication Values (2)		
		Asset Cost	Depreciation to Date	Contributed Amount	Year in Service	Asset Cost	Depreciation to Date	Contributed Amount
0000222	State Water Turnout Construction	\$ 1,809,075	\$ 542,723	\$ -	2002	\$ 2,371,332	\$ 711,400	\$ -
0000224	Wells	\$ 49,750	\$ 49,750	\$ -	1979	\$ 141,978	\$ 141,978	\$ -
0000226	Wells	\$ 13,244	\$ 10,154	\$ -	1988	\$ 25,116	\$ 19,256	\$ -
0000227	Well #7	\$ 191,382	\$ 140,879	\$ -	1989	\$ 355,395	\$ 261,611	\$ -
0000230	Wells	\$ 18,029	\$ 11,418	\$ -	1992	\$ 30,994	\$ 19,630	\$ -
0000231	Well #3	\$ 52,583	\$ 31,549	\$ -	1993	\$ 86,494	\$ 51,896	\$ -
0000232	Chalk Hill Well	\$ 31,101	\$ 17,624	\$ -	1994	\$ 49,285	\$ 27,928	\$ -
0000233	Well #7	\$ 26,724	\$ 21,379	\$ -	1995	\$ 41,862	\$ 33,489	\$ -
0000234	Creekside Test Well	\$ 118,185	\$ 55,153	\$ -	1997	\$ 173,850	\$ 81,129	\$ -
0000235	Water Distribution Mains	\$ 997,851	\$ 673,550	\$ -	1984	\$ 2,062,610	\$ 1,392,262	\$ -
0000236	Water Distribution Mains	\$ 29,425	\$ 16,183	\$ -	1989	\$ 54,642	\$ 30,052	\$ -
0000237	Water Distribution Mains	\$ 5,597	\$ 2,938	\$ -	1990	\$ 10,137	\$ 5,322	\$ -
0000238	Water Distribution Mains	\$ 6,704	\$ 3,352	\$ -	1991	\$ 11,882	\$ 5,942	\$ -
0000239	Water Distribution Mains	\$ 5,060	\$ 2,403	\$ -	1992	\$ 8,699	\$ 4,131	\$ -
0000240	Water Distribution Mains	\$ 5,325	\$ 2,396	\$ -	1993	\$ 8,759	\$ 3,941	\$ -
0000241	Contributed Water Mains	\$ 900,497	\$ 709,141	\$ 900,497	1979	\$ 2,569,850	\$ 2,023,757	\$ 2,569,850
0000242	Contributed Water Mains	\$ 529,608	\$ 284,664	\$ 529,608	1990	\$ 959,160	\$ 515,548	\$ 959,160
0000243	Contributed Water Mains	\$ 35,720	\$ 19,200	\$ 35,720	1989	\$ 66,332	\$ 35,654	\$ 66,332
0000252	Wells	\$ 20,050	\$ 14,035	\$ -	1990	\$ 36,311	\$ 25,418	\$ -
0000297	State Water Turnout	\$ 846,654	\$ 253,997	\$ -	2002	\$ 1,109,793	\$ 332,938	\$ -
0000358	Skytt Mesa Water Lines (7)	\$ 386,504	\$ 38,650	\$ 386,504	2006	\$ 427,343	\$ 42,734	\$ 427,343
0000407	6" Water Meter	\$ 10,694	\$ 891	\$ -	2008	\$ 11,028	\$ 919	\$ -
0000422	Cla Valve-Alisal Ranch	\$ 26,885	\$ 2,825	\$ -	2010	\$ 26,299	\$ 2,764	\$ -
0000422	Cla Valve-Alisal Ranch	\$ 1,368	\$ -	\$ -	2011	\$ 1,338	\$ -	\$ -
0000218	Dams and Reservoirs	\$ 588,656	\$ 292,365	\$ -	1986	\$ 1,174,571	\$ 583,369	\$ -
0000219	450000 Gallon Reservoir	\$ 130,700	\$ 87,569	\$ -	1978	\$ 403,494	\$ 270,340	\$ -
0000220	Additions to Underground Reservoir	\$ 65,365	\$ 29,414	\$ -	1989	\$ 121,382	\$ 54,621	\$ -
0000211	Rancho Alisal Easement	\$ 37,517	\$ -	\$ -	1978	\$ 115,822	\$ -	\$ -
0000212	Reservoir Site	\$ 1,000	\$ -	\$ -	1978	\$ 3,087	\$ -	\$ -
0000213	Alisal Ranch Reservoir	\$ 1,000	\$ -	\$ -	1978	\$ 3,087	\$ -	\$ -
0000214	Chalk Hill Reservoir	\$ 17,582	\$ -	\$ -	1978	\$ 54,279	\$ -	\$ -
0000215	Well #4 Site	\$ 1,000	\$ -	\$ -	1978	\$ 3,087	\$ -	\$ -
0000216	Well Site	\$ 1,000	\$ -	\$ -	1978	\$ 3,087	\$ -	\$ -
0000217	Well Site	\$ 5,000	\$ -	\$ -	1978	\$ 15,436	\$ -	\$ -

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Water Existing Capital Facilities and Equipment for Consideration (System Buy-In)

EXHIBIT 2

Asset ID	Facility / Equipment (1)	Original Values (1)				Replication Values (2)			
		Asset Cost	Depreciation to Date	Contributed Amount	Year In Service	Asset Cost	Depreciation to Date	Contributed Amount	
0000223	Pump for Well #4	\$ 10,129	\$ 10,129	\$ -	1999	\$ 14,326	\$ 14,326	\$ -	
0000244	Engineer Study Water Wells	\$ 17,843	\$ 13,084	\$ -	1989	\$ 33,133	\$ 24,298	\$ -	
0000245	Meters and Boxes	\$ 6,066	\$ 4,651	\$ -	1988	\$ 11,504	\$ 8,820	\$ -	
0000246	Meters and Boxes	\$ 9,497	\$ 6,964	\$ -	1989	\$ 17,636	\$ 12,933	\$ -	
0000247	2 Emergency Generators w/connections	\$ 86,474	\$ 56,947	\$ -	1998	\$ 125,183	\$ 82,438	\$ -	
0000248	Hydraulic Power Stinger w/Attachments	\$ 5,280	\$ 5,280	\$ -	1999	\$ 7,468	\$ 7,468	\$ -	
0000249	Well #21 Computer/Radio Telemetry	\$ 6,077	\$ 6,077	\$ -	1999	\$ 8,596	\$ 8,596	\$ -	
0000250	Computer/Radio Telemetry	\$ 14,582	\$ 14,582	\$ -	1999	\$ 20,625	\$ 20,625	\$ -	
0000251	Computer/Radio Telemetry	\$ 11,414	\$ 7,953	\$ -	2002	\$ 14,961	\$ 10,425	\$ -	
0000339	Well #7 Telecommunications	\$ 17,019	\$ 17,019	\$ -	2005	\$ 19,589	\$ 19,589	\$ -	
0000340	Well #7 Telecommunications	\$ 6,174	\$ 6,174	\$ -	2006	\$ 6,826	\$ 6,826	\$ -	
0000402	Used Air Compressor	\$ 3,233	\$ 1,455	\$ -	2008	\$ 3,334	\$ 1,500	\$ -	
0000425	Well #4 Motor and Pump	\$ 10,448	\$ 1,219	\$ -	2010	\$ 10,220	\$ 1,192	\$ -	
0000426	Hydro Pump - Res #1	\$ 18,509	\$ 2,622	\$ -	2010	\$ 18,106	\$ 2,565	\$ -	
0000452	Well #3 Pump and Motor	\$ 14,038	\$ 468	\$ -	2011	\$ 13,732	\$ 458	\$ -	
0000450	Well #7 New Pump	\$ 13,410	\$ 1,118	\$ -	2011	\$ 13,118	\$ 1,093	\$ -	
0000416	SY River Well Development	\$ 11,447	\$ -	\$ -	2009	\$ 11,447	\$ -	\$ -	
0000454	Water SCADA Upgrade	\$ 95,858	\$ -	\$ -	2011	\$ 93,768	\$ -	\$ -	
0000455	Chlorine Gas Conversion	\$ 4,899	\$ -	\$ -	2011	\$ 4,792	\$ -	\$ -	
Total Capital Facilities and Equipment		\$ 7,329,232	\$ 3,469,944	\$ 1,852,329		\$ 12,986,186	\$ 6,901,180	\$ 4,022,685	
							<i>Actual Depreciation Deducted after Considering Contributions (3):</i>		\$ 4,283,487

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Water Existing Capital Facilities and Equipment for Consideration (System Buy-In)

EXHIBIT 2

Asset ID	Facility / Equipment (1)	System Buy-In Cost Basis for Consideration (3)	Allocation Basis (%)				Distribution of Cost Basis (\$)		
			Exclude from Analysis	Existing Services	Future Services	()	Exclude from Analysis	Existing Services	Future Services
0000222	State Water Turnout Construction	\$ 1,659,932	0.00%	89.16%	10.84%	4	\$ -	\$ 1,479,921	\$ 180,011
0000224	Wells	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000226	Wells	\$ 5,860	0.00%	89.16%	10.84%	4	\$ -	\$ 5,224	\$ 635
0000227	Well #7	\$ 93,784	0.00%	89.16%	10.84%	4	\$ -	\$ 83,614	\$ 10,170
0000230	Wells	\$ 11,365	0.00%	89.16%	10.84%	4	\$ -	\$ 10,132	\$ 1,232
0000231	Well #3	\$ 34,598	0.00%	89.16%	10.84%	4	\$ -	\$ 30,846	\$ 3,752
0000232	Chalk Hill Well	\$ 21,357	0.00%	89.16%	10.84%	4	\$ -	\$ 19,041	\$ 2,316
0000233	Well #7	\$ 8,372	0.00%	89.16%	10.84%	4	\$ -	\$ 7,464	\$ 908
0000234	Creekside Test Well	\$ 92,720	0.00%	89.16%	10.84%	4	\$ -	\$ 82,665	\$ 10,055
0000235	Water Distribution Mains	\$ 670,348	0.00%	89.16%	10.84%	4	\$ -	\$ 597,652	\$ 72,696
0000236	Water Distribution Mains	\$ 24,590	0.00%	89.16%	10.84%	4	\$ -	\$ 21,923	\$ 2,667
0000237	Water Distribution Mains	\$ 4,815	0.00%	89.16%	10.84%	4	\$ -	\$ 4,293	\$ 522
0000238	Water Distribution Mains	\$ 5,941	0.00%	89.16%	10.84%	4	\$ -	\$ 5,296	\$ 644
0000239	Water Distribution Mains	\$ 4,568	0.00%	89.16%	10.84%	4	\$ -	\$ 4,073	\$ 495
0000240	Water Distribution Mains	\$ 4,818	0.00%	89.16%	10.84%	4	\$ -	\$ 4,296	\$ 522
0000241	Contributed Water Mains	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000242	Contributed Water Mains	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000243	Contributed Water Mains	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000252	Wells	\$ 10,894	0.00%	89.16%	10.84%	4	\$ -	\$ 9,712	\$ 1,181
0000297	State Water Turnout	\$ 776,855	0.00%	89.16%	10.84%	4	\$ -	\$ 692,609	\$ 84,246
0000358	Skytt Mesa Water Lines (7)	\$ -	0.00%	21.89%	78.11%	6	\$ -	\$ -	\$ -
0000407	6" Water Meter	\$ 10,109	100.00%	0.00%	0.00%	5	\$ 10,109	\$ -	\$ -
0000422	Cla Valve-Alisal Ranch	\$ 23,535	0.00%	89.16%	10.84%	4	\$ -	\$ 20,983	\$ 2,552
0000422	Cla Valve-Alisal Ranch	\$ 1,338	0.00%	89.16%	10.84%	4	\$ -	\$ 1,193	\$ 145
0000218	Dams and Reservoirs	\$ 591,202	0.00%	89.16%	10.84%	4	\$ -	\$ 527,089	\$ 64,113
0000219	450000 Gallon Reservoir	\$ 133,154	0.00%	89.16%	10.84%	4	\$ -	\$ 118,714	\$ 14,440
0000220	Additions to Underground Reservoir	\$ 66,761	0.00%	89.16%	10.84%	4	\$ -	\$ 59,521	\$ 7,240
0000211	Rancho Alisal Easement	\$ 115,822	0.00%	89.16%	10.84%	4	\$ -	\$ 103,261	\$ 12,560
0000212	Reservoir Site	\$ 3,087	0.00%	89.16%	10.84%	4	\$ -	\$ 2,752	\$ 335
0000213	Alisal Ranch Reservoir	\$ 3,087	0.00%	89.16%	10.84%	4	\$ -	\$ 2,752	\$ 335
0000214	Chalk Hill Reservoir	\$ 54,279	0.00%	89.16%	10.84%	4	\$ -	\$ 48,392	\$ 5,886
0000215	Well #4 Site	\$ 3,087	0.00%	89.16%	10.84%	4	\$ -	\$ 2,752	\$ 335
0000216	Well Site	\$ 3,087	0.00%	89.16%	10.84%	4	\$ -	\$ 2,752	\$ 335
0000217	Well Site	\$ 15,436	0.00%	89.16%	10.84%	4	\$ -	\$ 13,762	\$ 1,674

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Water Existing Capital Facilities and Equipment for Consideration (System Buy-In)

EXHIBIT 2

Asset ID	Facility / Equipment (1)	System Buy-In Cost Basis for Consideration (3)	Allocation Basis (%)				Distribution of Cost Basis (\$)		
			Exclude from Analysis	Existing Services	Future Services	()	Exclude from Analysis	Existing Services	Future Services
0000223	Pump for Well #4	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000244	Engineer Study Water Wells	\$ 8,836	0.00%	89.16%	10.84%	4	\$ -	\$ 7,878	\$ 958
0000245	Meters and Boxes	\$ 2,684	100.00%	0.00%	0.00%	5	\$ 2,684	\$ -	\$ -
0000246	Meters and Boxes	\$ 4,703	100.00%	0.00%	0.00%	5	\$ 4,703	\$ -	\$ -
0000247	2 Emergency Generators w/connections	\$ 42,745	0.00%	89.16%	10.84%	4	\$ -	\$ 38,109	\$ 4,635
0000248	Hydraulic Power Stinger w/Attachments	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000249	Well #21 Computer/Radio Telemetry	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000250	Computer/Radio Telemetry	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000251	Computer/Radio Telemetry	\$ 4,537	0.00%	89.16%	10.84%	4	\$ -	\$ 4,045	\$ 492
0000339	Well #7 Telecommunications	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000340	Well #7 Telecommunications	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000402	Used Air Compressor	\$ 1,834	0.00%	89.16%	10.84%	4	\$ -	\$ 1,635	\$ 199
0000425	Well #4 Motor and Pump	\$ 9,028	0.00%	89.16%	10.84%	4	\$ -	\$ 8,049	\$ 979
0000426	Hydro Pump - Res #1	\$ 15,541	0.00%	89.16%	10.84%	4	\$ -	\$ 13,856	\$ 1,685
0000452	Well #3 Pump and Motor	\$ 13,274	0.00%	89.16%	10.84%	4	\$ -	\$ 11,835	\$ 1,440
0000450	Well #7 New Pump	\$ 12,025	0.00%	89.16%	10.84%	4	\$ -	\$ 10,721	\$ 1,304
0000416	SY River Well Development	\$ 11,447	0.00%	89.16%	10.84%	4	\$ -	\$ 10,206	\$ 1,241
0000454	Water SCADA Upgrade	\$ 93,768	0.00%	89.16%	10.84%	4	\$ -	\$ 83,600	\$ 10,169
0000455	Chlorine Gas Conversion	\$ 4,792	0.00%	89.16%	10.84%	4	\$ -	\$ 4,273	\$ 520
Total Capital Facilities and Equipment		\$ 4,680,015	0.37%	88.82%	10.80%		\$ 17,497	\$ 4,156,893	\$ 505,625
			<i>Net Distribution:</i>						
				89.16%	10.84%				

Exhibit 2 Notes:

(1) Source: City of Solvang Proprietary Assets - Water Fund, for 2010-2011.

(2) Replication values are calculated by escalating the original values from service date to May 2010 using historical cost inflation per the Engineering News Record Construction Cost Index, 20-City Average.

(3) Cost basis for consideration is calculated as replication value less accumulated depreciation and contributed amount, unless contributed amount is greater than or equal to replication value, in which case the basis for consideration is set at zero. Depreciation tracked for assets with a contributed amount greater than or equal to replication value is ignored to avoid a total deduction greater than the value of the asset.

(4) Refer to Exhibit 1: proportionate allocation between existing and future users.

(5) These values represent meters/individual installations; thus, the City should recover costs through a meter installation fee.

(6) The allocation basis of existing vs. future services for the Skytt Mesa Water Lines is based on 169 total units, with 37 units currently existing and 132 units remaining to be built. The allocation percentages are as follows: 21.89% allocated to existing services and 78.11% allocated to future services.

(7) The Skytt Mesa Water Lines were contributed, per email to NBS from Dana Waite dated 8/28/2010.

Facility / Equipment	Original Values (1)				Replication Values (2)		
	Asset Cost	Depreciation to Date	Contributed Amount	Year in Service	Asset Cost	Depreciation to Date	Contributed Amount
Central Coast Water Authority Pipeline	\$ 19,095,436	\$ 5,728,631	\$ -	1992	\$ 32,828,062	\$ 9,848,419	\$ -
Total: Capital Facilities and Equipment	\$ 19,095,436	\$ 5,728,631	\$ -		\$ 32,828,062	\$ 9,848,419	\$ -
<i>Actual Depreciation Deducted after Considering Contributions (3):</i>							\$ 9,848,419

Facility / Equipment	System Buy-In Cost Basis for Consideration (3)	Allocation Basis (%)				Distribution of Cost Basis (\$)		
		Exclude from Analysis	Existing Services	Future Services	()	Exclude from Analysis	Existing Services	Future Services
Central Coast Water Authority Pipeline	\$ 22,979,643	0.00%	89.16%	10.84%	4	\$ -	\$ 20,487,623	\$ 2,492,020
Total: Capital Facilities and Equipment	\$ 22,979,643	0.00%	89.16%	10.84%		\$ -	\$ 20,487,623	\$ 2,492,020

<i>Net Distribution:</i>	89.16%	10.84%
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Exhibit 2 Notes:

(1) This is the pipeline that the City of Solvang is paying debt on to the Santa Ynez River Water Conservation District, Improvement District No. 1/Central Coast Water Authority. The Asset cost is the sum of all principal payments for the Series 2006 A Revenue Bonds and the average principal payment for this bond issue, for 11 years (1992-2006) because the original bonds were issued in 1992. The year in service is the year that first bond issue was made, which was 1992. Depreciation to date is calculated as 15 years worth of depreciation, assuming the useful life of the pipeline is 50 years.

(2) Replication values are calculated by escalating original values from service date to May 2010 using historical cost inflation per the Engineering News Record Construction Cost Index, 20-City Average.

(3) The Cost Basis for Consideration is calculated as replication value less accumulated depreciation and contributed amount, unless contributed amount is greater than or equal to replication value, in which case the basis for consideration is set at zero. Depreciation tracked for assets with a contributed amount equal to or greater than replication value is ignored to avoid a total deduction greater than the value of the asset.

(4) Refer to Exhibit 1: proportionate allocation between existing and future users.

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Water Adjustments to System Buy-In Basis

EXHIBIT 4

Cost Basis and Adjustments	System Buy-In Cost Basis for Consideration	Allocation Basis (%)				Distribution of Cost Basis (\$)		
		Exclude from Analysis	Existing Services	Future Services	(1)	Exclude from Analysis	Existing Services	Future Services
System Buy-In Cost Basis for Consideration (City of Solvang Assets) (1)	\$ 4,680,015	0.37%	88.82%	10.80%	1	\$ 17,497	\$ 4,156,893	\$ 505,625
System Buy-In Cost Basis for Consideration (CCWA Pipeline) (2)	\$ 22,979,643	0.00%	89.16%	10.84%	2	\$ -	\$ 20,487,623	\$ 2,492,020
Total: System Buy-In Cost Basis for Consideration	\$ 27,659,658							
plus: Available Cash Reserves (Excluding Unspent Capacity Charges) (3)	\$ 3,387,294	0.37%	88.82%	10.80%	1	\$ 12,664	\$ 3,008,670	\$ 365,961
less: Outstanding Long-Term Debt (Water Improvement Bond) (4)	\$ (1,576,944)	0.37%	88.82%	10.80%	1	\$ (5,896)	\$ (1,400,676)	\$ (170,372)
less: Cash in Excess of Outstanding Debt (5)	\$ (1,810,350)	0.37%	88.82%	10.80%	1	\$ (6,768)	\$ (1,607,993)	\$ (195,589)
less: Outstanding Long-Term Debt (CCWA Pipeline) (6)	\$ (8,112,732)	0.00%	89.16%	10.84%	2	\$ -	\$ (7,232,949)	\$ (879,783)
plus: Accumulated Interest Accrued/Paid on Long-Term Debt Issue (4)	\$ 1,021,733	0.37%	88.82%	10.80%	1	\$ 3,820	\$ 907,526	\$ 110,387
plus: Accumulated Interest Accrued/Paid on Long-Term Debt Issue (CCWA Pipeline) (7)	\$ 5,554,714	0.00%	89.16%	10.84%	2	\$ -	\$ 4,952,335	\$ 602,379
less: Known Capital Contributions Not Accounted for in Eligible Cost Basis (3)	\$ -	0.37%	88.82%	10.80%	1	\$ -	\$ -	\$ -
Total Cost Basis for Existing Capital Facilities/Equipment	\$ 26,123,373	0.08%	89.08%	10.84%		\$ 21,316	\$ 23,271,428	\$ 2,830,629

Exhibit 4 Notes:

(1) Refer to Exhibit 2.

(2) Refer to Exhibit 3.

(3) Refer to Exhibit 14.

(4) For the \$3,000,000 Water Improvement Bond, per the bond amortization schedule. Refer also to Exhibit 14.

(5) Cash is used only to off-set the amount of long-term debt deducted from the eligible cost basis.

(6) For the Series 2006 A Revenue Bond (Santa Ynez River ID#1), per the bond amortization schedule. Refer also to Exhibit 14.

(7) For the Series 2006 A Revenue Bond (Santa Ynez River ID#1), per the bond amortization schedule, plus the average interest payment for an additional 11 years. Refer also to Exhibit 14.

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Wastewater Existing Capital Facilities and Equipment for Consideration (System Buy-in)

EXHIBIT 5

Asset ID	Facility / Equipment (1)	Original Values (1)				Replication Values (2)		
		Asset Cost	Depreciation to Date	Contributed Amount	Year in Service	Asset Cost	Depreciation to Date	Contributed Amount
0000268	WWTP Reroof	\$ 8,800	\$ 8,800	\$ -	1996	\$ 13,419	\$ 13,419	\$ -
0000269	WWTP Roof	\$ 27,642	\$ 13,821	\$ -	2001	\$ 37,347	\$ 18,673	\$ -
0000270	WWTP Improvements	\$ 1,583,419	\$ 1,583,419	\$ -	1979	\$ 4,518,781	\$ 4,518,781	\$ -
0000271	Contributed WWTP	\$ 708,306	\$ 330,543	\$ 708,306	1997	\$ 1,041,913	\$ 466,226	\$ 1,041,913
0000272	Contributed WWTP	\$ 91,799	\$ 42,840	\$ 91,799	1997	\$ 135,036	\$ 63,017	\$ 135,036
0000278	Contributed Sewer Mains	\$ 690,221	\$ 490,057	\$ 690,221	1975	\$ 2,674,138	\$ 1,898,640	\$ 2,674,138
0000279	Contributed Sewer Mains	\$ 366,527	\$ 168,603	\$ 366,527	1988	\$ 695,095	\$ 319,745	\$ 695,095
0000280	Contributed Sewer	\$ 50,936	\$ 22,411	\$ 50,936	1989	\$ 94,588	\$ 41,617	\$ 94,588
0000334	Alisal Lift Station	\$ 124,189	\$ 51,011	\$ 124,189	2005	\$ 142,936	\$ 58,711	\$ 142,936
0000432	WWTP Monitoring Well	\$ 19,805	\$ 715	\$ -	2010	\$ 19,373	\$ 700	\$ -
0000442	Manhole Upgrades (5200)	\$ 20,952	\$ 698	\$ -	2010	\$ 20,495	\$ 683	\$ -
0000443	SBR Protection (Basin) 42-5300	\$ 10,950	\$ -	\$ -	2011	\$ 10,711	\$ -	\$ -
0000259	WWTP Expansion	\$ 2,104,957	\$ 1,894,461	\$ -	1984	\$ 4,351,057	\$ 3,915,951	\$ -
0000260	WWTP Expansion	\$ 809,896	\$ 674,913	\$ -	1986	\$ 1,616,021	\$ 1,346,663	\$ -
0000261	WWTP Expansion	\$ 51,887	\$ 36,321	\$ -	1990	\$ 93,972	\$ 65,780	\$ -
0000262	WWTP Expansion	\$ 698,465	\$ 325,950	\$ -	1997	\$ 1,027,436	\$ 479,470	\$ -
0000263	WWTP Expansion	\$ 158,052	\$ 73,757	\$ -	1997	\$ 232,493	\$ 108,496	\$ -
0000264	WWTP Expansion	\$ 37,193	\$ 22,729	\$ -	1993	\$ 61,180	\$ 37,388	\$ -
0000265	WWTP Expansion	\$ 1,457,932	\$ 688,468	\$ -	1997	\$ 2,144,607	\$ 1,012,731	\$ -
0000266	WWTP Expansion	\$ 972,103	\$ 461,749	\$ -	1997	\$ 1,429,956	\$ 679,230	\$ -
0000267	WWTP Expansion	\$ 403,528	\$ 188,313	\$ -	1997	\$ 593,586	\$ 277,007	\$ -
0000274	Intangible Plant Studies	\$ 46,903	\$ 40,649	\$ -	1985	\$ 95,819	\$ 83,043	\$ -
0000275	Intangible Plant Studies	\$ 6,476	\$ 4,749	\$ -	1989	\$ 12,026	\$ 8,820	\$ -
0000276	Intangible Plant Studies	\$ 42,783	\$ 29,948	\$ -	1990	\$ 77,483	\$ 54,238	\$ -
0000277	Chlorination System	\$ 25,836	\$ 25,836	\$ -	1979	\$ 73,731	\$ 73,731	\$ -
0000281	Underground Tanks	\$ 32,162	\$ 32,162	\$ -	1990	\$ 58,248	\$ 58,248	\$ -
0000283	Belt Press	\$ 153,305	\$ 153,305	\$ -	1979	\$ 437,504	\$ 437,504	\$ -
0000284	Belt Press	\$ 171,140	\$ 171,140	\$ -	1979	\$ 488,402	\$ 488,402	\$ -
0000285	Belt Press Additions	\$ 10,370	\$ 10,370	\$ -	1979	\$ 29,594	\$ 29,594	\$ -
0000286	Flow Meter	\$ 6,973	\$ 6,973	\$ -	1999	\$ 9,862	\$ 9,862	\$ -
0000287	HP Vectra Computer	\$ 2,217	\$ 2,217	\$ -	2004	\$ 2,670	\$ 2,670	\$ -
0000288	Inverter Duty Drive	\$ 7,286	\$ 7,286	\$ -	2002	\$ 9,551	\$ 9,551	\$ -
0000289	Multiquip Generator	\$ 5,982	\$ 5,982	\$ -	1999	\$ 8,460	\$ 8,460	\$ -
0000291	Hydro Rotter	\$ 34,593	\$ 34,593	\$ -	1979	\$ 98,722	\$ 98,722	\$ -
0000295	3 Belt 2.0 Meter Press	\$ 231,963	\$ 179,771	\$ -	2003	\$ 296,970	\$ 230,152	\$ -
0000308	Vac Con Truck	\$ 132,533	\$ 127,713	\$ -	2002	\$ 173,723	\$ 167,406	\$ -
0000321	Meter Belt Press and Installation	\$ 60,300	\$ 46,005	\$ -	2003	\$ 77,190	\$ 58,898	\$ -

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Wastewater Existing Capital Facilities and Equipment for Consideration (System Buy-In)

EXHIBIT 5

Asset ID	Facility / Equipment (1)	Original Values (1)				Replication Values (2)		
		Asset Cost	Depreciation to Date	Contributed Amount	Year in Service	Asset Cost	Depreciation to Date	Contributed Amount
0000322	100GPM MOYNO PROG CAV PUMP	\$ 7,379	\$ 7,379	\$ -	2004	\$ 8,888	\$ 8,888	\$ -
---	Auditors AJE 21 06/30/04	\$ 901	\$ -	\$ -	2009	\$ 901	\$ -	\$ -
0000388	Fjord Lift Station Pump Replacement	\$ 116,655	\$ 19,443	\$ -	2008	\$ 120,305	\$ 20,051	\$ -
0000384	Stainless Steel Grit Auger	\$ 88,371	\$ 19,147	\$ -	2008	\$ 91,136	\$ 19,746	\$ -
389-1	Replace VFD Pump1	\$ 7,362	\$ 2,515	\$ -	2008	\$ 7,592	\$ 2,594	\$ -
389-2	Replace VFD Pump2	\$ 7,362	\$ 2,515	\$ -	2008	\$ 7,592	\$ 2,594	\$ -
389-3	Replace VFD Pump3	\$ 7,362	\$ 2,515	\$ -	2008	\$ 7,592	\$ 2,594	\$ -
000395	Generator with trailer- 41 gallon	\$ 17,036	\$ 5,536	\$ -	2008	\$ 17,569	\$ 5,710	\$ -
0000417	New Screenings Compactor	\$ 94,066	\$ 8,466	\$ -	2008	\$ 97,009	\$ 8,731	\$ -
0000402	Used Air Compressor (50%)	\$ 3,233	\$ 1,455	\$ -	2008	\$ 3,334	\$ 1,500	\$ -
0000427	Rebuild WWTP Sludge Pump	\$ 16,409	\$ 2,325	\$ -	2010	\$ 16,051	\$ 2,274	\$ -
0000441	New Pumps for Ailsal Lift Station (5200)	\$ 12,985	\$ 649	\$ -	2010	\$ 12,702	\$ 635	\$ -
0000444	Emergency Main Breaker (42-5300)	\$ 12,800	\$ -	\$ -	2011	\$ 12,521	\$ -	\$ -
0000254	8.3 Acres	\$ 16,600	\$ -	\$ -	1975	\$ 64,314	\$ -	\$ -
0000255	7.2 Acres	\$ 5,700	\$ -	\$ -	1975	\$ 22,084	\$ -	\$ -
0000256	1.04 Acres	\$ 9,500	\$ -	\$ -	1975	\$ 36,806	\$ -	\$ -
0000257	1.41 Acres	\$ 16,920	\$ -	\$ -	1975	\$ 65,554	\$ -	\$ -
0000357	Skytt Mesa Sewer Lines (5)	\$ 116,634	\$ 11,663	\$ 116,634	2006	\$ 128,958	\$ 12,896	\$ 128,958
0000372	Force Main Crossing	\$ 1,531,997	\$ 108,516	\$ -	2008	\$ 1,579,929	\$ 111,912	\$ -
0000351	Fjord Drive Lift Station	\$ 277,158	\$ 121,841	\$ -	2007	\$ 298,173	\$ 131,079	\$ -
0000406	Corp Yard Paving (50%)	\$ 19,547	\$ 2,932	\$ -	2008	\$ 20,159	\$ 3,024	\$ -
0000419	WWTP Scada System	\$ 93,024	\$ -	\$ -	2011	\$ 90,996	\$ -	\$ -
0000453	DO Probes and Sensors (42-5300)	\$ 14,320	\$ -	\$ -	2011	\$ 14,008	\$ -	\$ -
Total Capital Facilities and Equipment		\$ 13,861,698	\$ 8,275,177	\$ 2,148,612		\$ 25,628,274	\$ 17,496,474	\$ 4,912,663
<i>Actual Depreciation Deducted after Considering Contributions (3):</i>							\$ 14,615,621	

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Wastewater Existing Capital Facilities and Equipment for Consideration (System Buy-In)

EXHIBIT 5

Asset ID	Facility / Equipment (1)	System Buy-In Cost Basis for Consideration (3)	Allocation Basis (%)				Distribution of Cost Basis (\$)		
			Exclude from Analysis	Existing Services	Future Services	()	Exclude from Analysis	Existing Services	Future Services
0000268	WWTP Reroof	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000269	WWTP Roof	\$ 18,673	0.00%	89.16%	10.84%	4	\$ -	\$ 16,649	\$ 2,025
0000270	WWTP Improvements	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000271	Contributed WWTP	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000272	Contributed WWTP	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000278	Contributed Sewer Mains	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000279	Contributed Sewer Mains	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000280	Contributed Sewer	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000334	Alisal Lift Station	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000432	WWTP Monitoring Well	\$ 18,674	0.00%	89.16%	10.84%	4	\$ -	\$ 16,649	\$ 2,025
0000442	Manhole Upgrades (5200)	\$ 19,812	0.00%	89.16%	10.84%	4	\$ -	\$ 17,664	\$ 2,148
0000443	SBR Protection (Basin) 42-5300	\$ 10,711	0.00%	89.16%	10.84%	4	\$ -	\$ 9,550	\$ 1,161
0000259	WWTP Expansion	\$ 435,106	0.00%	89.16%	10.84%	4	\$ -	\$ 387,933	\$ 47,173
0000260	WWTP Expansion	\$ 269,337	0.00%	89.16%	10.84%	4	\$ -	\$ 240,137	\$ 29,201
0000261	WWTP Expansion	\$ 28,192	0.00%	89.16%	10.84%	4	\$ -	\$ 25,136	\$ 3,056
0000262	WWTP Expansion	\$ 547,966	0.00%	89.16%	10.84%	4	\$ -	\$ 488,557	\$ 59,409
0000263	WWTP Expansion	\$ 123,997	0.00%	89.16%	10.84%	4	\$ -	\$ 110,553	\$ 13,443
0000264	WWTP Expansion	\$ 23,792	0.00%	89.16%	10.84%	4	\$ -	\$ 21,213	\$ 2,579
0000265	WWTP Expansion	\$ 1,131,876	0.00%	89.16%	10.84%	4	\$ -	\$ 1,009,162	\$ 122,714
0000266	WWTP Expansion	\$ 750,726	0.00%	89.16%	10.84%	4	\$ -	\$ 669,335	\$ 81,391
0000267	WWTP Expansion	\$ 316,579	0.00%	89.16%	10.84%	4	\$ -	\$ 282,257	\$ 34,322
0000274	Intangible Plant Studies	\$ 12,776	0.00%	89.16%	10.84%	4	\$ -	\$ 11,391	\$ 1,385
0000275	Intangible Plant Studies	\$ 3,206	0.00%	89.16%	10.84%	4	\$ -	\$ 2,859	\$ 348
0000276	Intangible Plant Studies	\$ 23,246	0.00%	89.16%	10.84%	4	\$ -	\$ 20,725	\$ 2,520
0000277	Chlorination System	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000281	Underground Tanks	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000283	Belt Press	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000284	Belt Press	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000285	Belt Press Additions	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000286	Flow Meter	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000287	HP Vectra Computer	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000288	Inverter Duty Drive	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000289	Multiquip Generator	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000291	Hydro Rotter	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
0000295	3 Belt 2.0 Meter Press	\$ 66,818	0.00%	89.16%	10.84%	4	\$ -	\$ 59,674	\$ 7,244
0000308	Vac Con Truck	\$ 6,317	0.00%	89.16%	10.84%	4	\$ -	\$ 5,632	\$ 685
0000321	Meter Belt Press and Installation	\$ 18,301	0.00%	89.16%	10.84%	4	\$ -	\$ 16,317	\$ 1,984

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Wastewater Existing Capital Facilities and Equipment for Consideration (System Buy-In)

EXHIBIT 5

Asset ID	Facility / Equipment (1)	System Buy-In Cost Basis for Consideration (3)	Allocation Basis (%)				Distribution of Cost Basis (\$)		
			Exclude from Analysis	Existing Services	Future Services	(1)	Exclude from Analysis	Existing Services	Future Services
0000322	100GPM MOYNO PROG CAV PUMP	\$ -	0.00%	89.16%	10.84%	4	\$ -	\$ -	\$ -
—	Auditors AJE 21 06/30/04	\$ 901	0.00%	89.16%	10.84%	4	\$ -	\$ 804	\$ 98
0000388	Fjord Lift Station Pump Replacement	\$ 100,254	0.00%	89.16%	10.84%	4	\$ -	\$ 89,385	\$ 10,869
0000384	Stainless Steel Grit Auger	\$ 71,390	0.00%	89.16%	10.84%	4	\$ -	\$ 63,650	\$ 7,740
389-1	Replace VFD Pump1	\$ 4,998	0.00%	89.16%	10.84%	4	\$ -	\$ 4,456	\$ 542
389-2	Replace VFD Pump2	\$ 4,998	0.00%	89.16%	10.84%	4	\$ -	\$ 4,456	\$ 542
389-3	Replace VFD Pump3	\$ 4,998	0.00%	89.16%	10.84%	4	\$ -	\$ 4,456	\$ 542
000395	Generator with trailer- 41 gallon	\$ 11,859	0.00%	89.16%	10.84%	4	\$ -	\$ 10,573	\$ 1,286
0000417	New Screenings Compactor	\$ 88,278	0.00%	89.16%	10.84%	4	\$ -	\$ 78,707	\$ 9,571
0000402	Used Air Compressor (50%)	\$ 1,834	0.00%	89.16%	10.84%	4	\$ -	\$ 1,635	\$ 199
0000427	Rebuild WWTP Sludge Pump	\$ 13,777	0.00%	89.16%	10.84%	4	\$ -	\$ 12,283	\$ 1,494
0000441	New Pumps for Alisal Lift Station (5200)	\$ 12,067	0.00%	89.16%	10.84%	4	\$ -	\$ 10,758	\$ 1,308
0000444	Emergency Main Breaker (42-5300)	\$ 12,521	0.00%	89.16%	10.84%	4	\$ -	\$ 11,163	\$ 1,357
0000254	8.3 Acres	\$ 64,314	0.00%	89.16%	10.84%	4	\$ -	\$ 57,341	\$ 6,973
0000255	7.2 Acres	\$ 22,084	0.00%	89.16%	10.84%	4	\$ -	\$ 19,689	\$ 2,394
0000256	1.04 Acres	\$ 36,806	0.00%	89.16%	10.84%	4	\$ -	\$ 32,816	\$ 3,990
0000257	1.41 Acres	\$ 65,554	0.00%	89.16%	10.84%	4	\$ -	\$ 58,446	\$ 7,107
0000357	Skytt Mesa Sewer Lines (5)	\$ -	0.00%	21.89%	78.11%	6	\$ -	\$ -	\$ -
0000372	Force Main Crossing	\$ 1,468,018	0.00%	89.16%	10.84%	4	\$ -	\$ 1,308,860	\$ 159,157
0000351	Fjord Drive Lift Station	\$ 167,093	0.00%	89.16%	10.84%	4	\$ -	\$ 148,978	\$ 18,116
0000406	Corp Yard Paving (50%)	\$ 17,135	0.00%	89.16%	10.84%	4	\$ -	\$ 15,277	\$ 1,858
0000419	WWTP Scada System	\$ 90,996	0.00%	89.16%	10.84%	4	\$ -	\$ 81,131	\$ 9,866
0000453	DO Probes and Sensors (42-5300)	\$ 14,008	0.00%	89.16%	10.84%	4	\$ -	\$ 12,490	\$ 1,519
Total Capital Facilities and Equipment		\$ 6,099,989	0.00%	89.16%	10.84%		\$ -	\$ 5,438,649	\$ 661,340

Net Distribution: 89.16% 10.84%

Exhibit 5 Notes:

- (1) Source: City of Solvang Sewer Fixed Assets, for 2010-2011.
- (2) Replication values are calculated by escalating original values from service date to May 2010 using historical cost inflation per the Engineering News Record Construction Cost Index, 20-City Average.
- (3) Cost basis for consideration is calculated as replication value less accumulated depreciation and contributed amount, unless contributed amount is greater than or equal to replication value, in which case the basis for consideration is set at zero. Depreciation tracked for assets with a contributed amount greater than or equal to replication value is ignored to avoid a total deduction greater than the value of the asset.
- (4) Refer to Exhibit 1: proportionate allocation between existing and future users.
- (5) The Skytt Mesa Sewer Lines were contributed, per email to NBS from Dana Waite dated 8/28/2010.
- (6) The allocation basis of existing vs. future services for the Skytt Mesa Sewer Lines is based on 169 total units, with 37 units currently existing and 132 units remaining to be built. The allocation percentages are as follows: 21.89% allocated to existing services and 78.11% allocated to future services.

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Wastewater Adjustments to System Buy-In Basis

EXHIBIT 6

Cost Basis and Adjustments	System Buy-In Cost Basis for Consideration	Allocation Basis (%)				Distribution of Cost Basis (\$)		
		Exclude from Analysis	Existing Services	Future Services	()	Exclude from Analysis	Existing Services	Future Services
System Buy-In Cost Basis for Consideration (1)	\$ 6,099,989	0.00%	89.16%	10.84%	1	\$ -	\$ 5,438,649	\$ 661,340
plus: Available Cash Reserves (Excluding Unspent Capacity Charges) (2)	\$ 3,472,538	0.00%	89.16%	10.84%	1	\$ -	\$ 3,096,057	\$ 376,481
less: Outstanding Long-Term Debt (3)	\$ -	0.00%	89.16%	10.84%	1	\$ -	\$ -	\$ -
less: Cash in Excess of Outstanding Debt (4)	\$ (3,472,538)	0.00%	89.16%	10.84%	1	\$ -	\$ (3,096,057)	\$ (376,481)
plus: Accumulated Interest Accrued/Paid on Above Long-Term Debt Issue (3)	\$ -	0.00%	89.16%	10.84%	1	\$ -	\$ -	\$ -
less: Known Capital Contributions Not Accounted for in Eligible Cost Basis (3)	\$ -	0.00%	89.16%	10.84%	1	\$ -	\$ -	\$ -
Total Cost Basis for Existing Capital Facilities and Equipment	\$ 6,099,989	0.00%	89.16%	10.84%		\$ -	\$ 5,438,649	\$ 661,340

Exhibit 6 Notes:

(1) Refer to Exhibit 5.

(2) City of Solvang of Net Assets - Proprietary Funds as of June 30, 2010. Refer also to Exhibit 14.

(3) Refer to Exhibit 14.

(4) Cash is used only to off-set the amount of long-term debt deducted from the eligible cost basis.

CITY OF SOLVANG
 WATER & WASTEWATER CAPACITY CHARGE STUDY
 Water Planned Capital Facilities and Equipment for Consideration (System Development)

EXHIBIT 7

Facility / Equipment (1)	Current Cost Estimate (1)	Discrete Funding Sources			System Development Cost Basis for Consideration (5)
		External Funding	Debt-Financing	()	
Impellers for State Water Pump	\$ 20,000	\$ -	\$ -		\$ 20,000
Drill New River Wells in Santa Ynez River	\$ 900,000	\$ -	\$ -		\$ 900,000
Water Treatment Facility	\$ 3,500,000	\$ -	\$ -		\$ 3,500,000
Well Transmission Lines	\$ 650,000	\$ -	\$ -		\$ 650,000
Well and Waterline Easements	\$ 20,000	\$ -	\$ -		\$ 20,000
Reservoir #1 Roof Replacement	\$ 425,000	\$ -	\$ -		\$ 425,000
Water Distribution System Study and Map	\$ 25,000	\$ -	\$ -		\$ 25,000
Arch Flash Study	\$ 40,000	\$ -	\$ -		\$ 40,000
Waterline, Fire Hydrant and Valve Replacement Program	\$ 210,000	\$ -	\$ -		\$ 210,000
Permanent Generator at State Water Project Pumping Station	\$ 100,000	\$ -	\$ -		\$ 100,000
New Reservoir #4 to Replace Cisterns (Phase 1)	\$ 650,000	\$ -	\$ -		\$ 650,000
		\$ -	\$ -		\$ -
Total Capital Facilities and Equipment	\$ 6,540,000	\$ -	\$ -		\$ 6,540,000

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Water Planned Capital Facilities and Equipment for Consideration (System Development)

EXHIBIT 7

Facility / Equipment (1)	Allocation Basis (%)				Distribution of Cost Basis (\$)		
	Exclude from Analysis	Existing Services	Future Services	()	Exclude from Analysis	Existing Services	Future Services
Impellers for State Water Pump	0.00%	89.16%	10.84%	7	\$ -	\$ 17,831	\$ 2,169
Drill New River Wells in Santa Ynez River	0.00%	89.16%	10.84%	7	\$ -	\$ 802,400	\$ 97,600
Water Treatment Facility	0.00%	89.16%	10.84%	7	\$ -	\$ 3,120,444	\$ 379,556
Well Transmission Lines	0.00%	89.16%	10.84%	7	\$ -	\$ 579,511	\$ 70,489
Well and Waterline Easements	0.00%	89.16%	10.84%	7	\$ -	\$ 17,831	\$ 2,169
Reservoir #1 Roof Replacement	0.00%	89.16%	10.84%	7	\$ -	\$ 378,911	\$ 46,089
Water Distribution System Study and Map	0.00%	89.16%	10.84%	7	\$ -	\$ 22,289	\$ 2,711
Arch Flash Study	0.00%	89.16%	10.84%	7	\$ -	\$ 35,662	\$ 4,338
Waterline, Fire Hydrant and Valve Replacement Program	0.00%	89.16%	10.84%	7	\$ -	\$ 187,227	\$ 22,773
Permanent Generator at State Water Project Pumping Station	0.00%	89.16%	10.84%	7	\$ -	\$ 89,156	\$ 10,844
New Reservoir #4 to Replace Cisterns (Phase 1)	0.00%	89.16%	10.84%	7	\$ -	\$ 579,511	\$ 70,489
	100.00%				\$ -	\$ -	\$ -
Total Capital Facilities and Equipment	0.00%	89.16%	10.84%		\$ -	\$ 5,830,772	\$ 709,228

Exhibit 7 Notes:

(1) Source of facilities/equipment and associated costs is the City of Solvang's Ten Year Capital Improvement Program Fiscal Year 2010/11 through 2019/20.

(5) Cost basis for consideration is calculated as current cost estimate less any known, discrete external funding sources (e.g., grants, contributions) and any amount expected to be debt-financed, repaid through user rates.

(6) Project is not influenced or impacted by future users.

(7) Refer to Exhibit 1: proportionate allocation between existing and future users.

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Wastewater Planned Capital Facilities and Equipment for Consideration
(System Development)

EXHIBIT 8

Facility / Equipment (1)	Current Cost Estimate (1)	Discrete Funding Sources			System Development Cost Basis for Consideration (2)
		External Funding	Debt-Financing	()	
Sanitary Sewer Capital Projects:					
Alisal Lift Station	\$ 31,000	\$ -	\$ -		\$ 31,000
Manhole Liners	\$ 25,000	\$ -	\$ -		\$ 25,000
Sewer System Study and Map	\$ 75,000	\$ -	\$ -		\$ 75,000
Manhole Rehabilitation Program and Infiltration Repairs	\$ 270,000	\$ -	\$ -		\$ 270,000
Sewer Line Replacement Program and Infiltration Repairs	\$ 310,000	\$ -	\$ -		\$ 310,000
Sewer Line Pipe Bursting (under Highway 246)	\$ 150,000	\$ -	\$ -		\$ 150,000
Wastewater Capital Projects:					
SBR Protection (SBR No. 2)	\$ 12,000	\$ 2,400	\$ -	4	\$ 9,600
Pond Protection (Land Reinforcement)	\$ 450,000	\$ 90,000	\$ -	4	\$ 360,000
Mechanical Bar Screen Rehabilitation	\$ 120,000	\$ 24,000	\$ -	4	\$ 96,000
Recoat SBR 3	\$ 12,000	\$ 2,400	\$ -	4	\$ 9,600
Percolation Pond Slope Protection	\$ 420,000	\$ 84,000	\$ -	4	\$ 336,000
Belt Press Maintenance	\$ 20,000	\$ 4,000	\$ -	4	\$ 16,000
Covered Parking Structure	\$ 40,000	\$ 8,000	\$ -	4	\$ 32,000
Covered Solids Handling Area Structure	\$ 100,000	\$ 20,000	\$ -	4	\$ 80,000
Metering Vault and Wet Well Rehabilitation	\$ 50,000	\$ 10,000	\$ -	4	\$ 40,000
Access Road Repairs and Maintenance	\$ 200,000	\$ 40,000	\$ -	4	\$ 160,000
Waterline from Alisal Road to WWTP	\$ 240,000	\$ 48,000	\$ -	4	\$ 192,000
Arch Flash Study	\$ 20,000	\$ 4,000	\$ -	4	\$ 16,000
SBR Grease Removal System	\$ 250,000	\$ 50,000	\$ -	4	\$ 200,000
WWTP Retaining Wall and Drainage Improvements	\$ 120,000	\$ 24,000	\$ -	4	\$ 96,000
Second Aerobic Digester	\$ 1,200,000	\$ 240,000	\$ -	4	\$ 960,000
Total Capital Facilities and Equipment	\$ 4,115,000	\$ 650,800	\$ -		\$ 3,464,200

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Wastewater Planned Capital Facilities and Equipment for Consideration
(System Development)

EXHIBIT 8

Facility / Equipment (1)	Allocation Basis (%)				Distribution of Cost Basis (\$)		
	Exclude from Analysis	Existing Services	Future Services	()	Exclude from Analysis	Existing Services	Future Services
Sanitary Sewer Capital Projects:							
Alisal Lift Station	0.00%	89.16%	10.84%	7	\$ -	\$ 27,639	\$ 3,361
Manhole Liners	0.00%	89.16%	10.84%	7	\$ -	\$ 22,290	\$ 2,710
Sewer System Study and Map	0.00%	89.16%	10.84%	7	\$ -	\$ 66,869	\$ 8,131
Manhole Rehabilitation Program and Infiltration Repairs	0.00%	89.16%	10.84%	7	\$ -	\$ 240,728	\$ 29,272
Sewer Line Replacement Program and Infiltration Repairs	0.00%	89.16%	10.84%	7	\$ -	\$ 276,391	\$ 33,609
Sewer Line Pipe Bursting (under Highway 246)	0.00%	89.16%	10.84%	7	\$ -	\$ 133,738	\$ 16,262
Wastewater Capital Projects:							
SBR Protection (SBR No. 2)	0.00%	89.16%	10.84%	7	\$ -	\$ 8,559	\$ 1,041
Pond Protection (Land Reinforcement)	0.00%	89.16%	10.84%	7	\$ -	\$ 320,970	\$ 39,030
Mechanical Bar Screen Rehabilitation	0.00%	89.16%	10.84%	7	\$ -	\$ 85,592	\$ 10,408
Recoat SBR 3	0.00%	89.16%	10.84%	7	\$ -	\$ 8,559	\$ 1,041
Percolation Pond Slope Protection	0.00%	89.16%	10.84%	7	\$ -	\$ 299,572	\$ 36,428
Belt Press Maintenance	0.00%	89.16%	10.84%	7	\$ -	\$ 14,265	\$ 1,735
Covered Parking Structure	0.00%	89.16%	10.84%	7	\$ -	\$ 28,531	\$ 3,469
Covered Solids Handling Area Structure	0.00%	89.16%	10.84%	7	\$ -	\$ 71,327	\$ 8,673
Metering Vault and Wet Well Rehabilitation	0.00%	89.16%	10.84%	7	\$ -	\$ 35,663	\$ 4,337
Access Road Repairs and Maintenance	0.00%	89.16%	10.84%	7	\$ -	\$ 142,653	\$ 17,347
Waterline from Alisal Road to WWTP	0.00%	89.16%	10.84%	7	\$ -	\$ 171,184	\$ 20,816
Arch Flash Study	0.00%	89.16%	10.84%	7	\$ -	\$ 14,265	\$ 1,735
SBR Grease Removal System	0.00%	89.16%	10.84%	7	\$ -	\$ 178,317	\$ 21,683
WWTP Retaining Wall and Drainage Improvements	0.00%	89.16%	10.84%	7	\$ -	\$ 85,592	\$ 10,408
Second Aerobic Digester	0.00%	0.00%	100.00%	8	\$ -	\$ -	\$ 960,000
Total Capital Facilities and Equipment	0.00%	64.45%	35.55%		\$ -	\$ 2,232,703	\$ 1,231,497

Exhibit 8 Notes:

- (1) Source of facilities/equipment and associated costs is the City of Solvang's Sanitary Sewer and Wastewater System Capital Improvement Program Fiscal Year 2010-2019.
- (2) Cost basis for consideration is calculated as current cost estimate less any known, discrete external funding sources (e.g., grants, contributions) and any amount expected to be debt-financed, repaid through user rates.
- (4) External Funding for the Wastewater Capital Projects is from Santa Ynez Community Services District contributions.
- (6) Project is not influenced or impacted by future users.
- (7) Refer to Exhibit 1: proportionate allocation between existing and future users.
- (8) Project is required entirely to accommodate future demand.

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Water Unit Cost Calculation

EXHIBIT 9

Final Capacity Charge Cost Basis	2010 Maximum Cost Basis	()	Policy: Amount to Include	Cost Basis by Policy	()
<u>System Buy-In Component</u>					
Existing Capital Facilities and Equipment:					
Total Cost Basis	\$ 27,659,658	1		\$ 27,659,658	
Financial Adjustments:					
plus: Cash Reserves (Excluding Unspent Capacity Charges)	3,387,294	2		3,387,294	
less: Outstanding Long-Term Debt (Water Improvement Bond)	(1,576,944)	2		(1,576,944)	
less: Cash in Excess of Outstanding Debt	(1,810,350)	2		(1,810,350)	
less: Outstanding Long-Term Debt (CCWA Pipeline)	(8,112,732)	2		(8,112,732)	
plus: Accrued Interest on Long-Term Debt (Water Improvement Bond)	1,021,733	2		1,021,733	
plus: Accrued Interest on Long-Term Debt (CCWA Pipeline)	5,554,714	2		5,554,714	
less: Capital Contributions Not Accounted for in Cost Basis	-	2		-	
Total Financial Adjustments	(1,536,285)			(1,536,285)	
Allocation Adjustments:					
less: Amount Excluded from Analysis	(21,316)	2		(21,316)	
less: Amount Attributable to Existing Services	(23,271,428)	2		(23,271,428)	
Total Allocation Adjustments	(23,292,744)			(23,292,744)	
Cost Basis for System Buy-In Charge Component	\$ 2,830,629		100%	\$ 2,830,629	
<u>System Development Component</u>					
Planned Capital Facilities and Equipment:					
Total Current Cost Estimate	\$ 6,540,000	3		\$ 6,540,000	
Financial Adjustments:					
less: Known External Funding	-	3		-	
less: Known Debt Financing	-	3		-	
plus: Interest Payable on Estimated/Known Financing	-	4		-	
Total Financial Adjustments	-			-	
Allocation Adjustments:					
less: Amount Excluded from Analysis	-	3		-	
less: Amount Attributable to Existing Services	(5,830,772)	3		(5,830,772)	
Total Allocation Adjustments	(5,830,772)			(5,830,772)	
Unspent Capacity Charges:					
less: Unspent Capacity Charges Held in Reserve	-	4		-	
Total Credit for Unspent Capacity Charges	-			-	
Cost Basis for System Development Charge Component	\$ 709,228		100%	\$ 709,228	
Grand Total Cost Basis for Capacity Charge	\$ 3,539,857			\$ 3,539,857	

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Water Unit Cost Calculation

EXHIBIT 9

Service Basis	Total	[]
Growth to Buildout in Equivalent Service Units	418	5
Adjustment Factor to Estimate Service Population	1.00	
Future Service Population	418	
Total Service Basis in Equivalent Service Units	418	

Unit Cost	2010 Maximum	[]	Amount Included by Policy	Policy Result	[]
System Buy-In Unit Cost per Equivalent Unit	\$ 6,772		100%	\$ 6,772	
System Development Unit Cost per Equivalent Unit	\$ 1,697		100%	\$ 1,697	
Total Unit Cost per Equivalent Service Unit	\$ 8,469		100%	\$ 8,469	

Revenue from Future Development to Buildout	Total by 2010 Maximum	[]	Amount Attained by Policy	Total by Policy Result	[]
System Buy-In: For reinvestment in existing assets	\$ 2,830,629		100%	\$ 2,830,629	
System Development: For mitigation of planned assets	\$ 709,228		100%	\$ 709,228	
Total Revenue for Capital Facilities and Equipment	\$ 3,539,857		100%	\$ 3,539,857	

Exhibit 9 Notes:

- (1) Refer to Exhibits 2 and 3.
- (2) Refer to Exhibit 4.
- (3) Refer to Exhibit 7.
- (4) Refer to Exhibit 14.
- (5) Refer to Exhibit 1.

CITY OF SOLVANG
WATER & WASTEWATER CAPACITY CHARGE STUDY
Wastewater Unit Cost Calculation

EXHIBIT 10

Final Capacity Charge Cost Basis	2010 Maximum Cost Basis	()	Policy: Amount to Include	Cost Basis by Policy	()
<u>System Buy-In Component</u>					
Existing Capital Facilities and Equipment:					
Total Cost Basis	\$ 6,099,989	1		\$ 6,099,989	
Financial Adjustments:					
plus: Cash Reserves (Excluding Unspent Capacity Charges)	3,472,538	2		3,472,538	
less: Outstanding Long-Term Debt	-	2		-	
less: Cash in Excess of Outstanding Debt	(3,472,538)	2		(3,472,538)	
plus: Accrued Interest on Long-Term Debt	-	2		-	
less: Capital Contributions Not Accounted for in Cost Basis	-	2		-	
Total Financial Adjustments	-			-	
Allocation Adjustments:					
less: Amount Excluded from Analysis	-	2		-	
less: Amount Attributable to Existing Services	(5,438,649)	2		(5,438,649)	
Total Allocation Adjustments	(5,438,649)			(5,438,649)	
Cost Basis for System Buy-In Charge Component	\$ 661,340		100%	\$ 661,340	
<u>System Development Component</u>					
Planned Capital Facilities and Equipment:					
Total Current Cost Estimate	\$ 4,115,000	3		\$ 4,115,000	
Financial Adjustments:					
less: Known External Funding	(650,800)	3		(650,800)	
less: Known Debt Financing	-	3		-	
plus: Interest Payable on Estimated/Known Financing	-	4		-	
Total Financial Adjustments	(650,800)			(650,800)	
Allocation Adjustments:					
less: Amount Excluded from Analysis	-	3		-	
less: Amount Attributable to Existing Services	(2,232,703)	3		(2,232,703)	
Total Allocation Adjustments	(2,232,703)			(2,232,703)	
Unspent Capacity Charges:					
less: Available Capacity Charge Fund Balance	-	4		-	
Total Credit for Unspent Capacity Charges	-			-	
Cost Basis for System Development Charge Component	\$ 1,231,497		100%	\$ 1,231,497	
Grand Total Cost Basis for Capacity Charge	\$ 1,892,836			\$ 1,892,836	

CITY OF SOLVANG
 WATER & WASTEWATER CAPACITY CHARGE STUDY
 Wastewater Unit Cost Calculation

EXHIBIT 10

Service Basis	Total	[]
Growth to Buildout in Equivalent Service Units	418	5
Adjustment Factor to Estimate Service Population	1.00	
Future Service Population	418	
Total Service Basis in Equivalent Service Units	418	

Unit Cost	2010 Maximum	[]	Amount Included by Policy	Policy Result	[]
System Buy-In Unit Cost per Equivalent Unit	\$ 1,582		100%	\$ 1,582	
System Development Unit Cost per Equivalent Unit	\$ 2,946		100%	\$ 2,946	
Total Unit Cost per Equivalent Service Unit	\$ 4,528		100%	\$ 4,528	

Revenue from Future Development to Buildout	Total by 2010 Maximum	[]	Amount Attained by Policy	Total by Policy Result	[]
System Buy-In: For reinvestment in existing assets	\$ 661,340		100%	\$ 661,340	
System Development: For mitigation of planned assets	\$ 1,231,497		100%	\$ 1,231,497	
Total Revenue for Capital Facilities and Equipment	\$ 1,892,836		100%	\$ 1,892,836	

Exhibit 10 Notes:

- (1) Refer to Exhibit 5.
- (2) Refer to Exhibit 6.
- (3) Refer to Exhibit 8.
- (4) Refer to Exhibit 14.
- (5) Refer to Exhibit 1.

Calculation of Eligible Administrative Costs	Total by 2010 Maximum	Total by Policy Result	()
Annual Labor Hours for Fee Administration/Reporting	40.00	40.00	1
Fully-Burdened Hourly Rate	\$ 120.00	\$ 120.00	2
Fully-Burdened Annual Labor Effort	\$ 4,800	\$ 4,800	
Discrete Expenses	\$ 4,000	\$ 4,000	3
Total Annual Costs	\$ 8,800	\$ 8,800	
Projected Revenue from Maximum Fee Bases:			
Water	\$ 3,539,857	\$ 3,539,857	4
Wastewater	\$ 1,892,836	\$ 1,892,836	5
Total Revenue	\$ 5,432,694	\$ 5,432,694	
Annualized Revenue	\$ 271,635	\$ 271,635	6
Fee Program Administration as Percent of Fees	3.20%	3.20%	

Exhibit 11 Notes:

- (1) NBS estimate of annual workload.
- (2) NBS estimate; within range of industry comparables for fully-burdened hourly rates (labor costs and overhead).
- (3) NBS estimated and amortized cost of fee external updates every five years. Assumes \$20,000 every five years.
- (4) Refer to Exhibit 9.
- (5) Refer to Exhibit 10.
- (6) Assumed collection period of 20 years.

CITY OF SOLVANG
 WATER & WASTEWATER CAPACITY CHARGE STUDY
 Water Fee Classification and Calculation of Maximum Fee

EXHIBIT 12

Meter Class (Diameter)	Equivalency Factor		Unit Cost		Base Fee by 2010 Maximum	Base Fee by Policy Result
	Maximum Continuous Flow (gpm)	Equivalency to Base Meter Size	by 2010 Maximum	by Policy Result		
5/8" x 3/4"	10	1.00	\$ 8,469	\$ 8,469	\$ 8,469 per meter	\$ 8,469 per meter
3/4"	15	1.50	\$ 8,469	\$ 8,469	\$ 12,703 per meter	\$ 12,703 per meter
1"	25	2.50	\$ 8,469	\$ 8,469	\$ 21,171 per meter	\$ 21,171 per meter
1-1/2"	50	5.00	\$ 8,469	\$ 8,469	\$ 42,343 per meter	\$ 42,343 per meter
2"	80	8.00	\$ 8,469	\$ 8,469	\$ 67,748 per meter	\$ 67,748 per meter
3"	160	16.00	\$ 8,469	\$ 8,469	\$ 135,497 per meter	\$ 135,497 per meter
4"	250	25.00	\$ 8,469	\$ 8,469	\$ 211,714 per meter	\$ 211,714 per meter
6"	500	50.00	\$ 8,469	\$ 8,469	\$ 423,428 per meter	\$ 423,428 per meter

Administrative Fee: For reimbursement of fee program administration	3.20% of base fee	3.20% of base fee
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Meter Class (Diameter)	Maximum Fee	Policy-Based Fee	Existing Fee (2010) (1)
5/8" x 3/4"	\$ 8,740 per meter	\$ 8,740 per meter	\$ 7,188
3/4"	\$ 13,109 per meter	\$ 13,109 per meter	Varies
1"	\$ 21,849 per meter	\$ 21,849 per meter	Varies
1-1/2"	\$ 43,698 per meter	\$ 43,698 per meter	Varies
2"	\$ 69,916 per meter	\$ 69,916 per meter	Varies
3"	\$ 139,833 per meter	\$ 139,833 per meter	Varies
4"	\$ 218,489 per meter	\$ 218,489 per meter	Varies
6"	\$ 436,978 per meter	\$ 436,978 per meter	Varies

Exhibit 12 Notes:

(1) The existing fee is not based on meter class, existing fees are based on assigned water demand units. The fee is \$1,796.88 for each assigned water demand unit. A single family residence currently equals 4.0 demand units.

CITY OF SOLVANG
 WATER & WASTEWATER CAPACITY CHARGE STUDY
 Wastewater Fee Classification and Calculation of Maximum Fee

EXHIBIT 13

UPDATED WASTEWATER CAPACITY CHARGE FEE:

Meter Class (Diameter)	Equivalency Factor		Unit Cost		Base Fee by 2010 Maximum	Base Fee by Policy Result
	Maximum Continuous Flow (gpm)	Equivalency to Base Meter Size	by 2010 Maximum	by Policy Result		
5/8" x 3/4"	10	1.00	\$ 4,528	\$ 4,528	\$ 4,528 per meter	\$ 4,528 per meter
3/4"	15	1.50	\$ 4,528	\$ 4,528	\$ 6,792 per meter	\$ 6,792 per meter
1"	25	2.50	\$ 4,528	\$ 4,528	\$ 11,321 per meter	\$ 11,321 per meter
1-1/2"	50	5.00	\$ 4,528	\$ 4,528	\$ 22,642 per meter	\$ 22,642 per meter
2"	80	8.00	\$ 4,528	\$ 4,528	\$ 36,227 per meter	\$ 36,227 per meter
3"	160	16.00	\$ 4,528	\$ 4,528	\$ 72,453 per meter	\$ 72,453 per meter
4"	250	25.00	\$ 4,528	\$ 4,528	\$ 113,208 per meter	\$ 113,208 per meter
6"	500	50.00	\$ 4,528	\$ 4,528	\$ 226,416 per meter	\$ 226,416 per meter
8"	800	80.00	\$ 4,528	\$ 4,528	\$ 362,265 per meter	\$ 362,265 per meter
10"	1,150	115.00	\$ 4,528	\$ 4,528	\$ 520,756 per meter	\$ 520,756 per meter
12"	2,250	225.00	\$ 4,528	\$ 4,528	\$ 1,018,871 per meter	\$ 1,018,871 per meter

Administrative Fee: For reimbursement of fee program administration	3.20% of base fee	3.20% of base fee
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Meter Class (Diameter)	Maximum Fee	Policy-Based Fee	Existing Fee per DU (2010)
5/8" x 3/4"	\$ 4,673 per meter	\$ 4,673 per meter	\$ 5,500
3/4"	\$ 7,010 per meter	\$ 7,010 per meter	Varies
1"	\$ 11,683 per meter	\$ 11,683 per meter	Varies
1-1/2"	\$ 23,366 per meter	\$ 23,366 per meter	Varies
2"	\$ 37,386 per meter	\$ 37,386 per meter	Varies
3"	\$ 74,772 per meter	\$ 74,772 per meter	Varies
4"	\$ 116,831 per meter	\$ 116,831 per meter	Varies
6"	\$ 233,661 per meter	\$ 233,661 per meter	Varies
8"	\$ 373,858 per meter	\$ 373,858 per meter	Varies
10"	\$ 537,421 per meter	\$ 537,421 per meter	Varies
12"	\$ 1,051,475 per meter	\$ 1,051,475 per meter	Varies

CITY OF SOLVANG
 WATER & WASTEWATER CAPACITY CHARGE STUDY
 Miscellaneous Workspaces

EXHIBIT 14

<i>Cash Reserves</i>	<i>Water</i>	<i>Wastewater</i>
Cash and Cash Equivalents	\$ 2,858,401	\$ 3,300,678
Receivables	\$ 526,073	\$ 169,040
Prepayments	\$ 2,820	\$ 2,820
Total cash reserves	\$ 3,387,294	\$ 3,472,538
Cash net of unspent capacity charges	\$ 3,387,294	\$ 3,472,538

Statement of Net Assets - Proprietary Funds 06/30/10

Statement of Net Assets - Proprietary Funds 06/30/10

Statement of Net Assets - Proprietary Funds 06/30/10

<i>Unspent Capacity Charges</i>	<i>Water</i>	<i>Wastewater</i>
Amount held in reserve	\$ -	\$ -

<i>Outstanding Long-Term Debt</i>	<i>Water</i>	<i>Wastewater</i>
\$3,000,000 Water Improvement Bond	\$ 1,576,944	\$ -
Series 2006 A Revenue Bond (Santa Ynez ID #1 - CCWA Pipeline)	\$ 8,112,732	\$ -
Total long-term debt	\$ 9,689,676	\$ -

As of June 30, 2010 per the Bond Amortization schedule.

As of June 30, 2010 per the Bond Amortization schedule.

<i>Interest Incurred, Outstanding Long-Term Debt</i>	<i>Water</i>	<i>Wastewater</i>
Paid Interest to Date, \$3,000,000 Water Improvement Bond	\$ 1,021,733	\$ -
Paid Interest to Date, Series 2006 A Revenue Bond (CCWA Pipeline)	\$ 5,554,714	\$ -
Total interest incurred to date	\$ 6,576,447	\$ -

As of June 30, 2010 per the Bond Amortization schedule.

As of June 30, 2010 per the Bond Amortization schedule, plus the average interest payment for 11 additional years.

<i>Financing for Future Facilities</i>	<i>Water</i>	<i>Wastewater</i>
Amount to be Financed	\$ -	\$ -
Annual Interest Cost	2.50%	3.25%
Term of Financing (in years)	20	30
Interest Payable Over Term of Financing	\$ -	\$ -

Refer to Exhibit 7 for Water and Exhibit 8 for Wastewater.

Enter annual interest cost.

Enter term of the debt.

<i>Additional Capital Contributions</i>	<i>Water</i>	<i>Wastewater</i>
[name]	\$ -	\$ -
[name]	\$ -	\$ -
Total long-term debt	\$ -	\$ -

<i>Historical Cost Inflation Index for Water</i>			<i>Historical Cost Inflation Index for Wastewater</i>		
YEAR ENDING	INDEX VALUE	CHANGE	YEAR ENDING	INDEX VALUE	CHANGE
1960	824	1040%	1960	824	1040%
1961	847	1012%	1961	847	1012%
1962	872	983%	1962	872	983%
1963	901	951%	1963	901	951%
1964	936	916%	1964	936	916%
1965	971	883%	1965	971	883%
1966	1019	841%	1966	1019	841%
1967	1074	798%	1967	1074	798%
1968	1155	742%	1968	1155	742%
1969	1269	675%	1969	1269	675%
1970	1381	621%	1970	1381	621%
1971	1581	542%	1971	1581	542%
1972	1753	489%	1972	1753	489%
1973	1895	452%	1973	1895	452%
1974	2020	424%	1974	2020	424%
1975	2212	387%	1975	2212	387%
1976	2401	357%	1976	2401	357%
1977	2576	333%	1977	2576	333%
1978	2776	309%	1978	2776	309%
1979	3003	285%	1979	3003	285%
1980	3237	265%	1980	3237	265%
1981	3535	242%	1981	3535	242%
1982	3825	224%	1982	3825	224%
1983	4066	211%	1983	4066	211%
1984	4146	207%	1984	4146	207%
1985	4195	204%	1985	4195	204%
1986	4295	200%	1986	4295	200%
1987	4406	195%	1987	4406	195%
1988	4519	190%	1988	4519	190%
1989	4615	186%	1989	4615	186%
1990	4732	181%	1990	4732	181%
1991	4835	177%	1991	4835	177%
1992	4985	172%	1992	4985	172%
1993	5210	164%	1993	5210	164%
1994	5408	158%	1994	5408	158%
1995	5471	157%	1995	5471	157%
1996	5620	152%	1996	5620	152%
1997	5826	147%	1997	5826	147%
1998	5920	145%	1998	5920	145%
1999	6059	141%	1999	6059	141%
2000	6221	138%	2000	6221	138%
2001	6343	135%	2001	6343	135%
2002	6538	131%	2002	6538	131%
2003	6694	128%	2003	6694	128%
2004	7115	120%	2004	7115	120%
2005	7446	115%	2005	7446	115%
2006	7751	111%	2006	7751	111%
2007	7966	108%	2007	7966	108%
2008	8310	103%	2008	8310	103%
2009	8570	100%	2009	8570	100%
2010	8761	98%	2010	8761	98%

ENR 20-City Average

ATTACHMENT B

City of Solvang Prevailing Connection Fee Schedules

EXISTING WATER CONNECTION FEES:

PROPERTY USE	WATER DEMAND UNIT ALLOCATION	EXISTING WATER CONNECTION FEE (1)
Residential Dwelling Units		
Single-Family Dwelling Units (including mobile homes on separate parcels)	4.00	\$7,188
Individual Condominium Units in Residential Condominium Developments	4.00	\$7,188
Multiple Dwellings other than Residential Condominium Developments		
First Occupancy Unit	4.00	\$7,188
Each Additional Occupancy Unit	1.30	\$2,336
Mobile Home Parks		
Each Mobile Home	4.00	\$7,188
Motels and Hotels		
First Occupancy Unit	4.00	\$7,188
Each Additional Occupancy Unit	1.10	\$1,977
Professional Offices Other than Medical, Dental and Veterinary		
Single office suite or first suite in a Structure containing multiple office suites	4.00	\$7,188
Each additional suite in a structure containing multiple office suites	0.89	\$1,599
Medical and Dental Offices and Laboratories (including photography laboratories)		
First physician, dentist or other principal professional	4.00	\$7,188
Each additional physician, dentist or other principal professional	3.00	\$5,391
Each laboratory (dental, medical, photographic)	3.00	\$5,391

(1) The existing Water Connection Fee is \$1,796.88 per Water Demand Unit.

EXISTING WASTEWATER CONNECTION FEES:

PROPERTY USE	EQUIVALENT RESIDENTIAL DWELLING UNIT ALLOCATION	EXISTING WASTEWATER CONNECTION FEE (1)
Residential Dwelling Units		
<u>Single-Family Dwelling Units</u> <i>(Including but not limited to: residential condominium units and mobile homes other than in mobile home parks)</i>	1.000	\$5,500
<u>Residential Apartment Structures</u>		
First Dwelling Unit	1.000	\$5,500
<u>Mobile Homes Located Within Mobile Home Parks</u>		
First Mobile Home in Park	1.000	\$5,500
Each Additional Mobile Home in Park	1.000	\$5,500
Motels		
Motel units in a Motel Complex:		
First Motel Unit in Complex	1.000	\$5,500
Each Additional Motel Unit in Complex	0.880	\$4,840
Specific Commercial Enterprises		
Launderette, per wash machine	1.070	\$5,885
<u>Restaurants and Food Service Establishments</u>		
<i>Full Service Establishments:</i>		
First 9 Customer Seating Spaces	1.000	\$5,500
Each Additional Customer Seating Space	0.116	\$638
<i>Other than Full Service:</i>		
First 21 Customer Seating Spaces	1.000	\$5,500
Each Additional Customer Seating Space	0.0468	\$257
<u>Retail Stores and Professional Offices:</u>		
First Shop or Office Unit Up to 2,00 square feet of Floor Space	1.000	\$5,500
Each Additional 500 square feet of Floor Space or Increment Thereof	0.116	\$638
<u>Hospitals, Convalescent Homes and Homes for the Elderly:</u>		
First 3 Beds or Resident Spaces	1.000	\$5,500
Each Additional Bed or Resident Space	0.290	\$1,595
Other Commercial and Non-Commercial Uses <i>(Including but not limited to: barber and beauty shops, auditoriums, meeting and lodge halls, grocery stores, health studios, automobile service stations and garages, places of worship and all uses not hereinabove specifically set forth)</i>		
First 7 Fixture Units	1.000	\$5,500
Each Additional Fixture Unit Per Plumbing Fixture	0.140	\$770

(1) The existing Wastewater Connection Fee is \$5,500 per Equivalent Residential Dwelling Unit, or EDRU.

CITY OF SOLVANG
 WATER & WASTEWATER CAPACITY CHARGE STUDY

EXHIBIT 2

SCHEDULE OF PLUMBING FIXTURE UNITS (1):

FIXTURE TYPE	PLUMBING FIXTURE UNITS
Bathtubs	2
Bidets	2
Clothes Washers	2
Dental Units or Cuspidors	1
Drinking Fountains	1
Floor Drains	2
Interceptors:	
For Grease, Oil, Solids, etc.	3
For Sand, Auto Wash, etc.	6
Laundry Tubs	2
Mobile Home Park Traps (1 for each trailer)	6
Receptors (floor sinks):	
Indirect waste receptors for refrigerators, coffee urn, water stations, etc.	1
Receptors:	
Indirect waste receptors for commercial sinks, dishwashers, washup sinks and wash fountains	3
Showers:	
Single Stalls	2
Gang	1 unit per head
Sinks:	
Bar, private	1
Bar, commercial	2
Commercial or Industrial, Schools, etc. Including dishwashers, washup sinks and wash fountains	3
Flushing Rim, Clinic	6
Service	3
Sinks and/or dishwashers	2
Urinals:	
Pedestals, trap arm only	6
Stall - wall	2
Wash Basins (lavatories) single	1
Wash Basins, in sets	2
Water Closet:	
Flush tank type, trap arm only	4
Flushmeter valve type, trap arm only	6

(1) The total number of plumbing fixture units allocable to any commercial or noncommercial user shall be determined by applying this schedule of plumbing fixtures located on the connected premises. However, each user will be allocated a minimum of seven (7) plumbing fixture units.

ORDINANCE NO. 11-_____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SOLVANG,
AMENDING SOLVANG CITY CODE TITLE 9, CHAPTER 2, ARTICLE E,
SEWER RATES AND CHARGES AND CHAPTER 3, ARTICLE C, WATER
RATES AND CHARGES**

WHEREAS, the City Council has reviewed the matter and finds it to be necessary for the fiscal stability of the Water and Sewer Enterprise funds.

NOW, THEREFORE BE IT ORDAINED that the City Council of the City of Solvang hereby approves the following amendments to Title 9, Chapter 2, Article E, Sewer Rates and Charges and Chapter 3, Article C, Water Rates and Charges, of the Solvang City Code as set forth in Exhibit A attached hereto and included as though fully set forth at this point.

Section One. Effective Date:

This ordinance shall be in full force and shall take effect thirty (30) days after its passage.

Section Two. Publication:

Solvang is a Charter City and has adopted its own rules for summarizing and posting ordinances once they are adopted. A summary of this ordinance will be prepared by the City Attorney. The summary will be posted in three locations after adoption as directed in the Solvang Municipal Code. A true and correct copy of the full ordinance together with a record of the vote of each council member shall be kept by the City Clerk.

Section Three. Exemptions From CEQA.

The City Council finds, pursuant to Title 14 of the California Code of Regulations, section 15061 (b)(3), that this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a project, which has the potential for causing a significant effect on the environment.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Solvang on this 12th day of December, 2011 by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS
ABSENT: COUNCILMEMBERS
ABSTAIN: COUNCILMEMBERS

BY: _____

Jim Richardson, Mayor

ATTEST:

Mary Ellen Rio, City Clerk

STATE OF CALIFORNIA)

COUNTY OF SANTA BARBARA)

CITY OF SOLVANG)

I, Mary Ellen Rio, City Clerk of the City of Solvang, do hereby certify that the foregoing Ordinance had its first reading on November 28, 2011 and was adopted on second reading on _____ by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS
ABSENT: COUNCILMEMBERS
ABSTAIN: COUNCILMEMBERS

BY: _____

Mary Ellen Rio, City Clerk

Exhibit A: Text amendments to City Code: Title 9, Chapter 2, Article E, Sewer Rates and Charges and Chapter 3, Article C, Water Rates and Charges

TEXT AMENDMENTS TO
CITY OF SOLVANG CITY CODE

TITLE 9, CHAPTER 2, ARTICLE E, SEWER RATES AND CHARGES AND
CHAPTER 3, ARTICLE C, WATER RATES AND CHARGES

These sections shall be amended as follows:

9-2E-1: CONNECTION FEE FOR CITY WASTEWATER CONVEYANCE AND TREATMENT SYSTEM:

A. Fee Established: In addition to all other charges of the city, there shall be charged and collected with respect to all connections to the city wastewater conveyance and treatment system, a wastewater connection and user fee. As used in this section, the term "city wastewater conveyance and treatment system" shall be synonymous with the term "city sewer system" and shall refer to all facilities maintained by the city for the purpose of transporting, treating and disposing of sewage and wastewater. (Ord. 90-114, 6-11-1990; amd. Ord. 03-226, 4-28-2003)

B. Fee Calculation: The fee shall be determined in the following manner:

1. There shall be allocated to each premises connected to the city wastewater conveyance and treatment system a number of equivalent residential dwelling units (ERDU) in accordance with the schedule set forth herein. For each full ERDU so allocated, there shall be charged and collected by the city the sum of five thousand five hundred dollars (\$5,500.00). For each fractional ERDU, there shall be charged and collected an amount proportional to that imposed for a full ERDU. *a fee as set by City Council Resolution based on the following meter classes:*

Meter Class (Diameter)	Equivalency Factor	
	Max. Continuous Flow (gpm)	Equivalency to Base Meter Size
5/8" x 3/4"	10	1.00
3/4"	15	1.50
1"	25	2.50
1-1/2"	50	5.00
2"	80	8.00
3"	160	16.00
4"	250	25.00
6"	500	50.00

2. Except as otherwise specifically provided herein, all wastewater connection and user fees imposed by this section shall be collected prior to connection of any lateral sewer to the city wastewater conveyance and treatment system. Except as otherwise herein provided, no such connection shall be made or maintained by any person without prior payment of all fees imposed by this section.

~~SCHEDULE OF EQUIVALENT RESIDENTIAL DWELLING UNITS~~

<u>Property Use</u>	<u>ERDU Allocation</u>
Residential dwelling units:—	-
- Single family dwelling units, including, but not limited to, residential condominium units and mobile homes other than in mobile home parks—	1.000
- Residential apartment structures:—	
- - First dwelling unit—	1.000
- Mobile homes located within mobile home parks:—	
- - First mobile home in park—	1.000
- - Each additional mobile home in park—	1.000
Motels:—	
- Motel units in a motel complex:—	
- - First motel unit in complex—	1.000
- - Each additional motel unit in complex—	0.880
Specific commercial enterprises:—	
- Launderette—per wash machine—	1.070
- Restaurants and food service establishments:—	
- - Full service establishments:—	
- - - First 9 customer seating spaces—	1.000
- - - Each additional customer seating space—	0.116
- - Other than full service:—	
- - - First 21 customer seating spaces—	1.000
- - - Each additional customer seating space—	0.0468
- Retail stores and professional offices:—	
- - First shop or office unit up to 2,000 square	1.000

feet of floor space—	
- - Each additional 500 square feet of floor space or increment thereof—	0.116
- - Hospitals, convalescent homes and homes for the elderly:—	
- - - First 3 beds or resident spaces—	1.000
- - - Each additional bed or resident space—	0.290
Other commercial and noncommercial uses including, but not limited to, barber and beauty shops, auditoriums, meeting and lodge halls, grocery stores, health studios, automobile service stations and garages, places of worship and all uses not hereinabove specifically set forth:—	
- First 7 fixture units—	1.000
- Each additional fixture unit per plumbing fixture unit—	0.140

3. Reference shall be made to the following schedule of plumbing fixture units as to any commercial or noncommercial enterprise with respect to which such units are utilized in determining the appropriate wastewater connections and user fee. The total number of plumbing fixture units allocable to any such commercial or noncommercial user shall be determined by applying the following schedule of all plumbing fixtures located on the connected premises, however, each such user shall be allocated a minimum of seven (7) plumbing fixture units:

SCHEDULE OF PLUMBING FIXTURE UNITS

<u>Fixture Type</u> —	<u>Plumbing Fixture Units</u> —
Bathtubs—	2—
Bidets—	2—
Clothes washers—	2—
Dental units or cuspidors—	1—
Drinking fountains—	1—
Floor drains—	2—
Interceptors:—	-
- For grease, oil, solids, etc.—	3—
- For sand, auto wash, etc.—	6—
Laundry tubs—	2—

Mobile home park traps (1 for each trailer)	6
Receptors (floor sinks):	-
- Indirect waste receptors for refrigerators, coffee urn, water stations, etc.	1
Receptors:	-
- Indirect waste receptors for commercial sinks, dishwashers, airwashers, etc.	3
Showers:	-
- Single stalls	2
- Gang	1 unit per head
Sinks:	-
- Bar, private	1
- Bar, commercial	2
- Commercial or industrial, schools, etc., including dishwashers, washup sinks and wash fountains	3
- Flushing rim, clinic	6
- Service	3
- Sinks and/or dishwashers	2
Urinals:	-
- Pedestals, trap arm only	6
- Stall wall	2
Wash basins (lavatories) single	1
Wash basins, in sets	2
Water closet:	-
- Flush tank type, trap arm only	4
- Flushmeter valve type, trap arm only	6

43. Notwithstanding any provisions of this section to the contrary: a) individual parcels that were in existence within the boundaries of the original Solvang municipal improvement district and that were subject to special assessment for local collecting sewers, as set forth in records of the Solvang municipal improvement district and the county surveyor, and b) prepaid subdivision lots, shall receive credit for one equivalent residential dwelling unit (ERDU) in determining applicable wastewater connection and user fees under this section.

~~5. Should any previously connected premises be converted, in whole or in part, to use different than that which existed either: a) at the time of connection to the city wastewater conveyance and treatment system or b) prior to said conversion, and should said conversion result in an increase in the ERDU allocation with respect to such premises, there shall be charged and collected with respect to such premises an additional wastewater connection and user fee in accordance with the provisions of subsections B1 through B4 of this section, except that full credit shall be given for any wastewater connection and user fees previously paid; provided, however, that there shall be no refund of any fees previously paid under said subsections as a result of such conversion. Should the city council determine, upon a duly conducted hearing with regard to which proper application has been made, that no adverse or detrimental effect upon city sewer facilities will result, and that undue hardship will occur if relief is not granted, then the provisions of this subsection shall not apply to a city user who effects a change of location within the city to an existing previously connected structure, if the estimated sewage output of such relocated user at this new location is not greater than the output of the said user at his former location. In addition, relief may be granted only upon a convincing showing by the applicant that future anticipated use of the structure vacated by the applicant will not produce a sewage output of the newly occupied structure as it was used prior to the relocation.~~

~~64. In the case of residential dwelling units, motels and specific commercial enterprises, should any additional dwelling, motel, or commercial unit be constructed, placed into service or installed upon the premises served by the connection subsequent to the imposition of the wastewater connection and user fee, and should such unit not have been included in the determination of the applicable wastewater connection and user fee payable at the time of the initial connection to the city wastewater conveyance and treatment system, an additional connection and user fee shall be imposed and collected with respect to each such unit, the charge to be determined by reference to the schedule of equivalent residential dwelling units set forth in this section. *the size of the water meter connection.*~~

In the case of other commercial and noncommercial uses, should any additional plumbing fixture be constructed, placed into service or installed upon the premises served by the connection subsequent to the imposition of the wastewater connection and user fee, and should such fixture not have been included in the determination of the applicable wastewater connection and user fee payable at the time of initial connection to the city wastewater conveyance and treatment system, an additional connection and user fee shall be imposed and collected with respect to each such unit, the charge to be determined by *the size of the water meter connection.* ~~reference to the schedule of equivalent residential dwelling units and schedule of plumbing fixture units set forth in this section. (Ord. 03 226, 4-28-2003)~~

9-3C-3: WATER RATES:

A. Schedule Of Fees:

b. Water Demand Unit Schedule:

<u>Property Use</u>	<u>Water Unit Allocation</u>
Single-family dwellings (including mobile homes on separate parcels)	4.00
Individual condominium units in residential condominium developments	4.00
Multiple dwellings other than residential condominium developments	-
- First occupancy unit	4.00
- Each additional occupancy unit	1.30
Mobile home parks	-
- Each mobile home	4.00
Motels and hotels	-
- First occupancy unit	4.00
- Each additional occupancy unit	1.10
Professional offices other than medical, dental and veterinary	-
- Single office suite or first suite in a structure containing multiple office suites	4.00
- Each additional suite in a structure containing multiple office suites	0.89
Medical and dental offices and laboratories (including photography laboratories)	-
- First physician, dentist or other principal professional	4.00
- Each additional physician, dentist or other principal professional	3.00
- Each laboratory (dental, medical, photographic)	3.00

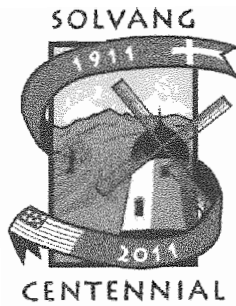
dc. Quantity Charge: In addition to the monthly meter base rate charge, a monthly quantity charge shall be applied to each user. The charge shall be set by City Council Resolution. ~~two dollars forty four cents (\$2.44) for each one hundred (100) cubic feet per month of consumption.~~ Outside users will be charged one hundred fifty percent (150%) (\$3.66) of ~~current~~ quantity charges ~~for inside city users.~~, ~~monthly meter charges are based on flow capacities of meter with four (4) demand units.~~

ed. Water System Capital Facilities Charge: The charges shall be established by City Council Resolution and shall be based on the following meter classes: ~~based on the number of water units corresponding to the estimated water consumption of the property with regard to which connection is desired. The water units so allocated shall be determined by reference to the water unit schedule set forth previously in subsection A1b of this section.~~

For each water unit allocation to a property use, a water system capital facility charge of one thousand seven hundred ninety six dollars eighty eight cents (\$1,796.88) shall be imposed and collected.

Meter Class (Diameter)	Equivalency Factor	
	Max. Continuous Flow (gpm)	Equivalency to Base Meter Size
5/8" x 3/4"	10	1.00
3/4"	15	1.50
1"	25	2.50
1-1/2"	50	5.00
2"	80	8.00
3"	160	16.00
4"	250	25.00
6"	500	50.00

Should any previously connected structure be converted to a property use which demands a ~~greater number of water units~~ larger water meter than that property use which was in existence at the time of its connection to the water system, there shall be imposed at the time of such conversion the charges equal to ~~one thousand seven hundred ninety six dollars eighty eight cents (\$1,796.88) for each water demand unit, which is equal to each five hundred (500) cubic feet of estimated~~ to those established by City Council Resolution for the additional water consumption.



Agenda Item 7
Pages 7

**CITY COUNCIL
STAFF REPORT**

TO: SOLVANG CITY COUNCIL MEMBERS

FROM: Matt van der Linden, Public Works Director/City Engineer

MEETING DATE: November 28, 2011

DATE PREPARED: November 21, 2011

SUBJECT: RESOLUTION NO. 11-___ WATER METER DOWNSIZING FEES, TEMPORARY SERVICE AND BULK WATER RATES AND CHARGES, AND FIRE PROTECTION SYSTEM STANDBY CHARGES

I. RECOMMENDATION:

Adopt Resolution No. 11-___ that:

1. Approves the meter downsizing policy;
2. Sets meter downsizing fees;
3. Sets temporary service and bulk water rates and charges; and
4. Sets Private Fire Protection System Standby Charges

II. DISCUSSION:

At the October 10, 2011 City Council meeting new water rates were established which will be effective beginning November 21, 2011. As a part of this process the City Ordinance was amended so that rates are established by City Council Resolution. The Proposition 218 process was completed and property related rates were established. The attached Resolution will address additional fees for

Approvals: City Manager BSV Finance Director _____ City Attorney RAH

the water department including meter downsizing, temporary water services, bulk water rates, reconnection fees, and fire protection standby charges.

Meter Downsizing

A meter downsizing policy and associated fees was discussed by the City Council at its October 24, 2011 City Council meeting. The policy is attached. The fees are as follows:

<u>Size Change</u>	<u>Fee</u>
3/4 inch to 5/8 inch	\$269
1 inch to 5/8 inch	\$269
1 inch to 3/4 inch	\$317
1-1/2 inch to 1 inch	\$375
Other Sizes	Time & Materials Cost

Applicants must meet the criteria set forth in the policy to be eligible for downsizing.

Temporary Water Service and Bulk Water Sales Rates:

At times temporary water service is needed to serve a construction site or for other purposes. Solvang City Code requires these rates to be set by Resolution.

Staff is recommending the following fees:

1. There shall be imposed and collected with respect to each temporary water service, the following charges:

Basic charge per connection, for installation and removal of service facilities, including meter	\$100.00
Each additional move of facilities to another location	\$15.75
Metered water consumption, per 100 cubic feet of water consumed	\$3.10

2. There shall be imposed and collected with respect to bulk water sales the following charges:

Tankers up to 2,500 gallons	\$3.10/HCF
Tankers in excess of 2,500 gallons, per each 2,500 gallons of capacity or fraction thereof	\$3.10/HCF

Private Fire Protection System Standby Charges

Certain properties within the City have “private fire protection systems” that only utilize water when activated to extinguish a fire or for testing the fire protection system. The City’s water system must have capacity to serve this need. In

accordance with City Code Section 10-3-4E “the monthly service rate(s) for a private fire protection system shall be established in the City's schedule of rates.” Historically the monthly standby charge has been collected to offset the cost of providing this standby capacity at a rate of \$2.75 per inch of connection size. Staff is recommending that this fee be continued at the same rate.

III. ALTERNATIVES:

The City Council could choose fees different from those recommended by Staff.

IV. FISCAL IMPACT:

The fiscal impact of these rates was included in the analysis used to establish the rates under the Proposition 218 process.

V. ATTACHMENTS:

- A. Meter Downsizing Policy
- B. Resolution

**City of Solvang
Water Division
Meter Downsizing Policy**

If a customer wishes their meter to be considered for possible downsizing, the customer must first submit a request in **writing** to the City of Solvang Water Division Supervisor requesting that their meter be downsized. Water Division staff will follow the process outlined below and determine if the meter is eligible for downsizing.

Determination of Allowable Meter Size

1. The **average monthly** water usage, in hundred cubic feet (HCF), will be determined by Water Division staff based on the previous five (5) year water use history for the meter (or parcel) in question.
2. The minimum allowable meter size shall be determined from the Meter Sizing Table shown below based on the average monthly water usage.

Meter Sizing Table

Average Monthly Water Usage (HCF)	Minimum Allowable Meter Size
1 – 32	5/8"
33 – 58	3/4"
59 – 125	1"
126 – 250	1-1/2"
251 – 400	2"
401 – 2,500	3"
2,501 – 5,000	4"
5,001 – 9,630	6"
9,631 – 16,850	8"

3. If the existing meter is larger than the minimum allowable meter size, as indicated in the Meter Sizing Table, the existing meter is eligible for downsizing.

Determination of Customer Meter Downsizing Fee

All costs associated with downsizing of the meter shall be at the customer's expense including but not limited to the following: replacement meter, modifications to the angle ball meter stop on the City's side of the meter, and modifications to the customer's plumbing on the customer's side of the meter. The customer must pay to the City in advance, the fee as indicated in the Meter Downsizing Fee Table shown below. City forces will install the replacement meter, and modify the City's side of the service connection. The customer must contract separately with a licensed plumber, and coordinate with said plumber for all modifications required on the customer's side of the meter, as necessary. City forces will not perform modifications on the customer's side of the meter.

Meter Downsizing Fee Table

Meter Size Change	Fee (\$)
3/4 inch to 5/8 inch	\$269
1 inch to 5/8 inch	\$269
1 inch to 3/4 inch	\$317
1-1/2 inch to 1 inch	\$375
Other Sizes	City Time & Materials Cost

Notes:

1. In the event a single parcel has more than one meter, the City reserves the right to perform an evaluation of all meters serving the parcel to determine the appropriate size of all meters.
2. Meters that serve both domestic use and fire sprinklers shall be sized based on the fire sprinkler demand. The customer shall provide calculations prepared by a licensed civil or mechanical engineer to determine the proper meter size.

RESOLUTION NO. 11-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLVANG
APPROVING WATER METER DOWNSIZING FEES, TEMPORARY SERVICE AND BULK
WATER RATES AND CHARGES AND FIRE PROTECTION SYSTEM STANDBY
CHARGES

WHEREAS, the City Council of the City of Solvang has adopted procedures establishing fees for water meter downsizing, temporary service and bulk water rates and charges, and for fire protection system standby charges; and

WHEREAS, a public hearing on the adoption of this resolution was heretofore set as part of the regularly scheduled meeting of this Council on November 28, 2011; and

WHEREAS, the report and or information regarding the fees were available for public review for a period of at least 10 days prior to the Public Hearing; and the City mailed notice to persons who filed a written request (if any) at least 14 days prior to the Public Hearing, and a notice was published in a newspaper of general circulation circulated with the City, if and as required by law; and

WHEREAS, there is attached hereto, marked exhibit A, and by reference incorporated herein a list of the fees to be established for water meter downsizing, temporary service and bulk water rates, and charges for fire protection system standby.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Solvang as follows:

Section 1. Findings.

A. All provisions set forth above are true and correct and incorporated by this reference as findings.

B. The City Council approved the aforesaid fees and supporting information following a public hearing on the matter.

C. The water meter downsizing fees are reasonable costs for the materials and work provided.

Section 2. Effective Date.

This Resolution will be effective 60 days from the date of its adoption, that is on January 27, 2012.

PASSED AND ADOPTED by the City Council of the City of Solvang on this the 28th day of November 2011, by the following vote:

AYES:

NOS:

ABSTAIN:

ABSENT:

Jim Richardson, Mayor

ATTEST:

By: _____
Mary Ellen Rio, City Clerk

Exhibit A

Meter Downsizing

<u>Size Change</u>	<u>Fee</u>
3/4 inch to 5/8 inch	\$269
1 inch to 5/8 inch	\$269
1 inch to 3/4 inch	\$317
1-1/2 inch to 1 inch	\$375
Other Sizes	Time & Material Cost

Temporary Water Service and Bulk Water Sales Rates:

1. There shall be imposed and collected with respect to each temporary water service, the following charges:

Basic charge per connection, for installation and removal of service facilities, including meter	\$100.00
Each additional move of facilities to another location	\$15.75
Metered water consumption, per 100 cubic feet of water consumed	\$3.10

2. There shall be imposed and collected with respect to bulk water sales the following charges:

Tankers up to 2,500 gallons	\$3.10/HCF
Tankers in excess of 2,500 gallons, per each 2,500 gallons of capacity or fraction thereof	\$3.10 /HCF

Private Fire Protection System Standby Charges

Private Fire Protection System Standby Charge \$2.75 per inch of connection size per month.