

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

## AGENDA

A Regular Meeting of the Board of Directors of the Kensington Police Protection and Community Services District will be held Thursday, August 12, 2010, at 6:30 P.M., at the Community Center, 59 Arlington Avenue, Kensington, California. The Board will enter into closed session pursuant to California Government Code Section 54957.6, to discuss labor negotiations with the Kensington Police Officer Association.

Note: All proceedings of this meeting will be tape recorded and please note the earlier start time.

Roll Call  
Public Comments  
Board Member/ Staff Comments

### CLOSED SESSION

1. Pursuant to California Government Code Section 54957.6, the Board will enter into closed session to discuss the following:

Conference with Labor Negotiators  
Agency Representatives: Chuck Toombs and Bill Wright  
Employee Organization: Kensington Police Officer Association

Possible Board Action.

### OPEN SESSION

#### APPROVAL OF CONSENT CALENDAR

- a) Minutes of the Regular Meeting July 8, 2010, pg 4
- b) Minutes of the Special Meeting July 26, 2010, pg 9
- c) Profit & Loss Budget Performance for July 2010, pg 12
- d) Board Member Reports
- e) Correspondence, pg 15
- f) Variance Report July 2010, pg 17
- g) Police Department Update, pg 18
- h) Monthly Calendar, pg 28
- i) Recreation Report
- j) General Manager Update, pg 30

DISTRICT – OLD BUSINESS- None

DISTRICT - NEW BUSINESS

1. General Manager Greg Harman will present to the Board for possible approval the proposed Kensington Police Protection & Community Services District Resolution 2010-09, Establishing the Appropriations Limit Applicable to the District during Fiscal Year 2010-2011 as \$3,305,662. Board Action., pg 35
2. General Manager Greg Harman will present to the Board for possible approval the proposed Kensington Police Protection & Community Services District Resolution 2010-10, Delegation of Authority to Request Disbursements of the Calpers OPEB Program. Board Action., pg 41
3. General Manager Greg Harman will present to the Board for review and possible approval a request from Bay View Refuse & Recycling Services, a 4.1% increase in Bay View's rates for refuse, recycling, and green waste collection for the period September 1 through December 31, 2010, based on alleged extraordinary events pursuant to the Franchise Agreement. Board Action., pg 43
4. Local municipalities and special districts here in Assembly District 14 are being asked to endorse what is known as the California Jobs Budget. This is an alternative budget to that being proposed by the Governor. The California Jobs Budget is proposed by the Assembly Speaker, John A. Perez and the Chair of the Assembly Budget Committee, Bob Blumenfeld. The full text of the budget summary is attached. One section reads: "Repays \$931 million to Cities, Counties, and Special Districts. The California Jobs Budget protects thousands of police, fire, and other local community jobs by repaying \$931 million owed to local governments for past mandates. This provides local governments with \$931 million in discretionary funds to assist their budget challenges and avoid layoffs to critical public service jobs." We have been told by Assemblymember Skinner's office that Kensington will receive \$8,322 under this repayment program. Board Action., pg 86

ADJOURNMENT

General Information

Accessible Public Meetings

NOTE: UPON REQUEST THE KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT WILL PROVIDE WRITTEN AGENDA MATERIALS IN APPROPRIATE ALTERNATIVE FORMATS, OR DISABILITY-RELATED MODIFICATION OR DISABILITIES TO PARTICIPATE IN PUBLIC MEETINGS. PLEASE SEND A WRITTEN REQUEST, INCLUDING YOUR NAME, MAILING ADDRESS, PHONE NUMBER AND A BRIEF DESCRIPTION OF THE REQUESTED MATERIALS AND PREFERRED ALTERNATIVE FORMAT OR AUXILIARY AID OR SERVICE AT LEAST 10 DAYS BEFORE THE MEETING. REQUESTS SHOULD BE SENT TO:

DISTRICT SECRETARY STÉPHANIE FRIES, COMMUNITY SERVICES DISTRICT, 217 ARLINGTON AVE., KENSINGTON, CA 94707  
POSTED: Public Safety Building-Colusa Food-Library-Arlington Kiosk- and at [www.kensingtoncalifornia.org](http://www.kensingtoncalifornia.org)

Complete agenda packets are available at the Public Safety Building and the Library.

# CONSENT CALENDAR

- Minutes
- Profit & Loss Budget Performance
- Board Member Reports
- Correspondence
- Police Department Update
- Monthly Calendar
- Recreation Report
- General Manager Update

**KENSINGTON POLICE PROTECTION & COMMUNITY SERVICES DISTRICT**  
**BOARD OF DIRECTORS**

**Meeting Minutes for 07/08/2010**

**AGENDA**

A Regular meeting of the Board of Directors of the Kensington Police Protection and Community Services District was held Thursday July 08, 2010, 7:00 PM , at the Community Center, 59 Arlington Avenue, Kensington, California.

The board entered into Open Session at 7:00 PM.

**ATTENDEES**

Elected Members	Guests/Presenters:	
Charles Toombs, President	Lynn Wolter	
John Stein, Vice President	Joan Gallegos	
Bill Wright, Director	Joel Koosed	
Patricia M. McLaughlin, Director	Bruce Morrow	
Cathie Kosel, Director	Officer Doug Wilson	
	Tony Lloyd	
Staff Members	Linda Lipscomb	
	Kim Zvik	
Gregory E. Harman, General Manager/ Chief of Police		
Stephanie Fries, District Secretary		

**ANNOUNCEMENTS:** None

**-NO PUBLIC COMMENTS-**

**BOARD COMMENTS**

Director Kosel commented that she believes that unethical behavior is taking place and would like the Board to call a Special Meeting to discuss her concerns.

**STAFF COMMENTS**

General Manager / Chief of Police Gregory Harman commented that Officers Stegman and Barrow were sent to Oakland as part of a mobile field force to control a gathering of 3,000 at 14th & Broadway.

**CONSENT CALENDAR**

Director Kosel pulls items F & I from the Consent Calendar. Director Kosel commented that she believes the FPPC intends to reopen their investigation due to new and overlooked evidence.

**KENSINGTON POLICE PROTECTION & COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS**

Director Kosel commented that there was a burglary across the street from her residence and she witnessed a very thorough investigation by the Kensington Police.

**MOTION: The Board moves to adopt the Consent Calendar as presented**

**AYES: Toombs, Wright, Kosel, McLaughlin, Stein          NOES: 0          ABSENT: 0**

**MOTION: The Board moves to move New Business #2 to the front of the meeting.**

**AYES: Toombs, Wright, Kosel, McLaughlin, Stein          NOES: 0          ABSENT: 0**

**NEW BUSINESS #2 - General Manager Greg Harman will present to the Board for possible approval the proposed Kensington Police Protection & Community Services District contract with TSG for their monthly computer support program.**

General Manager / Chief of Police Gregory Harman gave a summary of the TSG service proposal and noted that the cost of this service proposal has already been included in the budget.

Herb and Teryl of TSG gave a detailed summary of their service proposal, noting that TSG has been serving the Kensington Police Department for nearly twenty years.

**-NO PUBLIC COMMENTS-**

**MOTION: The Board moves to approve the contract with TSG for their monthly computer support program.**

**AYES: Toombs, Wright, McLaughlin, Stein, Kosel          NOES: 0          ABSENT: 0**

**OLD BUSINESS #1 & #2 - General Manager Greg Harman will request the Board authorize the disbursement of \$120,000 and \$243,373 to CalPERS for the 2009/2010 and 2010/2011 California Employers' Retiree Benefit Trust (CERBT) funding.**

General Manager / Chief of Police Gregory Harman gave a summary of the GASBY 45 requirement and asked the Board to approve the disbursements to begin funding the post-retirement benefits to CalPERS.

**-NO PUBLIC COMMENTS-**

**MOTION: The Board moves to authorize the expenditures proposed in Old Business #1 & Old Business #2.**

**AYES: Toombs, Wright, McLaughlin, Stein, Kosel          NOES: 0          ABSENT: 0**

# KENSINGTON POLICE PROTECTION & COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

**NEW BUSINESS #1** - General Manager Greg Harman will present to the Board for possible approval the proposed Kensington Police Protection & Community Services District contract (3 Year) with New World Systems for our software maintenance agreement.

General Manager / Chief of Police Gregory Harman gave a summary of the proposed contract with New World Systems, noting that NWS provides software for the police vehicles.

**-NO BOARD COMMENTS**

**-NO PUBLIC COMMENTS-**

**MOTION:** The Board moves to approve the proposed contract with New World Systems

**AYES:** Toombs, Wright, McLaughlin, Stein, Kosel

**NOES:** 0

**ABSENT:** 0

**NEW BUSINESS #3 - NO ACTION** - General Manager Greg Harman will present to the Board for first review and possible approval the proposed Kensington Police Protection & Community Services District 2010/2011 Annual Budget

General Manager / Chief of Police Gregory Harman gave a detailed summary of the 2010/2011 budget, noting that the Finance Committee's recommendations are incorporated into the numbers presented.

## **BOARD DISCUSSION**

The Board discussed the budget and the Finance Committee's recommendations, noting that the largest portion of the budget is officer compensation and the Board has the authority to enact a tax up to \$200 per parcel under Measure G.

## **PUBLIC COMMENTS**

Kim Zvik, resident, suggested a \$150 per parcel tax increase.

**NEW BUSINESS #4 - NO ACTION** - Consideration of proposal submitted by Director Kosel that special sessions require 3 weeks notice to board members and are called only when all directors can be present.

Director Kosel gave a summary of her proposal and suggested using the Brown Act as a guideline.

Director Toombs commented that the Board already tries to accommodate everyone on the Board when scheduling Special Meetings.

Director Kosel commented that there needs be an intention to include all Board members, but it seems that intention is not there.

Director McLaughlin commented that the consensus is that the Board's intent is that all five Board Members are able to attend and the Board does not wish to be restricted as outlined in Director Kosel's proposal.

# KENSINGTON POLICE PROTECTION & COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

**NEW BUSINESS #5 - Discussions on selection of negotiating team for lease with Kensington Community Council and authorization to begin negotiations with them leading to possible lease for use of Community assets**

## **BOARD COMMENTS**

Director McLaughlin objected to the notion that this is a lease agreement, noting that KPPCSD contracts with KCC for recreation services and this is a mutual operation.

Vice President Stein agrees with Director McLaughlin and noted that KCC is an extension of the services district. Vice President Stein also suggested that the District determine the relationship between KPPCSD and KCC.

President Toombs commented that he would like Directors McLaughlin and Kosel to work with KCC as negotiators.

## **PUBLIC COMMENTS**

Tony Lloyd of KCC commented that KCC is very much in favor of a business contract with KPPCSD, but they do not wish to have a landlord-tenant agreement.

Joan Gallegos, resident, commented that she hopes negotiators are provided a current copy of the agreement between KCC and KPPCSD.

**MOTION: The Board moves to have Directors McLaughlin and Kosel act as the negotiation team for the District to determine an agreement between KCC & KPPCSD.**

**AYES: Toombs, Wright, McLaughlin, Stein, Kosel      NOES: 0      ABSENT: 0**

**NEW BUSINESS #6 - Establishment of Special Meeting of Board for week of July 25 to review and approve final budget, authorize Contra Costa County Assessor and Tax Collector to implement provisions of Measure G and establish a tax limit (subject to its passage by the required vote) based on approved budget, and review and approval of Appropriations Limit (which review requires 15-day prior published notice**

President Toombs noted that there are several County deadlines that must be met in the first few weeks of August and suggested scheduling a Special meeting the week of July 25 to meet these deadlines on time.

Director Wright noted that we cannot go to the County with a parcel tax amount for Measure G until we present our approved budget to the County.

Director Toombs noted that the District has flexibility with the appropriations limit, but we do have a deadline for Measure G and suggested discussing the appropriations limit at the August regular meeting.

**KENSINGTON POLICE PROTECTION & COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS**

**MOTION:** The Board moves to hold a Special Meeting on Monday July 26, 2010 to approve the proposed Kensington Police Protection & Community Services District 2010/2011 Annual Budget and authorize the Contra Costa County Assessor and Tax Collector to implement provisions of Measure G and establish a tax limit based on approved budget

**AYES:** Toombs, Wright, McLaughlin, Stein, Kosel

**NOES:** 0

**ABSENT:** 0

**MOTION:** The Board moves to adjourn the meeting at 9:29.

**AYES:** Toombs, Wright, McLaughlin, Stein, Kosel

**NOES:** 0

**ABSENT:** 0



# KENSINGTON POLICE PROTECTION & COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

**Meeting Minutes for 07/26/2010**

## AGENDA

A Special meeting of the Board of Directors of the Kensington Police Protection and Community Services District was held Monday July 26, 2010, 7:00 PM , at the Community Center, 59 Arlington Avenue, Kensington, California.

The board entered into Open Session at 7:00 PM.

## ATTENDEES

Elected Members	Guests/Presenters:	
Charles Toombs, President	Lynn Wolter	
John Stein, Vice President	Joan Gallegos	
Bill Wright, Director	Joel Koosed	
Patricia M. McLaughlin, Director	Bruce Morrow	
Cathie Kosel, Director	Officer Doug Wilson	
	Officer Rickey Hull	
Staff Members	Linda Lipscomb	
	Kim Zvik	
	Maria Adrians	
Gregory E. Harman, General Manager/ Chief of Police		
Stephanie Fries, District Secretary		

**ANNOUNCEMENTS:** None

## PUBLIC COMMENTS

Joan Gallegos, resident, commented that there is an upcoming CSDA election and votes are due by July 30, 2010.

## STAFF COMMENTS

General Manager / Chief of Police Gregory Harman commented that Director Kosel requested information regarding the number of Kensington Police vehicles. Officer Rodney Martinez compiled a report with detailed explanations and this report has been provided to all Board Members.

**OLD BUSINESS #1** - General Manager Greg Harman will present to the Board for second review and possible approval the proposed Kensington Police Protection & Community Services District 2010/2011 Annual Budget and request the Board authorize the Contra Costa County Assessor and Tax Collector to implement provisions of Measure G and establish a tax limit based on approved budget.

# KENSINGTON POLICE PROTECTION & COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

Director McLaughlin commented that there is a 15% increase in Park & Rec expenses between 2009/2010 and 2010/2011.

General Manager / Chief of Police Gregory Harman noted that the 15% increase was due to funds budgeted for the maintenance of the new park restroom, County assessment and Bond fee increases, and the inclusion of the NBS Engineer's Report.

## PUBLIC COMMENTS

Maria Adrians, resident, commented that many residents did not vote in favor of on Measure G and believes that the police department is looking after themselves rather than the community.

## BOARD DISCUSSION

Director McLaughlin proposed a \$150 per household tax increase for Measure G.

Vice President Stein proposed a \$179 tax increase.

Director Kosel commented that she thinks it's unfortunate that we are deciding on the amount of the tax increase prior to negotiating with the KPOA.

**MOTION: Vice President Stein moves to approve a \$179 per parcel tax increase for Measure G.**

**AYES: Toombs, Wright, McLaughlin, Stein      NOES: Kosel      ABSENT: 0**

**MOTION: Director McLaughlin moves to approve the budget with a \$179 per parcel tax increase for Measure G.**

**AYES: Toombs, Wright, McLaughlin, Stein      NOES: Kosel      ABSENT: 0**

The board entered into Closed Session at 7:40 PM to discuss:

**CLOSED SESSION #1 - The Board will enter into closed session to discuss the following: Pursuant to California Government Code Section 54957.6**

**Conference with Labor Negotiators**

**Agency Designated Representatives: Chuck Toombs and Bill Wright  
Employee Organization: Kensington Police Officers Association.  
Possible Board Action.**

**CLOSED SESSION #2 - The Board will enter into closed session to discuss the following: Pursuant to California Government Code Section 54957**

**Public Employee Performance Evaluation  
Title: Police Chief/General Manager.**

*Kensington Police Protection and Community Services District – Board of Directors Meeting - 07/26/2010*

# KENSINGTON POLICE PROTECTION & COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

The board entered into Open Session at 9:30 PM.

**CLOSED SESSION #1** - The Board agreed to meet in Closed Session again at the next Regular Meeting to further discuss this item.

**CLOSED SESSION #2** - The Board offered General Manager / Chief of Police Gregory Harman a two-year contract at the same salary.

Director Kosel stated that she is opposed to extending General Manager / Chief of Police Gregory Harman's contract.

**MOTION:** The Board moves to adjourn the meeting at 9:32.

**AYES:** Toombs, Wright, McLaughlin, Stein, Kosel

**NOES:** 0

**ABSENT:** 0

**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 July 2010

	Jul 10	Budget	Jul 10	YTD Budget	Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
400 · Police Activities Revenue					
410 · Police Fees/Service Charges	170.00		170.00		
415 · Grants-Police	13,974.46		13,974.46		
418 · Misc Police Income	2,423.80		2,423.80		
400 · Police Activities Revenue - Other	0.00		0.00		
<b>Total 400 · Police Activities Revenue</b>	<u>16,568.26</u>		<u>16,568.26</u>		
420 · Park/Rec Activities Revenue					
427 · Community Center Revenue	1,196.00		1,196.00		
428 · Building E Revenue	6,000.00		6,000.00		
438 · Misc Park/Rec Rev	180.00		180.00		
<b>Total 420 · Park/Rec Activities Revenue</b>	<u>7,376.00</u>		<u>7,376.00</u>		
<b>Total Income</b>	<b>23,944.26</b>		<b>23,944.26</b>		
<b>Expense</b>					
500 · Police Sal & Ben					
502 · Salary - Officers	75,365.76		75,365.76		
504 · Compensated Absences	0.00		0.00		
506 · Overtime	1,824.56		1,824.56		
508 · Salary - Non-Sworn	1,626.25		1,626.25		
516 · Uniform Allowance	666.60		666.60		
521-A · Medical/Vision/Dental-Active	23,709.87		23,709.87		
521-R · Medical/Vision/Dental-Retired	362,362.80		362,362.80		
522 · Insurance - Police	-443.29		-443.29		
523 · Social Security/Medicare	1,013.76		1,013.76		
524 · Social Security - District	198.70		198.70		
527 · PERS - District Portion	23,228.62		23,228.62		
528 · PERS - Officers Portion	6,842.90		6,842.90		
<b>Total 500 · Police Sal &amp; Ben</b>	<u>496,396.53</u>		<u>496,396.53</u>		
550 · Other Police Expenses					
552 · Expendable Police Supplies	181.93		181.93		
553 · Range/Ammunition Supplies	1,306.20		1,306.20		
562 · Vehicle Operation	2,863.13		2,863.13		
564 · Communications (RPD)	19,763.56		19,763.56		
568 · Prisoner/Case Exp./Booking	458.00		458.00		
570 · Training	951.85		951.85		
572 · Recruiting	600.00		600.00		
576 · Misc. Meals & Travel	950.00		950.00		
580 · Utilities - Police	718.16		718.16		
582 · Expendable Office Supplies	317.14		317.14		
588 · Telephone(+Rich. Line)	800.87		800.87		
590 · Housekeeping	410.56		410.56		
594 · Community Policing	966.50		966.50		
596 · WEST-NET/CAL I.D.	8,000.00		8,000.00		

**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 July 2010

	Jul 10	Budget	Jul 10	YTD Budget	Annual Budget
598 · COPS Special Fund	8,229.33		8,229.33		
Total 550 · Other Police Expenses	<u>48,517.23</u>		<u>46,517.23</u>		
600 · Park/Rec Sal & Ben					
601 · Park & Rec Administrator	542.00		542.00		
602 · Custodian	1,750.00		1,750.00		
623 · Social Security/Medicare - Dist	41.47		41.47		
Total 600 · Park/Rec Sal & Ben	<u>2,333.47</u>		<u>2,333.47</u>		
635 · Park/Recreation Expenses					
640 · Community Center Expenses					
642 · Utilities-Community Center	161.82		161.82		
Total 640 · Community Center Expens	<u>161.82</u>		<u>161.82</u>		
660 · Annex Expenses					
662 · Utilities - Annex	25.46		25.46		
Total 660 · Annex Expenses	<u>25.46</u>		<u>25.46</u>		
672 · Kensington Park O&M	12,885.55		12,885.55		
Total 635 · Park/Recreation Expenses	<u>13,072.83</u>		<u>13,072.83</u>		
800 · District Expenses					
810 · Computer Maintenance	13,170.00		13,170.00		
820 · Cannon Copier Contract	454.18		454.18		
840 · Accounting	1,200.00		1,200.00		
Total 800 · District Expenses	<u>14,824.18</u>		<u>14,824.18</u>		
950 · Capital Outlay					
972 · Park Buildings Improvement	291.52		291.52		
Total 950 · Capital Outlay	<u>291.52</u>		<u>291.52</u>		
Total Expense	<u>573,435.76</u>		<u>573,435.76</u>		
Net Ordinary Income	-549,491.50		-549,491.50		
Other Income/Expense					
Other Expense					
700 · Bond Issue Expenses					
710 · Bond Admin.	2,182.21		2,182.21		
Total 700 · Bond Issue Expenses	<u>2,182.21</u>		<u>2,182.21</u>		
Total Other Expense	<u>2,182.21</u>		<u>2,182.21</u>		
Net Other Income	<u>-2,182.21</u>	0.00	<u>-2,182.21</u>	0.00	0.00

KPPCSD  
Unaudited Profit & Loss Budget Performance  
July 2010

Jul 10	Budget	Jul 10	YTD Budget	Annual Budget
-551,673.71	0.00	-551,673.71	0.00	0.00

COMMISSION ON  
PEACE OFFICER STANDARDS AND TRAINING

July 27, 2010

Gregory E. Harman, Chief  
Kensington Police Department  
217 Arlington Avenue  
Kensington, CA 94707

Dear Chief Harman:

This correspondence reports the findings of the compliance inspection conducted on **June 16, 2010**. The purpose of the audit was to assess the level of compliance with POST standards for selection and training in your department.

**Agency Roster**

The POST listing of agency personnel (Peace Officers and/or Dispatchers) was reviewed for accuracy. The roster accurately reflects the staffing of your agency.

**Training Standards**

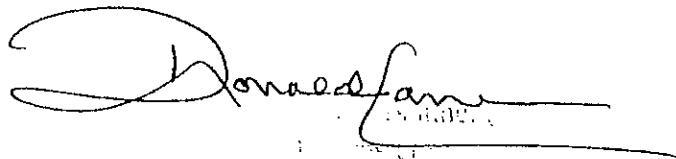
The training records were reviewed and discussed with your staff.

**Selection Standards**

Selected background files were reviewed to determine compliance with established selection standards for peace officers and dispatchers. All reviewed files were complete and in good order.

I appreciate the assistance of your staff during this compliance inspection. Their and your commitment to meeting or exceeding POST standards is evident. If you have questions about this review I can be contacted at (916) 227-3918 or by email at [Don.Lane@post.ca.gov](mailto:Don.Lane@post.ca.gov).

Sincerely,



Donald Lane  
Senior Consultant  
Region 5 Manager



ARNOLD SCHWARZENEGGER  
GOVERNOR

JERRY BROWN  
ATTORNEY GENERAL

STATE CAPITOL  
P.O. BOX 942849  
SACRAMENTO, CA 94249-0014  
(916) 319-2014  
FAX (916) 319-2114

Assembly  
California Legislature



NANCY SKINNER  
ASSEMBLYMEMBER, FOURTEENTH DISTRICT

DISTRICT OFFICE  
ELIHU M. HARRIS STATE BUILDING  
1615 CLAY STREET, SUITE 2201  
OAKLAND, CA 94612  
(510) 286-1400  
Fax (510) 286-1406

July 28, 2010

Greg Harman  
Police Chief  
217 Arlington Ave.  
Kensington, CA 94707

Dear Chief Harman,

Congratulations on your victory in the June election. Garnering the support of 68% of Kensington voters for Measure G was no small task. Your diligent work shows in this impressive result.

Congratulations again on such a successful campaign. It is an honor to serve you in Sacramento.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Skinner".

Nancy Skinner  
Assemblymember, 14<sup>th</sup> District



# Memorandum

Kensington Police Department



**To:** KPPCSD Board of Directors

APPROVED      YES      NO

**From:** Gregory E. Harman, General Manager/Chief of Police

\_\_\_\_\_

**Date:** Thursday, August 05, 2010

FORWARDED TO:

**Subject:** July 2010 Unaudited Profit & Loss Variance Report

\_\_\_\_\_

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The following are the most significant unaudited budget variances for the month:

- |                       |   |
|-----------------------|---|
| 415 Grants            | We received \$13,974 of our final payment of our 2009/2010 COPS Grant \$100,000 grant allotment.  |
| 521-R Medical Retired | The \$362,362 expensed this month was for the \$120,000 funding of the 2009/2010 portion of the Calpers CERBT funding and \$242,362 for the full ARC payment for 2010/2011. |
| 662 Annex Utilities   | The \$1,040.50 expensed to this account is a mistake however, at the time of this report I was unable to confirm where this item should appear.                             |

Greg Harman  
General Manager

# July 2010 Police Department Report

August 5, 2010

- Department Personnel

Sergeant Khan is currently on Workman's Comp medical leave.

We are in the background process with two new reserve officer candidates. If both pass their backgrounds, we will have a total of seven reserve officers in the department.

- Commendations and Correspondence

- The department received a letter from Donald Lane, Senior Consultant at POST (Peace Officers Standards & Training), indicating that we passed our compliance inspection in the areas of agency roster, training standards, and selection standards, that was conducted on June 16<sup>th</sup>.

- Investigation of Alleged Misconduct

- Department Investigation #09-06 was initiated on December 24<sup>th</sup> on an allegation that an officer was rude during a disturbance call for service. The investigation was being conducted by Sergeant Khan but has now been reassigned to Sergeant Hull.

- 9-1-1 / Richmond Communication Center Information.

- The Ring Time Report for June shows that of the 57 total "911" calls received, 2 had a ring time of over 20 seconds. One was for 22 seconds on June 14<sup>th</sup>, at 10:36 PM and the other was a ring time of 1:32 minutes on June 17<sup>th</sup> at 1:28 PM, in which the caller spoke to the dispatcher for 3:15 minutes. Both calls were fire department calls and there is no further information regarding the calls. Average ring time was 7.4 seconds for the month.
- The Ring Time Report for July shows that of the 67 total "911" calls received, 3 had a ring time of over 20 seconds. The first on July 2<sup>nd</sup> was for 21 seconds. The second occurred on July 7<sup>th</sup> at 12:47 PM and had a ring time of 1:07 minutes but was a miss dial. The third occurred on July 21<sup>st</sup>, at 12:21 PM with a ring time of 1:09 minutes and was a medical call.

- Communication Center Service Complaints
  - No complaints received this month however, ***this is a good time to remind everyone that for police non-emergencies, you need to contact the dispatch center at "236-0474" and not the KPPCSD business line of 526-4141.*** The KPPCSD business line is only monitored 6 hours a day during the week and should not be used to report police matters. Doing so, only delays the police response time, so please dial Dispatch direct.
  
- Community Networking
  - On 07-07-10, Chief Harman attended the West Contra Costa County Police Chiefs Committee Meeting in Hercules.
  - On 07-10-10, Chief Harman read, "Officer Buckle and Gloria" to a group of children at Rabbitears at 7523 Fairmont, in El Cerrito.
  - On 07-12-10, Officer Wilson attended the Kensington Public Safety Council Meeting as the Neighborhood Watch Coordinator.
  - On 07-19-10, Chief Harman attended the swearing in ceremony for El Cerrito Police Department Chief Sylvia Moir.
  - On 07-28-10, Chief Harman and Officer Doug Wilson attended the Columbia Earthquake Group meeting held at the Community Center.
  
- Community Criminal Activity
  - This section of the report has been prepared by the Watch Commanders reporting on their areas of responsibility.
  
- Watch Commander Reports
  - **Officer Stegman Team 1**

### **Significant Cases and Events**

10-2985- On 7/4/10 at 0725 hours, on the 00 block of Edgcroft Rd., Officers Stegman and Colon took a report of a vandalized street sign.

10-3147- On 7/11/10 at 1903 hours, at Arlington Ave and Coventry Rd., Officer Hui arrested a subject for battery. The battery occurred as a result of a dispute between two friends.

10-3151- On 7/12/10 at 0827 hours, Officer Stegman took a phone report regarding a possible elder abuse case on the 00 block of Highland Blvd. This case is under investigation to determine if a crime occurred.

10-3172- On 7/13/10 at 1654 hours, on the 00 block of Avon Rd., Officer Hui responded to a report of a suspicious person who turned out to be canvassing the neighborhood for a political organization.

10-3290- On 7/19/10 at 1850 hours, on the 00 block of sunset Dr., Officer Hui responded to a report of a suspicious person who was canvassing the area for the ACLU.

10-3301- On 7/20/10 at 0906 hours, on the 200 block of Colusa Ave., Officer Stegman took a report of an automobile theft. The vehicle was taken during the course of the night.

### **Collateral duties**

On 7/9/10, Officer Stegman attended the Mutual Aid Mobile Field Force (MAMFF) deployment, in Oakland, following the verdict in the Johannes Mehserle trial.

On 7/19/10, Officer Stegman attended the Mutual Aid Mobile Field Force (MAMFF) deployment, in Walnut Creek, for the dual sided protest of the Johannes Mehserle trial outcome.

On 7/22/10, Officer Hui attended the Chief of Police Technical Advisory Committee (COPTAC) meeting, regarding the implementation of new technologies.

On 7/28/10, Officer Hui participated in a BAYRICS conference call regarding the enhancement of technology to facilitate information sharing, among Bay Area agencies.

Officer Wilson continued planning and organizing for National Night Out which will take place on 8/3/10.

Officer Wilson began sending out Neighborhood Watch Updates via email and continued to update the distribution list.

Officer Wilson attended the Kensington Public Safety Council Meeting as the Neighborhood Watch Coordinator.

### **Reserve program**

Officer Lafitte completed his first phase of FTO with Officer Martinez. Officer

Lafitte will commence his next phase with Officer Medina.

### Summary

KPD received a several calls this month regarding solicitors, which is obviously an ongoing problem. Some of these solicitors were determined to be canvassing neighborhoods for political purposes. Although Contra Costa County has an ordinance against solicitation for profit, individuals who solicit for political reasons are not restricted by this ordinance.

### Team Statistics

Officer:	Stegman K32 (0600- 1600)	Wilson K38 (2000-0600)	Hui K42 (1100-2100)
Days Worked	12	17	17
Traffic Stops	6	9	16
Moving Citations	2	1	13
Parking Citations	0	3	5
Vacation/Security Chks	15	87	143
Field Interviews	0	0	6
Cases	2	1	3
Self Initiated Cases	0	0	0
Arrests	0	0	1
Calls for Service	16	18	35

### •• Sergeant Hull Team 2

### Team Statistics

Officer:	Martinez (K31) (K41) (0600-1800)	Medina (K35) (1800-0600)	Ramos (0730-1730)
Days Worked	17	17	16
Traffic Stops	11	12	36
Moving Citations	3	0	17
Parking Citations	8	4	6
Vacation/Security Checks	53	5	11
FI-Field Interview	0	0	0
Cases	4	0	0
Self Initiated Cases	0	0	0
Arrests	0	0	0
Calls for Service	65	76	22

- Sgt. Hull wrote one moving citation.
- Sgt. Hull attended the County Office of Revenue Collection Meeting in anticipation of its closing. Currently working to find a private vendor to replace the ORC in processing parking citations. ORC final closing date is 9-30-2010.
- Officer Martinez completed a fleet maintenance report.
- Officer Ramos attended POST approved Collision Investigation Course.
- Officer Ramos took two vacation days.
- Officer Martinez assisted ECPD with an arrest of the theft suspect in the Plaza.
- Officer Martinez conducted a presentation of burglaries, vehicle accidents, and identity theft at the Kensington Senior Center.
- Sgt. Hull is looking into a possible citizen initiated IA complaint.
- Officer Medina continues to train Reserve Lafitte.

#### SIGNIFICANT EVENTS:

- 2010-3082 – On 7-8-2010, Officer Martinez took a report of residential burglary on the unit block of Westminster Avenue.
- 2010-3212 – On 7-15-2010, Officer Martinez took a non-injury accident report in the 200 block of Arlington Avenue.
- 2010-3245 – On 7-17-2010, Officer Martinez assisted El Cerrito PD with an arrest of a suspect in the El Cerrito Plaza.
- 2010-3491 – On 7-29-2010, Officer Martinez took an identity theft report in the 200 block of Los Altos Drive.
- 2010-3506 – On 7-30-2010, Officer Martinez took a vehicle burglary report in the unit block of Arlington Avenue.
- 2010-3507 – On 7-30-2010, Officer Martinez took a vehicle burglary report in the unit block of Ardmore Road.
- 2010-3508 – On 7-30-2010, Officer Martinez took a vehicle burglary report in the unit block of Ardmore Road.
- 2010-3509 – On 7-30-2010, Officer Martinez took a vehicle burglary report in the 1600 block of Ocean View Avenue.
- 2010-3513 – On 7-30-2010, Officer Martinez was advised that a resident filed a report of stalking with UCSF.

- 2010-3513 – On 7-30-2010, Officer Martinez took an embezzlement report in the 300 block of Coventry Road.

#### BRIEFING/TRAINING:

- Reviewed KPD Policy 1004 – Promotional Process
- Reviewed KPD Policy 1006 – Grievance Procedure
- Reviewed KPD Policy 1008 – Hepatitis and HIV Testing
- Reviewed KPD Policy 1010 – Reporting of Employee Convictions
- Reviewed Felony and Misdemeanor arrest warrants.
- Reviewed Ramey warrants.
- Reviewed Steagald Warrants.

#### SERGEANT'S SUMMARY:

Due to Sgt. Khan's absence, work assignments have changed drastically for some while less for others. Although the workload has increased I would like to assure the community that KPD intends to continue to provide the high level of professional service the community has come to expect. Chief Harman has implemented a couple of changes to the KPD structure that has begun to bear fruit.

The Detective position occupied by Detective Barrow has increased KPD's arrests and closed cases rate substantially.

The Traffic Officer position occupied by Officer Ramos has increased the number of traffic citations being written. I expect the job Officer Ramos is doing will directly affect the number of traffic accidents we currently experience.

I would also like to recognize the job done by Officer Hui in the area of traffic enforcement. Officer Hui works on the opposite team from Officer Ramos and his primary duty is patrol related. Officer Hui has consistently enforced the rules of the road and consistently writes the most patrol traffic citations.

I would like to recognize the work ethic and cooperation demonstrated by Police Aide DiNapoli in her approach to handling her increased work load. DiNapoli's diligence in learning her new assignments along with the rules and statutes that govern her duties all while serving the interest of KPD and the District is exemplary.

The Contra Costa County Office of Revenue Collections is closing so KPD is currently in the process of replacing the job of processing parking citations with a private vendor. This process entails finding a vendor who will not only process the citations but collect funds from violators, maintain orderly files to pass yearly state audits, make mandated state and county payments from citation funds, and

provide a process to resolve contested citations up to and including contracting with a traffic commissioner as the final arbiter.

The District suffered several vehicle burglaries at the end of this month. It is important that I point out what these crimes have in common. There were valuables (laptop) or items of interest (bags and backpacks) left on the seat or floor board in plain view. I cannot emphasize enough the importance of not leaving items in vehicles. These crimes were window smashes, possibly with porcelain chips, then grab and run. Removing valuables and items of interest to criminal will assist patrol efforts in reducing these types of crimes.

•• **Detective Keith Barrow**

**SIGNIFICANT EVENTS:**

2010-3506, 3507, 3508 and 3509 Auto Burglary.

On 07-30-10, four residents of Kensington were the victims of auto burglaries. All four vehicles had side windows smashed and items taken. The burglaries occurred sometime during the hours of 06:00PM on 07-29-10 and 07:10AM on 07-30-10.

2010-3491 Identity Theft.

Officer Martinez took a report of an identity theft and was able to identify a person of interest that lives in North Richmond. We conducted a search for the individual and were unable to make contact. I will be conducting a follow up investigation in this case.

2010-3442 Warrant Arrest

I conducted a traffic stop on the way to a town meeting. I contacted the driver who had two \$5,000.00 warrants for his arrest. The warrants consisted of 11 different charges. The driver was arrested with the aid of KPD Officer Hui and booked at MDF. **Case closed.**

2010-3030 Warrant Arrest

Officer Hui and I made a warrant arrest of a wanted person from a 2005 KPD case. **Case Closed.**

**KPD INVESTIGATIONS INFORMATION:**

2010-2872 Residential Burglary.

The report was not finished by the time of this publication. This case will be investigated.

2010-2712 Residential Burglary.

This case is under investigation.



2010-2701 Arrest of forgery suspect.

**This case will be filed with the Alameda District Attorneys Office.**

2010-2695 Residential Burglary.

This case is under investigation.

2010-2199 Arrest of forgery suspect.

**This case will be filed with the Alameda District Attorneys Office.**

2010-2184 Auto Burglary.

Kensington did sustain 9 Auto burglaries in the month of June. Case numbers **2010-2189, 2010-2191, 2010-2222, 2010-2236, 2010-2239, 2010-2291, 2010-2334, and 2010-2335**. All of the victim vehicles had their winds smashed and items were taken from the passenger compartments. Berkeley has also sustained no less then twenty similar window smashes within the same time period. These cases are under investigation.

2010-2050 Hit and Run Vehicle Accident.

The suspect vehicle hit two Kensington Police Officers personal vehicles. **This case is to be filed with the Contra Costa County District Attorneys Office.**

2010-1958 Possession of Narcotics for sale.

This case is still under investigation and I believe that an arrest will be made soon.

2010-1953 Attempted Grand Theft.

An attempted theft of a bronze door that was attached to a mausoleum in the Sunset View Cemetery was interrupted by a grounds keeper. The attempt took place on 5/18/10 at approximately 0710 hours. Two suspects where seen and reported as a white male adult approx. 29 years old, white and black jacket. The second suspect was a black male adult approx. 29 years old wearing all black clothing. The two suspects fled on foot through the back yard of a home on Sea View Drive.

2010-1889 Grand Theft.

The Sunset View Cemetery sustained the theft of a 100 year old Bronze door that was attached to a mausoleum. The theft of the Bronze Door occurred on 5/11/10

2010-1751 Grand Theft.

The Sunset View Cemetery has sustained the theft of approximately 40 Bronze Tombstone placards. The theft of the placards occurred from 2030 hours on 4/30/10

To 1500 hours on 5/2/10. **If you have any information to aid in the apprehension of the suspect(s) please call Detective Barrow at 510-526-**

**4141 ex. 26 Case open and under investigation.**

2010-1560 Residential Burglary and two vehicles were also stolen.  
**This case will be filed with the Contra Costa County District Attorney.**

2010-1457 Hit and Run Vehicle Accident.  
A vehicle left the roadway and struck an AT&T phone box and two parked vehicles. **Charges have been filed in this case.**

2010-1067 Residential Burglary.  
**The second suspect's trial has been moved to the first week in August.**

2009-3190 Residential Burglary.  
**The suspect has pleaded guilty in Contra Costa County Court for this Residential Burglary. The suspect has received two years in a state prison. Alameda County District attorney is currently pursuing charges committed in Oakland related to this case.**

2007-3645 Lewd or Lascivious Acts with a Child under the age of 14 years.  
This case is under investigation.

#### KPD INVESTIGATIONS

- Made several court runs for filling cases, and citation drop off's.
- Updated the KPD residential burglary log.
- Updated the KPD stolen vehicle log.

#### WEST-NET ASIGNMENT:

I am currently assigned to the West Contra Costa County Narcotic Enforcement Team (West-NET) one day per week.

While on this assignment I work with other West Contra Costa County law enforcement officers and agencies. I participate and aid in the service of search warrants, surveillance and on going narcotics investigations. In the month of July West-NET assisted the town of Willits in an undercover detail that resulted in the arrest of several suspects throughout the Bay Area. The suspects in this case were suppliers of chemicals used in the making of methamphetamine and also growers of marijuana.

#### INVESTIGATORS SUMMARY:

In the month of July the District of Kensington sustained 1 identity theft, 1 non-injury vehicle accident and 2 Hit and Run Vehicle Accidents, 0 Injury Hit and Run Accidents, 0 Injury Accidents, 2 Residential Burglaries, 0 Attempted Residential Burglaries, 0 Commercial Burglary, 4 Auto Burglaries, 0 Theft from unlocked

vehicle, 1 Stolen Vehicle, 0 Petty Theft, 1 Vandalism, 1 Embezzlement, 0 Attempted Grand Thefts and 0 Grand Thefts.

•• **Chief Harman**

As mentioned in Sergeant Hull's report, with Sergeant Khan's absence everyone at the department has had to step up, take on more duties, and learn new assignments. While I am covering Sergeant Khan's work hours and providing supervision for Team One, Officer Eric Stegman has taken over preparing Team One's monthly report, and is now assigned as the department's Rangemaster and Reserve Program Coordinator.

Sergeant Hull has added Policy Administrator, Recruitment Supervisor, and reviewing of Team One's police reports to his regular duties.

Officer Kevin Hui is assigned as the department's in-house IT person, assistant rangemaster, and soon will be assigned to maintain the District's website.

The biggest re-assignment of tasks has occurred with Andrea DiNapoli taking over as the Training Manager, Records Supervisor, and the person handling all statistical data collection and reporting duties. These new assignments have been added to her Property Room duties and her continued new assignment of Park Administrator.

During this time of transition, we continue to train our three reserve officers and will begin the process of selecting a replacement for District Secretary Stephanie Fries, who is leaving August 13<sup>th</sup> to take a full time position with the Alameda County Welfare Department.

These are indeed challenging times, but I am confident that everyone here is up to the challenge and that they will continue to provide the quality service expected of us.





# General Manager July 2010 Report

## Budget

### **Police Tax**

The Supplemental Police Tax has been set at \$179.00 per parcel. This will generate \$405,720.00 in additional revenue to be used to maintain our current level of police service. Thank you for your support!

## Kensington Park

### **Park Restroom**

We have put together our specifications for the project and the bidding documents are currently being prepared for our second review by our District counsel. This process, as well as applying for the necessary permits has taken longer than originally estimated, pushing our project back a couple of months. Hopefully, we will be able to get the final Board approval for the project in September and go to bid later in the month.

### **Community Center & Annex**

The Park Building Committee will hold a fourth meeting August 9<sup>th</sup>, in preparation of making a recommendation back to the KPPCSD Board September 9<sup>th</sup>.

## Emergency Preparedness

We now have the agenda and the minutes of the Public Safety Council posted on the KPPCSD web page for future review.

The next meeting of the Kensington Public Safety Council will take place Monday, August 9th, at 6:30 PM at the Community Center Room #3.

On July 28th, Officer Doug Wilson and I attended the Columbia Avenue earthquake Preparedness meeting, held at the Community Center. The meeting was well attended and a presentation was given by Pam Grossman of the Berkeley Emergency Planning Committee on earthquake preparedness. Officer Wilson will be trying to arrange for Pam to return and give a presentation to other Kensington neighborhood groups.

## Other District Items of Interest

### **Traffic**

We have received the solar speed radar sign that will be posted on the southbound lane of Arlington Avenue in the area of 46 Arlington. The sign was purchased with funding from our 2008/2009 COPS Grant. We are currently waiting for the Contra

Costa County Public Works Department to install the sign.

I attended a meeting of a group of concerned residents living in the area of Arlington Court and Norwood Avenue, to discuss concerns they had regarding speeding vehicles and traffic flow in the area. I have requested a traffic survey of the area from the County and once received, we will begin discussions on possible remedies.

I have also been in touch with residents in the Oak Park/ Colusa Circle area concerned about traffic issues along Colusa Avenue. After meeting with residents on Oak Park during the National Night Out party, we will be setting up a meeting date to bring residents together to discuss their concerns regarding traffic all along Colusa Avenue.

### **Street Sweeping**

Street sweeping began in Kensington in January and will be provided at no cost to Kensington by the Contra Costa County Public Works Department. On the first Friday of every month, the County will sweep the streets of Arlington, Coventry, Ardmore, Edgcroft, Lenox, Kingston, Stratford, Beverly, Berkeley Park, Ocean View, Oak View, and Colusa.

Residents are being asked to help by moving their vehicles, garbage and recycling cans from the street, clearing large debris and obstructions from the gutters, trimming back vegetation along the curb and sidewalk, and not piling leaves or green waste in the roadway.

If we all do our part we can keep Kensington streets clean and help keep pollutants out of our waterways.

### **Website**

The Board packets, monthly reports, and minutes and recordings of the KPPCSD Board Meetings are available for review on our website at:

[www.kensingtoncalifornia.org](http://www.kensingtoncalifornia.org).

### **EBMUD**

On July 22<sup>nd</sup>, I received a notice from EBMUD providing us with the "Notice of Preparation of the Environmental Impact Report for the Summit Reservoir Replacement Project", requesting those individuals that would like to make comments or have questions on the environmental impact of the project make them no later than August 30, 2010. A copy of the notice is attached to this memo.

### **DISTRICT SECRETARY**

Stephanie Fries has given her two week notice and her last day of employment with the District will be on August 13<sup>th</sup>. Stephanie has accepted a full time position with the Alameda County Welfare Department. Good luck Stephanie!



RECEIVED

JUL 22 2010

KENSINGTON POLICE  
DEPARTMENT

**NOTICE OF PREPARATION  
ENVIRONMENTAL IMPACT REPORT  
SUMMIT RESERVOIR REPLACEMENT PROJECT  
EAST BAY MUNICIPAL UTILITY DISTRICT**

July 23, 2010

**Project:** The East Bay Municipal Utility District (EBMUD) proposes to prepare a project level Environmental Impact Report (EIR) for the replacement of Summit Reservoir and the Woods and Shasta Pumping Plants located at 416 Spruce Street in the City of Berkeley. The project involves demolition of the existing 37-million gallon (MG) open-cut reservoir (constructed in 1891) and appurtenances (including the roof system, roof features, and concrete lining) and the Woods and Shasta Pumping Plants located below the southwestern reservoir embankment. New construction includes a new 3.5- to 5-MG partially buried concrete tank, replacement pumping plants and related appurtenances in one structure adjacent to the existing location, and a new Summit regulator/rate control station within the pumping plant structure to access storage from the existing Woods Reservoir located approximately one mile to the east. The entire reservoir bowl will be regraded and landscaped with a mixture of drought-tolerant trees, grasses and shrubs. See attached location/vicinity map.

**Objective:** The objectives of the Summit Reservoir Replacement Project are to: (1) address regulatory concerns by removing polychlorinated biphenyls in the reservoir liner caulking per the 1994 Alameda County District Attorney's Agreement with EBMUD; (2) reduce maintenance costs and improve operational reliability associated with operating the open-cut reservoir under the California Division of Safety of Dams' (DSOD) jurisdiction by replacing the reservoir (120 years old) and the Woods and Shasta Pumping Plants (70 years old) on site with new facilities; and (3) improve water quality by downsizing the reservoir and replacing it with optimal storage based on projected future demands. The project will remove portions of the dam embankments to ensure that the remaining small basin will be below the DSOD's jurisdictional threshold.

**Project Location/Setting:** Summit Reservoir is located at 416 Spruce Street on approximately 17 acres of land bordered to the north by Beloit Avenue, the west by Vassar Avenue, the south by Spruce Street, and to the east by Grizzly Peak Boulevard. The property resides in the City of Berkeley (Alameda County) and Kensington (unincorporated Contra Costa County). The reservoir is situated just west of the entrance to Tilden Park, on the ridgeline between Wildcat Canyon and the East Bay. Surrounding uses are primarily single-family residential. The Shepherd of the Hills Church is directly opposite on Grizzly Peak Boulevard. Pine, oak, and redwood trees and shrubbery are interspersed along the southwestern and western embankments, obscuring or filtering views into the site.

**EIR Process:** EBMUD, acting as lead agency under the California Environmental Quality Act (CEQA), will prepare an EIR. With this Notice of Preparation (NOP), input regarding the scope of the environmental review in the EIR is being solicited from interested parties, including responsible, resource and trustee agencies. Responsible, resource and trustee agencies under



CEQA and other interested agencies include the City of Berkeley, Contra Costa County, Alameda County, Regional Water Quality Control Board, Bay Area Air Quality Management District and the DSOD.


The environmental factors that could potentially be affected by this project (i.e., involving at least one impact that is a "Potentially Significant Impact") include Aesthetics, Biological Resources, Greenhouse Gas Emissions, Hazards/Hazardous Materials, Hydrology/Water Quality, Cultural Resources, Geology/Soils, Transportation/Traffic, Noise/Vibration, and Air Quality. Additional elements may be added to this list as a result of scoping.

EBMUD requests your input regarding the scope and content of the environmental information that should be considered or included in the proposed EIR. CEQA requires that your response be submitted to EBMUD at the earliest possible date, but no later than August 30, 2010.

Responses to or questions regarding this NOP should be directed to:

Gwen Alie, Associate Planner  
East Bay Municipal Utility District  
375 Eleventh Street, MS 701  
Oakland, CA 94607-4240  
(510) 287-1053, [galie@ebmud.com](mailto:galie@ebmud.com)  
or [summiteir@ebmud.com](mailto:summiteir@ebmud.com)

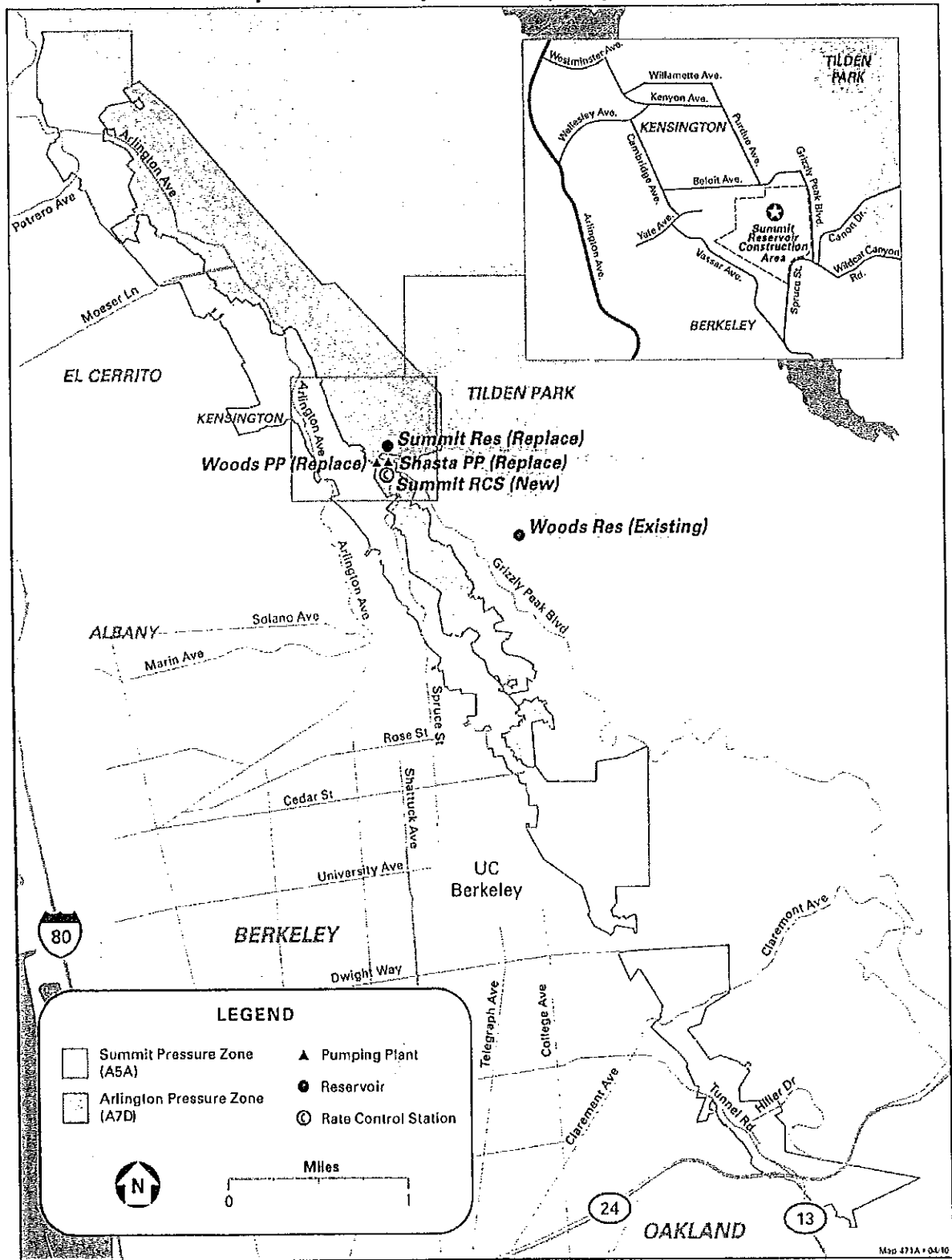
The Draft EIR is targeted for circulation in late spring 2011, with action by EBMUD's Board of Directors anticipated in the fall of 2011. Notice will be given of public meetings, including a public hearing during the Draft EIR comment period. At the end of the review and comment process, EBMUD's Board of Directors will determine whether to adopt the Summit Reservoir Replacement Project and certify the EIR. Additional information about the Summit Reservoir Replacement Project can also be obtained from the EBMUD website.

  
\_\_\_\_\_  
Xavier J. Irias, Director of Engineering and Construction  
East Bay Municipal Utility District

7-1-10  
Date

XJI:WRK:sb  
sb10\_139.doc

# Summit Reservoir Replacement Project Vicinity Map



# NEW BUSINESS

**#1 - General Manager Greg Harman will present to the Board for possible approval the proposed Kensington Police Protection & Community Services District Resolution 2010-09, Establishing the Appropriations Limit Applicable to the District during Fiscal Year 2010-2011 as \$3,305,662. Board Action.**

## Memorandum

**TO:** Greg Harman  
**FROM:** Julie A. Sherman  
**DATE:** July 7, 2010  
**RE:** **Kensington Police Protection and Community Services District  
Appropriations Limit for Fiscal Year 2010-2011**

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As a reminder, in the early 1980s, the District held a special election at which the voters in the District voted to set the appropriations limit at an amount higher than would ordinarily be the case. However, once raising the limit in this fashion, the District needs to go back to the voters every four years to re-set the limit. Otherwise, under the Constitution, the base figure by which all future years are to be calculated will fall down to its original amount. The District has gone to the voters every four years as required, the latest time being in 2006, which would carry the District through the 2009-2010 Fiscal Year. Therefore, the District needed to go to the voters again no later than June, 2010 to prevent the District's appropriations limit from falling.

The District did not hold a special election specifically to set its appropriations limit for Fiscal Year 2010-2011. However, the District did call an election to impose a Supplemental Special Tax in June 2010. The text of the ballot measure (Measure G) also asked voters whether the District's appropriations limit should be increased by the amount of the voter-approved tax. You have informed us that Measure G has passed, and therefore Measure G raised the District's appropriations limit by the additional tax revenue raised by Measure G.

Typically, the election to raise the appropriations limit is specific with regard to the amount the limit is being raised and the fiscal years that will be affected. Measure G was not specific with regard to these issues. Therefore, Measure G set the appropriations limit for only one fiscal year (FY 2010-2011). The District must call for another special election next year (no later than June, 2011) to ask the voters to set the appropriations limits for Fiscal Year 2011-2012 and for the next three fiscal years (FY 2012-2013 through 2014-15). I suggest you calendar a reminder for the fall of 2010 to ensure that the District prepares for a spring 2011 election.

Enclosed is a form of Resolution adopting the Fiscal Year 2010-2011 appropriations limit. Please fill in the Fiscal Year 2010-2011 appropriations limit (FY 2009-2010 plus the Measure G revenue). Also enclosed is a notice incorporating these calculations and stating the limit applicable during FY 2010-2011. (You will need to insert the Measure G revenue information and the Fiscal Year 2010-2011 appropriations limit). In order to satisfy legal requirements, please post the Notice at least 15 days before the July Special Board Meeting. Please insert the date the Notice is posted at the bottom of the Notice. Also, please include both the Notice and the Resolution in the Agenda packet.

cc: Chuck Toombs, Pat Miyaki, Kurt Franklin

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

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## KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

### NOTICE OF DETERMINATION OF APPROPRIATIONS LIMIT FOR FISCAL YEAR 2010-2011

State law (Section 7910 of the Government Code) requires each local government agency to determine during each fiscal year the appropriations limit pursuant to Article XIII B of the California Constitution applicable during the following fiscal year. The limit must be adopted at a regularly scheduled meeting or a noticed special meeting and the documentation used in determining the limit must be made available for public review fifteen days prior to such meeting.

Set out below is the methodology used to calculate the Fiscal Year 2010-2011 appropriations limit for the District. The limit as set forth below will be adopted at the meeting of the Board of Directors on August 12, 2010.

1.	Appropriations limit for FY 2009-2010	\$2,899,942
2.	Tax Revenue - Measure G:	
	▪ \$179.00 for single family residential parcels	\$378,764
	▪ \$268.50 for multiple unit residential properties	\$17,721
	▪ \$268.50 for commercial and institutional properties	\$6,712
	▪ \$179.00 for miscellaneous improved parcels	\$NA
	▪ \$53.70 for unimproved parcels	\$2,523
	▪ Total	\$405,720
5.	FY 2010-2011 Appropriations Limit: (\$2,899,942 + \$405,720)	\$3,305,662

Dated: July 28, 2010

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

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RESOLUTION NO. 2010-09

ESTABLISHING THE APPROPRIATIONS LIMIT  
APPLICABLE TO THE DISTRICT  
DURING FISCAL YEAR 2010-2011

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

WHEREAS, Article XIII B of the California Constitution and Sections 7902(b) and 7910 of the Government Code require that each local agency subject thereto establish by resolution the applicable appropriations limit for each Fiscal Year; and

WHEREAS, Article XIII B of the California Constitution also provides that the appropriations limit imposed on any local agency may be established or changed by the electors of such entity; and

WHEREAS, by Resolution 2009-09, the District adopted the appropriations limit for Fiscal Year 2009-2010 as \$2,899,942; and

WHEREAS, by Ordinance 2010-01, the Board of Directors called for a ballot measure for a special election to impose a Supplemental Special Tax for police protection services in an initial annual amount of not to exceed (1) \$200.00 for single family residential parcels; (2) \$300.00 for multiple unit residential properties; (3) \$300.00 for commercial and institutional properties; (4) \$200.00 for miscellaneous improved parcels; and (5) \$60.00 for unimproved parcels, commencing Fiscal Year 2010-2011; and

WHEREAS, the ballot measure also asked voters whether the District's appropriations limit should be increased by the amount of the voter-approved tax; and

WHEREAS, by the special election on June 8, 2010, the qualified electors of the District voted in favor of imposing the Supplemental Special Tax, and establishing the appropriations limit applicable to the District during the Fiscal Year 2010-2011 as \$3,305,662.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Kensington Police Protection and Community Services District that the appropriations limit for Fiscal Year 2010-2011 is \$3,305,662.

Passed and adopted this 12th day of August, 2010, by the following vote of the Board.

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
President, Board of Directors  
Kensington Police Protection and Community Services District

ATTEST:

\_\_\_\_\_  
Secretary of the District

# Memorandum

Kensington Police Department



**To:** KPPCSD Board of Directors

APPROVED      YES      NO

**From:** Gregory E. Harman, General Manager

\_\_\_\_\_

**Date:** Thursday, August 05, 2010

FORWARDED TO:

**Subject:** New Business Item #2 Resolution 2010-10 Authority to Request Disbursements from the Calpers OPEB Trust

\_\_\_\_\_

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In order to request disbursements from the Calpers CERBT/ OPEB Trust for post employment benefits costs paid by the employer, Calpers requires a resolution be passed by the governing body authorizing two employer representatives be identified to make the request for disbursements.

I am recommending that the Board authorize the President of the Board and the General Manager of the District be identified as the authorized persons to request disbursements.

Greg Harman



# NEW BUSINESS

#2 - General Manager Greg Harman will present to the Board for possible approval the proposed Kensington Police Protection & Community Services District Resolution 2010-10, Delegation of Authority to Request Disbursements of the CalPERS OPEB Program. Board Action.



DELEGATION OF AUTHORITY  
TO REQUEST DISBURSEMENTS

RESOLUTION 2010-10

RESOLUTION  
OF THE

KENSINGTON POLICE PROTECTION & CSD

(GOVERNING BODY)

OF THE

KENSINGTON POLICE PROTECTION & CSD

The \_\_\_\_\_ KENSINGTON POLICE PROTECTION & CSD \_\_\_\_\_ delegates to the incumbents in  
the positions of \_\_\_\_\_ **BOARD PRESIDENT** \_\_\_\_\_ and

**GENERAL MANAGER** \_\_\_\_\_ authority to request on behalf

of the Employer disbursements from the Other Post Employment Prefunding

Plan and to certify as to the purpose for which the disbursed funds will be used.

By \_\_\_\_\_

Title \_\_\_\_\_

Witness \_\_\_\_\_

Date \_\_\_\_\_

# NEW BUSINESS

#3 - General Manager Greg Harman will present to the Board for review and possible approval a request from Bay View Refuse & Recycling Services, a 4.1% increase in Bay View's rates for refuse, recycling, and green waste collection for the period September 1 through December 31, 2010, based on alleged extraordinary events pursuant to the Franchise Agreement. Board Action.

# Memorandum

Kensington Police Department



To: KPPCSD Board of Directors

APPROVED YES NO

From: Gregory E. Harman, General Manager

\_\_\_\_\_

Date: Thursday, August 05, 2010

FORWARDED TO:  
\_\_\_\_\_

Subject: New Business Item #3 Bay View Rate Increase

On July 19<sup>th</sup>, I received a letter from Jeffrey Schoppert, the attorney representing Louis Figone, the owner of Bay View Refuse and Recycling Services, requesting the District approve a 4.1% increase in Bay View's rates for refuse, recycling, and green waste collection for the period September 1 through December 31, 2010. In his letter, Mr. Schoppert cited "extraordinary events" and that these provided justification for a rate increase as provided for in the Franchise Agreement.

The letter and the supporting Bay View documents are attached to this memo.

Per Bay View's estimated rate increase sheet (Page A10), a 4.1% increase in rates for the last four months of the year would generate an additional \$13,139.88 in increased revenue.

I contacted Pat Miyaki at Hanson/ Bridgett and requested that he review the letter and the documents provided by Mr. Schoppert and answer questions I had regarding them. The highlights of Miyaki's comments are listed below in quotations:

- \* "In reviewing Section 9 of the Franchise Agreement, it does not appear that the reasons stated in the July 12 letter fall within the scope of Sections 9.5, 9.6, or one component of Section 9.7 (discussed below). The July 12 letter only refers to Section 9.6 and 9.7."
- \* "Section 9.5 provides for an adjustment in rates for "extraordinary changes in disposal costs." The stated purpose of Section 9.5 is to deal with increases or decreases in gate fees or disposal costs that exceed 15%. Bay View did not refer to this Section 9.5, even though its letter refers to an increase in disposal costs for green waste. My guess is because the gate fees and disposal costs did not increase by 15%."

- \* "Section 9.6 provides for an adjustment in rates for "extraordinary events." The stated purpose of Section 9.6 is to address "infrequent extraordinary events" that "radically increase or decrease the cost of providing service such that the rates and the rate adjustment mechanism provided in this Agreement result in the Contractor suffering losses, or enjoying profits, which are substantially outside the commercially reasonable expectations of the parties." The example of how this section would be applied is a war or embargo that increases the cost of fuel by a factor of 5."
- \* "Section 9.7 provides for an adjustment in rates for "changes in the Contractor's scope of work and/or level of pass-through costs." The stated purpose of Section 9.7 is to adjust the rates if the District directs the contractor to initiate new service or expand the level of existing service so as to cover the costs of these new or expanded services as well as the 12% profit. This Section also allows for adjustment in the rates if the "pass-through" costs set forth in Exhibit C increase or decrease from the then current level."
- \* "The July 12 letter bases the rate increase on the following: (1) decreased revenue due to more customers switching to the mini-can service; (2) increased costs due to collection and disposal of green waste; (3) increased costs due to higher health and welfare benefit costs; and (4) other increases set forth in a summary, which is referred to in the July 12 letter, but I have not been provided a copy of it."
- \* "In my view, none of the bases set forth in the July 12 letter fall within Sections 9.5 or 9.6. And, unless the District requested new or expanded service starting January 1, 2010, the first component of Section 9.7 would not apply. That leaves only the second component of Section 9.7 - that the pass-through costs on Exhibit C have increased or decreased from the current levels. I do not know what the current Exhibit C levels are, and we would need a financial/rate consultant to determine if the documentation provided by Bay View shows that those pass-through costs have increased. At a gut level, it seems that these pass-through costs would have been considered in setting the 2010 rates, particularly since the comprehensive 4-year rate study was done within the last year."
- \* "In sum, in my view, in order to determine whether Bay View's request for a rate increase is appropriate and justified, the District will need to get a financial/rate consultant to evaluate Bay View's request. A financial/rate consultant would have the skill to analyze the final information provided by Bay View. Given HFH Consultants recent work, I suspect that HFH Consultants could do this evaluation relatively quickly."
- \* "At this point, I did not evaluate the statement in the July 12 letter about Bay View's options if the District does not approve the rate increase. We may need to do that in the future."

- \* "If the District approves the rate increase, we also would need to consider the process for implementing the rate increase. My preliminary view is that the District should comply with the Proposition 218 requirements, as I believe that the District complied with those requirements when setting the 2010 rates."

In my review of the request and the documents provided, I identified several issues that cause me to question the necessity of a rate increase for the September 1- December 31, 2010 period.

- \* Revenue figures do not match on documents provided with the letter: Page A1 lists April 30, 2010 revenues of \$342,100 and on Page A10 revenue for the same period is listed at \$320,484. This difference alone is a \$64,846 in "lost" projected revenue.

In a letter dated April 30, 2010 (C1), Figone wrote that his revenues for the first four months of the year were \$331,217.39. This is this figure that he used to calculate his franchise fees paid to the County and the District.

The amount cited the July 19<sup>th</sup> letter is the third revenue figure provided by Figone for the same period of time. His request for a 4.1% increase is based on the lowest revenue figure (\$320,484) of the three he has reported.

- \* On page A1, recycling revenue for April 30, 2010 is listed as \$12,009, and for April 30, 2009 it is listed as \$12,170, a \$161.27 decrease. The County's Diversion Data Reports (B1 & B2) show that recycling materials increased from 451 tons in the first quarter to 545 tons in the second quarter. An increase in recycling tonnage would suggest an increase recycling revenue for the period. Unfortunately, Mr. Schoppert failed to provide tonnage and relevant per ton price information for recycled materials. Therefore, a firm conclusion can not be drawn.
- \* Mini can accounts: The request letter indicates that 56 customers switched from regular cans to mini cans, for a loss of revenue of \$1,906.24. However, information regarding increases in service or switches from mini cans to regular cans is not provided. This information would affect revenue figures as well.
- \* Green Waste Costs: The request letter indicates that green waste collection increased the first 4 months of 2010 over 2009, resulting in a \$1,604 increase in disposal expense and an increase of \$7,072 in labor costs. However, this four month increase in green waste, no doubt due to the increase in rainfall this winter, should not continue for the rest of the year. Therefore, the extended costs for the full year, as shown on Page A3, appears to be inappropriate and to inflate the annualized reduction in profits amounts in favor of Bay View.

- \* Special Rate Dump Fee Increase: Page A8 indicates that the anticipated annual ton usage to be 1,538.68 for a projected increase in costs of \$769.34. However, per the County's reports, Pages B1 & B2, the first 6 months of the year refuse totals were 583 tons. Projected out for the year would be 1166 tons at a special rate cost of \$583.00 and not the stated \$769.34 increase on Page A8.

Because of the listed discrepancies on the previous page, the legal opinion that the request does not fall within the guidelines as provided by the franchise agreement, and our November 2009 rate review- which set the rate increase for 2010 and which complied with Proposition 218- is in place, it is my recommendation to the Board that this 4.1% rate increase for the final four months of 2010 not be approved at this time.

Mr. Schoppert's letter indicates, "That should the District be disinclined to permit the increase in order to achieve the Franchise Agreement profit standard, Bay View's options for achieving the required profit margin are limited. They include restricting the amount of green waste collected and/or elimination of the mini can rate."

However, per the Franchise Agreement, Section 9.13 (Page D1), "If the contractor believes the rates have not been increased in accordance with this agreement, it may not terminate this agreement or refuse to continue to provide service. However, it shall have the right to challenge the adequacy of the rates as provided in this section. All disputes as to the adequacy of rates shall be resolved through mandatory binding arbitration conducted in accordance with the California Arbitration Act, California Code of Civil Procedure sections 1280-1288.8, including provisions of Section 1283.05. In such arbitration, Contractor shall neither seek, nor be entitled to recover, damages from the district on any theory, including tort, breach of contract, or other".

In the event the next Bay View Financial Report due in September does indeed show that Bay View may incur a reduction in their profit margins, I would recommend that the Board possibly consider a one time supplemental surcharge for extraordinary costs incurred this year to be billed as a separate billing at the end of the year under the provisions of the Proposition 218 guidelines.

Greg Harman

ATTORNEYS AT LAW

Steford W. Keegin

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Jessica Korner

Wendy L. Wise

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JUL 19 2010

KENSINGTON POLICE  
DEPARTMENT

July 12, 2010

Mr. Gregory E. Harman  
General Manager / Chief of Police  
Kensington Police Protection  
and Community Services District  
217 Arlington Avenue  
Kensington, California 94707

Re: Bay View Refuse and Recycling Services, Inc.  
RATE INCREASE REQUEST FOR DISTRICT-MANDATED PROGRAM COSTS

Dear Mr. Harman:

We represent Bay View Refuse and Recycling Services, Inc. ("Bay View" or the "Company"). By this letter, we request that the Kensington Police Protection and Community Services District (the "District") approve a 4.1% increase in Bay View's rates for refuse, recycling, and green waste collection for the period September 1 through December 31, 2010. The need and authority for the increase is explained below.

Bay View's rights to collect refuse and other materials within the District, and the manner in which rates for such collection are determined, are set forth in the Franchise Agreement with Bay View Refuse and Recycling Services, Inc., dated September 1, 1997, and entered into by and between the District and Bay View (the "Franchise Agreement"). Annual rate adjustments are provided for in sections 9.3 and 9.4 of the Franchise Agreement. Section 9.6 allows Bay View to request a rate increase based on extraordinary events. Such an application pursuant to Section 9.6 requires that Bay View provide the District with a full explanation of the reasons for the request and a proposed change in rates.

Section 9.7 permits Bay View to request a rate increase whenever Bay View's costs increase due to the initiation of new services or an expansion of the level of existing services. Section 9.7 requires the same explanation and proposed rate change information as section 9.6.



Mr. Gregory E. Harman  
July 12, 2010  
Page 2

A number of events have occurred during the first part of 2010 which justify a rate increase pursuant to the above-cited sections. Included with this letter are two copies of (i) the Bay View financial statement for the four-month period ending April 30, 2010; (ii) a comparative statement of income, comparing income and expenses for the first four months of 2009 to the same period in 2010; (iii) a summary of changes in Bay View's revenue and expenses for the period January 1, 2010 through April 30, 2010; and (iv) a spreadsheet showing the projected effect on Company profits of the requested rate increase. I am also enclosing for your ease of reference a copy of the 2009 year-end financial statement for the Company.

The summary explains the significant decreases in revenue and increases in expenses Bay View experienced during the first four months of 2010 and projects those changes to show the annualized decrease in profits for the year.

Decreased Revenue – Mini-Can Accounts:

Bay View experienced a \$1,906.24 decrease in revenue during the first four months when a large number of customers (approximately 56) switched from 32-gallon can collection to mini-can collection. Mini-can rates are \$8.51 less per month than the rate for 32-gallon cans. In 2005, when mini-can service began, 251 customers elected to use the reduced rate service. Since 2005, mini-can service has increased 41% and 354 customers currently use the service. This amounts to a \$5,718.72 annualized reduction in revenue for 2010 alone.

Mini-can service is required by the District. Thus, any revenue loss caused by any expansion of this service justifies a rate increase under section 9.6 of the Franchise Agreement.

Cost Increases:

Green waste cost. The District requires that Bay View provide unlimited green waste collection service to its customers. Recently, green waste collection has increased dramatically. Bay View paid a \$1,604 increase in green waste disposal expense because of the increased tonnage collected during the first four months of the year. During January through May 2009, Bay View collected 296 tons of green waste. During the same period in 2010, the amount was 354

Mr. Gregory E. Harman  
July 12, 2010  
Page 3

tons, a nearly 20% increase. So much green waste was put out for collection by Bay View customers that Bay View was required to add additional personnel to collect the materials, at a labor cost increase of \$7,072 during the first four months of 2010.

Neighboring communities have more restrictive green waste collection policies. For example, the City of El Cerrito limits green waste collection to only twice a month and limits the amount to one 64-gallon can per collection. Despite this limit, the collection rate charged in El Cerrito (which provides only front yard collection service in comparison to the back yard service provided by Bay View in Kensington) is \$34.04 per month, almost \$2 more than Bay View's \$32.10 monthly charge.

Health and welfare cost increases. Consistent with the experience of other union-represented employers, Bay View was charged \$1,744 more in health and welfare costs during the first four months of the year.

Other increases. Bay View experienced other smaller increases in dump fees and fuel costs, as demonstrated in the summary.

Bay View is mindful that this mid-year increase is somewhat unusual. Nonetheless, it is absolutely necessary because, pursuant to the Franchise Agreement, Bay View cannot request a rate increase for 2011 to make up for losses it experiences during 2010. As the comparative statement of income discloses, Bay View's net income was 8.6% of the Company's revenues. Historically, Bay View's profit margins are highest during the first four months of the year. If no rate increase is implemented, the profit will be even lower by the end of the year. The Franchise Agreement anticipates the Company will earn a 12% profit.

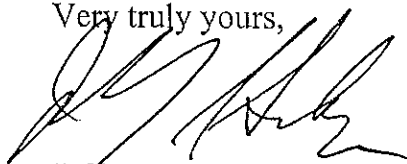
We believe the modest 4.1% increase is both appropriate and justified. However, should the District be disinclined to permit the increase in order to achieve the Franchise Agreement profit standard, Bay View's options for achieving the required profit margin are limited. They include restricting the amount of green waste collected and/or elimination of the mini-can rate. We do not believe District residents would prefer either of these service reductions to the slight increase requested.

Mr. Gregory E. Harman  
July 12, 2010  
Page 4

Please let me know when the rate increase will be presented to the Board for approval so that our client may make appropriate plans for attending the meeting to answer any questions the Board may have.

Thank you for your prompt attention to this matter.

Very truly yours,



Jeffrey S. Schoppert

JSS/glc (048403)  
Enclosures

cc: Ms. Deidra Dingman  
Contra Costa County Dept. of Conservation & Development (w/encls.)  
Mr. Lewis R. Figone (w/encls.)  
Mr. Charles Cowden (w/encls.)

Bay View Refuse & Recycling  
Comparative Statement of Income  
April 30, 2010 and 2009

Revenues:	April 30, 2010	April 30, 2009	Difference
Kensington-regular	\$ 320,451.33	\$ 336,990.01	\$ (16,538.68)
Kensington-extra	300.70	337.00	(36.30)
Recycling	12,009.09	12,170.36	(161.27)
Debris box	9,343.70	11,410.63	(2,066.93)
Container rental	690.00	1,120.80	(430.80)
Univ of Calif House	1,431.96	2,831.00	(1,399.04)
Accrued revenue adjustments	(1,489.36)	(2,545.75)	1,056.39
Refunds	(636.78)	(225.61)	(411.17)
<b>Total revenues</b>	<b>342,100.64</b>	<b>362,088.44</b>	<b>(19,987.80)</b>
<b>Expenses:</b>			
Bank charges	7.10	30.00	(22.90)
Bay Cities Refuse-debris box service	4,845.00	6,072.00	(1,227.00)
Bay Cities Refuse-green waste rental	25,680.00	24,460.00	1,220.00
Bay View Refuse-management fees	39,161.08	37,829.88	1,331.20
Communication-radios	1,003.05	534.28	468.77
Communication-telephone	166.24	165.70	0.54
Contribution	-	250.00	(250.00)
Depreciation	13,473.00	13,473.67	(0.67)
Drug program	-	163.00	(163.00)
Dump fees-West Contra Costa Landfill	32,078.05	31,682.28	395.77
Employee equipment	1,233.22	-	1,233.22
Franchise fees-county	9,948.33	10,939.95	(991.62)
Franchise fees-Kensington CSD	6,632.22	7,293.30	(661.08)
Fuel-diesel	6,919.32	6,064.66	854.66
Fuel-gasoline	1,197.34	2,005.52	(808.18)
Hazardous waste program-county	3,098.48	2,504.10	594.38
Insurance-health and welfare	24,144.00	19,600.00	4,544.00
Insurance-trucks and liability	7,760.67	7,920.00	(159.33)
Insurance-workers' compensation	5,475.17	3,213.77	2,261.40
Laundry	254.21	363.26	(109.05)
Licenses-trucks	2,164.00	2,293.00	(129.00)
Maintenance and supplies-trucks	1,814.31	5,705.30	(3,890.99)
Office expense	814.33	1,329.56	(515.23)
Payroll expense	77,550.44	68,679.50	8,870.94
Pension	7,876.96	7,730.60	146.36
Postage	270.00	4,862.36	(4,592.36)
Professional fees-accounting	10,200.00	10,200.00	-
Promotion	-	500.00	(500.00)
Rent-United Refuse Service	17,136.00	16,800.00	336.00
Taxes-payroll	7,358.25	6,239.73	1,118.52
Tires-repairs	3,525.36	-	3,525.36
Tires	-	2,882.88	(2,882.88)
<b>Total expenses</b>	<b>311,786.13</b>	<b>301,788.30</b>	<b>9,997.83</b>
<b>Income from operations before tax provision</b>	<b>30,314.51</b>	<b>60,300.14</b>	<b>(29,985.63)</b>
<b>Provision for taxes</b>	<b>800.00</b>	<b>951.00</b>	<b>(151.00)</b>
<b>Net income</b>	<b>29,514.51</b> 8.6%	<b>59,349.14</b> 16.4%	<b>(29,834.63)</b>

Bay View Refuse and Recycling  
Comparative Statement of Income

Bay View Refuse & Recycling  
 Projected Statement of Income  
 December 31, 2009 adjusted for anticipated 2010 changes

Revenues:	December 31, 2009	Projected Amounts Based on Attached Adjustments	Difference
Kensington-regular	\$ 993,461.10	\$ 987,742.38	\$ (5,718.72)
Kensington-extra	1,044.00	1,044.00	-
Recycling	23,003.48	23,003.48	-
Debris box	34,049.69	34,049.69	-
Container rental	2,654.70	2,654.70	-
Univ of Calif House	5,678.20	5,678.20	-
Accrued revenue adjustments	313.89	313.89	-
Refunds	(330.23)	(330.23)	-
<b>Total revenues</b>	<b>1,059,874.83</b>	<b>1,054,156.11</b>	<b>(5,718.72)</b>
<b>Expenses:</b>			
Bank charges	137.23	137.23	-
Bay Cities Refuse-debris box service	17,352.00	17,352.00	-
Bay Cities Refuse-green waste rental	79,495.00	79,495.00	-
Bay View Refuse-management fees	113,630.64	113,630.64	-
Communication-radios	1,612.00	1,612.00	-
Communication-telephone	593.32	593.32	-
Contribution	250.00	250.00	-
Depreciation	40,421.00	40,421.00	-
Drug program	542.00	542.00	-
Dump fees-West Contra Costa Landfill	99,485.25	105,067.31	(5,582.06)
Employee equipment	105.06	105.06	-
Franchise fees-county	31,448.07	31,448.07	-
Franchise fees-Kensington CSD	20,965.38	20,965.38	-
Fuel-diesel	14,254.78	15,569.83	(1,315.05)
Fuel-gasoline	6,418.83	6,418.83	-
Hazardous waste program-county	13,680.52	13,680.52	-
Insurance-bonds	200.00	200.00	-
Insurance-health and welfare	63,000.00	68,232.00	(5,232.00)
Insurance-trucks and liability	23,760.00	23,760.00	-
Insurance-workers' compensation	8,493.80	8,493.80	-
Laundry	1,062.60	1,062.60	-
Licenses-trucks	3,753.00	3,753.00	-
Maintenance and supplies-trucks	8,623.57	8,623.57	-
Office expense	3,974.39	3,974.39	-
Payroll expense	230,984.70	252,200.70	(21,216.00)
Pension	23,293.96	23,293.96	-
Postage	5,356.36	5,356.36	-
Professional fees-accounting	36,450.00	36,450.00	-
Professional fees-legal fees	5,266.98	5,266.98	-
Promotion	600.00	600.00	-
Rent-United Refuse Service	50,400.00	50,400.00	-
Taxes-payroll	19,325.54	19,325.54	-
Taxes-property taxes	212.17	212.17	-
Tires-repairs	2,882.88	2,882.88	-
Tires	453.00	453.00	-
<b>Total expenses</b>	<b>928,484.03</b>	<b>961,829.14</b>	<b>(33,345.11)</b>
<b>Income from operations before tax provision</b>	<b>131,390.80</b>	<b>92,326.97</b>	<b>(39,063.83)</b>
<b>Provision for taxes</b>	<b>2,020.00</b>	<b>2,020.00</b>	<b>-</b>
<b>Net income</b>	<b>\$ 129,370.80</b>	<b>\$ 90,306.97</b>	<b>\$ (39,063.83)</b>

Bay View Refuse and Recycling  
 Projected Statement of Income

Bay View Refuse & Recycle  
 Summary of Changes in Revenue & Expenses  
 For the Period Ending April 30, 2010 and Projected for the Full Calendar Year 2010

	Period 1/1/10 4/30/10	Annualized Reduction of BVR&R 2010 Profits
Decrease in Revenue due to Increase in Mini-Can Accounts	\$ 1,906.24	\$ 5,718.72
Increase in Green Waste Fees due to increase in tonnage	1,604.24	4,812.72
Increase in Labor costs due to increase in Green Waste tonnage	7,072.00	21,216.00
Increase in Health & Welfare costs over amount allocated in rate increase	1,744.00	5,232.00
Increase in Dump Fees due to special \$.50 rate increase	256.45	769.34
Increase in Fuel costs due to fuel price increase	438.35	1,315.05
Cumulative decrease in BVR&R operating profit	<u>\$ 13,021.28</u>	<u>\$ 39,063.83</u>

Bay View Refuse and Recycling  
 Summary of Revenue and Costs

Bay View Refuse & Recycle

Mini Can Rate

April 30, 2010

Revenues have decreased in 2010 because the number of mini-can accounts have increased. Since January 1, 2010 the number of mini-can accounts have increased by 56, meaning there has been a decrease in the number of normal-can accounts. The current mini-can rate is \$8.51 per month less than the normal-can rate. This increase in mini-can accounts in early 2010 will result in a decrease in revenue of \$5,718 for the calendar year 2010.

	Number of Mini-Can Accounts	Period 1/1/010 - 4/30/010	Annualized Projected Increase for 2010
January 1, 2010	298		
April 30, 2010	354		
Increase in Mini-Cans	56		
Rate-Difference per Month	\$ 8.51		
Monthly Decrease in Fees	\$ 476.56	\$ 1,906.24	\$ 5,718.72

	Size	Rate
Normal Can	30 Gallons	\$ 32.10
Mini Can	20 Gallons	23.59
Difference		\$ 8.51

Bay View Refuse and Recycling  
Reduced Revenue Due to Lower Mini Can Rate

Bay View Refuse & Recycle  
Green Waste Disposal Expense  
April 30, 2010

Fees for green waste disposal have increased 2.6%. In addition the amount of tonnage of Green Waste has increased 19.6% in 2010.

	Rate	<u>Green Waste Fees</u>		Percentage
		Increase		
12/1/2009	\$ 35.54			
1/1/2010	\$ 35.54	\$ -		
3/1/2010	\$ 36.46	\$ 0.92		2.59%

	<u>Green Waste Usage</u>	
	Tonnage	Annualized Projected Increase for 2010
1/1/09 - 4/30/09	223	
1/1/10 - 4/30/10	267	
Increase in Tonnage	44	
Rate	\$ 36.46	
Period Increase in Green Waste fees	\$ 1,604.24	\$ 4,812.72

Bay View Refuse and Recycling  
Green Waste Disposal Expense



Bay View Refuse & Recycle  
 Additional Labor to Handle Increased Tonnage  
 April 30, 2010

The increase in Green Waste tonnage has required additional labor cost of 50 working days from January 1, 2010 to April 30, 2010 to accommodate this. This increase in working days is anticipated to remain during the entire year, which is anticipated to result in an increase in labor costs of \$21,216 for 2010.

Labor For Additional Green Waste Employee

Labor Increase For The Period Ended April 30, 2010	Annualized Projected Increase For Year
--	--

Labor Cost

1/1/10-4/30/10

\$ 7,072.00

\$ 21,216.00

Bay View Refuse and Recycling  
 Additional Labor - Green Waste Increase

ACG

Bay View Refuse & Recycle  
Health & Welfare  
April 30, 2010

Health and Welfare has increase 8%, from \$1,400 to \$1,509 a month per union employee. BVR&R currently employees four union employees. This is an increase in Health and Welfare expense of \$5,232 for the year.

	Health & Welfare		
	Increase	Period 1/1/10 - 4/30/10	Annualized Projected Increase For 2010
Rate per person - 2009	\$ 1,400.00		
Rate per person - 2010	\$ 1,509.00		
Increase Per Month	\$ 109.00		
No. of Employees	4		
Total Monthly Increase	\$ 436.00	\$ 1,744.00	\$ 5,232.00

Bay View Refuse and Recycling  
Health Welfare

Bay View Refuse & Recycle  
Dump Fees  
April 30, 2010

Dump fees for garbage have increased 3.7% in 2010. The 2.61% increase was an anticipated fee increase per 2010 rate review report, but it did not provide for a special \$.50 rate increase imposed on January 1, 2010.

	<u>Refuse Dump Fees</u>		
	<u>Rate</u>	<u>Increase</u>	<u>Percentage</u>
12/1/2009	\$ 46.64		
1/1/2010 - Special Rate Increase	\$ 47.14	\$ 0.50	1.07%
3/1/2010	\$ 48.37	\$ 1.23	2.61%
			<u>3.68%</u>

	<u>Special Increase In Rate per Ton</u>	<u>Anticipated Annual Ton Usage</u>	<u>Annualized Projected Increase For Year</u>
Special Rate Increase	\$ 0.50	1,538,68	<span style="border: 1px solid black; padding: 2px;">\$ 769.34</span>

Bay View Refuse and Recycling  
Dump Fees

Bay View Refuse & Recycle  
Fuel  
April 30, 2010

Fuel cost has increased 7.3% since January 1, 2010. The average cost of Diesel fuel has increased 7.3% in 2010 from an average of \$2.97 a gallon in December 2009 to a four month average of \$3.19 per gallon on April 30, 2010.

Fuel	Price Per Gallon		Increase	
	12/31/2009	Average at 4/30/2010	\$	%
Diesel	\$ 2.97	\$ 3.19	\$ 0.22	7.32%

	<u>Fuel Cost</u>	<u>Annualized Projected Increase for 2010</u>
1/1/09 - 4/30/09	Gallon Usage 1,940.00	
1/1/10 - 4/30/09	2,045.00	
Average gallons used	1,992.50	
Increase in Price per Gallon	\$ 0.22	
Period Fuel Cost	\$ 438.35	\$ 1,315.05

Bay View Refuse and Recycling  
Fuel Cost

Bay View Refuse & Recycling, Inc.  
 Estimated rate increase needed to cover 2010  
 unexpected reduction in profits

<u>Service description</u>	<u>Number of Customers</u>	<u>Monthly Rate</u>	<u>Revenue</u>	<u>New Monthly Rates With A 4.1% Increase</u>
1- 32 gallon can	1,505	\$ 32.10	\$ 48,310.50	\$ 33.42
1-20 gallon can	354	23.59	8,350.86	24.56
2-30 gallon cans	204	63.99	13,053.96	66.61
3-30 gallon cans	21	96.08	2,017.68	100.02
1-45 gallon cans	10	78.82	788.20	82.05
Miscellaneous rentals, etc.			<u>7,600.00</u>	
Monthly Kensington refuse revenue			80,121.20	
			X4	
Revenue for four month period based on service volumes Jan. 1, 2010 to April 30, 2010			<u>\$ 320,484.80</u>	
Annual 2010 calculated revenue			<u>\$ 961,454.40</u>	
Annual profit decrease anticipated for 2010--per Summary			<u>\$ 39,064.00</u>	
Rate increase necessary based on anticipated revenue in order to cover reduced profit amounts (39,064 / 961,454)			<u>4.1%</u>	
Additional 2010 revenue to BVR&R, Inc if the rate increase of 4.1% is approved for the four month period beginning September 1, 2010 (\$320,485 X 4.1%)			<u>\$ 13,139.88</u>	
Amount of 2010 shortfall absorbed by Bay View Refuse & Recycling, Inc. without compensation			<u>\$ 25,924.12</u>	

# UNINCORPORATED CONTRA COSTA COUNTY DIVERSION DATA

Service Provider: Bay View Refuse & Recycling Svc, Inc.  
 Program Type: Curbside Recycling  
 Unincorporated Service Area: Kensington  
 Is the data taken from an annual report (Yes or No)? No  
 If not, which quarter of the year (e.g. 1,2,3 or 4)? 1st  
 Year: 2010

APR 09 RECD

## MATERIAL TYPES

ENTER TONNAGES (unless otherwise specified) BY MATERIAL TYPE  
*Abbreviations are shown in parenthesis*

PAPER

Corrugated Cardboard (OCC): \_\_\_\_\_  
 Newsprint (ONP): \_\_\_\_\_  
 High grade (HG): \_\_\_\_\_  
 Mixed Paper (MP): \_\_\_\_\_  
 Magazines (OMG): \_\_\_\_\_

PLASTIC

Polyethylene Terephthalate #1 (PET) \_\_\_\_\_  
 High Density Polyethylene #2 (HDPE) \_\_\_\_\_  
 Polyvinyl Chloride #3 (PVC) \_\_\_\_\_  
 Low Density Polyethylene #4 (LDPE) \_\_\_\_\_  
 Polypropylene #5 (PP): \_\_\_\_\_  
 Polystyrene #6 (PS): \_\_\_\_\_  
 Other (P-X): \_\_\_\_\_

GLASS

CA Redemption Value Cont. (CRV) \_\_\_\_\_  
 Other Glass (GLS): \_\_\_\_\_

METAL

Aluminum Cans (UBC): \_\_\_\_\_  
 Tinned cans and ferrous (Fe): \_\_\_\_\_  
 Other non-ferrous (N-Fe): \_\_\_\_\_  
 Generic Metal (Mixed): \_\_\_\_\_

ORGANICS

Yard Waste (YW): \_\_\_\_\_  
 Food Waste (FW): \_\_\_\_\_  
 Wood Waste (WW): \_\_\_\_\_

HHW / E-WASTE

Used Oil – gallons: \_\_\_\_\_  
 Oil Filters – each: \_\_\_\_\_  
 Antifreeze – gallons: \_\_\_\_\_  
 Auto Batteries – each: \_\_\_\_\_  
 Latex Paint – cans: \_\_\_\_\_  
 TVs and Monitors (CRTs) – each: \_\_\_\_\_  
 E-Waste – each: \_\_\_\_\_

INERTS, CONSTRUCTION / DEMOLITION, DIRT

Mixed C and D (C and D): \_\_\_\_\_  
 Inerts (INRT): \_\_\_\_\_  
 Asphalt (Asph) \_\_\_\_\_  
 Concrete (Conc): \_\_\_\_\_  
 Soil (Dirt): \_\_\_\_\_

OTHER MATERIALS

Beverage Containers (Bev Cont): \_\_\_\_\_  
 Textiles (TX): \_\_\_\_\_  
 TS/LF Salvage (Salvage): \_\_\_\_\_  
 White Goods (WG): \_\_\_\_\_  
 Reusables (REUSE): \_\_\_\_\_  
 Tires – each: \_\_\_\_\_  
 Unsegregated Commercial: \_\_\_\_\_  
 Other (OTHER): \_\_\_\_\_  
 Residuals (Non-Diversion): \_\_\_\_\_

commingled  
221 tons

Refuse 300 tons  
 Recycling 451 tons  
751 tons

Completed by: BVR/KC Kim Christie  
 Phone No: 237-4614

BI

**UNINCORPORATED CONTRA COSTA COUNTY DIVERSION DATA**

Service Provider: Bay View Refuse & Recycling Svc, Inc.  
 Program Type: Curbside Greenwaste  
 Unincorporated Service Area: Kensington  
 Is the data taken from an annual report (Yes or No)? No  
 If not, which quarter of the year (e.g. 1,2,3 or 4)? 1st  
 Year: 2010

**MATERIAL TYPES**  
**ENTER TONNAGES (unless otherwise specified) BY MATERIAL TYPE**  
*Abbreviations are shown in parenthesis*

**PAPER**

Corrugated Cardboard (OCC): \_\_\_\_\_  
 Newsprint (ONP): \_\_\_\_\_  
 High grade (HG): \_\_\_\_\_  
 Mixed Paper (MP): \_\_\_\_\_  
 Magazines (OMG): \_\_\_\_\_

**PLASTIC**

Polythylene Terephthalate #1 (PET) \_\_\_\_\_  
 High Density Polyethylene #2 (HDPE) \_\_\_\_\_  
 Polyvinyl Chloride #3 (PVC) \_\_\_\_\_  
 Low Density Polyethylene #4 (LDPE) \_\_\_\_\_  
 Polypropylene #5 (PP): \_\_\_\_\_  
 Polystyrene #6 (PS): \_\_\_\_\_  
 Other (P-X): \_\_\_\_\_

**GLASS**

CA Redemption Value Cont. (CRV) \_\_\_\_\_  
 Other Glass (GLS): \_\_\_\_\_

**METAL**

Aluminum Cans (UBC): \_\_\_\_\_  
 Tinned cans and ferrous (Fe): \_\_\_\_\_  
 Other non-ferrous (N-Fe): \_\_\_\_\_  
 Generic Metal (Mixed): \_\_\_\_\_

**ORGANICS**

Yard Waste (YW): 215 tons  
 Food Waste (FW): \_\_\_\_\_  
 Wood Waste (WW): 15.09 tons

**HHW / E-WASTE**

Used Oil – gallons: \_\_\_\_\_  
 Oil Filters – each: \_\_\_\_\_  
 Antifreeze – gallons: \_\_\_\_\_  
 Auto Batteries – each: \_\_\_\_\_  
 Latex Paint – cans: \_\_\_\_\_  
 TVs and Monitors (CRTs) – each: \_\_\_\_\_  
 E-Waste – each: \_\_\_\_\_

**INERTS, CONSTRUCTION / DEMOLITION, DIRT**

Mixed C and D (C and D): \_\_\_\_\_  
 Inerts (INRT): \_\_\_\_\_  
 Asphalt (Asph) \_\_\_\_\_  
 Concrete (Conc): \_\_\_\_\_  
 Dirt/Soil (Dirt): \_\_\_\_\_

**OTHER MATERIALS**

Beverage Containers (Bev Cont): \_\_\_\_\_  
 Textiles (TX): \_\_\_\_\_  
 TS/LF Salvage (Salvage): \_\_\_\_\_  
 White Goods (WG): \_\_\_\_\_  
 Reusables (REUSE): \_\_\_\_\_  
 Tires – each: \_\_\_\_\_  
 Unsegregated Commercial: \_\_\_\_\_  
 Other (OTHER): \_\_\_\_\_  
 Residuals (Non-Diversion): \_\_\_\_\_

# UNINCORPORATED CONTRA COSTA COUNTY DIVERSION DATA

Service Provider: Bay View Refuse & Recycling Svc, Inc.  
 Program Type: Curbside Recycling  
 Unincorporated Service Area: Kensington  
 Is the data taken from an annual report (Yes or No)? 1 Yes No  
 If not, which quarter of the year (e.g. 1,2,3 or 4)? 2nd  
 Year: 2010

## MATERIAL TYPES

ENTER TONNAGES (unless otherwise specified) BY MATERIAL TYPE  
 Abbreviations are shown in parenthesis

### PAPER

Corrugated Cardboard (OCC): \_\_\_\_\_  
 Newsprint (ONP): \_\_\_\_\_  
 High grade (HG): \_\_\_\_\_  
 Mixed Paper (MP): \_\_\_\_\_  
 Magazines (OMG): \_\_\_\_\_

### PLASTIC

Polyethylene Terephthalate #1 (PET) \_\_\_\_\_  
 High Density Polyethylene #2 (HDPE) \_\_\_\_\_  
 Polyvinyl Chloride #3 (PVC) \_\_\_\_\_  
 Low Density Polyethylene #4 (LDPE) \_\_\_\_\_  
 Polypropylene #5 (PP): \_\_\_\_\_  
 Polystyrene #6 (PS): \_\_\_\_\_  
 Other (P-X): \_\_\_\_\_

### GLASS

CA Redemption Value Cont. (CRV) \_\_\_\_\_  
 Other Glass (GLS): \_\_\_\_\_

### METAL

Aluminum Cans (UBC): \_\_\_\_\_  
 Tinned cans and ferrous (Fe): \_\_\_\_\_  
 Other non-ferrous (N-Fe): \_\_\_\_\_  
 Generic Metal (Mixed): \_\_\_\_\_

### ORGANICS

Yard Waste (YW): \_\_\_\_\_  
 Food Waste (FW): \_\_\_\_\_  
 Wood Waste (WW): \_\_\_\_\_

### HHW / E-WASTE

Used Oil – gallons: \_\_\_\_\_  
 Oil Filters – each: \_\_\_\_\_  
 Antifreeze – gallons: \_\_\_\_\_  
 Auto Batteries – each: \_\_\_\_\_  
 Latex Paint – cans: \_\_\_\_\_  
 TVs and Monitors (CRTs) – each: \_\_\_\_\_  
 E-Waste – each: \_\_\_\_\_

### INERTS, CONSTRUCTION / DEMOLITION, DIRT

Mixed C and D (C and D): \_\_\_\_\_  
 Inerts (INRT): \_\_\_\_\_  
 Asphalt (Asph) \_\_\_\_\_  
 Concrete (Conc): \_\_\_\_\_  
 Soil (Dir): \_\_\_\_\_

### OTHER MATERIALS

Beverage Containers (Bev Cont): \_\_\_\_\_  
 Textiles (TX): \_\_\_\_\_  
 TS/LF Salvage (Salvage): \_\_\_\_\_  
 White Goods (WG): \_\_\_\_\_  
 Reusables (REUSE): \_\_\_\_\_  
 Tires – each: \_\_\_\_\_  
 Unsegregated Commercial: \_\_\_\_\_  
 Other (OTHER): \_\_\_\_\_  
 Residuals (Non-Diversion): \_\_\_\_\_

dommings

210 tons

Refuse 283 tons  
 Recycling 545 tons

828 tons

Completed by: BVR/KC Kim Christie  
 Phone No: 237-4614

- 64 -  
 82 Date 7-13-10

Page 1 of 2



UNINCORPORATED CONTRA COSTA COUNTY DIVERSION DATA

Service Provider: Bay View Refuse & Recycling Svc, Inc.
Program Type: Curbside Green Waste
Unincorporated Service Area: Kensington
Is the data taken from an annual report (Yes or No)? No
If not, which quarter of the year (e.g. 1,2,3 or 4)? 2nd
Year: 2010

MATERIAL TYPES
ENTER TONNAGES (unless otherwise specified) BY MATERIAL TYPE
Abbreviations are shown in parenthesis

PAPER

Corrugated Cardboard (OCC):
Newsprint (ONP):
High grade (HG):
Mixed Paper (MP):
Magazines (OMG):

PLASTIC

Polyethylene Terephthalate #1 (PET)
High Density Polyethylene #2 (HDPE)
Polyvinyl Chloride #3 (PVC)
Low Density Polyethylene #4 (LDPE)
Polypropylene #5 (PP):
Polystyrene #6 (PS):
Other (P-X):

GLASS

CA Redemption Value Cont. (CRV)
Other Glass (GLS):

METAL

Aluminum Cans (UBC):
Tinned cans and ferrous (Fe):
Other non-ferrous (N-Fe):
Generic Metal (Mixed):

ORGANICS

Yard Waste (YW): 312
Food Waste (FW):
Wood Waste (WW): 23

HHW / E-WASTE

Used Oil - gallons:
Oil Filters - each:
Antifreeze - gallons:
Auto Batteries - each:
Latex Paint - cans:
TVs and Monitors (CRTs) - each:
E-Waste - each:

INERTS, CONSTRUCTION / DEMOLITION, DIRT

Mixed C and D (C and D):
Inerts (INRT):
Asphalt (Asph)
Concrete (Cone):
Dirt/Soil (Dirt):

OTHER MATERIALS

Beverage Containers (Bev Cont):
Textiles (TX):
TS/LF Salvage (Salvage):
White Goods (WG):
Reusables (REUSE):
Tires - each:
Unsegregated Commercial:
Other (OTHER):
Residuals (Non-Diversion):

Completed by: Kim Christie
Phone No. (510) 237-4614

- 65 - Date: 7-13-10

Page 2 of 2



**BAY VIEW REFUSE  
& RECYCLING  
SERVICE,  
INC.**

CITY - COUNTY - CONTRACTORS

P.O. BOX 277 -- EL CERRITO, CALIFORNIA 94530 - PHONE (510) 237-4614

LEWIS FIGONE, PRESIDENT

April 30, 2010

Kensington Community Services District  
217 Arlington Ave  
Kensington, CA 94707  
ATTN: Chief Harman

Dear Chief,

The following is a statement of gross receipts for the months of January, February, March and April 2010:

January.....	\$235,559.80
February.....	\$ 41,930.16
March.....	\$ 29,301.18
April.....	\$ 25,426.25
 Total gross receipts.....	 \$332,217.39
 Refunds.....	 (\$606.62)
 Net Receipts.....	 \$331,610.77

As provided in our contracts with Kensington and the M.O.U. with the County, the enclosed payment in the amount of \$6,632.22 represents (2%) of the net receipts for January, February, March and April 2010.

Very Truly Yours,  
Bay View Refuse & Recycling Svc, Inc.

By *Lewis Figone*  
Lewis Figone, President

and/or environmental goals, so long as the aggregate adjustment is substantially equivalent to the amount of revenue generated by the single percentage required by Section 9.3. A rate schedule which will generate revenues within \$5,000 of the revenue which would be generated during that year with a uniform percentage adjustment in rates shall be considered substantially equivalent. For the purpose of projecting revenues and costs, the Tons of Solid Waste collected in the previous year shall be used, unless the change in rate structure itself is expected to reduce the amount of Solid Waste generated, such as the introduction of a mini-can rate.

Contractor may submit comments on proposed differential rates and District's economic analysis. Such comments may address both the revenue projections and any impacts which revised rates might have on Contractor's costs of performance. District will consider such comments and will, if requested, meet with Contractor to discuss the revenue, cost and operational impacts of the proposed rates.

The District will not introduce a mini-can rate prior to January 1999. The parties will discuss the impact of such a rate during 1998.

9.12 No District Guarantee of Collection. District does not guarantee collectibility of rates authorized under this Agreement. Contractor does not look to District for payment of any sums under this Agreement and District has no obligation to pay Contractor any public funds under this Agreement.

9.13 Challenges to Rates. If Contractor believes the rates have not been increased in accordance with this Agreement, it may not terminate this Agreement or refuse to continue to provide service. However, it shall have the right to challenge the adequacy of the rates as provided in this section. All disputes as to the adequacy of rates shall be resolved through mandatory binding arbitration conducted in accordance with the California Arbitration Act, California Code of Civil Procedure Sections 1280-1288.8, including the provisions of Section 1283.05. In such arbitration, Contractor shall neither seek, nor be entitled to recover, damages from the District on any theory, including tort, breach of contract, or other.

10. AFFILIATED COMPANY TRANSACTIONS. When equipment or facilities owned by another company in which any of Contractor's shareholder(s) have an interest are used by Contractor, the costs paid by Contractor shall not exceed the fair market value of such equipment and facilities. If personnel provide services to both Contractor and any other company in which any of Contractor's shareholder(s) have an interest, the allocation of salary and benefits shall reflect the proportional use of such employee by

BAY VIEW REFUSE & RECYCLING SERVICE, INC.

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FINANCIAL STATEMENTS

APRIL 30, 2010

AND

COMPILATION REPORT OF INDEPENDENT ACCOUNTANTS

**COWDEN NEALE**

COWDEN NEALE, LLP CERTIFIED PUBLIC ACCOUNTANTS

## COMPILATION REPORT OF INDEPENDENT ACCOUNTANTS

May 17, 2010

To the Stockholder  
Bay View Refuse & Recycling Service, Inc.  
Richmond, California

We have compiled the accompanying balance sheet of Bay View Refuse & Recycling Service, Inc. as of April 30, 2010, and the related statement of income and retained earnings, and the supplemental schedule of pro-forma income taxes for the four months then ended, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, by consent of the stockholder, has elected to be taxed under the Subchapter S provisions of the Internal Revenue Code. Under these provisions, the stockholders of an S corporation include their proportionate share of the Company's taxable income in their individual income tax returns. As a result of this election, no provision for federal or state income taxes is necessary, as the tax effect of operations accrues to the stockholder. The California corporate tax is provided for at the statutory rate of 1.5%.

*Cowden Neale, LLP*  
Certified Public Accountants

BAY VIEW REFUSE & RECYCLING SERVICE, INC.  
 Balance Sheet  
 April 30, 2010

ASSETS

Current assets:	
Checking-Mechanics Bank	\$ 115,276.02
Accounts receivable	2,212.38
Prepaid taxes	1,313.00
Prepaid expenses	<u>17,641.63</u>
Total current assets	<u>136,443.03</u>
Fixed assets:	
Vehicles	417,672.00
Equipment	19,280.03
Accumulated depreciation	<u>(360,173.00)</u>
Total fixed assets	<u>76,779.03</u>
Total assets	<u><u>\$ 213,222.06</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:	
Accounts payable	\$ 17,193.85
Payroll liabilities	<u>359.48</u>
Total current liabilities	<u>17,553.33</u>
Stockholder's equity:	
Common stock, 10,000 shares issued and outstanding	30,000.00
Retained earnings	<u>165,668.73</u>
Total stockholder's equity	<u>195,668.73</u>
Total liabilities and stockholder's equity	<u><u>\$ 213,222.06</u></u>

See accompanying compilation report of independent accountants.

**BAY VIEW REFUSE & RECYCLING SERVICE, INC.**  
**Statement of Income and Retained Earnings**  
**For the Four Months Ended April 30, 2010**

Revenues:		
Kensington-regular	\$ 320,451.33	93.67%
Kensington-extra	300.70	0.09%
Recycling	12,009.09	3.51%
Debris box	9,343.70	2.73%
Container rental	690.00	0.2%
Univ of Calif House	1,431.96	0.42%
Accrued revenue adjustments	(1,489.36)	-0.44%
Refunds	(636.78)	-0.19%
	<u>342,100.64</u>	<u>100.0%</u>
Total revenues		
Expenses:		
Bank charges	7.10	0.0%
Bay Cities Refuse-debris box service	4,845.00	1.42%
Bay Cities Refuse-green waste rental	25,680.00	7.51%
Bay View Refuse-management fees	39,161.08	11.45%
Communication-radios	1,003.05	0.29%
Communication-telephone	166.24	0.05%
Depreciation	13,473.00	3.94%
Dump fees-West Contra Costa Landfill	32,078.05	9.38%
Employee equipment	1,233.22	0.36%
Franchise fees-county	9,948.33	2.91%
Franchise fees-Kensington CSD	6,632.22	1.94%
Fuel-diesel	6,919.32	2.02%
Fuel-gasoline	1,197.34	0.35%
Hazardous waste program-county	3,098.48	0.91%
Insurance-health and welfare	24,144.00	7.06%
Insurance-trucks and liability	7,760.67	2.27%
Insurance-workers' compensation	5,475.17	1.6%
Laundry	254.21	0.07%
Licenses-trucks	2,164.00	0.63%
Maintenance and supplies-trucks	1,814.31	0.53%
Office expense	814.33	0.24%
Payroll expense	77,550.44	22.67%
Pension	7,876.96	2.3%
Postage	270.00	0.08%
Professional fees-accounting	10,200.00	2.98%
Rent-United Refuse Service	17,136.00	5.01%
Taxes-payroll	7,358.25	2.15%
Tires-repairs	3,525.36	1.03%
	<u>311,786.13</u>	<u>91.14%</u>
Total expenses		

See accompanying compilation report of Independent accountants.

**BAY VIEW REFUSE & RECYCLING SERVICE, INC.**  
**Statement of Income and Retained Earnings**  
**(continued)**  
**For the Four Months Ended April 30, 2010**

Income from operations before tax provision	\$ 30,314.51	8.86%
Provision for taxes	<u>800.00</u>	<u>0.23%</u>
Net income	29,514.51	<u>8.63%</u>
Retained earnings, beginning of year	186,154.22	
Dividends	<u>(50,000.00)</u>	
Retained earnings, end of year	<u>\$ 165,668.73</u>	

See accompanying compilation report of independent accountants.



BAY VIEW REFUSE & RECYCLING SERVICE, INC.  
 Supplemental Schedule of Pro-Forma Income Taxes  
 For the Four Months Ended April 30, 2010

The Company is taxed for federal and state income tax purposes under the S Corporation provisions of the Internal Revenue Code and comparable California statutes. As a result of this election, no provision for federal or state income taxes is necessary as the tax effect of operations is included in the individual income tax returns for the stockholder. The California corporate tax is provided for at a statutory rate of 1.5%.

If the Company had retained its status as a "C corporation", its net income would be subject to federal taxes at rates of up to 35% and California tax of 8.84%. The schedule below illustrates the pro-forma effect of income taxes that would be attributable if the Company were taxed as a "C corporation".

		<u>Percent of Revenues</u>
Income before provision for taxes	\$ 30,405.51	8.89%
Provision for "C corporation" taxes:		
Federal	5,500.00	
California	<u>2,700.00</u>	
Total provision for taxes	<u>8,200.00</u>	<u>2.40%</u>
Pro-forma net income	<u>\$ 22,205.51</u>	<u>6.49%</u>

See accompanying compilation report of independent accountants.

BAY VIEW REFUSE & RECYCLING SERVICES, INC.

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FINANCIAL STATEMENTS

DECEMBER 31, 2009

AND

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS



COMPANY NAME OR IDENTIFIER (Faint, illegible text)

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

February 19, 2010

To the Stockholder  
BAY VIEW REFUSE & RECYCLING SERVICES, INC.  
Richmond, California

We have audited the accompanying balance sheet of Bay View Refuse & Recycling Services, Inc. as of December 31, 2009, and the related statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay View Refuse & Recycling Services, Inc. as of December 31, 2009, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants

**BAY VIEW REFUSE & RECYCLING SERVICES, INC.**  
**Balance Sheet**  
**December 31, 2009**

**ASSETS**

Current assets:			
Cash		\$	106,680
Accounts receivable			3,702
Prepaid expenses			<u>33,224</u>
Total current assets			143,606
Vehicles and equipment		\$	467,518
Accumulated depreciation			<u>(377,266)</u>
Total assets			<u><u>\$ 233,858</u></u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current liabilities:			
Accounts payable		\$	15,611
Income tax payable			-
Payroll liabilities			<u>2,093</u>
Total current liabilities			17,704
Commitments (Notes 3 and 6)			<u>-</u>
Total liabilities			17,704
Stockholder's equity:			
Common stock, 10,000 shares issued and outstanding	\$	30,000	
Retained earnings		<u>186,154</u>	<u>216,154</u>
Total liabilities and stockholder's equity			<u><u>\$ 233,858</u></u>

The notes to the financial statements are an integral part of these financial statements

**BAY VIEW REFUSE & RECYCLING SERVICES, INC.**  
**Statement of Income and Retained Earnings**  
**For the Year Ended December 31, 2009**

Revenues:	
Refuse collection and disposal	\$ 1,000,183
Debris box collection	34,050
Recycling fees	23,003
Container rental fees	2,655
Other income	314
Less refunds to customers	<u>(330)</u>
Total revenues	<u>1,059,875</u>
Operating expenses:	
Salaries and benefits	345,098
Dump fees	99,485
Franchise fees	52,413
Professional fees	41,717
Debris boxes	17,352
Depreciation	40,421
Fuel	20,674
Green waste truck rental	79,495
Hazardous waste fee	13,681
Insurance	23,960
Truck licenses	3,753
Management fees	113,631
General and administrative	14,444
Parts and tires	3,336
Rent	50,400
Repairs and maintenance	<u>8,624</u>
Total operating expenses	<u>928,484</u>
Income from operations before taxes	131,391
Provision for California tax	<u>2,020</u>
Net income	129,371
Retained earnings, beginning of year	146,783
Dividends	<u>(90,000)</u>
Retained earnings, end of year	<u><u>\$ 186,154</u></u>

The notes to the financial statements are an integral part of these financial statements

**BAY VIEW REFUSE & RECYCLING SERVICES, INC.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2009**

<b>Cash flows from operating activities:</b>	
Net income	\$ 129,371
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	40,421
Changes in other operating assets and liabilities:	
Accounts receivable	(314)
Employee advance	891
Prepaid expenses	(5,265)
Accounts payable and accrued liabilities	<u>3,239</u>
Net cash provided by operating activities	<u>168,343</u>
 <b>Cash used in financing activities:</b>	
Dividends	<u>(90,000)</u>
Net change in cash	78,343
Cash balance, beginning of year	<u>28,337</u>
Cash balance, end of year	<u><u>\$ 106,680</u></u>

**Supplemental disclosure of cash flow information:**

Cash paid during the period for:	
Interest	\$ -
Taxes	2,020

The notes to the financial statements are an integral part of these financial statements

**BAY VIEW REFUSE & RECYCLING SERVICES, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2009**

**Note 1 – Nature of Business Enterprise**

Bay View Refuse & Recycling Services, Inc. (an S Corporation) (the "Company") is in the business of refuse collection and disposal primarily under the terms of a Franchise Agreement effective September 1, 1997 with the Kensington, California Police Protection and Community Services District ("District"). The Franchise Agreement expires on August 30, 2015.

The Franchise Agreement grants the Company the exclusive privilege and duty to collect and remove for disposal and recycling, all residential and commercial solid waste, including recyclable materials. The Company's commercial and residential billing rates, including periodic rate increases, are established by the District. The agreement provides for the Company to pay an administrative service and franchise fee of 5% of the commercial and residential bills for the calendar year. The 5% fee is distributed 3% to Contra Costa County and 2% to the District. Such franchise fee is payable in January, May and September for the preceding four months' billings.

**Note 2 – Significant Accounting Policies**

The following is a summary of significant accounting policies followed by the Company in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue recognition

The Company uses the accrual method of accounting. Residential revenue is billed three times annually at the beginning of each four month period and as a result most accounts receivable are collected before year end. Commercial accounts are billed monthly at the beginning of the service month. Accounts outstanding and unpaid after two months are written off and service is terminated. There was no allowance for doubtful accounts at December 31, 2009.

The provisions of FASB ASC 980 (formerly SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation"), require that the effects of certain regulations be reflected in the Company's financial statements by accelerating or deferring the recognition of certain revenues and expenses to match the treatment of those items in the rate-making process. At December 31, 2009 there were no capitalized costs to be recovered in the future nor revenues deferred for costs to be incurred in the future.

Vehicles and Equipment

Vehicles and equipment are carried at cost. Depreciation of vehicles and equipment is provided under the straight-line method over the useful lives of the equipment which is seven years. The cost of repairs and maintenance are expensed as incurred. When vehicles and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gains and losses are included in operations in the year of disposition.

**BAY VIEW REFUSE & RECYCLING SERVICES, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2009**

Fair Value of Financial Statements

FASB ASC 825 (formerly SFAS No. 107) requires disclosures about the fair value for all financial instruments, whether or not recognized, for financial statement purposes. Disclosures about the fair value of financial instruments are based on pertinent information available to management as of the balance sheet date. Accordingly, the estimates presented in these statements are not necessarily indicative of the amounts that could be realized on the disposition of the financial instruments.

Management has estimated the fair values of cash, receivables, accounts payable and accrued expenses to be approximately their respective carrying values reported on these statements because of their short maturities.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations

Substantially all of the Company's revenue is derived from solid waste collection services performed for residential and commercial customers in Kensington, California under the terms of a Franchise Agreement with the Kensington, California Police Protection and Community Services District.

Cash and cash equivalents are primarily maintained with one financial institution. Deposits held with banks may exceed the amount of FDIC insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk.

The Company employs primarily union employees in the San Francisco Bay Area.

Income Taxes

The Company has elected by consent of its sole stockholder to be taxed under the Subchapter S provision of the Internal Revenue Code and corresponding California statutes. Under S Corporation provisions, the stockholder includes the Company's net income or loss on his individual income tax return. As a result of this election, no provision for federal or state income taxes is necessary, as the tax effect of operations accrues to the stockholder. The Company is subject to a 1.50 % California tax at the corporate level for which a provision has been made in the accompanying financial statements.

Deferred tax assets and liabilities, if significant, are provided on the temporary difference between the financial reporting basis and the tax reporting basis of the Company's assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. As of December 31, 2009, there were no material temporary differences that required a deferred tax provision.



**BAY VIEW REFUSE & RECYCLING SERVICES, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2009**

Environmental Risk

The refuse and recycling industries in which the Company operates are subject to a certain level of environmental risk. The Company does not accept hazardous waste materials from its customers but occurrences of environmental liability are reasonably possible and such environmental risks, if they were to occur, could have a material effect on the financial position of the Company. There is no liability accrued for any environmental contingencies.

Accounting Pronouncements on Uncertain Tax Positions

In July 2006, the Financial Accounting Standards Board (FASB) issued accounting guidance which clarifies the accounting and disclosure for uncertainty in income tax positions. The new guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

The Company files income tax returns in the U.S. federal and California state jurisdictions. The Company's income tax returns for tax years ended December 31, 2006 and beyond remain subject to examination by the Internal Revenue Service and from December 31, 2005 for state taxing authorities.

The Company did not have unrecognized tax benefits as of December 31, 2009, and does not expect this to change significantly over the next 12 months. In connection with the adoption of this new accounting guidance, the Company will recognize taxes, interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2009, the Company has not accrued taxes, interest or penalties related to uncertain tax positions

Note 3 – Union Benefit Plans

The Company's drivers are members of a union subject to a collective bargaining agreement. The Company contributes to the defined benefit pension plan and to the union administered health and welfare plan based on the hours worked by each employee. In addition to the monthly contributions made currently, union employers may be contingently liable for a proportionate share of the union's unfunded pension liability, if any. Union pension expense was \$23,294, and health and welfare expense was \$63,000 for the year ended December 31, 2009.

Note 4—Subsequent Events

The Company has evaluated subsequent events through March 5, 2010, which is the date these financial statements were available to be issued.

**BAY VIEW REFUSE & RECYCLING SERVICES, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2009**

**Note 5 – Vehicles and Equipment**

At December 31, 2009 vehicles and equipment consisted of the following:

Trucks	\$	417,672
Machinery and equipment		31,754
Containers		18,092
		467,518
Less accumulated depreciation		377,266
		\$ 90,252

Depreciation expense for the year ended December 31, 2009 was \$40,421.

**Note 6 – Related Party Transactions**

During the year ended December 31, 2009, the Company paid the following amounts to affiliated entities:

	Bay Cities Refuse	Bay View Refuse
Green waste truck rental charges	\$ 79,495	\$ -
Debris box service	17,352	-
Office, shop and yard rent	50,400	-
Management fee in lieu of officer salary	-	113,631

Bay Cities Refuse Services Inc., a company controlled by the sole stockholder, charges for the use of extra trucks in implementing the Green Waste Program and also for trucks used to pick up and deliver debris boxes. The green waste truck rent for 2009 was \$6,115 per month per truck. The fee for debris box service was \$240 per box.

The Company rented office, shop and yard space on a month-to-month basis for \$4,200 per month, from United Refuse Inc., a company wholly owned by Bay Cities Refuse Services Inc.

Bay View Refuse, Inc., and Bay Cities Refuse Services, Inc., companies controlled by the sole stockholder, provide executive management services to the Company and charge a management fee in lieu of an executive salary being paid by the Company.

The Company occasionally borrows money on an open account basis, due on demand with no interest from Bay Cities Refuse Service, Inc.

\* \* \* \* \*

INDEPENDENT ACCOUNTANTS' AUDIT REPORT ON SUPPLEMENTAL DATA

February 19, 2010

To the Stockholder  
BAY VIEW REFUSE & RECYCLING SERVICES, INC.  
El Cerrito, California

Our report on the audit of the basic financial statements of Bay View Refuse & Recycling Services, Inc. at December 31, 2009 appears on page 1 of this document. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplemental Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants

**BAY VIEW REFUSE & RECYCLING SERVICES, INC.**  
**Supplemental Schedule 1**  
**Schedule of Selected Operating Expenses**  
**For the Year Ended December 31, 2009**

**SCHEDULE OF SALARIES AND BENEFITS**

Drivers' and helpers' wages	\$	200,165
Administrative salary		30,820
Payroll taxes		19,325
Health and welfare insurance		63,000
Workers' compensation insurance		8,494
Union pension contributions		<u>23,294</u>
Total salaries and benefits	\$	<u><u>345,098</u></u>

**SCHEDULE OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

Bank charges	\$	137
Communications		2,205
Contributions		250
Drug program		542
Dues and subscriptions		1,136
Laundry and employee equipment		1,168
Office and other micellaneous		3,650
Postage		<u>5,356</u>
Total other general and administrative expenses	\$	<u><u>14,444</u></u>

See accountant's report on additional information

**BAY VIEW REFUSE & RECYCLING SERVICES, INC.**  
**Supplemental Schedule 2**  
**Condensed Pro Forma Statement of Income**  
**(Assuming the Company was taxed as a C Corporation)**  
**For the Year Ended December 31, 2009**

		<u>% of Revenues</u>
Revenues	\$ 1,059,875	100.00%
Expenses	<u>928,484</u>	<u>87.60%</u>
Income from operations	<u>131,391</u>	<u>12.40%</u>
Income before taxes	131,391	12.40%
Pro forma provision for taxes as if the Company was taxed as a C Corporation		
Federal tax	\$ 30,000	
State tax	<u>11,600</u>	<u>3.92%</u>
Pro forma net income	<u>\$ 89,791</u>	<u>8.47%</u>

See accountant's report on additional information

# NEW BUSINESS

#4 - Local municipalities and special districts here in Assembly District 14 are being asked to endorse what is known as the California Jobs Budget. This is an alternative budget to that being proposed by the Governor. The California Jobs Budget is proposed by the Assembly Speaker, John A. Perez and the Chair of the Assembly Budget Committee, Bob Blumenfield. The full text of the budget summary is attached. One section reads: "Repays \$931 million to Cities, Counties, and Special Districts. The California Jobs Budget protects thousands of police, fire, and other local community jobs by repaying \$931 million owed to local governments for past mandates. This provides local governments with \$931 million in discretionary funds to assist their budget challenges and avoid layoffs to critical public service jobs." We have been told by Assemblymember Skinner's office that Kensington will receive \$8,322 under this repayment program. Board Action.

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

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## Kensington Police Protection & Community Services District Resolution 2010-11

### Resolution in Support of the California Jobs Budget

**Whereas**, with the ongoing recession, revenues to the state have continued to drop; as a result California is facing a \$17.9 million general fund shortfall for the 2010-11 budget year. The ongoing gap in revenues puts thousands of private and public sector jobs at risk; and

**Whereas**, local governments have been hit especially hard, shedding over 20,000 jobs—including public safety positions; and

**Whereas**, the May Revision of the Governor's Budget proposes \$4.3 billion in Prop. 98 public school funding cuts as well \$4.6 billion in additional cuts;

**Whereas**, the California Jobs Budget, introduced by Assembly Speaker John A. Pérez, will protect thousands of local police, fire and other local jobs by repaying \$900 million owed to local governments for past mandates. Repaying local governments provides discretionary funds to assist with local budget challenges and avoid layoffs for critical public service jobs; and

**Whereas**, the California Jobs Budget also ensures that \$3.8 billion would be repaid to local school districts, protecting tens of thousands of jobs for teachers, aides and counselors—a step which is good for the local community and the local business community; and,


**Now, therefore be it resolved** that the Kensington Police Protection and Community Services District supports the California Jobs Budget, and encourages the State Legislature and the Governor to adopt this budget without delay.

Passed and Adopted by the Board of Directors of the Kensington Police Protection & Community Services District on Thursday, August 12, 2010 by the following vote:

Ayes:                      Noes:                      Absent:

Charles Toombs  
Board President \_\_\_\_\_

Attest: Secretary \_\_\_\_\_



# **THE CALIFORNIA JOBS BUDGET**

- **Creates and Protects Jobs in the Private Sector**
  - **Keeps Teachers in the Classroom and Cops on the Beat**
  - **Increases Job Training Through Community Colleges**
  - **Pays Down Debt to Schools and Local Government**
  - **Protects Education and Cuts Student Fees**
- 
- **\$10 Billion Jobs and Economic Stability Fund**
  - **No Hidden Borrowing or Broad-based Taxes**
  - **Protects Working Families and Small Businesses from Harmful Cuts**
  - **Prevents Loss of over \$5 Billion in Federal Funds**
  - **\$1 Billion Emergency Reserve**





# ***The California Jobs Budget***

**John A. Pérez  
Speaker of the Assembly**

**Bob Blumenfield  
Chair, Assembly Budget Committee**

**May 25, 2010**

## The California Jobs Budget: Introduction

The California economy has been battered by the Great Recession. In recent years more than one million Californians have become unemployed and the unemployment rate has nearly doubled to 12.6 percent.

Fortunately, economic data indicates that California has hit bottom and is on the rebound, though the recovery will likely be somewhat sluggish and job growth will be slow.

With the potential for a sluggish recovery, it is critical California enact a budget that boosts the private sector job growth that has begun and that does not undermine this growth through massive local government and school district job cuts.

Unfortunately, the Governor's May Budget Revision does undermine a jobs recovery. Just when California needs job growth more than anything else, the Governor's Budget Revision sacrifices another 430,000 private sector, local government, and local school jobs.

The California Jobs Budget, which will be presented to the Legislature and the public for a full and transparent review, will protect and create jobs while also ensuring minimum funding for schools, public safety, and a basic safety net.

The Jobs Budget matches the priorities of the people of California, as measured by the recent PPIC Poll, and it reflects the contributions of thousands of Californians who have testified and participated in over 50 subcommittee hearings, 12 full committee hearings, and seven Budget Forums held throughout the state.

The centerpiece of the California Jobs Budget is a \$10.1 billion Jobs Package that provides \$1.5 billion for targeted Jobs Initiatives, repays debts to local governments and schools to avoid massive local government layoffs, and maintains critical employment services and training programs that get people back to work and keep them on payrolls and off government aid.

The California Jobs Budget closes the \$17.9 billion General Fund shortfall and ends the year with a \$1 billion final reserve.

## Snapshot of the Governor's May Revision

- ◆ **More Job Loss:** In total, the Governor's budget eliminates over 430,000 private sector, school, and local government jobs. Cutting jobs, as outlined below, make chances of a strong jobs recovery much worse:
  - Schools are facing layoffs of 35,000 teachers and other important school jobs, yet the Governor underfunds Proposition 98.
  - Local Governments have shed over 20,000 jobs including public safety. The Governor proposes no relief for these community jobs.
  - The Governor proposes elimination of Childcare programs which will force tens of thousands of working poor parents to leave the workforce and put over 50,000 small-business child care providers out of business.
  - The Governor proposes elimination of Welfare-to-Work, which strips critical employment services and takes over \$5 billion out of the state's economy (mostly by losing available federal funds). All told, this will result in over 140,000 lost jobs in the private sector.
  - The Governor proposes \$2 billion in Health Care cuts (Losing \$1.2 billion in federal funds), which translates into 25,000 lost jobs.
  - The Governor proposes to cut IHSS spending in half, which if achieved would mean the loss of 161,000 jobs.
- ◆ **Devastates Education:** The Governor cuts \$4.3 billion in Prop 98 spending to schools and childcare. The LAO reports that the Governor's level of funding does not meet Proposition 98 required minimums.
- ◆ **Punishes the Working Poor.** The Governor wipes out critical childcare and employment services that enable the working poor to stay in the workforce, and instead forces tens of thousands out of work.
- ◆ **Billions in Hidden Borrowing.** The Governor hides \$5 billion in borrowing in his budget (in addition to \$2 billion in acknowledged borrowing). The Governor's attempts to violate Proposition 98, wipe out safety net programs and underfund IHSS will only lead to cost shifts to other parts of the budget and to courts overturning the cuts, These cuts are unachievable and the state will ultimately pay for the costs.
- ◆ **Protects Big Oil and Corporate Loopholes.** Keeps California as the only oil producing state that lets Big Oil companies take oil out of our ground and not pay a fee; also protects billion dollar corporate loopholes.

## Highlights of the California Jobs Budget

- ◆ **Jobs, Jobs, Jobs.** Puts job creation and protection first, with a \$10 billion Jobs Package that promotes and protects private sector jobs, school, and local government jobs, invests in job training, and jump starts California's clean and green industries and other targeted jobs investments.
- ◆ **Protects Critical Education Dollars.** Rejects Governor's devastating cuts to education and instead meets the Proposition 98 guarantee and puts a stop to the endless cuts to K-12 and Higher Education in order to protect California's future.
- ◆ **Rejects Phony Cuts to Safety Net.** Rejects the Governor's slashing of safety net programs, which would actually cost the state more, and instead maintains welfare to work, childcare, and cost effective alternatives to expensive nursing homes.
- ◆ **No New Broadbased Tax Increase.** Makes no broad based tax increases, and instead delays corporate loopholes and closes the California Oil Severance Tax loophole to generate ongoing funding source for Jobs Package.
- ◆ **Reflects Californians' Priorities.** Reflects Californians' priorities as measured by the recent PPIC Poll:
  - **Jobs:** The PPIC Poll shows "jobs and the economy" are by a wide margin the most important issues, and the California Jobs Budget rejects the Governor's proposals to cut 430,000 jobs and instead creates tens of thousands of new jobs.
  - **Education:** The PPIC Poll shows "K-12 Education" as the most important area of the budget to protect from cuts. The California Jobs Budget rejects the Governor's \$4.3 billion in Proposition 98 Cuts and instead fully funds the Constitutional requirement.
  - **Revenues to Maintain Education and Safety Net Funding:** The PPIC Poll shows a majority of Californians support new revenues for K-12 Education, Higher Education, and Health and Human Services. The California Jobs Budget includes no new broadbased taxes, but does delay new tax business tax breaks to avoid cuts to education and the safety net. (The Governor allows the new cuts to take effect and slashes K-12 and safety net funding).

## Highlights of the Jobs Package

The centerpiece of the California Jobs Budget is a \$10.1 billion Jobs Fund that will protect against the loss of 430,000 private sector, local government, and school jobs in the Governor's proposal and that will also generate tens of thousands of new jobs.

- ◆ **Generates Billions for Jobs By Closing the California Oil Severance Loophole:**
  - **\$900 million from Oil Severance in 2010-11.** The Oil Severance Tax will generate \$900 million in 2010-11 and billions more each year, to be deposited into the Jobs and Economic Security Fund.
  - **\$9.2 billion by Marshalling other State Resources in 2010-11.** In order to maximize the immediate attack on job losses now, the Jobs and Economic Stability Fund also borrows \$8.7 billion from the California Beverage Recycling Fund<sup>1</sup> and \$500 million from the Disability Insurance Fund (similar to Governor's proposal).
  - **Hundreds of Millions per Year Ongoing.** Beginning in 2011-12, the Jobs and Economic Security fund will have hundreds of millions available for Jobs Priorities, even after making repayments and other required transfers resulting from the 2010-11 Jobs and Economic Security Fund Loans.

### **Allocation of \$10.1 billion Jobs and Economic Security Funds:**

- ◆ **\$1.1 Billion Targeted Jobs Investments.** Provides \$1.1 billion for targeted jobs strategies to develop and strengthen California industries, including green and clean tech industries. These investments can generate tens of thousands more jobs and strengthen California's economy for a generation. This provides a potential funding source for numerous Democratic and Republican jobs bills that are making their way in both houses of the Legislature this year.
- ◆ **\$900 million Repayment to Local Governments.** The California Jobs Budget protects thousands of local police, fire, and other local jobs by repaying \$900 million owed to local governments for past mandates. This provides local governments with \$900 million in discretionary funds to assist their budget challenges and avoid layoffs to critical public service jobs.

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<sup>1</sup> Funds will be available from the Beverage Container Recycling Fund due to the acceleration of Beverage Recycling Fees to meet the needs of the program and for other permitted uses. The loan will be repaid from the Jobs Fund to meet the expanded in order to fund the expanded Recycling Program needs.

- ◆ **\$3.8 Billion Repayment to Local School Districts.** Protects tens of thousands of jobs for teachers, aides, and counselors by fully funding Proposition 98 and eliminating portions of the "Education Credit Card" rather than the Governor's proposal to cut schools by \$2.8 billion, which leads to thousands of lost jobs.
- ◆ **\$900 million to Protect Higher Education's Role in Our Economic Future.** Provides \$1 billion to restore recent education cuts and fully fund the UC and CSU to prevent the devastating economic and jobs impact of decimating Higher Education. Also protects access to higher education by reducing the Governor's student fee hike by 50 percent, which will save UC students \$628 and CSU students \$202.
- ◆ **\$1.9 Billion Keeping Working Poor Parents in Workforce.** Maintains necessary childcare programs funded through CalWORKS and Prop 98 to ensure working parents can stay employed and over 50,000 small business childcare providers can stay in business.
- ◆ **\$1.4 Billion Getting Californians Back to Work.** Invests in critical employment services to move people from welfare to work and to retrain workers at Community Colleges. Helps make employment a reality once again to Californians struggling to get back into the workforce through increased job training and employment services.
- ◆ **\$100 Million for Oil Producing Communities.** Provides \$100 million to local communities impacted by the new Oil Severance Fee. Experts project the Oil Severance Fee will have little impact on jobs statewide, but there may be localized impacts. Therefore, an ongoing \$100 million allocation is included to offset any negative impacts of the fee.
- ◆ **\$200 million for the Bottle Bill.** Separate from the Jobs and Economic Security Fund, the package increases funding by \$200 million for the Beverage Container Recycling program to strengthen and stabilize the state's recycling program. California's recycling program was nearly bankrupt due to the downturn in the economy, and this increase in support will provide long term secure funding for the program, which will protect local conservation corps, protect bottle manufacturing jobs through processing fee relief and drive green technology investment through product development grants.

### Highlights For Education:

- ◆ **Rejects Governor's Devastating School Cuts.** The California Jobs Budget rejects the Governor's proposal to eliminate \$3 billion from our schools and fully funds the Budget Year minimum guarantee (with updated revenues) at \$54.4 billion. Schools have already suffered through \$17 billion in cuts over the last few years. Education is vital to economic recovery and future economic growth and continuing to shortchange schools undermines this effort.
- ◆ **Rejects Governor's Call to Break Education Agreement and Manipulate Proposition 98.** California Jobs Budget rejects the Governor's call to break last year's education deal. Proposition 98 is a critical commitment between the voters and our schools that should not be violated.
- ◆ **Reduces State's "Education Credit Card" Debt.** The California Jobs Budget fully funds education and provides \$1.8 billion to pay down the "Education Credit Card" (\$1.3 mandate payment and \$500 million toward deficit factor) and avoid adding \$1.5 billion to the Credit Card balance.

### Highlights for Higher Education:

- ◆ **Restores Funding for UC and CSU.** The California Jobs Budget restores \$610 million in funding for UC and CSU in last year's budget, consistent with the Governor's proposal, but from the Jobs and Economic Security Fund.
- ◆ **Cuts Governor's Fee Increases in Half.** The California Jobs Budget reduces the Governor's 15% UC increase and 10% CSU increase by half by providing the UC and CSU \$275 million from the Jobs and Economic Security Fund.
- ◆ **Major Increase for Community College Job Training.** The California Jobs Budget provides \$100 million from the Jobs and Economic Security Fund to provide a 400% increase for the Economic Development Program, which successfully gets unemployed Californians back to work.

### Highlights For Local Government:

- ◆ **Repays \$931 million to Cities, Counties, and Special Districts.** The California Jobs Budget protects thousands of police, fire, and other local community jobs by repaying \$931 million owed to local governments for past mandates. This provides local governments with \$931 million in discretionary funds to assist their budget challenges and avoid layoffs to critical public service jobs.

### Highlights for Health:

- ◆ **Fully Funds Healthy Families.** The California Jobs Budget fully funds the Healthy Families program to enable children of working families to have access to health care.
- ◆ **Rejects Governor's Elimination of Adult Day Healthcare.** The California Jobs Budget rejects the Governor's call to eliminate Adult Day Healthcare. Not only would eliminating these services be devastating to individuals dependent upon the program, but it would be fiscally irresponsible with more individuals needing to rely on more costly institutional care.
- ◆ **Rejects Governor's Medi-Cal Cuts.** The California Jobs Budget rejects the Governor's Medi-Cal cuts, including cuts to legal immigrant programs for immigrants who have played by the rules, and funding for critical family planning funds which receive a 9-to-1 federal match. The Jobs Budget also rejects numerous cuts to Medi-Cal that would have violated federal laws and greatly reduced access to health services for the state's lowest-income families.
- ◆ **Protects Community Mental Health.** The California Jobs Budget rejects several proposals that collectively would decimate community mental health services, increase crime, increase costs through state mental hospitals, emergency rooms, and jails, and return the state to conditions in the 1960s, before the deinstitutionalization of mental health care (including for children).
- ◆ **Rebuilds the State's Public Health Infrastructure.** The California Jobs Budget recognizes that protecting the public health is a core function of state government, and therefore rejects cuts to key public health programs such as cancer screening and treatment programs, and restores programs single-handedly eliminated by the Governor last year, namely HIV/AIDS and maternal, child, and adolescent health programs.

### Highlights For Transportation:

- ◆ **Reflects Prop 58 Session Actions:** The California Jobs Budget accepts the Governor's General Fund savings proposals consistent with the Proposition 58 Session actions.



### Highlights for Human Services:

- ◆ **Bolsters Employment Services and Job Training.** The California Jobs Budget minimizes General Fund costs in CalWORKs and utilizes the Jobs and Economic Security Fund to provide employment training and job skills to unemployed and underemployed parents so that they can adequately care for their children.
- ◆ **Fully Funds Childcare Programs.** The California Jobs Budget fully funds childcare programs, including through Proposition 98, to ensure working poor parents can remain in the workforce and thousands of small business child care providers are not put out of business.
- ◆ **Protects IHSS for Aged, Disabled Consumers.** The California Jobs Budget restores funding for IHSS to ensure that aged and disabled needy Californians can continue receiving the services they need to stay out of costly institutions and to hold onto their quality of life. In addition, the Jobs Budget establishes a provider fee mechanism which will generate approximately \$150 million in General Fund savings and establishes a stakeholder process to develop strategies to bring down future General Fund costs of the program, while strengthening important IHSS services.
- ◆ **Rejects Harmful Cuts and Their Dramatic, Negative Cost Shifts.** The California Jobs Budget rejects cuts to SSI/SSP recipients, including programs for vulnerable, needy legal immigrants who have played by the rules, and Medi-Cal Drug services.

### Highlights for Resources and Environmental Protection:

- ◆ **Provides Full Funding for State Parks.** The California Jobs Budget fully funds the state parks system to avoid closures and maintain funding for rangers and lifeguards for state parks and beaches.
- ◆ **Strengthens the Bottle Bill.** The California Jobs Budget increases funding by \$200 million for the Beverage Container Recycling program to strengthen and stabilize the state's recycling program. California's recycling program was nearly bankrupt due to the downturn in the economy, and this increase in support will provide long term secure funding for the program, which will protect local conservation corps, protect bottle manufacturing jobs through processing fee relief, and drive green technology investment through product development grants.

### Highlights for Public Safety:

- ◆ **Reduces Prison Health Costs.** The California Jobs Budget achieves \$811 million in savings by accepting the Governor's proposal to reduce support for the Prison Receiver's Medical Services Program to a per-inmate medical cost level that is comparable to other states' correctional health care programs.
- ◆ **Establishes the Emergency Response Initiative.** The California Jobs Budget enacts the Emergency Response Initiative, which assesses a 4.6% surcharge on all statewide property insurance policies to generate over \$400 million per year to fund emergency response activities at the Department of Forestry and Fire Protection, Cal EMA and at the local level.
- ◆ **Shifts Certain Offenders to Local Jails.** The California Jobs Budget saves \$243.8 million by accepting the Governor's proposal to create a system of block grants to provide evidence-based programming and other probation and jail services at the local level. The block grants will be funded from a portion of state savings generated by having non-sex offender, non-serious, non-violent offenders convicted with sentences of three years or less to serve their felony sentence in local jails.
- ◆ **Keeps Courts Open.** The California Jobs Budget ends the one-day per month closing of trial courts and additional layoffs of court employees by providing funding to keep California's courts operating full-time. This funding is a result of various fee increases and the redirection of court construction funds and does not negatively impact the General Fund.

### Highlights For Revenue:

- ◆ **Delays New Tax Business Tax Breaks.** The California Jobs Budget delays the start of new business tax breaks scheduled to take effect in 2010-11. Delaying these new tax breaks avoids over \$2 billion in cuts to education and other critical services.
- ◆ **Closes Oil Severance Loophole.** The California Jobs Budget closes the Oil Severance loophole to be the primary fund source for the Jobs and Economic Security Fund. This will generate billions to protect and create jobs. An additional \$100 million will be allocated annually to oil producing communities to offset any potential impacts of the loophole closure.

**Side-by-Side Comparison:  
Governor's May Revision & California Jobs Budget**

Starting Problem	-\$17.9	Starting Problem:	-\$17.9
<p>Governor Education:</p> <ul style="list-style-type: none"> <li>• Funds Proposition 98 at \$48.4 billion (no funding for childcare) and cuts Prop 98 funding for schools over the current year and budget year by \$2.8 billion.</li> <li>• LAO believes this does not meet Prop 98 Obligation.</li> </ul>	\$2.9	<p>Jobs Budget Education:</p> <ul style="list-style-type: none"> <li>• Funds Proposition 98 \$5.9 billion (including \$1.4 for Child Care) above the Governor for the Budget Year.</li> <li>• Provides \$3.9 billion from Jobs and Economic Security Fund to meet Prop 98 minimums.</li> <li>• Saves \$1 billion in the Current Year by maintaining the existing appropriation level.</li> </ul>	\$4.9
<p>Governor's Prop 98 Child Care:</p> <ul style="list-style-type: none"> <li>• Eliminates Child Care.</li> </ul>	\$1.4	<p>Jobs Budget Prop 98 Child Care:</p> <ul style="list-style-type: none"> <li>• Fully Funds Child Care from the Jobs and Economic Security Fund</li> </ul>	\$1.4
<p>Governor's Higher Ed:</p> <ul style="list-style-type: none"> <li>• Restores \$600 million in cuts to UC and CSU.</li> <li>• Increases UC fees by 15% and CSU fees by 10%.</li> </ul>	--	<p>Jobs Budget Higher Ed:</p> <ul style="list-style-type: none"> <li>• Restores \$600 million in cuts to UC and CSU with the Jobs and Economic Security Fund.</li> <li>• Reduces Governor's UC and CSU fee increases by 50% by providing an additional \$275 million for the UC and CSU from the Jobs and Economic Security Fund.</li> </ul>	\$.6
<p>Governor's Health:</p> <ul style="list-style-type: none"> <li>• Various significant cuts to Medi-Cal to save nearly \$700 million.</li> <li>• Eliminates Adult Day Healthcare to save nearly \$200 million.</li> <li>• Cuts county Mental Health Funds to save \$600 million.</li> <li>• Makes various other health care cuts to save \$200 million.</li> </ul>	\$1.6	<p>Jobs Budget Health:</p> <ul style="list-style-type: none"> <li>• Makes no significant cuts to healthcare.</li> <li>• Restores \$70 million for critical public health and clinic programs that were vetoed by the Governor last year.</li> </ul>	-.1

<p>Governor's Human Services:</p> <ul style="list-style-type: none"> <li>• Eliminates CalWORKS to save \$1.2 billion.</li> <li>• Reduces IHSS by 50% to save \$750 million.</li> <li>• Reduces SSI/SSP grants for individuals to the federal minimum to save \$133 million.</li> <li>• Shifts county human service funds and various other reductions to save \$600 million.</li> </ul>	\$2.7	<p>Jobs Budget Human Services:</p> <ul style="list-style-type: none"> <li>• Provides \$1.8 billion from the Jobs and Economic Security Fund for employment services and childcare portions of CalWORKS, and shifts all General Fund costs to Federal Funds to save \$1.5 billion.</li> <li>• Establishes an IHSS provider fee to save \$150 million.</li> <li>• Rejects cuts to SSI/SSP.</li> <li>• Restores critical funds that the Governor vetoed last year, including \$80 for Child Welfare Services, \$6.4 million for core aging nutrition and support programs, and \$20.4 for domestic violence shelters.</li> </ul>	\$1.5
<p>Governor's Public Safety:</p> <ul style="list-style-type: none"> <li>• Unspecified reduction to prison healthcare costs to save \$811 million.</li> <li>• Shifts certain offenders to county jail and provides a block grant to save \$200 million.</li> </ul>	\$1.0	<p>Jobs Budget Public Safety:</p> <ul style="list-style-type: none"> <li>• Generally the same as proposed by the Governor.</li> </ul>	\$1.0
<p>Governor's Local Government:</p> <ul style="list-style-type: none"> <li>• Suspends and defers certain mandate payments to save \$200 million.</li> </ul>	\$.2	<p>Jobs Budget Local Government:</p> <ul style="list-style-type: none"> <li>• Provides \$931 million to repay local mandate funds owed to local governments, which also saves \$200 million.</li> </ul>	\$.2
<p>Governor's State Employee Comp.:</p> <ul style="list-style-type: none"> <li>• Avoids collective bargaining to cut salaries 5%, increase employee retirement contributions 5%, reduces staff funding by 5%, and have a floating furlough day to save \$2.1 billion.</li> </ul>	\$2.1	<p>Jobs Budget State Employee Comp:</p> <ul style="list-style-type: none"> <li>• Cuts staffing funds and overhead by 5% to save \$700 million.</li> <li>• All other reductions should be accomplished through collective bargaining and any savings will increase the reserve.</li> </ul>	\$.7

Governor's Federal Funds: <ul style="list-style-type: none"> <li>Projects \$3.4 billion in additional Federal Funds.</li> </ul>	\$3.4	Jobs Budget Federal Funds: <ul style="list-style-type: none"> <li>Accepts Governor's projection of \$3.4 billion.</li> </ul>	\$3.4
Governor's Special Fund Loans, Transfers, Fund Shifts: <ul style="list-style-type: none"> <li>Proposes \$2.6 billion in various special fund loans, transfers, and fund shifts.</li> </ul>	\$2.6	Jobs Budget Special Fund Loans, Transfers, Fund Shifts: <ul style="list-style-type: none"> <li>Generally accepts Governor's proposals.</li> <li>Various costs (as specified above are shifted to the Jobs and Economic Security Fund).</li> </ul>	\$2.6
Governor's Revenue Solutions: <ul style="list-style-type: none"> <li>Establishes Speed Cameras to generate \$200 million.</li> <li>Extends Hospital Fees to generate \$200 million.</li> <li>Establishes the Emergency Response Initiative property insurance fee to fund fire costs to save almost \$100 million.</li> <li>Estimates \$450 million in various other revenues.</li> </ul>	\$ .9	Jobs Budget Revenue Solutions: <ul style="list-style-type: none"> <li>Rejects the Speed Cameras but includes all other Governor's revenue solutions to generate \$700 million.</li> <li>Accepts LAO Current Year Revenues of \$400 million.</li> <li>Accepts LAO Budget Year Revenues of \$1 billion (\$430 million net of Prop 98)</li> <li>Delays various new business tax breaks to generate \$2.1 billion (\$903 net of Prop 98)</li> </ul>	\$2.4
Governor's Various Others:	\$ .3	Jobs Budget Various Others (inc Prop 98 reserve):	\$ .3
<b>Final Reserve</b>	<b>\$1.2</b>	<b>Final Reserve</b>	<b>\$1.0</b>

## **Why Governor Schwarzenegger Should Support the California Jobs Budget**

In the past Governor Schwarzenegger has supported the use of public funds to create and protect public and private sector jobs, he has called for an oil severance tax, he has understood the necessity of delaying some tax breaks in tough times, he has suggested securitization as a revenue tool, and he has signed a majority vote revenue bill into law.

### **Governor on Public and Private Jobs:**

"I'm very happy that the Obama Administration has given us the stimulus money for these various different projects. But not only does it create the 1,200 jobs but also it will preserve an additional 16,000 jobs for a period of time, so this is, of course, something that was all negotiated by everyone coming together.

Governor's Press Release, Groundbreaking with Secretary Salazar, March 23, 2010

"Ensuring the safety of California residents is a top priority of my Administration - and I want to congratulate local agencies across California for successfully applying for these Recovery funds," said Governor Schwarzenegger. "These Recovery funds will save jobs for our brave men and women in law enforcement and help local departments continue their efforts in communities across the state."

Governor's Press Release on Federal COPS Grants July 28, 2009

Governor Arnold Schwarzenegger said he was encouraged by the state job gains last month but California still has a long way to go and must encourage private sector hiring.

AP May 21, 2010 (As AP notes the biggest jobs gain was in the government sector.)

### **Governor on Oil Severance:**

"To remedy California's urgent budget situation... the Governor called for additional revenue increases including broadening the sales and use tax to include certain services, imposing an oil severance tax upon any oil producer that extracts oil from the earth or water in this state and increasing the alcohol excise tax by five cents a drink."

Governor's Press Release November 6, 2008

### **Governor on Securitization:**

I want to use this {lottery securitization} to help our kids get funded for education, so we keep our teachers in place and no one has to get laid off, and so on. So I think that is a good idea and I hope that the legislators see it the same way.

Budget Press Conference May 14, 2008

### **Governor on Delaying Tax Breaks in Tough Times:**

Proposed \$2.4 billion in various tax break delays

Governor's Budget Announcement January 8, 2010

### **Governor on Majority Vote Tax Bill:**

Signed majority vote gas tax swap into law March 2010

## OIL SEVERANCE FACT CHECK

### **Assembly Revenue and Taxation Committee:**

#### How Does California's Taxation of Oil Production Compare to Other States?

....California is the only major oil producing state that does not charge a severance tax.

...this Committee asked staff at the Franchise Tax Board and Board of Equalization to calculate the combined tax burden per barrel of oil in both California and Texas. After accounting for regulatory fees, applicable severance taxes, property taxes, and income and franchise taxes, this analysis found that California's combined tax burden on oil production was \$4.22 per barrel in 2008. In Texas, by contrast, the combined tax burden on oil production was more than three times higher at \$14.33 per barrel.

How Will This Bill Impact Consumers? The Legislative Analyst's Office noted in its 2006 report on Proposition 87, which would have imposed a similar severance tax, that market forces could ensure that the oil severance tax would not be passed on to consumers. Because California oil refiners have many options for purchasing crude oil in the global oil market, California oil producers will have to maintain competitive prices to retain their share of the market. Otherwise, oil refiners facing higher-priced oil from California producers could, at some point, find it cost-effective to purchase additional oil from non-California suppliers, whose oil would not be subject to this bill's severance tax.

*Committee Analysis February 2010*

### **Severin Borenstein, UC Berkeley Energy Institute:**

Oil companies often remind us that the price of oil is set in a world market and they are right when they say that. They are wrong when they say that taxing oil produced in California would raise the price of California oil and, thus, the price of California gasoline.

California already imports more than half the oil we use. The price of oil in California is already set by the cost of importing oil from the world market. Some oil produced in the state has lower production costs, but those producers still sell that oil for the market price. They don't lower their price because they have lower costs any more than you are willing to sell your house for below the market price even though you bought it for a much lower price 20 years ago.

*November 2006*

California Tax Reform Association  
Brief Fact Sheet on Oil Severance Taxation

1. California is the only state without an oil production/severance tax. A severance tax, as proposed in AB X3 9, would be 6% of the sales price of oil. We appear to be the only place in the world which does not collect taxes or royalties on oil production. Other states' rates: Alaska: 12.25%, Louisiana 12.5%, Oklahoma 7%, Kansas 8%, Colorado 5% over a minimum payment, Texas 4.6%, Wyoming 6%, New Mexico 3.75% plus 3.15% for schools.

2. The proposed severance tax would raise over \$900 million, as follows: \$85/barrel at 6% = \$5.10 per barrel, times 190 million barrels = \$969 million. The actual price of oil yesterday was \$95.60 per barrel at Midway-Sunset, but the assumption of the above revenue estimate is that oil prices will settle back to the \$80's. At yesterday's price, the revenue would be \$1.090 billion.

3. Despite oil company claims, California's total taxes on oil are the lowest of any state. Our sales tax on equipment is a comparatively small cost. Our corporation taxes are apportioned, so that when the LAO looked at corporate tax payments, based on FTB data, the apportionment factors of the majors were relatively low and the effective corporate rate on oil was about 3%. And, for property tax purposes, most of the oil in the ground is protected by Proposition 13, at very low values.

4. Why has California not had a severance tax, despite bills offered by Villaraigosa, Klehs, Bates, Burton and Gov. Pat Brown? Aside from the politics, the long-standing claim is that California oil is "heavy and sour" as opposed to "light and sweet". It is more expensive to refine and more expensive to get out of the ground. As a result, the California price of \$95.60 compares to yesterday's West Texas Intermediate, at \$107.90. So the refining premium is already built into the price. The cost of production is higher in California, at an estimated \$20/barrel. This may have been a factor when oil was \$30/barrel, but at \$80-90 it's irrelevant. An addition 6% of the price (\$5/barrel at these prices) in tax per barrel has no impact on production.

5. The Rand Corporation did a study of a 6% oil severance tax and found the following: it cannot be passed on to consumers and it will not affect production. That study was done when oil prices were far lower, but virtually all economists agree that the world market sets the price of oil, and that underlying taxes, whether from Texas, Kuwait or California, are not passed through at the pump.

6. While oil is a declining resource in California, there still are very large reserves of heavy oil. So, at these high oil prices, revenues will continue for a long time.

*April 2008*