



CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY MEETING AGENDA

**January 16, 2020
6:00 PM**

The Mission of the City of Coalinga is to provide for the preservation of the community character by delivering quality, responsive City services, in an efficient and cost-effective manner, and to develop, encourage, and promote a diversified economic base in order to ensure the future financial stability of the City for its citizens.

Notice is hereby given that the City Council will hold a Regular Meeting, on September 19, 2019 in the City Council Chambers, 155 West Durian Avenue, Coalinga, CA.

Persons with disabilities who may need assistance should contact the City Clerk at least 24 hours prior to the meeting at 935-1533 x113. Anyone interested in translation services should contact the City Clerk at least 24 hours prior to the meeting at 935-1533 x113. The Meeting will begin at 6:00 p.m. and the Agenda will be as follows:

1. CALL TO ORDER

1. Pledge of Allegiance
2. Changes to the Agenda
3. Council's Approval of Agenda

2. AWARDS, PRESENTATIONS, APPOINTMENTS AND PROCLAMATIONS

1. Coalinga Police Department's Pink Patch and the Coalinga Cowboys Donation to Susan G. Koman
2. Presentation by Criscom regarding Lobbying and Economic Development Services

3. CITIZEN COMMENTS

This section of the agenda allows members of the public to address the City Council on any item within the jurisdiction of the Council. Members of the public, when recognized by the Mayor, should come forward to the lectern, identify themselves and use the microphone. Comments are normally limited to three (3) minutes. In accordance with State Open Meeting Laws, no action will be taken by the City Council this evening and all items will be referred to staff for follow up and a report.

4. PUBLIC HEARINGS (NONE)

5. CONSENT CALENDAR

1. Adopt Resolution No. 3942 Reducing Crime and Keeping California Safe Act of 2020
2. Adopt Resolution No. SA-333 Approving the Recognized Obligation Payment Schedule 2020-2021 for July 2020 through June 2021 and Fiscal Year 2020-2021 Administrative Budget
3. Council Approval of a City Engineer Task Order to Design Phase 2 of the Van Ness Storm Drain Project
4. Approval to Purchase a Portable Video Inspection Camera for Drainage, Water and Plumbing Networks for use by the Public Works Department
5. Authorize the City Manager to execute the Amendment to the Software as a Service Agreement dated October 17, 2017 for ExecuTime
6. Authorize City Manager to Approve the Proposal Received from Bryant L. Jolley, CPA for Accounting Services Related to the Preparation of Fiscal Year 2018-2019 Audit
7. Approve Agreement with Hinderliter, de Llamas and Associates (HdL) for Sales and Use Tax Audit and Information Services
8. Public Works & Utilities Monthly Report for December 2019

6. ORDINANCE PRESENTATION, DISCUSSION AND POTENTIAL ACTION ITEMS (NONE)

7. ANNOUNCEMENTS

1. City Manager's Announcements
2. Councilmembers' Announcements/Reports
3. Mayor's Announcements

8. FUTURE AGENDA ITEMS

9. CLOSED SESSION

1. REAL PROPERTY NEGOTIATIONS-Government Code Section 54956.8. CONFERENCE WITH REAL PROPERTY NEGOTIATORS. PROPERTY: APN's 071-084-24 (formally 071-084-01, 02, 03, 21 & 06) located in the City of Coalinga on the SW Corner of Elm Avenue and Cherry Lane. CITY NEGOTIATORS: City Manager, Marissa Trejo and City Attorney Mario Zamora NEGOTIATING PARTIES: Salyer American, Inc. UNDER NEGOTIATION: Price and Terms of Payment
2. CONFERENCE WITH LABOR NEGOTIATORS – Government Code 54957.6. CITY NEGOTIATORS: City Manager, Marissa Trejo and City Attorney, Mario Zamora. EMPLOYEE (ORGANIZATION): Coalinga Police Officer's Association

10. CLOSED SESSION REPORT

Closed Session: A "Closed" or "Executive" Session of the City Council, Successor Agency, or Public Finance Authority may be held as required for items as follows: personnel matters; labor negotiations; security matters; providing instructions to real property negotiators; legal

counsel regarding pending litigation; and protection of records exempt from public disclosure. Closed session will be held in the Administration Building at 155 W. Durian Avenue and any announcements or discussion will be held at the same location following Closed Session.

11. ADJOURNMENT

**STAFF REPORT - CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE
AUTHORITY**

Subject: Adopt Resolution No. 3942 Reducing Crime and Keeping California Safe Act of 2020
Meeting Date: Thursday, January 16, 2020
From: Marissa Trejo, City Manager
Prepared by: Darren Blevins, Chief of Police

I. RECOMMENDATION:

Request Council to Adopt Resolution 3942 "Reducing Crime and Keeping California Safe Act of 2020.

II. BACKGROUND:

This initiative, is supported by dozens of cities, counties, law enforcement agencies and victims' rights groups, would help improve public safety in California.

III. DISCUSSION:

This initiative, which is already supported by dozens of cities, counties, law enforcement agencies and victims' rights groups, would help improve public safety in California by:

- Reclassifying crimes that are currently listed as “non-violent”—including rape of an unconscious person, sex trafficking of a child, and 14 other serious crimes—as “violent” to help prevent the early release of inmates convicted of these crimes,
- Reforming the parole system to stop the early release of violent felons, expand parolee oversight, and strengthen penalties for parole violations,
- Reforming theft laws to restore accountability for serial thieves and organized theft gangs, and
- Expanding DNA collection to include those convicted of drug, theft, domestic violence and other serious crimes to help solve rape, murder and other violent crimes — and to exonerate those wrongly accused.

IV. ALTERNATIVES:

None.

V. FISCAL IMPACT:

None

ATTACHMENTS:

File Name

Description

RESOLUTION 3942

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COALINGA_SUPPORTING THE REDUCING CRIME AND KEEPING CALIFORNIA SAFE ACT OF 2020

WHEREAS, protecting every person in our state, including our most vulnerable children, from violent crime is of the utmost importance. Murderers, rapists, child molesters and other violent criminals should not be released early from prison; and

WHEREAS, since 2014, California has had a larger increase in violent crime than the rest of the United States. Since 2013, violent crime in Los Angeles has increased 69.5%. Violent crime in Sacramento rose faster during the first six months of 2015 than in any of the 25 largest U.S. cities tracked by the FBI; and

WHEREAS, The FBI Preliminary Semiannual Uniform Crime Report for 2017, which tracks crimes committed during the first six months of the past year in U. S. cities with populations over 100,000, indicates that last year violent crime increased again in most of California's largest cities.

WHEREAS, recent changes to parole laws allowed the early release of dangerous criminals by the law's failure to define certain crimes as "violent." These changes allowed individuals convicted of sex trafficking of children, rape of an unconscious person, felony assault with a deadly weapon, battery on a police officer or firefighter, and felony domestic violence to be considered "nonviolent offenders."; and

WHEREAS, as a result, these so-called "non-violent" offenders are eligible for early release from prison after serving only a fraction of the sentence ordered by a judge; and

WHEREAS, violent offenders are also being allowed to remain free in our communities even when they commit new crimes and violate the terms of their post release community supervision, like the gang member charged with the murder of Whittier Police Officer, Keith Boyer; and

WHEREAS, this measure reforms the law so felons who violate the terms of their release can be brought back to court and held accountable for such violations; and

WHEREAS, nothing in this act is intended to create additional "strike" offenses which would increase the state prison population, nor is it intended to affect the ability of the California Department of Corrections and Rehabilitation to award educational and merit credits; and

WHEREAS, recent changes to California law allow individuals who steal repeatedly to face few consequences, regardless of their criminal record or how many times they steal; and

WHEREAS, as a result, between 2014 and 2016, California had the 2nd highest increase in theft and property crimes in the United States, while most states have seen a steady decline. According to the California Department of Justice, the value of property stolen in 2015 was \$2.5 billion with an increase of 13 percent since 2014, the largest single-year increase in at least ten years; and

WHEREAS, grocery store operators around the state have seen unprecedented increases in the amount of losses associated with shoplifting in their stores, with some reporting up to 150% increases in these losses from 2012 to present, with the largest jumps occurring since 2014; and

WHEREAS, shoplifting incidents have started to escalate in such a manner that have endangered innocent customers and employees; and

WHEREAS, individuals who repeatedly steal often do so to support their drug habit. Recent changes to California law have reduced judges' ability to order individuals convicted of repeated theft crimes into effective drug treatment programs; and

WHEREAS, California needs stronger laws for those who are repeatedly convicted of theft related crimes, which will encourage those who repeatedly steal to support their drug problem to enter into existing drug treatment programs. This measure enacts such reforms; and

WHEREAS, collecting DNA from criminals is essential to solving violent crimes. Over 450 violent crimes including murder, rape and robbery have gone unsolved because DNA is being collected from fewer criminals; and

WHEREAS, DNA collected in 2015 from a convicted child molester solved the rape-murders of two six-year-old boys that occurred three decades ago in Los Angeles County. DNA collected in 2016 from an individual caught driving a stolen car solved the 2012 San Francisco Bay Area rape/murder of an 83-year-old woman; and

WHEREAS, recent changes to California law unintentionally eliminated DNA collection for theft and drug crimes. This measure restores DNA collection from persons convicted for such offenses; and

WHEREAS, permitting collection of more DNA samples will help identify suspects, clear the innocent and free the wrongly convicted, and

WHEREAS, this measure does not affect existing legal safeguards that protect the privacy of individuals by allowing for the removal of their DNA profile if they are not charged with a crime, are acquitted or are found innocent.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Coalinga hereby supports the Reducing Crime and Keeping California Safe Act of 2020.

The forgoing Resolution is hereby approved this **16th day of January, 2019**, by the following vote to with:

AYES:

NOES:

ABSTIAN:

ABSENT:

APPROVED:

Ron Lander, Mayor

ATTEST:

Shannon Jensen, City Clerk

STAFF REPORT - CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY

Subject: Adopt Resolution No. SA-333 Approving the Recognized Obligation Payment Schedule 2020-2021 for July 2020 through June 2021 and Fiscal Year 2020-2021 Administrative Budget

Meeting Date: January 16, 2020

From: Marissa Trejo, City Manager

Prepared by: Jasmin Bains, Financial Services Director

I. RECOMMENDATION:

Staff recommends the Successor Agency adopt Resolution No. SA-333 Approving the Recognized Obligation Payment Schedule 20-21 for July 2020 through June 2021 and the Fiscal Year 2020-21 Administrative Budget.

II. BACKGROUND:

A Recognized Obligation Payment Schedule (“ROPS”) covering the period of July 1, 2020 through June 30, 2021 is due by February 1, 2020 pursuant to Health and Safety Code (“HSC”) Section 34177(o). The ROPS requests necessary payments for each enforceable obligation of the former Coalinga Redevelopment Agency for Fiscal Year (“FY”) 2020-21.

ROPS 20-21 has been prepared for the Successor Agency Board’s consideration and is attached to this staff report. The Fresno Countywide Oversight Board (“Oversight Board”) would also review the ROPS 20-21 at its meeting on January 23, 2020. Once approved, staff would transmit it electronically to the Department of Finance (“DOF”), State Controller, and Fresno County Auditor-Controller (“CAC”) for their review. The adopted ROPS must be transmitted by February 1, 2020, or the Successor Agency would be subject to a penalty of \$10,000 per day. With DOF approval, the Auditor-Controller would be authorized to disperse property tax revenue to pay ROPS obligations on June 1, 2020 and January 2, 2021.

III. DISCUSSION:

Recognized Obligation Payment Schedule

As per their practice, the DOF provides successor agencies a partially completed ROPS form to standardize the form and make it consistent with the automated tracking system. DOF continues to make minor annual changes to the ROPS forms and process for submitting the ROPS.

Redevelopment Property Tax Trust Funds (“RPTTF”) requested for 20-21 ROPS period payments are net of cash carried over from the ROPS 17-18 period; this cash is referred to as the “prior period adjustment”. The Prior Period Adjustment for ROPS 17-18 was reported by the Coalinga Successor Agency staff to the County Auditor-Controller in September of this year, and reported a total of \$17,541 of unspent RPTTF funds from carried over from the ROPS 17-18 period.

For ROPS 20-21, the Successor Agency is requesting a total of \$1,336,134 in Redevelopment Property Tax

Trust Fund money to fund ROPS obligations, \$1,199,595 for the first half of the fiscal year and \$136,539 for the second half of the fiscal year. The obligations listed on the ROPS include:

- 1993 B Refunding Tax Allocation debt service payment
- 1993 B Revenue Bonds Police Station debt service payment
- Fiscal Agent Fees for the 1993 bonds
- 2018 Tax Allocation Refunding Bonds debt service payment
- 2018 TARB Fiscal Agent Fees
- 2018 TARB Continuing Disclosure report
- Successor Agency Administrative Budget of \$122,000

Once approved by the Successor Agency, the ROPS 20-21 and the accompanying administrative budget would be considered by the Fresno Countywide Oversight Board.

IV. ALTERNATIVES:

None.

V. FISCAL IMPACT:

For ROPS 20-21, the Successor Agency is requesting a total of \$1,336,134 in Redevelopment Property Tax Trust Fund money to fund ROPS obligations, \$1,199,595 for the first half of the fiscal year and \$136,539 for the second half of the fiscal year. Total administrative budget requested for the Fiscal Year 2020-2021 is \$122,000.

ATTACHMENTS:

File Name	Description
❏ Coalinga_ROPS_20-21_(All_Tabs).pdf	Coalinga ROPS 20-21
❏ RESO#SA-333_ROPS_20-21_011620.pdf	Resolution No. SA-333 ROPS 20-21

Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: Coalinga Successor Agency
 County: Fresno County

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 1,199,595.00	\$ 136,539.00	\$ 1,336,134.00
F	RPTTF	1,138,595.00	75,539.00	1,214,134.00
G	Administrative RPTTF	\$ 61,000.00	\$ 61,000.00	122,000.00
H	Current Period Enforceable Obligations (A+E):	\$ 1,199,595.00	\$ 136,539.00	\$ 1,336,134.00

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (o) of the Health and Safety Code, I
 hereby certify that the above is a true and accurate Recognized
 Obligation Payment Schedule for the above named successor
 agency.

 Signature Title

 Signature Title

Coalinga Successor Agency Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
July 1,2020 through June 30, 2021
(Report Amounts in Whole Dollars)

[illegible]

(Report Amounts in Whole Dollars)

[illegible]

Coalinga Successor Agency Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances
July 1, 2017 through June 30, 2018
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	Fund Sources				Non-Admin and Admin	Comments
		Bond Proceeds	Reserve Balance	Other Funds	RPTTF		
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.		
1	Beginning Available Cash Balance (Actual 07/01/17) RPTTF amount should exclude "A" period distribution amount	1,375,060			143,926	0	Column F: \$20,321 in Other Funds designated for ROPS 17-18 + \$14,863 for ROPS 19-20 + \$105,742 adjusted beginning balance after 17-18 audit + \$3000 in Other Funds reserved for ROPS 19-20 Item #47
2	Revenue/Income (Actual 06/30/18) RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller	9,669			18,039	1,624,861	
3	Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)	687,816			20,321	1,607,321	Column C: Expenditures are due to the 2000 and 2009 bonds being refunded in 2018.
4	Retention of Available Cash Balance (Actual 06/30/18) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	343,288			27,848		Column F: \$3000 in Other Funds reserved for ROPS 19-20 Item #47+ \$14,863 Other Funds reserve for ROPS 19-20 Item #1 + \$9,985 in property sales proceeds interest to be transferred to the county.
5	ROPS 17-18 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC	No entry required				17,540	
6	Ending Actual Available Cash Balance (06/30/18) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 353,625	\$ 0	\$ 0	\$ 113,796	\$ 0	Column C: The 2000 and 2009 bonds were refunded in 2018, bond proceeds are no longer available.

RESOLUTION NO. SA-333

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF COALINGA APPROVING THE
RECOGNIZED OBLIGATION PAYMENT SCHEDULE 2020-21 FOR JULY 2020
THROUGH JUNE 2021 AND THE FISCAL YEAR 2020-21 AND FISCAL YEAR
ADMINISTRATIVE BUDGET**

WHEREAS, the City Council of the City of Coalinga elected to serve as the Successor Agency to the former Coalinga Redevelopment Agency (“Successor Agency”) in accordance with the Dissolution Act (enacted by Assembly Bill (“AB”) x1 26, as amended by AB 1484 and Senate Bill (“SB”) 107, and codified in the California Health and Safety Code); and

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a recognized obligation payment schedule (“ROPS”) for the ensuing six-month period for consideration by a local oversight board and California Department of Finance (“DOF”) for purposes of administering the wind-down of financial obligations of the former Redevelopment Agency; and

WHEREAS, a ROPS 20-21 covering the twelve-month period from July 1, 2020 through June 30, 2021, attached hereto as Exhibit “A” has been prepared by staff and consultants consistent with the provisions of the Dissolution Act and in the format made available by DOF; and

WHEREAS, Health and Safety Code Section 34177(j) requires the Successor Agency to prepare a proposed administrative budget and submit it to the Oversight Board for its approval; and

WHEREAS, the ROPS 20-21 includes a proposed administrative budget of \$122,000 for the fiscal year; and

WHEREAS, the Successor Agency desires to approve the ROPS 20-21 and Fiscal Year 2020-21 Administrative Budget and transmit it to various parties as required by the Dissolution Act.

NOW, THEREFORE, the Successor Agency to the Redevelopment Agency of the City of Coalinga resolves as follows:

SECTION 1. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. The Successor Agency hereby approves and adopts the ROPS 20-21 and Administrative Budget covering the period of July 1, 2020 through June 30, 2021, in substantially the form attached hereto as **Exhibit A** and **Exhibit B**, and incorporated herein by reference, as required by the Dissolution Act.

SECTION 3. The City Manager is hereby authorized and directed to post of copy of the ROPS 20-21 on the City’s website and transmit a copy to the Oversight Board for its approval and to all other agencies as required by the Dissolution Act.

PASSED AND ADOPTED at a regular meeting of the Successor Agency to the former Redevelopment Agency of the City of Coalinga held on the **16th day of January, 2020**, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Mayor, Ron Lander

ATTEST:

City Clerk, Shannon Jensen

EXHIBIT A

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE 20-21
(JULY 2020 THROUGH JUNE 2021)**

EXHIBIT B

ADMINISTRATIVE BUDGET FISCAL YEAR 20-21 (JULY 2020 THROUGH JUNE 2021)

Coalinga Successor Agency Administrative Budget

ANNUAL & SIX-MONTH ADMINISTRATIVE BUDGETS FISCAL YEAR 2020-21

Expense Category	ANNUAL FY 2020-21	JUL-DEC 2020	JAN - JUN 2021	Description
Personnel Expenses	RPTTF	RPTTF	RPTTF	
Salaries and Wages	\$ 80,000	\$ 40,000	\$ 40,000	City Manager's Office - Provide direction to staff and consultants as needed; reviews and oversees SA administration. Finance Department - Process payment of enforceable obligations; maintain documentation of SA records; coordinate with consultants to answer questions and provide documentation as needed for reporting preparation and as requested by the Oversight Board, County Auditor-Controller, and DOF; administration and implementation of SA wind-down activities.
Personnel Costs Subtotal	\$ 80,000	\$ 40,000	\$ 40,000	
Service Expenses	RPTTF	RPTTF	RPTTF	
Professional Services	\$ 15,000	\$ 7,500	\$ 7,500	Prepare ROPS, PPA, staff reports and resolutions for SA and OB; coordinate and answer questions for Oversight Board, County Auditor-Controller, and DOF; other SA services as needed. (Includes RSG's contract)
Accounting and Auditing	\$ 10,000	\$ 5,000	\$ 5,000	Audits and other financial services as needed.
Legal Services	\$ 2,000	\$ 1,000	\$ 1,000	Provide general legal services as needed, review staff reports and resolutions, other legal services as needed.
Overhead & Department Expenses	\$ 15,000	\$ 7,500	\$ 7,500	Office overhead, utilities, maintenance and repairs, supplies, trainings, conferences, other SA expenses.
Service Costs Subtotal	\$ 42,000	\$ 21,000	\$ 21,000	
Total Expenses	\$ 122,000	\$ 61,000	\$ 61,000	

STAFF REPORT - CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY

Subject: Council Approval of a City Engineer Task Order to Design Phase 2 of the Van Ness Storm Drain Project
Meeting Date: January 16, 2020
From: Marissa Trejo, City Manager
Prepared by: Sean Brewer, Assistant City Manager

I. RECOMMENDATION:

Staff recommends City Council authorize a City Engineering Task Order in the amount of \$292,100.00 for the City Engineer to prepared the design and specifications for Phase 2 of the Van Ness Storm Drain project in preparation of applying for the 2020 CDBG Infrastructure grant to fund construction of the project.

II. BACKGROUND:

The Storm Drain Master Plan includes the main trunk line that will convey runoff from the older established neighborhoods (Coalinga Street) along Van Ness to the Old School Farm Basin. Currently, a significant portion of the runoff travels along the streets since these older parts of the City do not have an underground system or in some areas the underground system is undersized. During any significant rain event, the storm water runoff for the northwest part of the City travels to the business district and floods several areas along Elm Avenue.

The Storm Drain Project will capture the runoff from the areas along Washington/Van Ness and move the water in a new underground pipeline eastwardly to the Old School Farm and retain in a City owned basin next to Warthan Creek. T

Phase 1, completed in 2011, began on the westerly side of Elm Avenue at Van Ness and proceeded underground towards the Old School Farm Site where it daylights into existing swales and terminates at the Warthan Creek Basin. This was completed with CDBG Funds.

Under the State CDBG Program, states award grants to smaller units of general local government that develop and preserve decent affordable housing, to provide services to the most vulnerable in our communities, and to create and retain jobs. Annually, each State develops funding priorities and criteria for selecting projects. CDBG Grants is a great program for the construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes.

Staf is expecting the notice of funding availability to be released in March so staff is attempting to position the City to be eligible when the funding becomes available as these grants are "over the counter" and only available while funding lasts.

III. DISCUSSION:

The Proposed Design and Construction for Phase 2 of the Storm Drain System will begin at Coalinga Street and Washington Street proceed underground towards the westerly side of Elm Ave where Phase 1 terminated. The Engineer's Estimate for construction of Phase 2 is \$2.3 Million. With Council approval, design would begin immediately in an effort to apply for CDBG construction funds in march or April 2020 since CDBG funds are only for "shelf ready" projects, meaning they are ready for construction.

Staff is requesting that the Council authorize the City Engineer to begin design on Phase 2 of the Van Ness Storm Drain project in the amount of \$292,100.00 in order to get this project shelf ready and eligible for the 2020 funding cycle. Attached is the preliminary cost estimate, project scope and the storm drain master plan exhibit.

IV. ALTERNATIVES:

- Do not authorize the City Engineer to proceed with design of the Phase 2 Van Ness Storm Drain Project.

V. FISCAL IMPACT:

The design task order for the City Engineer is \$292,100.00 which represents the development of topographic surveys, preliminary design and specifications and bidding documents. The \$292,100.00 will come from a combination of \$270,000.00 from the Storm Dain Impact Fee Fund that \$22,100.00 from the Measure C Flexible Fund. If more funds become available in the Storm Drain Impact Fee Funds this design could be fully funded through the impact fee fund.

ATTACHMENTS:

File Name	Description
2848_Preliminary_Cost_Estimate.pdf	Preliminary Cost Estimate
2848_Project_Scope_Exhibit.pdf	Phase 2 Project Scope
Coalinga_Storm_Drain_Master_Plan_142.pdf	Storm Drain Master Plan Map



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST City of Coalinga - Van Ness/Washington Storm Drain Project

Elm to Coalinga

JN 2848

Created: **December 19, 2019**

Revised:

GENERAL ITEMS

Item No.	Description	Unit	Qty.	Unit Price	Extension
1	MOBILIZATION / GENERAL REQUIREMENTS	LS	1	\$92,000.00	\$92,000.00
2	TRENCH SHORING/WORKER SAFETY	LS	1	\$36,250.00	\$36,250.00
3	TRAFFIC CONTROL	LS	1	\$22,500.00	\$22,500.00
4	DUST CONTROL	LS	1	\$10,000.00	\$10,000.00
5	CONSTRUCTION SURVEYING	LS	1	\$15,000.00	\$15,000.00
6	MANAGEMENT OF SWPPP	LS	1	\$4,500.00	\$4,500.00
G-1				GENERAL ITEMS SUBTOTAL	\$180,250.00

STREET ITEMS

Item No.	Description	Unit	Qty.	Unit Price	Extension
6	PAVEMENT/CONCRETE REMOVAL AND DISPOSAL	CY	430	\$180.00	\$77,400.00
7	EXCAVATION AND GRADING	CY	930	\$40.00	\$37,200.00
10	SAWCUTTING	LF	7,310	\$3.00	\$21,930.00
8	HOT MIX ASPHALT TYPE A (HMA-A)	TON	610	\$130.00	\$79,300.00
9	AGGREGATE BASE CLASS II	TON	1,030	\$40.00	\$41,200.00
10	CONCRETE 6" CURB AND GUTTER	LF	1,200	\$30.00	\$36,000.00
11	CONCRETE CURB RAMP	SF	680	\$25.00	\$17,000.00
12	CONCRETE VALLEY GUTTER	SF	60	\$12.00	\$720.00
13	CONCRETE DRIVEWAY APPROACH	SF	1,130	\$15.00	\$16,950.00
14	CONCRETE SIDEWALK	SF	4,690	\$10.00	\$46,900.00
15	REMOVE FIRE HYDRANT	EA	1	\$1,500.00	\$1,500.00
16	FIRE HYDRANT	EA	1	\$12,000.00	\$12,000.00
D-1				STREET ITEMS SUBTOTAL	\$388,100.00

STORM DRAIN ITEMS

Item No.	Description	Unit	Qty.	Unit Price	Extension
17	18" STORM DRAIN CLASS III RGRCP	LF	470	\$140.00	\$65,800.00
18	24" STORM DRAIN CLASS III RGRCP	LF	890	\$180.00	\$160,200.00
19	30" STORM DRAIN CLASS III RGRCP	LF	470	\$220.00	\$103,400.00
18	42" STORM DRAIN CLASS III RGRCP	LF	2,150	\$280.00	\$602,000.00
19	60" STORM DRAIN MANHOLE	EA	9	\$6,500.00	\$58,500.00
20	STORM DRAIN INLET	EA	8	\$8,000.00	\$64,000.00
SD-1				STORM DRAIN ITEMS SUBTOTAL	\$1,053,900.00

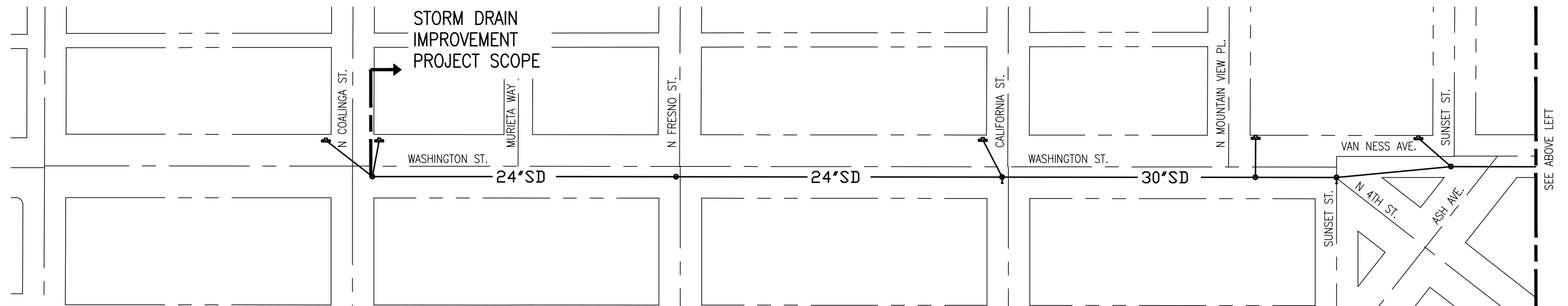
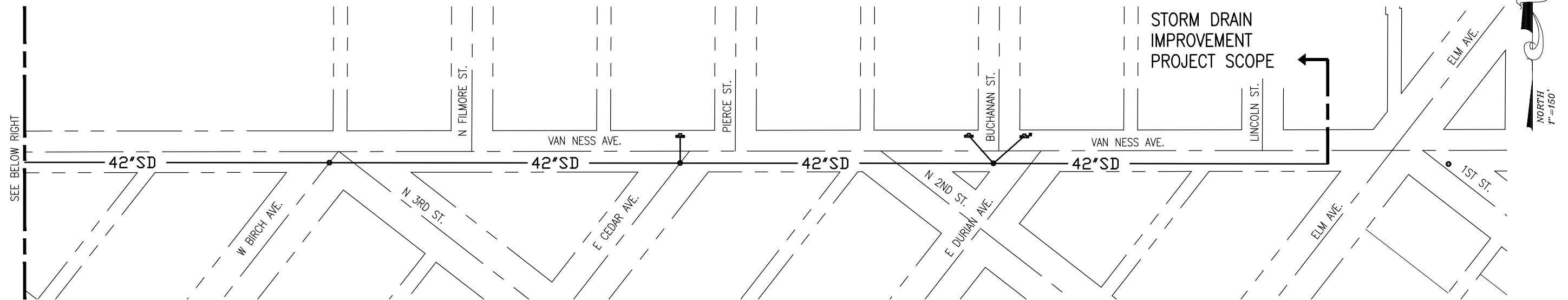
ENGINEERING AND PROJECT FEES

Item No.	Description	Unit	Qty.	Unit Price	Extension
21	DESIGN ENGINEERING	LS	1	\$292,100.00	\$292,100.00
22	CONSTRUCTION ENGINEERING	LS	1	\$186,600.00	\$186,600.00
23	PG&E POLE RELOCATION	EA	4	\$3,000.00	\$12,000.00
PE-1				ENGINEERING FEES SUBTOTAL	\$490,700.00

SUMMARY OF CONSTRUCTION COSTS

Section	Description	Subtotal
G-1	GENERAL ITEMS SUBTOTAL	\$180,250.00
D-1	STREET ITEMS SUBTOTAL	\$388,100.00
SD-1	STORM DRAIN ITEMS SUBTOTAL	\$1,053,900.00
PE-1	ENGINEERING FEES SUBTOTAL	\$490,700.00
	CONSTRUCTION SUBTOTAL	\$2,112,950.00
	15% CONTINGENCY	\$243,338.00
	CONSTRUCTION TOTAL	\$2,356,288.00

VAN NESS/WASHINGTON STORM DRAIN IMPROVEMENT PROJECT



VAN NESS — ELM TO SUNSET:

42 inch line with "T" intersecting 18 inch line and drain inlets at:

- Buchanan Street
- Pierce Street
- Sunset Street
- N Mountain View Place

WASHINGTON — SUNSET TO CALIFORNIA:

30 inch line with "T" intersecting 18 inch line and drain inlet at California Street.

WASHINGTON — CALIFORNIA TO N COALINGA:

24 inch line with two "T" intersecting 18 inch lines and drain inlets at N Coalinga Street.

STORM DRAIN IMPROVEMENT PLAN FOR:

VAN NESS/WASHINGTON
ELM AVE. TO N COALINGA ST.

COALINGA,

CALIFORNIA



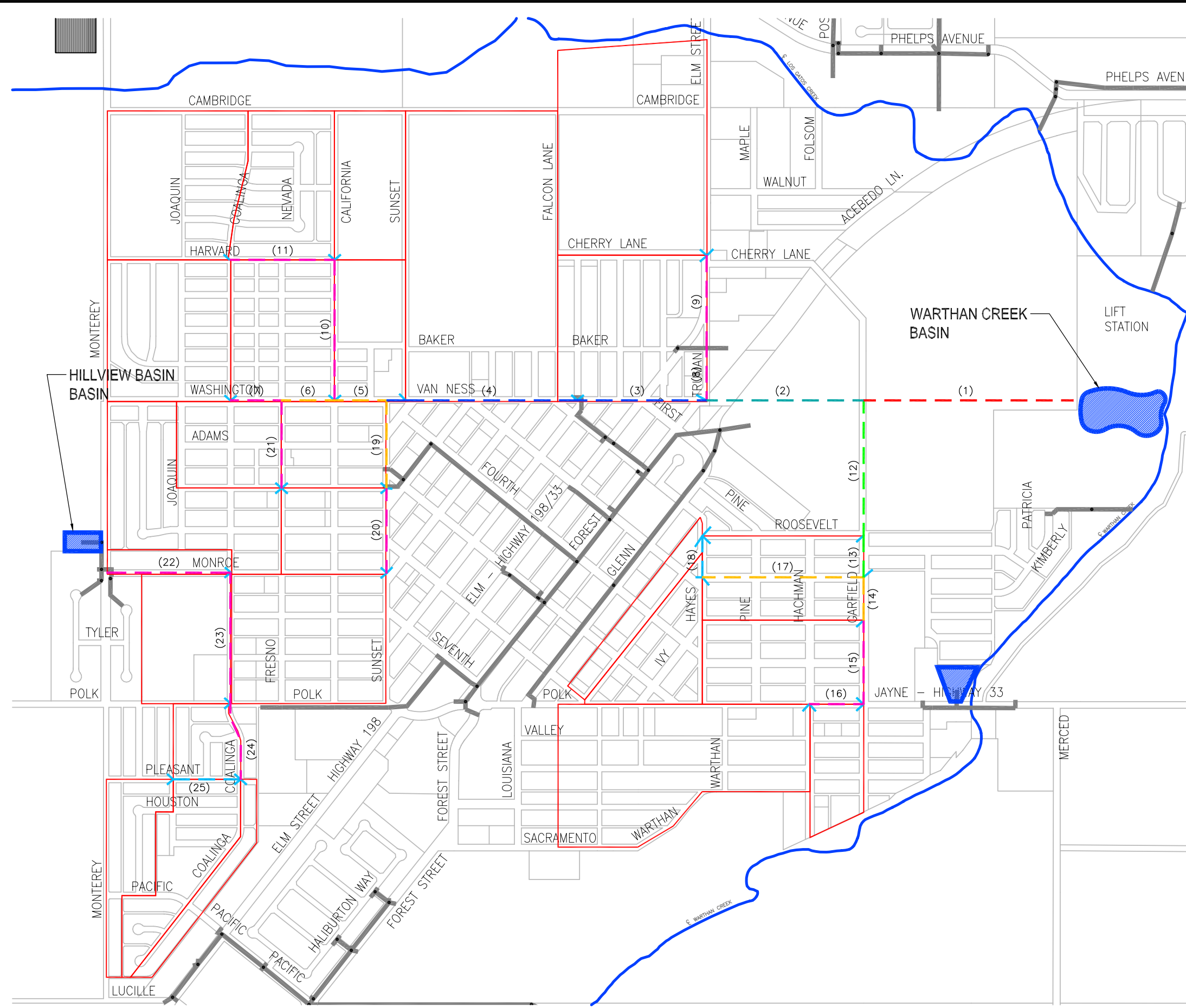
Tri City Engineering, Inc.
Engineers Surveyors

4630 W. Jennifer Ave. #101
Fresno, CA 93722-6415
PH: 559-447-9075
FAX 559-447-9074
www.TriCityEngineering.com

DATE	APPRVD.	REVISION
△	_____	_____
△	_____	_____
△	_____	_____
△	_____	_____
△	_____	_____

Scale: 1"=150'
Date: 2019.Dec.19
Drwn: CM
Chckd: DJ
JN#: 2848

DWG: V:\C23\11101\CAO\PLANSET\Plate 1_Improvements.dwg
DATE: May 12, 2005 1:37pm
USER: d.rodriquez
C-UP street names
C-TP
C-DA-IMP
C-UP-IMP
IMAGES:



LEGEND

- PIPE SIZES OF PROPOSED IMPROVEMENTS:
- 18-INCH
 - 24-INCH
 - 30-INCH
 - 36-INCH
 - 42-INCH
 - 48-INCH
 - 54-INCH
- BASIN
- PROPOSED SUBDRAINAGE ZONES
- EXISTING PIPES

PROPOSED IMPROVEMENTS	
IMPROVEMENT	PIPES INCLUDED
I	1-7
II	12-18
III	8-9
IV	19-21
V	10-11
VI	22-25



CITY OF COALINGA STORM DRAIN MASTER PLAN
PROPOSED IMPROVEMENTS FOR EXISTING STORM DRAIN SYSTEM

BEC PROJECT NO.
FR-C23-111-01

PLATE
1

**STAFF REPORT - CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE
AUTHORITY**

Subject: Approval to Purchase a Portable Video Inspection Camera for Drainage, Water and Plumbing Networks for use by the Public Works Department
Meeting Date: January 16, 2020
From: Marissa Trejo, City Manager
Prepared by: Sean Brewer, Assistant City Manager

I. RECOMMENDATION:

Approval to purchase a Portable Video Inspection Camera for drainage, water and plumbing networks for use by the Public Works Department.

II. BACKGROUND:

The Public Works Department has not had the means nor the equipment to view sewer lines located underground. This camera system will be a tremendous help to locate sewage backups, leaking pipes, sewer laterals, etc.

III. DISCUSSION:

Staff requested bids from area dealers; two (2) were received. Along with the bids, each bidder performed a demonstration for a closer “hands on” inspection.

After reviewing all information, specifications and demonstrations, our recommendation is to purchase the Flexitrac C550c from WECO Industries for the price of \$49,154.26. This is \$50,845.74 under the approved budget.

IV. ALTERNATIVES:

Do not approve purchase.

V. FISCAL IMPACT:

\$49,154.26. The cost for the camera system is included in the approved 2019-2020 Wastewater Collection budget and will not have an effect on the General Fund.

ATTACHMENTS:

	File Name	Description
□	WECO_Quote.pdf	WECO Quote
□	MME_Quote.pdf	MME Quote



4971 ALLISON PKWY SUITE A
VACAVILLE, CA 95688

(800) 677-6661 Fax: (707) 446-7933

Quote No. **121019**

QUOTATION

Customer
Contact Eric Deleon
Company City of Coalinga
Address 135 E. Sacramento

City Coalinga **State** CA **Zip** 93210
Phone 1-559-974-1257 Mobile / 1-559-935-1533 Work

Date 12/10/2019
Expiration 1/31/2020
Salesman Leighton White
Terms NET-30
Delivery DESTINATION
FOB DESTINATION

Item	Qty	U/M	Part No.	Description	Unit Price	TOTAL
				C550 Small "Standard" Package: (Standard Controller or Battery on Board) Part No: <u>10/C550-STD-C554-PKG</u>	\$45,106.00	
1	1	ea		C554 Crawler Assembly		
2	1	ea		Powered Drum with 305m (1000') cable, w/ Swivel		
3	1	ea		Command Module		
4	1	ea		Pendant Controller		
5	1	ea		Pan/Tilt Camera		
6	1	ea		Small Elevator (Gooseneck)		
7	1	ea		Small, medium and large wheel sets		
8	1	ea		5m Link Cable		
9	1	ea		Downhole set (top/bottom roller, rope, poles)		
10	1	ea		Downhole hook and strap kit		
11	1	ea		6-15" Multiple Pipe Options		
12	1	ea		Centering in 15" w/Small Elevator included		
13	1	ea		Handheld Controller		
14	1	ea		Localization Pack (Software, grease, main cable, USB interface cable, accessory bag)		
15	1	ea		C550 Cable Blanking Tow Eye		
16	1	ea		Training - Two (2) days on-site		
				SUB-TOTAL	\$45,106.00	
				CA STATE SALES TAX @ 8.975%	\$4,048.26	
				FREIGHT	\$0.00	
				GRAND TOTAL DELIVERED AND TRAINED	\$49,154.26	

Weco

Offering Complete Solutions
For Our Municipal and Contractor Customers
Visit our web site- <http://www.wecoind.com>

Subtotal	
Shipping & Handling	
Taxes	
Other	
TOTAL	

flexitrax™ C550c

Comprehensive. Convenient. Connected.

Portable video inspection for drainage, water and plumbing networks



flexitrax™ C550c

Portable, modular pipeline inspection – designed with you in mind

Inspect pipes faster to complete more surveys each day

- The intuitive interface is quick to set up and simple to operate.
- Dedicated function keys make it easy to use.
- Built-in rechargeable batteries lasting all day.

Stay connected

Reports are ready to share as soon as your survey is complete.

- WiFi connection for sending reports via DropBox or email.
- Advanced connectivity with USB, HDMI and ethernet, making it easy to view and export your data.
- Video streaming to nearby devices.

A suite of reporting formats

Expand your client base by offering a variety of tailored surveys through;

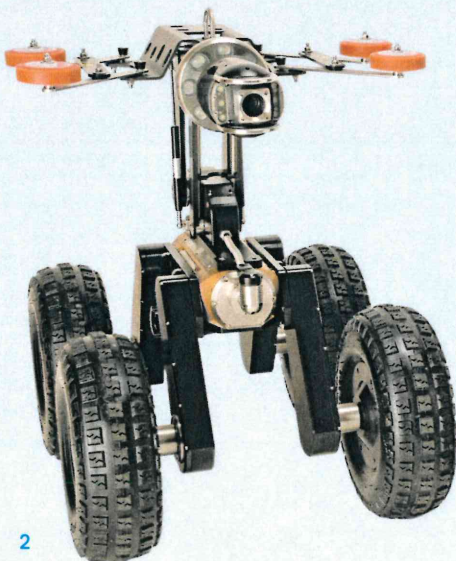
- Integrate with Cues GraniteNet software to create NASSCO standard compliant reports including PACP, LACP, and MACP.
- Basic reports.

Customised solutions

- Modular by design, the flexitrax C550c system can be paired with a range of products and accessories.
- Our solution gives you flexibility when you need it, enabling you to survey pipes from 1¼" / 32mm to 60" / 1500mm.

Crawlers

The two crawlers enable you to center your camera across a wide range of pipe sizes.



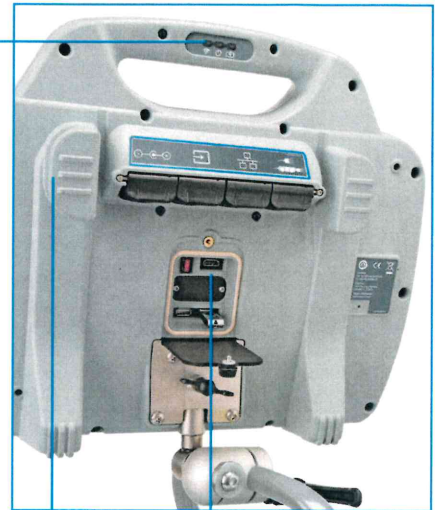
Auxiliary lighthead
for additional light in
large or dark pipes



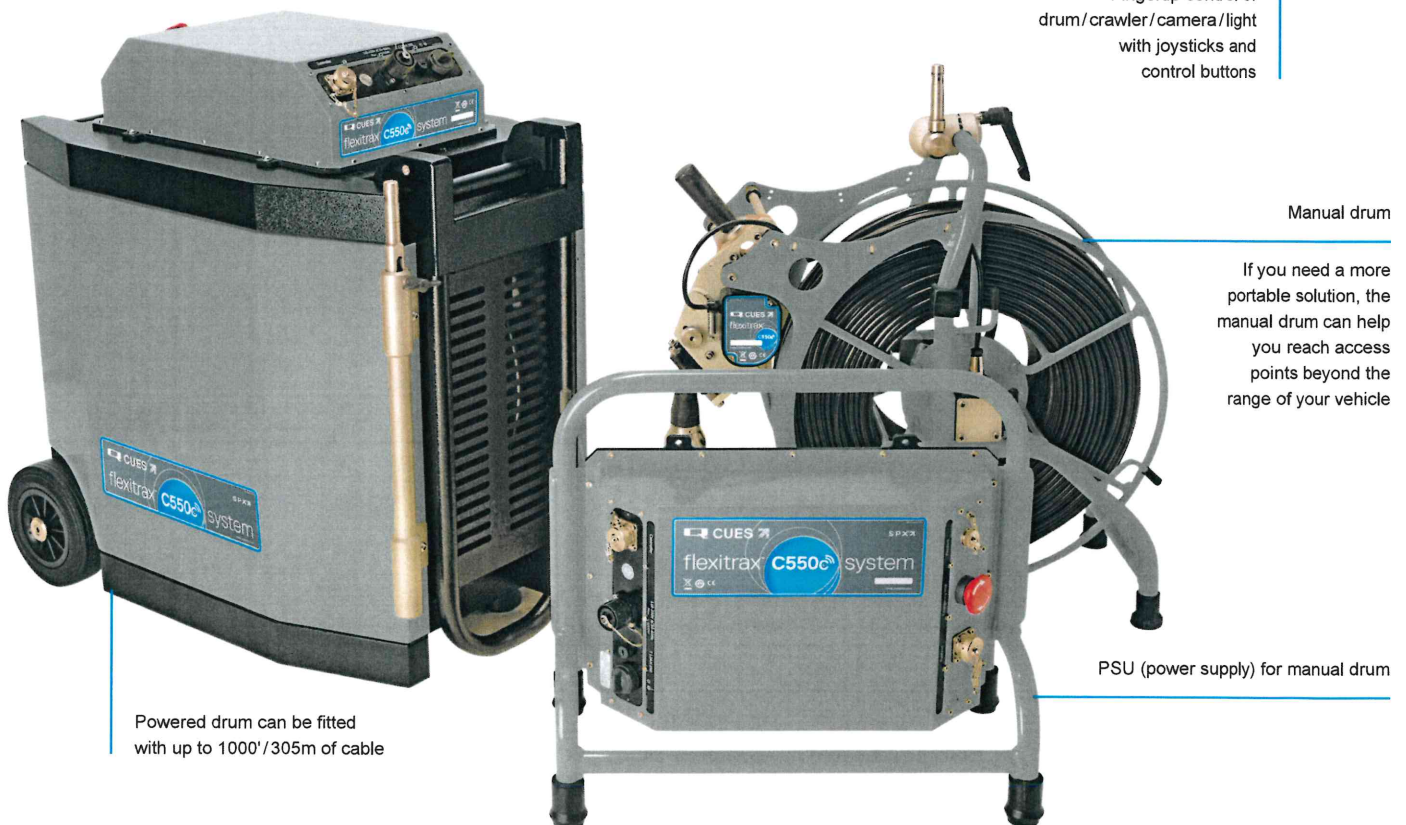
P356 crawler
Center in pipes
from 6" / 150mm
to 60" / 1500mm

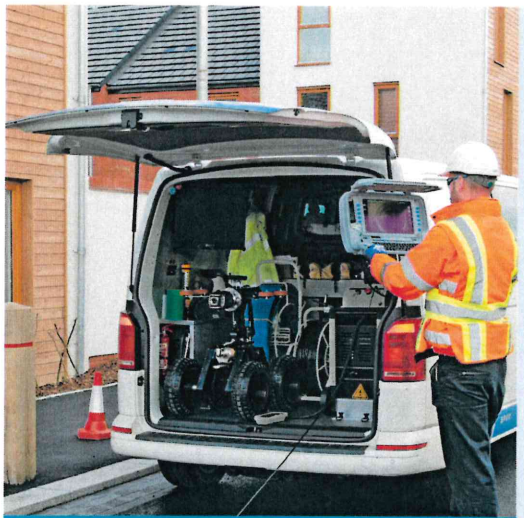
P354 crawler
Center in pipes
from 4" / 100mm
to 12" / 305mm

flexitrax C550c controller

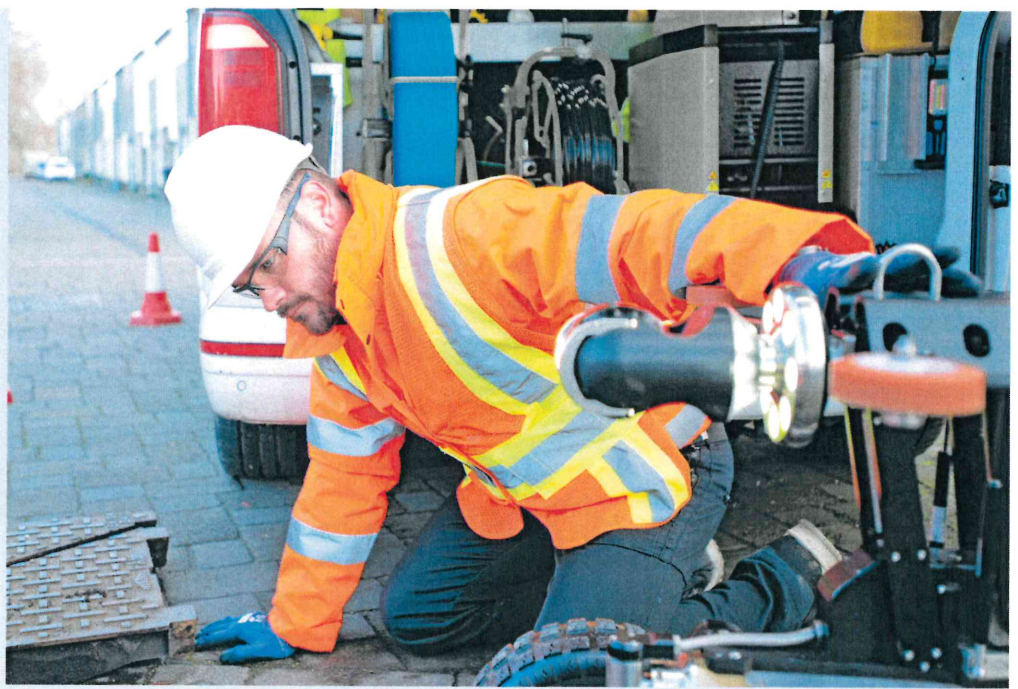


Drums





Easier



Easier. Faster. Simpler.

The flexitrac C550c is designed around simplicity of operation. Ready to use in 30 seconds from powering on, it requires minimal training to operate, letting you concentrate on pipe inspection.

A large 12.1"/307mm HD, daylight visible screen combined with full-size keyboard and dedicated function keys guide you through the survey process, making the system faster and easier to use.

Built in is a high capacity internal lithium-ion battery, providing power for up to a full day's typical usage, and 128Gb of solid state memory, sufficient for over 90 hours of video recording.



Faster



Simpler

Tailored solutions

This portable and modular crawler system enables operators to customise the flexitrac C550c solution for the inspection of a vast range of pipes, in all locations.

The flexitrac C550c can be readily transported and easily wheeled onto site through our rugged, ergonomic design, allowing you to reach access points beyond the range of your vehicle.



Survey an extensive range of pipes

Survey pipes as small as 1 1/4"/32mm or as large as 60"/1500mm.



Comprehensive

Reporting

Use GraniteNet software to integrate the flexitrac C550c to your asset inspection, decision support, and work management program.

Additionally, the flexitrac C550c has complete on-board reporting capabilities and connectivity, quickly delivering content-rich survey reports to you and your customers. Creating a comprehensive report is quick and easy;



Convenient

1 Choose the reporting template

Use customisable report templates for each occasion using customizable observation codes.

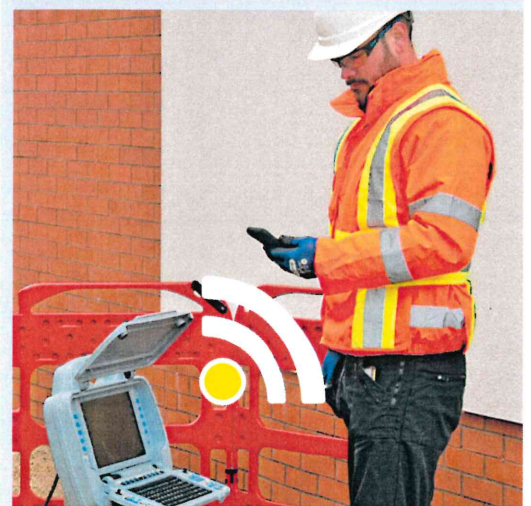
2 Complete the survey

Enter your survey details using a tactile, full-size keyboard. Dedicated and context-sensitive function buttons guide you through the survey process.

3 Distribute the report

Share reports, images and video as soon as your survey is complete via DropBox or email*. Alternatively you can export a report to a USB stick or stream videos to a nearby device.

(*WiFi access point required, such as mobile phone, tablet or dongle)



Connected



Accessories and Options

When building your flexitrax C550c solution, centering your camera in the middle of the pipe is key. Once the drum and crawler system have been chosen, enhance your pipeline inspection capabilities by incorporating our expert range of accessories to meet the demands of the various pipes you are working in.

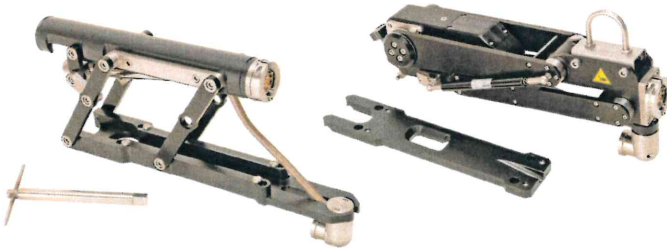
Wheels

Select from a range of small, medium or large wheels and/or spacers to suit your pipe size and terrain.



Elevators

Both manual and powered elevators are available, for centered inspection up to 36"/900mm.



Other accessories are available.

Pushrods

A choice of pushrod reels of varying length and flexibility can be connected to the flexitrax C550c system. Use a pushrod to survey pipes as small as 1¼"/32mm.



Cameras

Choose from three camera models; Forward view only, Pan and Tilt or Pan and Tilt, with 10 x optical zoom.



Cradle

Combine the cradle and elevator together with the large crawler for centered inspection up to 60"/1500mm.



Locator

A sonde is integrated into each crawler, enabling you to use a suitable locator to pinpoint the crawler's location.

With three sonde frequencies, the RD5100™ S can be used to trace the crawler whilst in use.



The flexitrax C550c crawler system is fully compatible with Pearpoint's flexiprobe™ C540c, P540c and P340 range.

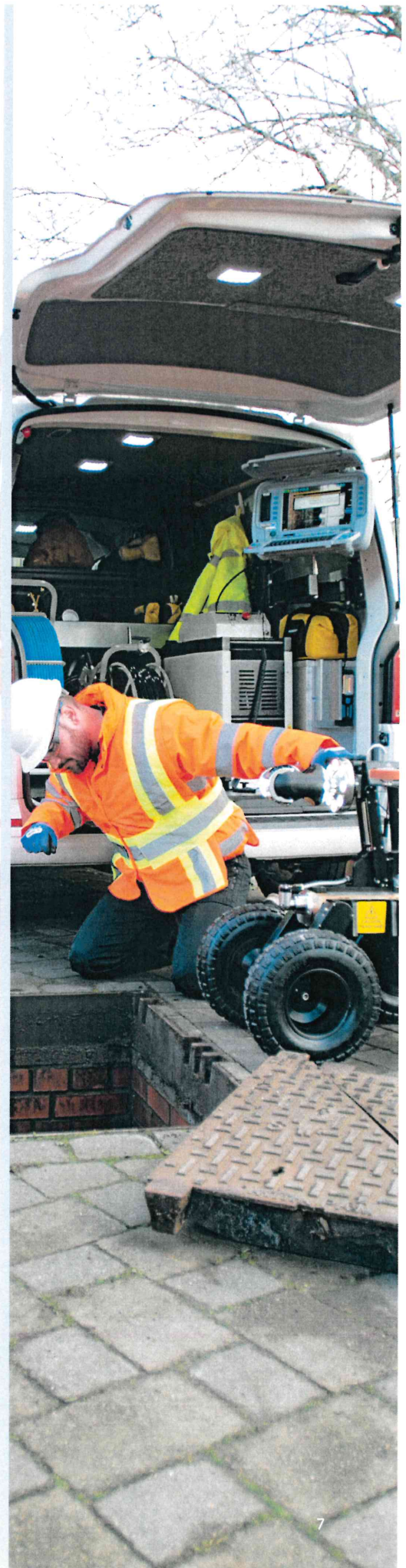
Specifications

flexitrax C550c	
Battery capacity	Internal Li-Ion Battery (4S2P) - 14.68V, 6.4Ah (93.95Wh)
Battery run-time	Up to one day's typical usage, 7.5hrs view only/5hrs continuous recording*
Cameras	Forward View with 120 Lumen LEDs Pan/Tilt with 210 Lumen LEDs Pan, Tilt and 10 x optical Zoom with 420 Lumen LEDs
Connectivity	USB 2.0 (x3), HDMI video out, analog video in (PAL/NTSC), headphones out, microphone in, rod/camera/drum connectivity and 802.11 b/g/n WiFi
Construction	High impact ABS and powder-coated, zinc-plated mild steel
Controllers	flexitrax C550c command module with integrated joysticks to control the camera and crawler Optional pendant controller for deployment phase
Dimensions	17.5" x 15.2" x 6.1"/445mm x 385mm x 155mm
Display	12.1"/307mm, 1280 x 800 color LCD
Drums	Manual drum or powered drum, with cable length options from 500' to 1000'/150m to 305m
Environmental Protection	flexitrax C550c controller: IP55 Power supply/charger: IP54 rated for indoor use
Input power requirements	10-30V, 60W
Power sources	Power from drum, external mains PSU or internal battery
Power supply	Mains input 100-240VAC, 50-60Hz, 1.7A DC output 16V, 3.75A, 60W
Recording formats	Video: H.264. Audio: MP3. File format: MP4
Report File Formats	Basic reports, MSCC3 & 4: docx MSCC5: docx or Xml WinCan: Xml Video: MP4 Image: JPEG
Storage	Integral 128Gb and support of USB flash storage
Temperature	Storage: 4°F to 176°F/-20°C to +80°C Operating: 14°F to 122°F/-10°C to +50°C Charging: 32°F to 104°F/0°C to +40°C
Weight	16lb / 7.25 kg
Wheels	Small, medium and large solid rubber and large pneumatic for conventional/silted pipes Rasp wheels for smooth/relined pipes

*May vary depending on power management settings chosen, ambient conditions, accessories attached, recording time and other factors

READY TO GET STARTED

Visit www.cuesinc.com





Visit www.cuesinc.com

Global locations

CUES (USA)

3600 Rio Vista Avenue, Orlando, FL 32805, USA

Toll Free: +1 (800) 327 7791 salesinfo@cuesinc.com

CUES (Canada)

1675 Sismet Road, Mississauga, Ontario L4W 1P9, Canada

Toll Free: +1 (877) 297 8957 larryc@cuesinc.com

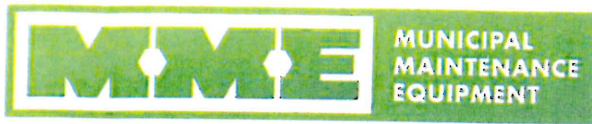
Pearpoint (USA)

39-740 Garand Lane, Unit B, Palm Desert, CA 92211, USA

Toll Free: +1 800 688 8094 Tel: +1 760 343 7350 pearpoint.sales.us@spx.com

As the world's leading manufacturer of water, wastewater, and stormwater inspection equipment, CUES provides the necessary tools for both pipeline inspection and repair. For 50+ years, CUES has manufactured the most rugged and reliable pipeline inspection equipment in the industry.

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CSLB #980409
DIR 1000004282
www.source-mme.com
Toll Free 1-888-484-9968

December 10, 2019

City of Coalinga
155 Durian Street
Coalinga, CA 9

Tel: 559-974-1257
edeleon@coalinga.com

Attention: Eric De Leon

We are pleased to provide the following budget quotation on the Rausch USA Pipe MOBILE Pro CCTV Inspection System for your review.

One (1) Each Rausch USA MOBILE Pro System Complete with the Following Standard Features:

Mobile Pro C 135 System:

- MOBILE Pro Control Unit Assy.
- Integrated 12" Monitor
- PC Control Out
- Two Multi-Functional Joysticks
- Digital Recorder w/ Text Generator, Photo, Video
- Cubix 300 w/1000 Ft. Cable Drum Assy.
- C 135 MOBILE Pro Crawler
- KS 135 NTSC MOBILE Pro Camera
- Rubber Wheel Set including 4 Each of 6" Wheels, Spacer Hubs (for 8"+), 10" Wheels
- Lifting/Lowering Hook L135/SAT135
- Cart-In Rope
- Air Pressure Filling Station
- Deflection DN150 Pulley Assembly
- Spare Parts L135 Kit
- Spare Parts KS135 Kit

L135 VTS Electric Lift w/Rearview Camera NTSC

512 Hz/33Khz L135C Locating Sensor, Sonde Mounts to Rear Connection

CCTV Tool Kit

Stone Wheels Kit:

- (4) Stone 6" Wheels L135 3-1/2" x 1/2" (93mm x 17mm)
- (4) Stone 10" Wheels Stackable 5" x 1-1/4" (125mm x 32mm)

Aggressive Wheels Kit:

- (4) Aggressive Traction 8" Wheels 95x17
- (4) Aggressive Traction 6" Wheels 85x17

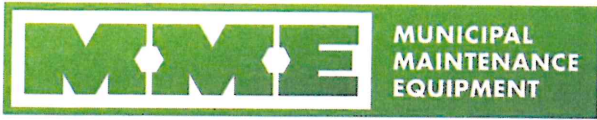
4634 Mayhew Road
Sacramento, CA 95827
Office: 916-922-1101
Fax: 916-922-1034

4750 Caterpillar Road, #D
Redding, CA 96003
Office: 530-243-4856
Fax: 530-243-1447

1913 Nancita Circle
Placentia, CA 92870
Office: 714-528-8770
Fax: 714-528-8744

1930 W. Winton Avenue, #8
Hayward, CA 94545
Office: 510-670-0230
Fax: 510-670-9003

6230 Greyhound Lane, #K
Las Vegas, NV 89122
Office: 888-484-9968
Fax: 916-922-1034



December 10, 2019
City of Coalinga
Rausch USA MOBILE Pro C 135 System Budget Quotation
Page 2

Additional L100C/KS135 20 Degree Illumination Short Range Kit including Spare Parts

Two-Day on-Site Training at Customer's Location

Budget Price F.O.B. Coalinga, CA	\$ 93,963.00
8.975% Estimated Sales Tax	<u>8,433.18</u>
Total	\$102,396.18

If optional POSM Pro License Software Package (POSM Pro Full Version Software, Including 1 Year Software Support and Sensoray POSM Video Encoder/Decoder Module is desired **ADD**

\$ 9,467.00

- Optional item does not include sales tax.
- Quotation includes delivery.
- 1 Year limited manufacturer's warranty on parts and labor.
- Normal delivery 60-90 days A.R.O.
- Sales tax applicable at time of delivery will be shown on invoice.
- Terms: Net 30
- Quotation valid for 30 days.

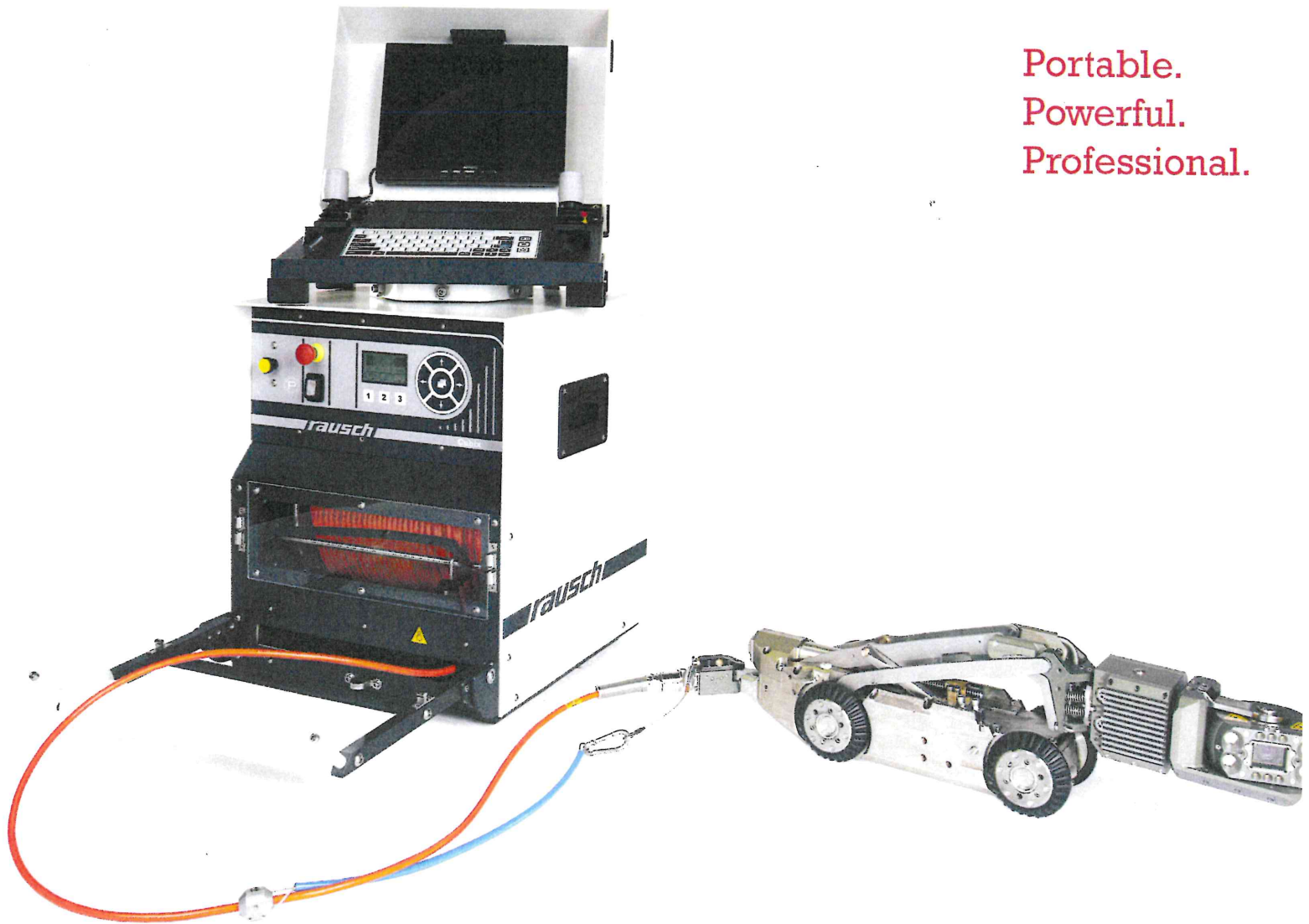
Thank you for your interest in this fine product line. Should you have any questions or need further assistance, please let us know. We look forward to being of service.

Sincerely,
Municipal Maintenance Equipment, Inc.

Adam Horch

Adam Horch,
Territory Sales Manager

Portable.
Powerful.
Professional.



MOBILE pro

Robust design in a portable package.

Application range from 4" up to 78" pipe diameter



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Office: 714-528-8770
Fax: 714-528-8744

1930 W. Winton Ave., #8
Hayward, CA 94545
Office: 510-670-0230
Fax: 510-670-9003

rausch USA
www.rauschusa.com

MOBILE pro

Application range from 4" up to 78" pipe diameter

www.rauschusa.com

MOBILE pro control unit has a built-in 12" LCD monitor and digital video recorder. The crawler & camera are controlled via 2 multifunction joysticks.

Features

- 7" touch display for system status and settings and built-in keyboard
- SD-Card slot for video and photo recording
- USB Port for macro and overlay control via external PC
- Swivel mount to cable drum Cubix 300
- Video output for external devices
- Locating sonde control for camera/crawler systems
- Dimensions: 16.5" x 12.6" x 6.25"

MOBILE pro is able to record inclination, temperature values, and laser crack measurements when it is connected with a PC.



Cubix 300 Motorized Cable Drum with 1,000' of .303" cable

- LCD display for distance counter and status display
- Two integrated carrying handles for mobile applications
- Electronic brake and cross-lead spindle for cable winding
- Slip ring connection for rapid cable change
- Fully synchronized to the camera/tractor unit

Technical Data

- Power Supply 100-250V AC (50/60 Hz)
- Power consumption max. 200W
- Dimensions: 16.75" L x 16.75" W x 18.9" H
- Weight: 110 lbs. including 1,000 feet of cable



C 135 + KS 135 C

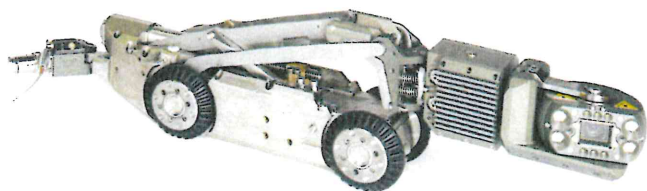
C 135 Crawler - 6"-78" pipe diameter

- Steerable 4-wheel drive
- Electric lift with reverse camera
- Dual axis inclination sensor*
- Reverse sensor synchronized with cable reel

KS 135 C Camera

- 280° pan, infinite 360° rotation
- 10X optical zoom, manual & auto focus control
- Four long-range LEDs and 6 short-range LEDs
- Laser crack measurement*

* Requires PC with compatible inspection software



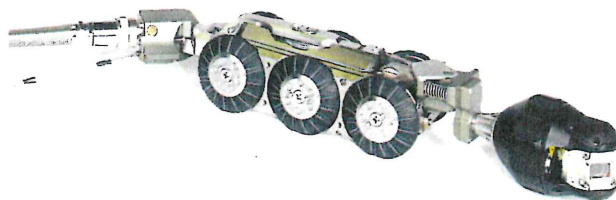
C 100 + KS 60 DB

C 100 Crawler - 4"-20" pipe diameter

- Automatic and manual steering function
- Mechanical height adjustment of camera
- Dual-axis inclination sensor*
- Reverse sensor synchronized with cable reel

KS 60 DB Camera

- Pan and tilt camera with infinite rotation
- Dual camera zoom, manual & auto focus control
- Distortion-free wide angle lens
- Laser crack measurement*



www.rauschusa.com

Phone: 717 709 1005

Toll Free: 877 Rauschl

Email: reusa@rauschusa.com

rausch_{USA}

STAFF REPORT - CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY

Subject: Authorize the City Manager to execute the Amendment to the Software as a Service Agreement dated October 17, 2017 for ExecuTime
Meeting Date: January 16, 2020
From: Marissa Trejo, City Manager
Prepared by: Jasmin Bains, Financial Services Director

I. RECOMMENDATION:

Financial Services Director recommends the City Council authorize the City Manager to execute the Amendment to the Software as a Service Agreement dated October 17, 2017 for ExecuTime.

II. BACKGROUND:

The City used Paychex Time and Labor for timekeeping prior to the implementation of the Tyler software. Since the implementation of the Tyler software City staff uses Employee Self Service (ESS) for timekeeping.

The City entered in to a Software as a Service Agreement in October 2017 for a full software implementation for the Finance Department. Implementation is yet not complete as the City continues to find additional modules to further improve efficiencies within the Finance Department and the City as a whole.

Tyler Technologies is a leading provider of end-to-end information management solution and services for local governments. Tyler partners with clients to empower the public sector-cities, counties, schools, and other government entities – to become more efficient, more accessible and more responsive to the needs of their constituents. In 2017, Forbes ranked Tyler on its “Most Innovative Growth Companies” list, and Fortune included Tyler on its “100 Fastest-Growing Companies” list.

III. DISCUSSION:

Since the implementation of the Tyler software in 2017 staff has discovered the time keeping capabilities in the ESS module is very limited to the needs of the City for most City departments but most importantly for the Police and Fire Departments. It has been discovered that the timekeeping limitations relating to the overtime reporting for all departments.

ExecuTime Advanced Scheduling automates, simplifies and streamlines your staff scheduling process while minimize labor costs and overtime expenses. The Advanced Scheduling solution makes sure you have the right people working the right job at the right time through a fully integrated, easy-to-use solution that easily scales to suit the needs of small, medium, and large organizations.

Tyler ExecuTime solution offers flexible configuration, time capturing abilities, work schedules and leave

requests.

IV. ALTERNATIVES:

None.

V. FISCAL IMPACT:

The fiscal impact for this amendment is one-time costs in the amount of \$12,740 and ongoing recurring fees in the amount of \$14,233. Total fiscal impact to the General fund will be \$510 in one-time costs and \$569 in annual recurring costs for this additional module. A copy of the Cost Allocation Plan for the ExecuTime module is included as an attachment to this item.

ATTACHMENTS:

File Name	Description
❏ Cost_Allocation_Plan-ExecuTime.pdf	Cost Allocation Plan-ExecuTime
❏ Tyler_ExecuTime_Advanced_Scheduling.pdf	Tyler ExecuTime Advance Scheduling
❏ Tyler_ExecuTime_Time_and_Attendance.pdf	Tyler ExecuTime Time and Attendance
❏ Mobile_Product_Sheet_ExecuTime_.pdf	Mobile Product Sheet ExecuTime
❏ Coalinga_CA_Executime_Amendment_122019_(002).pdf	Coalinga ExecuTime Amendment

City of Coalinga					
Tyler Technologies					
Cost Allocation Plan					
ExecuTime					
			\$12,740	\$ 14,233	
Annual					
Fund	Fund Description	Allocation Basis	One-Time Fees	Recurring Fees	Totals by Fund
101	General Fund	4%	\$ 510	\$ 569	\$ 1,079
107	Gas Tax	2%	\$ 255	\$ 285	\$ 539
110	TDA-Article 8	2%	\$ 255	\$ 285	\$ 539
125	Measure C-Streement Maintenance	2%	\$ 255	\$ 285	\$ 539
127	Measure C-Flexible Funding	2%	\$ 255	\$ 285	\$ 539
130	Special Assessment Distrcits	2%	\$ 255	\$ 285	\$ 539
140	General Capital Projects	2%	\$ 255	\$ 285	\$ 539
501	Water Enterprise	25%	\$ 3,185	\$ 3,558	\$ 6,743
502	Gas Enterprise	25%	\$ 3,185	\$ 3,558	\$ 6,743
503	Sewer Enterprise	25%	\$ 3,185	\$ 3,558	\$ 6,743
504	Sanitation Enterprise	5%	\$ 637	\$ 712	\$ 1,349
506	Transit Fund	2%	\$ 255	\$ 285	\$ 539
820	Redevelopment Obligation Retirement Fund	2%	\$ 255	\$ 285	\$ 539
Total		100%	\$ 12,740	\$ 14,233	\$ 26,973



Advanced Scheduling

ExecuTime Advanced Scheduling™ automates, simplifies and streamlines your staff scheduling process while minimizing labor costs and overtime expenses. The Advanced Scheduling solution makes sure you have the right people working the right job at the right time through a fully-integrated, easy-to-use solution that easily scales to suit the needs of small, medium and large organizations.

Reduce Labor Costs

Labor costs are a big part of your organization's budget. And those costs escalate through human error, manual processes and requests, and scheduling conflicts. ExecuTime scheduling allows you to cut labor costs while drastically reducing human error and manual processes. Even better, ExecuTime can be configured to easily handle the complex scheduling in public safety, public works and parks and recreation. With ExecuTime, you'll effectively manage complex costs while incorporating union agreements, overtime and premium pay into your workforce management strategy.

Increase Workforce Productivity

You're being told to do more with fewer resources. In these challenging economic times, decreasing budgets and increasing expectations go hand-in-hand. ExecuTime Advanced Scheduling allows your staff and supervisors to securely access customized and insightful data to eliminate unnecessary confusion and scheduling errors while enhancing employee accountability. Self-service tools allow your staff to request schedule changes and shift swaps, leave requests, bid for days off and vacation requests, and more. It's centralized, 24x7x365, real-time scheduling and management across departments, teams and locations.

Seamless Integrations

The ExecuTime Advanced Scheduling solution integrates seamlessly with third-party applications (HR, payroll, CAD and more) and eliminates manually running scripts, passing files back and forth, and the wasteful production of paperwork. Of course, you can also integrate the scheduling solution with the ExecuTime Time & Attendance solution to create a powerful, automated and fully-integrated workforce management solution.

Easy to Use and Implement

If you can use a web browser, then you can learn to use ExecuTime Advanced Scheduling in a snap. This solution is entirely web-based and requires no software to install or maintain on workstations. The user interface is extremely intuitive and userfriendly to make adoption easy even for users with little or no experience with computers.

Key Features

- Unlimited schedules/shifts
- View and print daily roster reports
- Schedule grid and calendar view
- Post open positions for sign-up or bidding
- Time exchange feature for shift swaps and shift trades
- Automated time-off request and approval process
- Overtime eligibility management
- Track certifications and work limits
- Cloud-based and on-premises options
- Holiday and events calendar
- Reporting and auditing
- Employee self-service

“Hands down, ExecuTime offers the best technical support in a software company I’ve ever seen.”

- Roy Lavicky, VP of Information Technology

For more information, visit
www.tylertech.com
or email info@tylertech.com



Time and Attendance

ExecuTime Time & Attendance™ provides small and large organizations with incredible cost savings and increased efficiency. In most local government entities, payroll processing, time tracking and benefits accrual tracking places an unnecessary strain on staff efficiency and limited budgets. ExecuTime™ fixes those issues and keeps them fixed while providing the highest ROI on the market. How do we do that?

- Effortlessly handle complex time tracking rules and pay codes
- Seamless, automated integration and synchronization with your IT environment and payroll software
- Powerful and user-friendly web-based interface for supervisors and staff
- Solid integration with numerous time collecting interfaces (web browsers, time clocks, phone, text messaging, IVR, proximity readers, biometrics and more)
- Dedicated technical and training support

Simplify Complex Time, Attendance and Benefit Tracking

By incorporating complex time tracking procedures that usually exist within public safety, public works and education, ExecuTime makes it easy for managers and staff of every department to enter and track time types, manage time-off requests and apply job costing all while handling multiple pay periods and FLSA guidelines.

Reduce Costly Errors

ExecuTime Time & Attendance drastically reduces errors and oversights by eliminating several of the manual tasks associated with collecting time and entering data into the payroll system.

Electronic capture of employee time offers a more accurate account of actual time worked and automates the process of collecting, calculating and entering employee hours each pay period. You generate precise timesheets for both hourly and salaried personnel and have access to historical data through audit trails and reports to ensure secure and effective management.

Time Efficiency and Cost Effectiveness

ExecuTime Time & Attendance automates the most labor-intensive tasks associated with timekeeping and gives that time back to your staff. Payroll clerks that spend days sorting through timecards will now complete the same duties in a fraction of the time. Many public sector organizations have already discovered that ExecuTime offers the most rapid ROI along with the most critical product features.

“Streamlining our payroll department, providing much better data access and reporting information and improving accuracy. It’s been great. I’d do it all over again.”

- Debbie Mammone, Lincoln City, Oregon

For more information, visit
www.tylertech.com
or email info@tylertech.com

For more information, visit www.tylertech.com

Empowering people who serve the public®



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Supported Solutions

ExecuTime offers budget friendly systems that fit seamlessly into your current infrastructure and will grow with you for years to come. Our project management team will guide you through an implementation plan catered toward your personnel environment, conduct training and support your internal rollout. And you will have added assurance knowing an experienced and responsive technical team is only a phone call or email away.

Automated Attendance Calculation

- Improves accuracy
- Improves timeliness of information
- Configurable overtime policies
- Configurable clock-in/out policies
- Manual time-editing ability
- Accounts for shift differentials and 24x7 operations
- Complete audit log and reporting on changes, additions and edits to employee time

Key Features

- Electronic clock in/out
- Time tracking and exception reporting
- Work order, project and job number tracking
- Employee benefit time request and management
- Time-off scheduling calendar
- Electronic timesheet approvals
- Absolute lowest cost of ownership and free software for upgrades
- Integration with payroll software on any platform

Flexible Reporting Features

- By day, week, month or year
- Real-time employee status
- Daily attendance inquiry
- Multiple file export options

Intuitive Interface

- ExecuTime web-based interface
- “Who Is Here” inquiry screen
- Benefit hours inquiry and management
- Integrates with Interactive Voice Response (IVR) technology
- Supports a range of collection devices: electronic time clocks, biometric, web browser, text messaging and more
- Full integration with your payroll application

And More...

- Multiple pay-period support
- Graphical calendar for time-off scheduling
- User-specific security levels
- Time-zone sensitive time and date stamp records all transactions for auditing purposes
- Eliminates antiquated time clock hardware and hand-written time sheets

The ExecuTime Difference

- Integration with any payroll/HR app on any platform
- Unlimited supervisors
- Unlimited workstations and PCs
- Unlimited technical support
- Configurable notifications and alerts
- Absolute lowest cost of ownership
- Browser, tablet and smart phone supported



ExecuTime Mobile Solutions

Workforce Management

ExecuTime™ mobile solutions allow employees and supervisors to have access to their time and attendance, as well as their scheduling, anytime, anywhere. Regardless of your location, you will have peace of mind knowing that you can effortlessly respond to any workforce management needs through your mobile or tablet device. Employees can easily clock in or out and access a variety of time and attendance tools. We understand that your workforce is not always behind a desk; there are many employees out in the field who need a time management solution that is just as mobile as they are. ExecuTime mobile solutions will dynamically increase the efficiency in which your workforce operates.

Answers at your Fingertips

Through your mobile device you can find out when your shift is, request time off and answers to the many other questions that come up throughout the day. This means that you don't have to call the administration office during work hours to find out how many days of vacation you have or if you can swap a shift with someone else. ExecuTime mobile solutions increase workforce productivity by putting the answers to your time management questions right at your fingertips.

This tool is not only a great benefit to employees but managers as well. Managers can resolve exceptions, approve timesheets and handle employee requests in real-time, while also having access to view job costing and employee schedules.

ExecuTime Mobile Benefits

- Allow supervisors to dynamically manage employees with real-time data
- Give employees the flexibility to manage their day from anywhere
- Receive notifications and alerts in numerous formats including email and text messaging
- Take action fast, achieve instant visibility and increase efficiency throughout your day
- Allow managers and employees to handle a variety of tasks regardless of their physical location

Key Features

Employee Actions:

- Clock in/out
- Job costing
- View schedule
- View time card
- View benefit balances
- Submit and manage time-off requests
- Apply job costing to time-off requests
- Submit and manage OT requests
- Apply job costing to hours requests
- Accept or decline shift trades
- Accept or decline shift offers
- Approve time cards

Supervisor Actions:

- Approve or decline time-off requests
- Approve or decline OT requests
- View employee time cards
- Approve employee time cards

For more information, visit

www.tylertech.com

or email info@tylertech.com



AMENDMENT

This amendment ("Amendment") is effective as of the date of signature of the last party to sign as indicated below ("Amendment Effective Date"), by and between Tyler Technologies, Inc. with offices at One Tyler Drive, Yarmouth, Maine 04096 ("Tyler") and the City of Coalinga, with offices at 155 West Durian Ave., Coalinga, CA 93210 ("Client").

WHEREAS, Tyler and the Client are parties to a Software as a Service Agreement dated October 17, 2017 ("Agreement"); and

WHEREAS, Tyler and Client desire to amend the terms of the Agreement to add the software and associated services as provided herein.

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, Tyler and the Client agree as follows:

1. The items set forth in the sales quotation attached as Exhibit 1 to this Amendment are hereby added to the Agreement as of the Amendment Effective Date.
2. The initial SaaS Term for the Tyler Software in Exhibit 1 shall be prorated for a term commencing on the Amendment Effective Date and ending concurrently with Client's existing SaaS Term, as set forth in Section F (1) of the Agreement. Upon expiration of the initial term, the term shall renew in accordance with Section F (1).
3. Payment of fees and costs for the items in Exhibit 1 shall conform to the following terms:
 - a. The annual SaaS fees payable under the Agreement shall be increased in the amount of \$14,233 for the Tyler Software added herein. The foregoing notwithstanding, the first annual payment shall be prorated for a term commencing on the Amendment Effective Date and ending concurrently with Client's current annual SaaS Term. Subsequent payments are due on every anniversary of the then-current SaaS Term in accordance with the terms of the Agreement.
 - b. Unless otherwise provided herein, services identified at Exhibit 1 and added to the Agreement pursuant to this Amendment, along with applicable expenses, shall be invoiced as provided and/or incurred.
4. This Amendment shall be governed by and construed in accordance with the terms and conditions of the Agreement.
5. Except as expressly indicated in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the dates set forth below.

Tyler Technologies, Inc.

City of Coalinga, CA

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



Exhibit 1

Investment Summary

The following Investment Summary details the software and services to be delivered by us to you under the attached Amendment. This Investment Summary is effective as of the Amendment Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

In the event a comment in the following sales quotation conflicts with a provision of this Amendment, the provision in this Amendment shall control.

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Quoted By: Robb Ann Perry
 Quote Expiration: 2/12/2020
 Quote Name: City of Coalinga, CA - ExecuTime
 Quote Number: 2019-91718-3
 Quote Description: SaaS.Cloud

Sales Quotation For

City of Coalinga
 155 W Durian Ave
 Coalinga , CA 93210-1940
 Phone: 5599351531ext124

Tyler Software and Related Services - SaaS

Description	One Time Fees			
	Impl. Hours	Impl. Cost	Data Conversion	Annual Fee
ExecuTime				
ExecuTime Time & Attendance - Up to 100ee	50	\$6,500	\$0	\$4,143
ExecuTime Time & Attendance Mobile Access License	0	\$0	\$0	\$1,503
Advanced Scheduling - Up to 100ee	48	\$6,240	\$0	\$7,409
ExecuTime Advanced Scheduling Mobile	0	\$0	\$0	\$1,178
<i>Sub-Total:</i>		\$12,740	\$0	\$14,233
TOTAL:	98	\$12,740	\$0	\$14,233

Other Services

Description	Quantity	Unit Price	Extended Price	Maintenance
Import Interface (using ExecuTime)	1	\$0	\$0	\$0
Export Interface (using ExecuTime)	1	\$0	\$0	\$0
TOTAL:			\$0	\$0

Summary

	One Time Fees	Recurring Fees
Total Tyler SaaS	\$0	\$14,233
Total Tyler Services	\$12,740	\$0
Total Third Party Hardware, Software and Services	\$0	\$0
Summary Total	\$12,740	\$14,233
Contract Total	\$26,973	

STAFF REPORT - CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY

Subject: Authorize City Manager to Approve the Proposal Received from Bryant L. Jolley, CPA for Accounting Services Related to the Preparation of Fiscal Year 2018-2019 Audit

Meeting Date: January 16, 2020

From: Marissa Trejo, City Manager

Prepared by: Jasmin Bains, Financial Services Director

I. RECOMMENDATION:

Staff recommends approval of the proposal received from Bryant L. Jolley, CPA for accounting services related to the preparation for the Fiscal Year 2018-2019 Audit. Staff is recommending the City accept the proposal received from Bryant L. Jolley, CPA because they are a local firm and will travel to Coalinga to work onsite and train the newly hired Junior Accountant on all tasks performed.

II. BACKGROUND:

The City has used Bryant L. Jolley's firm for Audit Preparation services for the Fiscal Year 2016-2017 audit.

III. DISCUSSION:

Additional assistance is needed in the Finance Department to prepare and complete the audits in an expeditious manner to minimize the risk of losing grant funding. The preparation of the audit requires complex reconciliations and entries in the areas of accounts receivable, accounts payable, payroll, utility billing, debt service, capital assets and grants.

The City solicited proposals from four different firms. A proposal was submitted by Bryant L. Jolley, Muni-Temps. Two firms chose to not submit a proposal due to their own scheduling conflicts.

The proposal submitted by Bryant L. Jolley was \$30,000 which was lower than the proposal submitted by Muni-Temps in the amount of \$33,390.

IV. ALTERNATIVES:

None.

V. FISCAL IMPACT:

Total amount of the proposal is a not to exceed amount of \$30,000. The fiscal impact to the General Fund

will be \$3,000 (10%) due to the allocation used. The remaining allocations will be applied to the Water (24%), Gas (20%), Wastewater (15%), Sanitation (1%), Transit (10%), and the RDA (20%) funds with the respective percentages. This is an unbudgeted expense.

ATTACHMENTS:

File Name	Description
 Engagement_Letter_for_Accounting.pdf	Proposal From Bryant L. Jolley, CPA

BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Jaribu Nelson C.P.A.
Lan T. Kimoto
Jeffrey M. Schill

September 18, 2019

Marissa Trejo
City of Coalinga
155 W. Durian
Coalinga, CA 93210

Dear Ms. Trejo:

The purpose of this letter is to confirm my engagement with the City of Coalinga to provide Financial Accounting/Consulting services described below and to set forth the nature, scope and terms of the engagement. These services will consist principally of the following:

Review of General Ledger

I will review the general ledger accounts to ensure they are reconciled and that supporting documentation reflects the balances in the general ledger. I will provide to City Staff adjusting or correcting journal entries to be reviewed, approved, and posted by the City of Coalinga's staff.

I will not assume management responsibilities on behalf of the City of Coalinga.

The City of Coalinga's responsibilities are as follows:

The City of Coalinga agrees to perform the following responsibilities in connection with my provision of audit preparation services:

- Assume all management responsibilities, including determining account codings and approving all proposed journal entries.
- Assign a staff member to oversee the services and evaluate the adequacy and results of the services.
- Accept responsibility for the results of bookkeeping, including journal entries, general ledger, and trial balance.

My responsibilities and limitations of the engagement are as follows:

- I will perform the services in accordance with applicable professional standards.
- This engagement is limited to audit preparation services previously outlined. I reserve the right to not do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities.

Other Items

I will directly support the in-house accounting department in day-to-day accounting functions and their utilization of the accounting software for financial accounting input. I will assist the City of Coalinga in preparing for and completing the annual audit of the City's financial statements for the year ended June 30, 2019. I will not audit or provide an opinion as to the correctness of the financial records. I will also

assist in the preparation of all documents required to prepare the state controller's reports required by the State of California.

Fees

Fees for the accounting services will be \$150 an hour for professional staff and \$175 an hour for Ryan Jolley. We expect the total fees to not exceed \$30,000.

Fees will be billed on a monthly basis and will be payable upon presentation. Billings become delinquent if not paid within 30 days of the invoice date. If billings are past due in excess of 60 days, I will stop all work until your account is brought current, or withdraw from this engagement. City of Coalinga acknowledges and agrees that I am not required to continue work in the event of the City's failure to pay on a timely basis for services rendered as required by this engagement letter. City of Coalinga further acknowledges and agrees that in the event I stop work or withdraw from this engagement as a result of the City's failure to pay on a timely basis for services rendered as required by this engagement letter, I shall not be liable to the City of Coalinga for any damages that occur as a result of my ceasing to render services.

Other Obligations of Parties

The City is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. The City is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

None of the accounting services rendered can be relied on to disclose errors, fraud or illegal acts that may exist. However, I will inform the City of any material errors and of any evidence or information that comes to my attention during the performance of the contracted services that fraud may have occurred. In addition, I will report to the City any evidence or information that comes to my attention during the performance of my services regarding illegal acts that may have occurred, unless they are clearly inconsequential. I have no responsibility to identify and communicate the deficiencies in the City's internal control as part of this engagement.

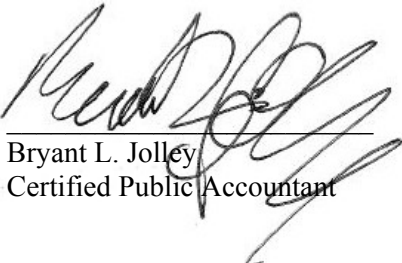
Termination

Both parties shall have the right to terminate the services of this agreement at any time or for any reason upon 5 calendar days written notice. In the event this Agreement is terminated by the City, Consultant shall be paid for any services properly performed to the last working day the Agreement is in effect, and Consultant shall have no other claim against the City by reason of such termination, including, but not limited to, any claim for compensation.

Please review this letter carefully. If any provisions are unclear, please call me and let's discuss them. If this letter meets your approval, please acknowledge your understanding of its terms by signing and dating the enclosed copy.

We appreciate your confidence in selecting Bryant L. Jolley, CPA to represent you. We look forward to working with you.

Sincerely,



Bryant L. Jolley
Certified Public Accountant

Acknowledgement:

We have received the original of this letter agreement and understand and agree to its terms.

Marissa Trejo, City Manager
City of Coalinga

Date

STAFF REPORT - CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY

Subject: Approve Agreement with Hinderliter, de Llamas and Associates (HdL) for Sales and Use Tax Audit and Information Services
Meeting Date: January 16, 2020
From: Marissa Trejo, City Manager
Prepared by: Jasmin Bains, Financial Services Director

I. RECOMMENDATION:

Financial Services Director requests approval of agreement with Hinderliter, de Llamas and Associates (HdL) for Sales and Use Tax Audit and Information.

II. BACKGROUND:

HdL currently provides sales and use tax revenue management services for the City since 2000 and the reports are very helpful in revenue management and business license fee recovery. HdL has been continually updating its review and analytic procedures and will provide staff with a wide variety of reports that are straight-forward and easy to use. The firm has also enhanced its ability to provide information and analysis very quickly after the close of each quarter.

III. DISCUSSION:

Services include verification of proper revenue allocations and payments to the City, and appropriate follow-up and recovery efforts when it appears there are errors or under-payments. The databases HdL uses to perform these revenue management functions also generate economic activity reports can be used by City departments for budgeting and economic development efforts.

City Manager and Financial Services Director will meet with HdL staff quarterly to review the Sales and Use Tax reports for the quarter completed.

IV. ALTERNATIVES:

None.

V. FISCAL IMPACT:

The fiscal impact to the general fund will be a contract price of \$525 per month and 15% recovery fee of the initial amount of new sales and use tax revenue received by the City as a result of audit and recovery work performed. Given the different analytic resources employed by HdL, it is possible that the amount of sales

and use tax recovered could off set the cost of this contract.

ATTACHMENTS:

	File Name	Description
📎	HdL_Companies-Proposal.pdf	HdL Proosal
📎	HdL-Coalinga_2020-1_Contract.pdf	Hdl Contract

City of Coalinga

**PROPOSAL FOR
SALES AND USE TAX AUDITING AND
MANAGEMENT SERVICES**

January 9, 2020

HdL[®] Companies

SUBMITTED BY

HdL Companies
120 S. State College Blvd., Ste 200
Brea, CA 92821
hdlcompanies.com

CONTACT

Andy Nickerson
T: 714.879.5000
E: anickerson@hdlcompanies.com

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I. LETTER OF TRANSMITTAL

January 9, 2020

Jasmin Bains
Financial Services Director
City of Coalinga
155 W. Durian Avenue
Coalinga, California 93210

RE: Sales and Use Tax Services

As President of Hinderliter, de Llamas and Associates (HdL), I currently have over 25 years of experience working with local agencies on proactive programs for revenue enhancement, business cooperation, revenue forecasting and analyzing legislative proposals that would impact local agencies receipts of taxes and fees.

Founded in 1983, HdL has been providing revenue management services to California local governments for 35 years. The firm currently serves over 500 local government agencies in six states and has recovered more than \$2 billion in revenue for our clients. Our team has extensive finance, economic development, and local government experience. We use this expertise to analyze the City's tax data in detail and provide relevant, useful and timely information to support your financial strategies and business retention/expansion programs. Our highly focused and accurate budget forecasts have proven to be particularly valuable for financial planning.

HdL's approach to maximizing local revenues offers the following advantages:

- HdL's sales and use tax forecasts that result in estimates that fall within 1% of actual receipts two-thirds of the time.
- A sophisticated economic support program providing special reports and data to assist the City in monitoring and leveraging existing economic programs, identify new revenue opportunities and maximizing use tax revenues.
- Relevant, timely and ongoing staff support by a team with decades of experience in municipal finance and budgeting, economic development and maximization of sales and use tax revenues.
- The largest and most complete sales tax database in California structured in a manner to allow more thorough revenue audits, accurate budget forecasts and identification of emerging economic trends and opportunities.
- A user-friendly web-based sales tax application and reporting capability that provides clients with immediate and convenient access to the most up-to-date sales tax information available.
- An unparalleled reputation for providing quality services promptly and efficiently. A review of our performance with the included references will affirm HdL's reputation for providing business-friendly and cost-effective recovery of misallocated or uncollected revenues, as well as, timely and relevant reports, analysis and management support.

Thank you for the opportunity to present this proposal to the City of Coalinga. We look forward to reviewing the proposal with you in more detail and demonstrating how HdL can enhance the City's bottom line. Please feel free to call if you have questions or need additional information. I can be reached at 714.879.5000 or by email at anickerson@hdlcompanies.com.

Sincerely,



Andy Nickerson

II. QUALIFICATIONS

A. Company History and Qualifications

Founded in 1983, HdL Companies was established to maximize local government revenues by providing a variety of audits, analytical services and software products. Hinderliter, de Llamas and Associates (HdL), a 100% employee owned company, provides audit and consulting services for sales, use and transaction taxes. The firm developed California's first computerized sales tax management program and was responsible for securing legislation (AB 1611) that allowed independent verification of state allocations. In 1990, HdL Coren & Cone was established to provide audit and information services related to property taxes. The third affiliated company, HdL Software, was formed in 1996 to provide a variety of innovative software processing tools for business licensing, and other city revenues. HdL's systematic and coordinated approach to revenue management and economic data analysis is currently being utilized by over 500 agencies in six states.

HdL maintains the largest privately held sales, property and business tax databases in California. The firm constantly improves and enhances the California Department of Tax and Fee Administration (CDTFA) raw registration data by correcting addresses and business names, differentiating brick and mortar retailers from business to business and online taxpayers and adding new business classifications to better identify emerging trends and economic opportunities. This highly enhanced database includes 27 years of the City of Coalinga's sales tax history and serves as the base for identifying emerging economic trends and developing budget projections that take those trends into account.

The database also includes constantly updated registration data for every seller in California, allocation data for 502 of the state's 538 agencies and 157 transactions tax districts, business license data for 668,000 businesses, property tax data for every jurisdiction in the 38 largest counties, a constantly updated automated telephone directory for all of California and thousands of business contacts developed through three decades of audit and business development activity.

HdL monitors an annual sales tax base of \$4.9 billion on behalf of California clients that encompasses incredibly complex industrial, e-commerce, inventory/delivery, and out-of-state sales and use tax issues. The Company submits an average of 6,000 errors for correction each year with a total value generally ranging from \$40 million to \$50 million. To date, HdL has recovered a cumulative total of \$2 billion in new sales and use tax revenues for client agencies.

HdL is proud to have served local governments and special districts for over 35 years. During that span of time, HdL has grown from one employee to over 150 employees. In 2007, HdL's employees purchased the corporation from the founding partners and the company is now 100% employee owned. This structure provides every employee a personal investment in serving our clients. Rather than focusing on short-term quarterly profits to appease stock market investors, our employee-owners believe in a long-term strategy of continually investing in new technology, databases and service upgrades to support our client's needs for precise auditing, budgeting and economic information. This approach has led to the steady long-term growth, financial stability, capacity and resources that Coalinga requires from its vendors.

The firm goes beyond audits by using its databases and expertise to help clients expand their revenues by identifying economic voids; finding local companies that can restructure the way orders are taken to increase local tax revenues; ascertaining opportunities for expanding use tax from construction projects; seeking prospects for direct payment permits and purchasing corporations and by providing staff expertise to support a proactive and effective approach to short and long term fiscal and economic planning.

HdL is a Corporate Partner of the League of California Cities and California State Association of Counties and works extensively with the State Association of County Auditors, California Society of Municipal Finance Officers (CSMFO) and California Municipal Revenue and Tax Association (CMRTA) on anticipation and planning of programs to strengthen local government revenues.



III. KEY PERSONNEL

HdL retains a staff of over 100 trained and experienced specialists for performing audits, analysis and software support. Below is a current listing of our sales tax management team:



Andrew Nickerson – President

Andy Nickerson possesses over 25 years of experience working with cities, counties and special districts on programs to enhance tax revenues, ensure regulatory compliance and provide accurate revenue forecasting and financial planning. Throughout his career he has been instrumental in guiding market expansion and new product development for the HdL Companies. In his tenure as President/CEO of HdL, Mr. Nickerson has led this employee owned company from an established regional firm to a multi-state, multi-service corporation admired for its commitment to quality and client service. With a broad range of experience in leadership, finance, public policy, and taxation, he is a trusted adviser to local government leaders and is known for possessing high standards for responsiveness, accuracy and integrity. Throughout his career, he has been involved in various municipal organizations including The League of California Cities, California Society of Municipal Finance Officers, State Association of County Auditors, California State Association of Counties, Texas Municipal League and Government Finance Officers Association. Mr. Nickerson earned a Bachelor of Science degree (Finance & Real Estate Law) from California State Polytechnic University, Pomona.

Sales and Use Tax Management Team

HdL provides the City of Coalinga with a team approach of three sales and use tax principals that will provide the City with sales tax, budget and revenue management services. The team will advise the City on economic development opportunities, including analyzing the City's sales tax data for presentations and preparing sales and tax revenue estimates of various terms up to five years. A principal will also meet with City staff quarterly to present the City's quarterly reports and address any issues or concerns.

Providing these services to the City are:



Bobby Young – Ext. 384 byoung@hdlcompanies.com

Mr. Young has over 20 years of local government experience. As a Director of Client Services, he leads the team in developing reporting advancements and efficiencies for clients along with providing meaningful presentations regarding both Sales Tax and Transaction Tax Districts. Prior to joining HDL, he served the City of Costa Mesa for 13 years, the last 5 as Finance Director. During the majority of his tenure, he led the City's strategic financial planning and decision making and fulfilled the duties of City Treasurer. He has also spent time as an external auditor of government and non-profit entities specializing in assessment and documentation of internal controls and annual review and preparation of client's Comprehensive Annual Financial Report (CAFR). He's been an active member in municipal affairs with both the Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO), and holds a Bachelor's degree from California State University, Fullerton in Accounting.



Wayne Padilla – Principal

Mr. Padilla has over 31 years of public sector experience having served in management positions in the cities of Madera, Chowchilla, Modesto, and San Luis Obispo. He possesses a wealth of knowledge covering municipal finance, city governance and budgeting and is still sought after to advise local governments on various issues. Mr. Padilla holds a Bachelor's degree in Accounting from California State University, Fresno and has been active in municipal affairs at regional and state levels. He began his career working in the government audit section of KPMG Peat Marwick and became a Certified Public Accountant in 1989.



Ken Nordhoff - Principal

Mr. Nordhoff has over 25 years of local government experience serving in various leadership roles including Administrative Services Director, Assistant City Manager and as City Manager in both San Rafael and Walnut Creek. During his tenures, he was responsible for a broad range of budgeting, performance management and long-range financial planning functions. His knowledge includes strategic planning and economic development plus contributing expertise on various regional JPA Boards. Prior to his local government service, he spent several years in the private sector as a Certified Public Accountant conducting municipal audits. Mr. Nordhoff is an active member of ICMA, the California City Management Foundation and the League of California Cities. He is a former City Manager's Department Officer, recipient of the prestigious John H. Nail award and served on the Revenue and Taxation Policy Committee. He holds a Bachelor's degree from California State Polytechnic University, Pomona in Accounting.



Susie Woodstock - Principal

Ms. Woodstock has been a municipal executive for more than 25 years with experience in accounting, engineering and public works. Most recently she was the Administrative Services Director at the City of Newark where she oversaw accounting, IT, waste management and recycling. With Professional Engineer Certifications in the states of California and Washington, she was also the Public Works Maintenance Superintendent at the City of Newark, a development engineer at the City of Fremont and a bridge engineer in Spokane, Washington. Susie is also a member of the California Society Municipal of Financial Officers (CSMFO) and Government Finance Officers Association (GFOA). Ms. Woodstock earned a bachelor's degree in civil engineering from California State University, Chico and a second bachelor's degree from Whitworth University in Organizational Management.

Audit Services Team

Our Director of Audit Services and Associate Director of Audit Services have over 35 years combined experience auditing local tax, place of sale and CDTFA administrative issues. The firm has continually adapted to legislative changes, CDTFA regulation changes, and

technology advances and will utilize these tools for the City of Coalinga. HdL has an audit team in place that is very well trained and familiar with the state regulations and guidelines concerning tax reporting for the City.



Matt Hinderliter – Director of Audit Services

Mr. Hinderliter leads HdL's Audit Service Team. He joined the firm in 1990 after receiving his Bachelor of Arts degree in Business Administration from California State University, Fullerton, and during his 28-year tenure has directly participated in all aspects of the HdL's comprehensive audit program. This includes field canvasses, in-house analysis of quarterly distribution reports and county pool data, and the presentation of appeals before the CDTFA legal division and the elected Board members. Mr. Hinderliter is the author of an extensive audit training manual, including in-depth information regarding complex point of sale issues, as well as updates regarding proposed changes in legislation and regulations. He created the State's first multi-dimensional audit process, which includes extensive in-house data mining and web-based analysis combined with field surveys. As Director of the Audit Team, he is responsible for quality control, and for ensuring that HdL's audit techniques and programs remain at the industry's leading edge through continuous innovation and improvement.



Production Services Team

Our Production Team insures that the data from the CDTFA is processed in an accurate and timely manner and is available to the City on our sales tax web application. The team is responsible for running the reports that are delivered at the quarterly meetings with the City staff, as well as processing any special report requests.



Robert Gray – Director of Information Technology

Mr. Gray serves as Director of Information Technology and has been with the firm since 1996. He has extensive experience in the design, development, implementation and support of software systems for local government. To date, he has played a key role in the design of eight software systems and approximately 200 successful implementations of those systems. He earned a Bachelor of Science degree in Computer Science and a Master's degree in Business Administration from Azusa Pacific University.



Mary Hubbell – Manager of Production Services

Ms. Hubbell supervises the conversion of the California Department of Tax and Fee Administration sales tax data to HdL's proprietary software and its subsequent translation into various client reports. She assists with client technical support and is responsible for the production of client newsletters and reports. Ms. Hubbell received a Bachelor of Science degree in Administration and Marketing from the University of Arizona.

IV. REFERENCES

Sales and Use Tax Services – HdL

HdL currently provides sales, use and district tax services in California to 45 counties, 379 cities and 173 transactions tax districts.

City of Atascadero

Project Description: HdL currently provides sales, use and transactions tax audit and management services.

Contact: Jeri Rangel, Administrative Services Director, 805.461.5000

Email: jrangel@atascadero.org

City of Lemoore

Project Description: HdL currently provides sales and use tax audit services

Contact: Michelle Speer, Assistant City Manager, 559.924.6700

Email: mspeer@lemoore.com

City of Paso Robles

Project Description: HdL currently provides sales, use and transactions tax audit and management services.

Contact: Marlaine Sanders, Administrative Services Director, 805.237.3888

Email: msanders@prcity.com

City of Taft

Project Description: HdL currently provides sales and use tax audit and management services

Contact: Teresa Binkley, Director of Finance, 661.763.1350 x18

Email: tbinkley@cityoftaft.org

V. SCOPE OF SERVICES

A. Sales and Use Tax Services

Using confidential taxpayer records as authorized by Revenue and Taxation Code Section 7056, HdL will find and correct errors that result in underpayments of tax to the City of Coalinga. The firm will employ a series of analyses, comparisons with other data sources and physically canvassing the City to find, document and submit for correction all taxpayer errors that result in lost City revenue or could result in lost revenue in the future. When errors are found, HdL staff will promptly file claims for their correction following CDTFA procedures and regulations. Thereafter, HdL will diligently work with the CDTFA to ensure the prompt recovery of all escaped revenues. Documentation of errors will be regularly provided to the City.

In conducting these activities on behalf of the City, HdL will provide reports that accurately depict the City's sales tax base, use tax collections and revenues. All reports, graphs, tables and revenue forecasts are designed to enhance the City's capacity to plan for, expand and manage its various sales use and district tax revenues. Reports identifying and comparing the retail composition of various sub-geographic-areas of the City will also be provided.

1. Audit Method and Approach

To achieve the highest audit and recovery results, HdL employs the following audit techniques and programs:

a. Identification of Errors and Revenue Maximization Opportunities

Field Surveys: Field inventories of the City's business and industrial areas are conducted every 10-12 months to identify businesses located within the City that appear to be under-reporting revenues or are not on the CDTFA allocation rolls. Specially trained field auditors, using the latest in mapping, GPS and digital recording technology, document not only the existence of sales tax producing businesses but also any relevant factors such as size, presence of a large stock of goods, will-call windows and any specific references to sales activity. This process identifies a wide range of registration errors including erroneous consolidation of multiple outlets, misreporting of point of sale from an erroneous location and delays in reporting new outlets.

Tax Area Code (TAC) Review: HdL reviews every active account on the CDTFA's allocation rolls reporting \$50 or more in local tax to ensure proper TAC assignment. Government and private sector property tax mapping and GIS databases are used extensively in this process. These programs are important because physical canvassing will not reveal businesses with missing or incomplete signage, or those that are home-based. A complete TAC review is performed at least once every 9-12 months.

Deviation Assessment: Each quarter, HdL applies proprietary queries and analyses to its statewide allocation database to identify *all* accounts for which there has been a substantial change in allocation pattern. HdL's database, unmatched in size, comprises over 99.8% of all sales and use tax transactions in California and allows for the most comprehensive audits in the state. The review is applied to direct allocations and to the county pools and allows for a much broader view and understanding of what has happened in any given quarter. Well-founded leads are quickly extracted from this process, often without the need for time-consuming manual reviews of taxpayer files. This allows for faster processing and less time used for preparing submittals.

This in turn lowers recovery fees by reducing the amount of prior quarter revenue requiring redistribution.

Use Tax Errors and Opportunities: HdL analyzes the use tax allocation pools of the 58 counties and the state each quarter to identify instances where a taxpayer may have misidentified a transaction as use tax rather than sales tax. Further specialized reviews and techniques are employed to identify direct allocation opportunities of local use tax. CDTFA Regulation 1802(d) allows for direct allocation of local use tax on qualifying individual sales or purchases over \$500,000. Out-of-state and foreign-based companies in particular often have large transactions that meet the criteria for direct allocation under this section. Under Regulation 1699.6, businesses and organizations (including local government agencies) with aggregate purchases subject to use tax of least \$500,000 per year can apply for a Use Tax Direct Payment Permit, allowing for direct allocation of the corresponding local share. Finally, under a resolution adopted in December 1994, a construction contractor who enters into a contract equal to or greater than \$5,000,000 may elect to obtain a sub-permit for the jobsite resulting in a direct allocation of local use tax to the jurisdiction where the jobsite is located.

Regulation 1699 Evaluations: CDTFA Regulation 1699 controls when and where a permit should be issued to a given business location. Wholesalers, contractors, processors, manufacturers, and other non-retail businesses that do not normally sell merchandise often conduct occasional sales, self-accrue use tax or are levied deficiency assessments by the state. HdL uses proprietary methods for finding companies that should be taking out permits so that those revenues are allocated to the City.

b. Recovery of Misallocated Revenue

Development of Correction Data: Preliminary lead lists developed through the audit programs are further refined using a variety of programs and databases to reduce the need for taxpayer contact. Companies remaining in the audit database are then contacted by a specialized audit unit whose members are specifically selected and trained to interview tax preparers and marketing, warehouse and management staff. ***Taxpayer interviews are always conducted in a business friendly, non-intrusive manner that emphasizes cooperation and protection of confidentiality.***

Documentation: Telephone contacts are often accompanied by a written follow-up questionnaire concerning business activities, a specific one-time transaction or a written confirmation of our findings. This documentation is always filed with the petition to minimize CDTFA processing time. Solid documentation and follow-up lowers client fees by reducing the number of quarters requiring retroactive adjustment and ensures faster recovery of misallocated revenues.

City Review: To avoid potential conflicts with a City's in-house audit efforts, HdL provides a list of misallocated or under-reporting businesses for City officials to review and authorize prior to any invoicing. This line item, account-level approval process is an important step in eliminating any misunderstandings or disagreements regarding what may be considered a valid audit "find."

Preparation and Submittal of Corrections: Petitions are prepared (CDTFA Form 549-S or 549-L) that notify the CDTFA the existence and nature of the misallocation. All relevant and available supporting documentation is included. Copies of all transmittal forms and correspondence with the CDTFA and taxpayers are sent to City staff.

Continuous Follow-up: HdL employs a full-time case manager whose responsibility is to monitor and follow-up on case inventory. An aging report is updated and reviewed on a monthly basis and the appropriate follow-up is initiated on cases that are taking an inordinate amount of time to correct. This follow-up emphasizes partnership and cooperation with CDTFA Allocation Group staff. HdL's continuous efforts to check on the status of submittals are made to ensure that corrections are being pursued. Timely follow-up on cases reduces the time it takes for the City to recover its revenue.

Appeals: HdL cases are thoroughly researched, vetted and documented *prior to* submittal. This ensures the fastest possible processing times and reduces the number of cases that are initially disclaimed and must be further researched and defended through a very lengthy CDTFA appeals process. Nearly all HdL cases are resolved favorably at either the first or second levels of the CDTFA petition process described in Regulation 1807. HdL has cultivated close working relationships with the CDTFA Appeals Division. When an appeal is required, HdL has the necessary expertise and access to competently and aggressively represent client interests. Having many cases on appeal may be presented by some vendors as evidence of a more sophisticated and aggressive audit program. It should be viewed, however, as an indication that inadequate supporting documentation tends to require more case appeals and lead to otherwise unnecessary procedural delays.

c. Track Record

HdL is effective in recovering misallocated revenue for client agencies in 97% of all cases submitted to the CDTFA. The small number of cases that do require an appeal is evidence of HdL's thorough research and the quality of the well-documented information included to support claims.

2. Sales and Use Tax Management Services

a. HdL Database, Reports and Training

HdL maintains Coalinga's detailed sales tax data back to 1992 and will provide City staff with unlimited access to its quarterly updated web-based sales tax system to facilitate "in-house" analysis and printing of reports. The system allows City staff to search, print and export their sales tax data for a variety of financial, management and planning functions. The system provides the ability to search all sales tax producers in the City by business name, address, CDTFA account number and current or historical sales tax allocations. The web application also provides access to the City's archived quarterly sales tax reports. Data is easily queried and exported to either comma delimited or native Excel formats, allowing for convenient use with standard applications such as the Microsoft Office suite. The web application is accessible from all major operating systems, internet browser platforms, and device types (laptop, tablet, PC, mobile). The City's archived quarterly sales tax reports can also be accessed through the online sales tax application.

HdL's geo-area feature supports use of address ranges, which ensures the inclusion of all appropriate CDTFA registrations and allows City staff to create and modify geo-areas without a separate GIS system. HdL also supports interfacing with the City's GIS by including accurately geocoded latitude and longitude for each business. This data can include all data fields including historical allocation information and can be quickly exported by City staff on demand using HdL's Sales Tax Web Application.

Additionally, City created shape files can be used to define a Geo-area, which would identify related businesses by latitude and longitude. Training on use of the software and ongoing upgrades is provided at no additional charge.

Quarterly sales tax reports are provided on both a cash and adjusted basis. Cash reports reconcile to CDTFA payments and are necessary for any revenue sharing agreements that the City might have in place. The adjusted reports shift payment aberrations (double-up payments, CDTFA audit adjustments, etc.) into the quarter where the sales occurred to accurately show the City's true economic trends. The quarterly sales tax data will be presented in reports for major sales tax producers by both rank and category, analysis of sales tax activity by category, business or areas specified by the City.

HdL's quarterly sales tax reports include a listing of top sales tax producers and comparisons with both regional and statewide trends. Retailer information is provided in grouped form or in business by business detail. Quarterly information will also include tables that track year-to-date receipts and show comparisons with past periods to measure progress toward achieving the City's annual budgeted revenue amount. HdL staff also prepares sales and use tax projections for proposed development projects, responds to technical questions relating to CDTFA processes and regulations, and monitors revenue sharing agreements.

HdL's services are superior to other vendors because the firm provides data analysis instead of bound stacks of raw data printouts. The analysis is done in context with regional market areas, countywide and statewide trends to better monitor and compare the City's economic performance by business category and geographical area. A non-confidential newsletter is included to support management's efforts to inform and engage the public.

Analysis of sales and use tax data and presentations to City staff are led by seasoned professionals, whose experience and knowledge adds value by identifying emerging retail trends, business retention needs, leveraging of economic clusters and reviewing successes in client jurisdictions with similar characteristics. HdL staff also prepares sales and use tax projections for proposed development projects, responds to technical questions relating to CDTFA processes and regulations, and monitors revenue sharing agreements.

b. Budget Projections and Monitoring

HdL has developed a comprehensive, detail-oriented method for projecting and monitoring client sales and use tax revenues that has proved to result in estimates that fall within 1% of actual receipts two-thirds of the time. Initial and mid-year projections are made by factoring out payment aberrations that skew the base revenue and factoring in known changes such as new or closed businesses. HdL also incorporates information from over 90 economic sources as well as information gathered from client meetings to develop economic factors to apply to individual retail business segments; the results are combined into a single estimate of anticipated revenue. HdL further enhances its projections by contacting builders of large-scale development projects to better time and estimate the value of potential use tax payments into its estimates. **Five-year forecasts are also provided.**

c. Use Tax Maximization Program

Major construction projects and even ongoing business operations often generate significant use tax revenues from purchases of machinery, equipment and other fixed assets. HdL has worked with numerous clients to ensure that use tax from manufacturing and assembly plants, food processing, cold storage facilities, power/energy projects, medical, research and technical facilities, oil fields/refineries and extraction/mining industries are properly allocated to the host jurisdiction.

HdL's sales tax team includes a staff of specialists who review new business startups that might present potential self-assessed use tax opportunities, meets with contractors to advise on sub-permits and reporting procedures and provides materials and advice on purchasing companies and direct payment permits. The firm monitors major construction projects to make sure that any use tax generated is properly allocated to the job site's host jurisdiction.

When brought into a project early, HdL assists clients with inserting provisions in conditional use permits and development agreements to guarantee that use tax maximization procedures are followed and monitors projects and subcontractors to make certain that sales tax is properly allocated back to the client jurisdiction. Direct payment permits and purchasing corporations can sometimes be utilized where conditions offer mutual opportunities for the client agency to capture additional sales tax revenues and the participating company can increase control of sales and use tax liabilities.

d. Economic Development Benefits

When properly refined and organized, sales tax data analysis is an important tool for strengthening and expanding local economies. The data shows companies that are growing and may need expansion space and should be contacted as part of an agency's business retention program.

When broken out geographically, the data produces patterns of industries that potentially share common customers, suppliers, technology and labor and therefore offer opportunities for attracting new businesses. The data further exposes retail areas that may be over saturated in some retail segments while also identifying voids and opportunities for additional retail development.

Although numerous companies and agencies use the CDTFA's published data as a basis for analysis, the results are usually inaccurate and misleading due to address and business categorization errors in the data. To correct those deficiencies, HdL performs data validation and scrubbing techniques on an ongoing basis, fixing business addresses and re-categorizing merchants to differentiate brick and mortar retailers from "business to business" suppliers and on-line retailers.

The company further creates and groups businesses into additional categories and classifications, not provided by the CDTFA, to better track new and emerging economic trends. Samples include the breaking out of biotech/medical suppliers, online fulfillment centers, alternate energy and utility providers, wineries and marijuana dispensaries. This focused approach to data management allows agencies to more accurately compare the impact of trends in their jurisdiction with state and regional trends. On a regional basis, it also allows for the identification of true economic voids and opportunities to expand the City's tax base.

Accurate addressing allows for improved performance monitoring and comparison of specific economic areas such as shopping centers, downtown districts and auto malls with similar projects throughout California.

In addition to using our large database, HdL's principals leverage their experience analyzing client data throughout California to identify new trends and developments that might help other clients. The service includes analyses to identify retail voids and opportunities and an annual publication of retailers seeking expansion in the region and state.

e. Legislative Updates

HdL prepares Legislative Updates for clients to keep them informed on any changes that may impact local revenues. The firm also provides Issue Updates which are similar in nature but deal with specific issues such as Sales Tax Participation Agreements. Each issue is presented in detail so that Agency staff is better equipped to handle questions on that topic from their community leaders.

The firm also retains Rebecca Marcus as a lobbyist to represent client interests in matters before the CDTFA and the state legislature. With over 20 years of experience in state and national politics, Rebecca has developed the necessary institutional knowledge and established relationships to effectively advance clients' interests in Sacramento. As a Chief of Staff for 13 years in the California State Assembly for several distinguished Members including Assembly members Mark Stone, Mike Feuer and Johan Klehs, Rebecca successfully advanced legislation across a diverse array of policy areas. As a result, over 100 of these Members' bills became law ranging from landmark green chemistry legislative to a transformative transportation tax.

f. Consultation

Quarterly, a principal of the firm analyzes the City's data in detail and meets with appropriate City officials to review trends and discuss and make recommendations regarding the budget implications of the year's data.

HdL also serves as "on-call" staff to provide sales tax estimates for proposed projects, assist with budget projections and answer sales and use tax questions related to economic development, budgeting and related revenue collection. When requested by the City, principals also meet with committees of the City Council and other groups to explain sales tax regulations and their importance to the City's tax base.

HdL will, when requested by the City, conduct technical seminars for City personnel on California sales and use tax processes. To support in-house efforts to maximize use tax, the seminars will cover the fundamentals of direct payment permits, purchasing corporations and maximizing "use tax" from construction projects.

HdL maintains close and positive relationships with members of the CDTFA and staff to quickly resolve policy issues unique to individual clients. The firm also advocates regulation and legislative changes when they are of benefit to all clients. Examples are the Company's work in the change of allocation of "use tax" for major construction projects, securing an Executive Order from the Governor to allow publishing of top taxpayers in public documents and the introduction of the problem of "point of sale" for warehouses to the CDTFA.

VI. FEE PROPOSAL

A. Sales and Use Tax Audit Services

HdL proposes a fee of **15%** of all new sales and use tax revenue received by the City (including reimbursement from the sales and use tax compensation fund outlined in Section 97.68 of the Revenue and Taxation Code) as a result of audit and recovery work performed by the firm. This audit fee applies to monies received in the first eight consecutive reporting quarters beginning with the receipt of the audit revenue and includes retroactive back quarter adjustments obtained by HdL.

Audit fees are billed only after completion of the audit, submittal of corrections to the CDTFA and receipt of revenues by the client. 100% of all new revenue generated by HdL flows to the City after the completion of the eight quarters. The fee constitutes the full reimbursement to HdL and covers all direct and indirect costs incurred by the firm under this contract. This includes all salaries of our employees, travel expenses and service contracting costs as well as the software to be delivered to the City of Coalinga under this proposal.

Invoices are submitted only for recoveries previously approved by the City. HdL does not bill for audit revenues until the client has received said monies. Further, if during the billing cycle, a taxpayer receives a refund for overpayment of taxes generated during that cycle, HdL credits back any proportionate share of the fee that may have been levied.

Invoices are submitted quarterly after the City has received the revenue from the audit correction. The invoice includes a printout showing the name, address, and sales tax registration number of each company, and the specific amount of revenue allocated by the CDTFA to the City for those businesses.

If a misallocation correction involves additional revenue from a company that had already been partially allocating revenues to the City, the City and HdL will agree in a Work Authorization, prior to billing, the methodology for identifying the incremental revenue attributable to HdL's work.

B. Sales and Use Tax Management Services (Quarterly Delivery Meetings)

This service includes access to the City's sales tax database through our web-based software and *quarterly* meetings with one of our principals. In preparation for each meeting, a principal of the firm analyzes the City's data in detail and meets with appropriate City officials to review trends, point out businesses that should be contacted as part of the City's business retention program and discuss and make recommendations regarding the economic and budget implications of the quarter's data. Also included is a non-confidential newsletter that can be shared with your council and the public. The price for this option is **\$525 per month** for four (4) quarterly meetings or **\$425 per month** for two (2) quarterly meetings.

VII. SAMPLE REPORT PACKAGE

Trends by Major Groups

- Major Industry Groups
- Quarterly Line Graph
- Annual Line Graph

Major business type changes, including comparisons with state and county averages.

- Allocations by Business Type Including Pools
- Adjusted for Reporting Aberrations

Top sales tax generators listed in descending order. Used by management to track trends and identify companies who should be contacted as part of a business retention program.

- Top 100 Sales Tax Generators
- Quarterly Deviation Analysis

Reports for Revenue Projections.

- Sales Tax Allocation Summary
- Cash Reconciliation Report
- Budget Projections
- Five Year Forecast
- Consensus Forecast

Quarterly customized newsletter summarizing sales tax highlights presented in a manner to protect confidentiality and that can be shared with the public.

- City of Lemoore, Q22019
- City of Paso Robles, Q22019

Special reports as needed for economic development and other purposes.

- Regional Updates
- Market Competition Comparisons
- Surplus/Gap Comparison
- Retail Analytics Brochure

Sample of Legislative and Issue Updates.

- Legislative Update – February 2019
- Issue Update – Statewide 2011 Local Revenue Fund Forecast, January 2019
- Issue Update – Wayfair Decision Update, November 2018
- HeadLines Bi-Monthly E-Newsletter Trends Affecting California's Economy

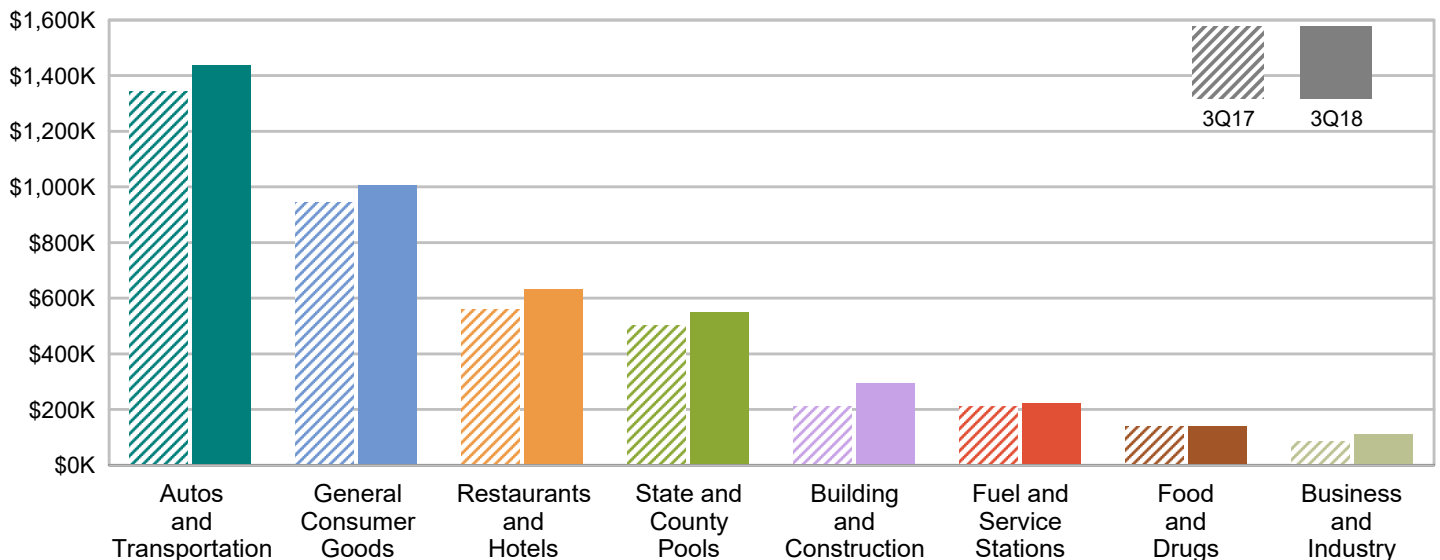


CITY OF PROSPERITY

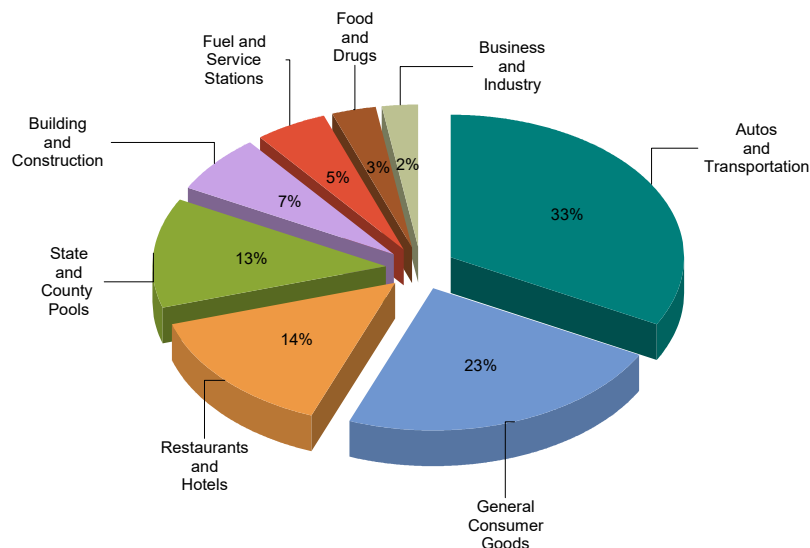
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	3Q18	3Q17	\$ Change	% Change
Autos and Transportation	168	1,435,142	1,343,627	91,515	6.8%
General Consumer Goods	824	1,002,786	940,965	61,822	6.6%
Restaurants and Hotels	268	629,459	558,120	71,339	12.8%
State and County Pools	-	546,990	498,105	48,886	9.8%
Building and Construction	48	289,778	207,600	82,178	39.6%
Fuel and Service Stations	11	220,142	206,126	14,016	6.8%
Food and Drugs	90	137,337	134,740	2,597	1.9%
Business and Industry	563	107,183	81,704	25,479	31.2%
Transfers & Unidentified	50	1,024	(13,360)	14,384	107.7%
Total	2,022	4,369,841	3,957,625	412,216	10.4%

3Q17 Compared To 3Q18



3Q18 Percent of Total





CITY OF PROSPERITY

MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Sales Tax by Major Industry Group

Autos And Transportation

Count: 168

General Consumer Goods

Count: 824

Restaurants And Hotels

Count: 268

Building And Construction

Count: 48

Fuel And Service Stations

Count: 11

Food And Drugs

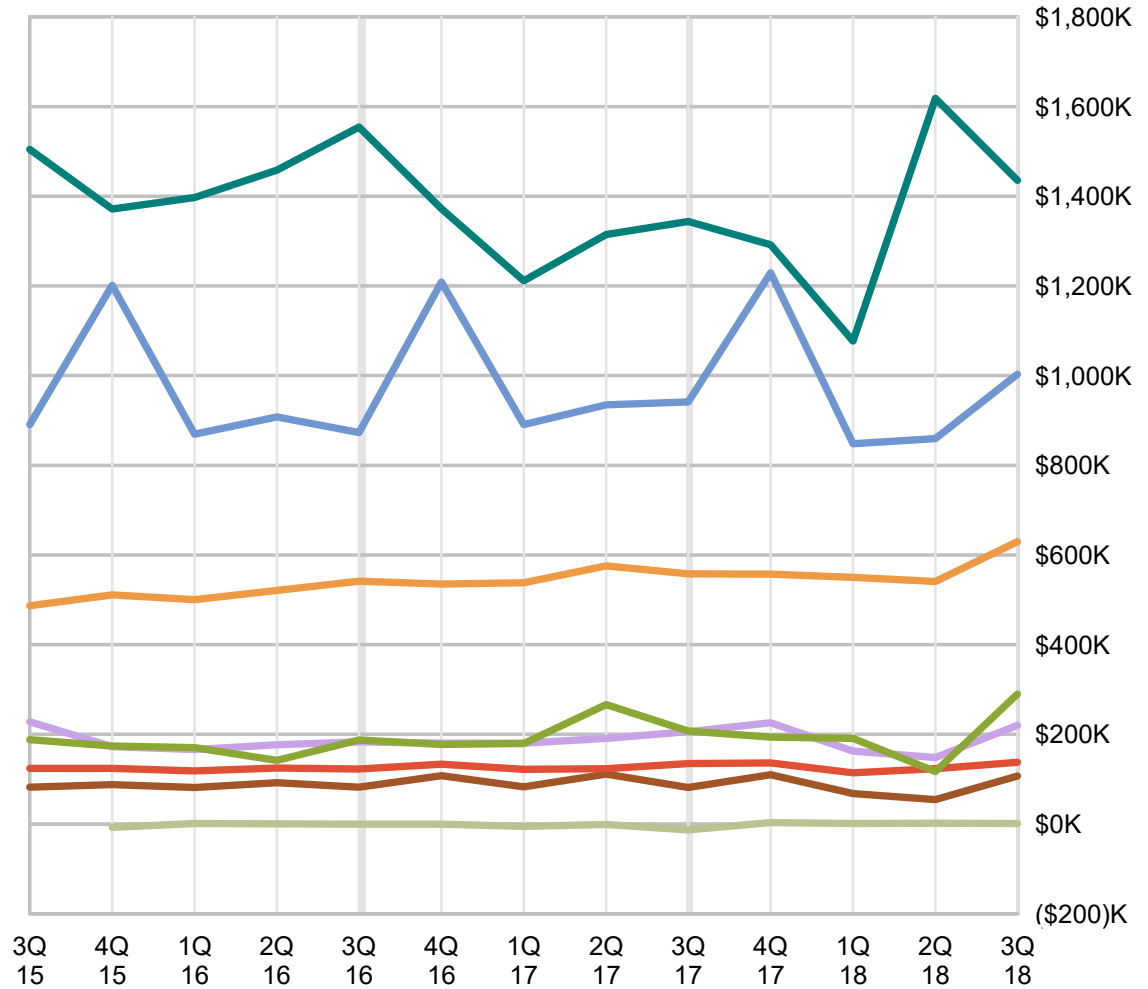
Count: 90

Business And Industry

Count: 563

Transfers & Unidentified

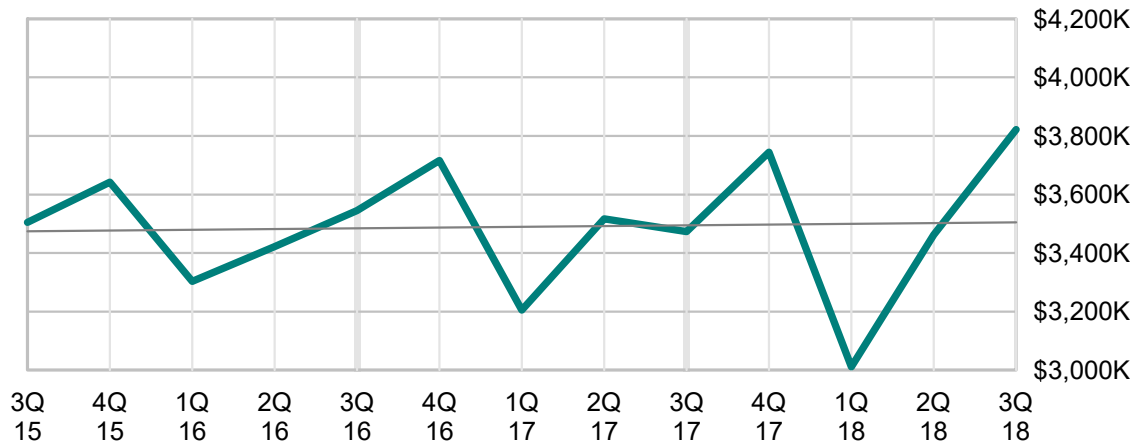
Count: 50



Agency Trend

Prosperity

13 Quarter Trend: +0.9%



Periods shown reflect the period in which the sales occurred - Point of Sale

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CITY OF PROSPERITY

MAJOR INDUSTRY GROUPS - 13 YEAR HISTORY*

Sales Tax by Major Industry Group

Autos And Transportation

Count: 168

General Consumer Goods

Count: 824

Restaurants And Hotels

Count: 268

Building And Construction

Count: 48

Fuel And Service Stations

Count: 11

Food And Drugs

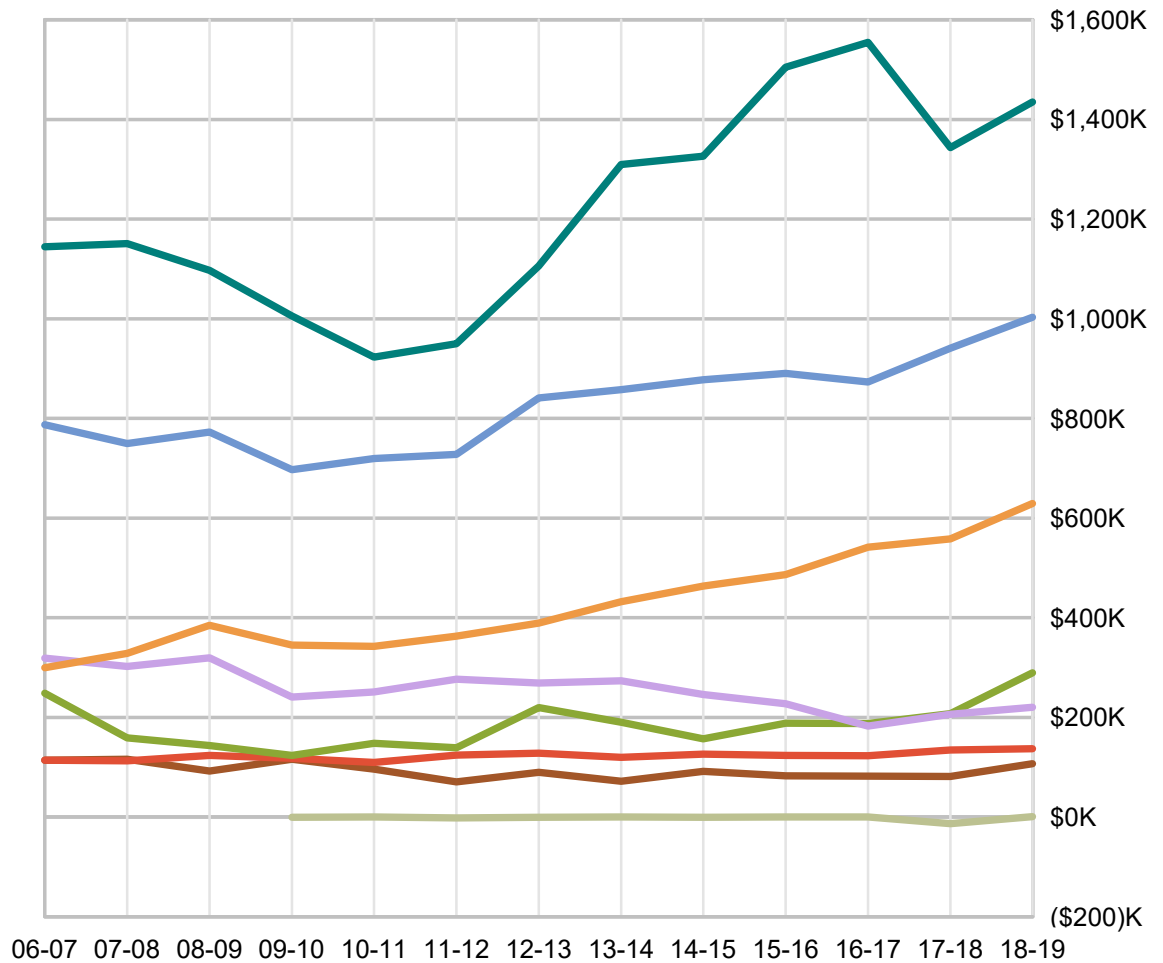
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Business And Industry

Count: 563

Transfers & Unidentified

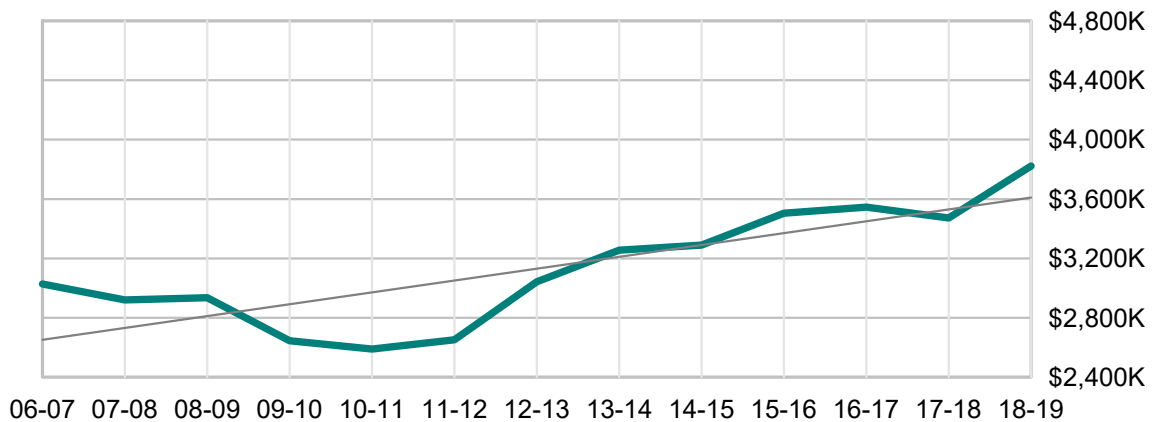
Count: 50



Agency Trend

Prosperity

13 Year Trend: +36.2%



Periods shown reflect the period in which the sales occurred - Point of Sale



CITY OF PROSPERITY

TOP 25 BUSINESS TYPES LISTED BY ALLOCATION
3Q 2018 COMPARED TO 3Q 2017

Code	Business Type Description (Count)	AGENCY			HdL STATE		
		3Q 2018	3Q 2017	Change	3Q 2018	3Q 2017	Change
60	New Motor Vehicle Dealers (18)	1,011,477	976,578	3.6%	189,628,461	168,303,640	12.7%
08	Discount Dept Stores (3)	612,524	613,866	-0.2%	108,333,511	91,559,198	18.3%
35	Casual Dining (92)	302,022	289,839	4.2%	106,256,987	92,551,154	14.8%
65	Auto Lease (16)	246,906	225,276	9.6%	27,796,436	19,379,181	43.4%
24	Quick-Service Restaurants (150)	243,823	216,536	12.6%	87,684,360	77,302,896	13.4%
50	Building Materials (6)	233,245	157,066	48.5%	104,935,271	80,854,029	29.8%
62	Service Stations (11)	220,142	206,126	6.8%	179,179,764	125,253,019	43.1%
03	Family Apparel (93)	100,321	64,983	54.4%	58,302,059	42,780,891	36.3%
34	Grocery Stores (18)	59,367	58,069	2.2%	50,764,592	43,736,533	16.1%
12	Sporting Goods/Bike Stores (13)	58,858	40,948	43.7%	14,436,444	11,920,470	21.1%
19	Specialty Stores (238)	57,338	75,161	-23.7%	33,585,479	31,000,863	8.3%
31	Electronics/Appliance Stores (54)	55,465	46,184	20.1%	38,695,810	34,417,695	12.4%
85	Transportation/Rentals (31)	45,437	32,553	39.6%	18,581,196	16,477,374	12.8%
37	Fast-Casual Restaurants (12)	42,008	26,824	56.6%	19,766,050	17,163,036	15.2%
76	Leisure/Entertainment (12)	41,552	24,916	66.8%	20,466,251	17,513,564	16.9%
61	Automotive Supply Stores (37)	39,949	21,943	82.1%	20,576,743	18,984,188	8.4%
27	Drug Stores (31)	39,755	39,921	-0.4%	14,791,836	14,387,855	2.8%
07	Department Stores (13)	38,540	36,582	5.4%	26,485,459	27,469,247	-3.6%
71	Auto Repair Shops (50)	37,297	35,537	5.0%	17,509,746	15,316,376	14.3%
22	Convenience Stores/Liquor (21)	37,150	36,290	2.4%	26,575,103	22,032,826	20.6%
66	Boats/Motorcycles (3)	33,916	22,254	52.4%	7,414,599	6,464,201	14.7%
82	Contractors (31)	28,273	27,998	1.0%	59,130,508	42,934,360	37.7%
52	Plumbing/Electrical Supplies (9)	23,233	16,329	42.3%	25,251,588	21,811,378	15.8%
86	Electrical Equipment (25)	21,478	11,900	80.5%	23,449,762	17,173,697	36.5%
64	Used Automotive Dealers (12)	19,358	28,697	-32.5%	37,626,365	25,611,496	46.9%
	All Others (1023)	173,415	127,147	36.4%	484,964,309	396,814,494	22.2%
	TOTAL ALL TYPES (2022)	3,822,851	3,459,520	10.5%	1,802,188,688	1,479,213,661	21.8%
Major Industry Groups							
	Autos And Transportation (168)	1,435,142	1,343,627	6.8%	328,859,501	279,640,964	17.6%
	Building And Construction (48)	289,778	207,600	39.6%	194,359,081	150,188,651	29.4%
	Business And Industry (563)	107,183	81,704	31.2%	306,123,844	245,667,786	24.6%
	Food And Drugs (90)	137,337	134,740	1.9%	100,551,152	85,954,885	17.0%
	Fuel And Service Stations (11)	220,142	206,126	6.8%	208,488,893	148,675,108	40.2%
	General Consumer Goods (824)	1,002,786	940,965	6.6%	392,294,434	333,930,776	17.5%
	Restaurants And Hotels (268)	629,459	558,120	12.8%	269,699,975	235,060,413	14.7%
	Transfers & Unidentified (50)	1,024	(13,360)	107.7%	1,811,808	95,079	na
	TOTAL ALL GROUPS (2022)	3,822,851	3,459,520	10.5%	1,802,188,688	1,479,213,661	21.8%
TOTAL ALL BUSINESSES (2022)		3,822,851	3,459,520	10.5%	1,802,188,688	1,479,213,661	21.8%
ALLOCATIONS FROM COUNTY POOL		544,930	495,291	10.0%			
ALLOCATIONS FROM STATE POOL		2,061	2,813	-26.8%			
GROSS RECEIPTS		4,369,841	3,957,625	10.4%			

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CITY OF PROSPERITY

TOP 25 BUSINESS TYPES LISTED BY ALLOCATION

3Q 2018 COMPARED TO 3Q 2017

Code	Business Type Description (Count)	AGENCY			HdL STATE		
		3Q 2018	3Q 2017	Change	3Q 2018	3Q 2017	Change
60	New Motor Vehicle Dealers (18)	983,768	976,578	0.7%	181,921,072	168,881,436	7.7%
08	Discount Dept Stores (3)	573,028	613,866	-6.7%	92,906,567	91,559,198	1.5%
35	Casual Dining (92)	278,363	290,944	-4.3%	91,557,793	91,504,845	0.1%
65	Auto Lease (16)	232,389	245,084	-5.2%	22,465,026	20,824,462	7.9%
24	Quick-Service Restaurants (150)	229,819	217,993	5.4%	78,310,050	76,564,788	2.3%
62	Service Stations (11)	220,302	196,865	11.9%	141,695,850	123,693,394	14.6%
50	Building Materials (6)	165,575	157,066	5.4%	83,295,782	80,448,653	3.5%
03	Family Apparel (93)	66,064	65,022	1.6%	44,960,749	42,842,774	4.9%
34	Grocery Stores (18)	60,224	58,069	3.7%	44,562,332	43,647,081	2.1%
19	Specialty Stores (238)	49,935	75,744	-34.1%	29,372,259	30,595,262	-4.0%
31	Electronics/Appliance Stores (54)	48,385	55,360	-12.6%	35,288,972	34,199,099	3.2%
37	Fast-Casual Restaurants (12)	41,993	30,747	36.6%	17,965,557	17,149,516	4.8%
12	Sporting Goods/Bike Stores (13)	39,836	40,827	-2.4%	11,802,768	12,188,862	-3.2%
27	Drug Stores (31)	39,274	39,921	-1.6%	14,387,014	14,381,756	0.0%
61	Automotive Supply Stores (37)	38,991	21,837	78.6%	18,299,378	18,758,317	-2.4%
07	Department Stores (13)	37,662	36,538	3.1%	26,789,300	27,429,600	-2.3%
71	Auto Repair Shops (50)	34,698	35,676	-2.7%	14,591,632	14,992,400	-2.7%
85	Transportation/Rentals (31)	32,516	32,781	-0.8%	17,111,157	16,406,435	4.3%
22	Convenience Stores/Liquor (21)	32,434	31,928	1.6%	22,523,652	21,716,502	3.7%
76	Leisure/Entertainment (12)	30,614	24,848	23.2%	18,525,810	17,306,192	7.0%
05	Variety Stores (43)	24,289	19,375	25.4%	7,894,425	7,567,651	4.3%
82	Contractors (31)	23,945	26,304	-9.0%	49,618,465	42,975,701	15.5%
64	Used Automotive Dealers (12)	19,349	28,696	-32.6%	25,828,659	25,451,277	1.5%
86	Electrical Equipment (25)	18,056	14,124	27.8%	18,660,274	17,921,921	4.1%
66	Boats/Motorcycles (3)	15,780	21,456	-26.5%	6,371,674	6,396,830	-0.4%
	All Others (989)	137,023	133,720	2.5%	420,455,837	406,721,452	3.4%
	TOTAL ALL TYPES (2022)	3,474,312	3,491,370	-0.5%	1,537,162,055	1,472,125,405	4.4%
Major Industry Groups							
	Autos And Transportation (168)	1,358,294	1,362,898	-0.3%	296,229,725	280,674,524	5.5%
	Building And Construction (48)	208,453	205,328	1.5%	160,529,865	149,706,208	7.2%
	Business And Industry (563)	88,186	85,642	3.0%	247,601,111	243,431,811	1.7%
	Food And Drugs (90)	132,731	130,268	1.9%	87,917,800	85,368,555	3.0%
	Fuel And Service Stations (11)	220,302	196,865	11.9%	167,976,822	146,274,516	14.8%
	General Consumer Goods (824)	884,197	945,832	-6.5%	337,224,031	333,364,857	1.2%
	Restaurants And Hotels (268)	580,820	564,537	2.9%	238,030,291	232,981,062	2.2%
	Transfers & Unidentified (50)	1,329	0	na	1,652,410	323,871	410.2%
	TOTAL ALL GROUPS (2022)	3,474,312	3,491,370	-0.5%	1,537,162,055	1,472,125,405	4.4%
TOTAL ALL BUSINESSES (2022)		3,474,312	3,491,370	-0.5%	1,537,162,055	1,472,125,405	4.4%
ALLOCATIONS FROM COUNTY POOL		0	0	na			
ALLOCATIONS FROM STATE POOL		0	0	na			
GROSS RECEIPTS		3,474,312	3,491,370	-0.5%			

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CITY OF PROSPERITY

TOP 100 SALES TAX PRODUCERS - 3Q 2018

Rank	Business Type	Firm Name	Business Address	3Q 2018	3Q 2017	Prior 4 Qtrs	Percent Change	Percent of Total	Cumulative Percent
1	08	Dougco Discount Dept Stores	2207 W Butler Ave	447,503	488,945	2,018,788	-8.48%	11.71%	12%
2	50	Giftprints Building Materials	500 S East Ave	224,162	155,506	521,095	44.15%	5.86%	18%
3	60	Silverstone New Motor Vehicle Dealers	400 S Ingersoll Blvd	187,966	209,733	909,529	-10.38%	4.92%	22%
4	60	Macnetworks New Motor Vehicle Dealers	2 Locations	172,906	180,556	660,155	-4.24%	4.52%	27%
5	08	Verdalee Discount Dept Stores	2120 W East St	165,021	124,921	478,018	32.10%	4.32%	31%
6	60	Djgraphic New Motor Vehicle Dealers	4 Locations	139,733	160,529	535,653	-12.95%	3.66%	35%
7	65	Kiaras Auto Lease	No Address In City	124,547	122,995	553,290	1.26%	3.26%	38%
8	60	Bonega New Motor Vehicle Dealers	1247 W East St	111,029	91,546	385,945	21.28%	2.90%	41%
9	60	Ooohlala New Motor Vehicle Dealers	2 Locations	109,194	110,223	449,276	-0.93%	2.86%	44%
10	60	Archetype New Motor Vehicle Dealers	1100 W East St	94,297	58,511	313,696	61.16%	2.47%	46%
11	62	Survive Service Stations	600 N Gibson Ave	66,378	37,090	69,667	78.96%	1.74%	48%
12	03	Socorros Family Apparel	201 E East St	66,254	33,253	105,328	99.24%	1.73%	50%
13	60	Dls New Motor Vehicle Dealers	1200 W East St	63,047	40,138	100,382	57.08%	1.65%	52%
14	60	Beachtownrules New Motor Vehicle Dealers	726 E East St	53,251	53,288	198,302	-0.07%	1.39%	53%
15	65	Eventos Auto Lease	No Address In City	48,031	44,032	182,357	9.08%	1.26%	54%
16	60	Crepery New Motor Vehicle Dealers	1811 W East St	43,766	36,705	152,011	19.24%	1.14%	55%
17	65	Nesting Auto Lease	No Address In City	39,785	20,835	61,637	90.96%	1.04%	56%
18	12	Primeco Sporting Goods/Bike Stores	2801 W Dunkirk Rd	37,251	18,500	63,195	101.35%	0.97%	57%
19	62	Keyman Service Stations	1201 S Ingersoll Blvd	36,453	31,210	130,163	16.80%	0.95%	58%
20	60	Formerica New Motor Vehicle Dealers	1700 W East St	36,287	35,348	120,281	2.66%	0.95%	59%
21	07	Asd Department Stores	1201 S Townsend Ave	35,788	36,232	154,087	-1.23%	0.94%	60%
22	66	Nuvar Boat/Motorcycles	3001 W East St Unit A	33,790	22,242	59,193	51.92%	0.88%	61%
23	03	Francesca Family Apparel	150 E East St Ste 130	32,403	30,661	137,579	5.68%	0.85%	62%
24	24	Chaunceys Quick-Service Restaurants	1210 N Ingersoll Blvd	28,029	21,246	79,065	31.92%	0.73%	63%
25	35	Coopersoft Casual Dining	740 E Yukon Blvd	26,606	13,239	40,352	100.96%	0.70%	63%
26	24	Awch Quick-Service Restaurants	2 Locations	24,769	24,914	101,914	-0.58%	0.65%	64%
27	62	Capelli Service Stations	601 W Yukon Blvd	24,153	19,948	83,964	21.08%	0.63%	65%
28	62	Natuurlik Service Stations	525 N Ingersoll Blvd	22,883	16,939	69,538	35.09%	0.60%	65%
29	19	Maxies Specialty Stores	2568 W Butler Ave	20,426	20,648	83,255	-1.07%	0.53%	66%
30	61	Epm Automotive Supply Stores	1200 E Yukon Blvd	19,607	0	32,396	n/a	0.51%	66%
31	27	Kade Drug Stores	4 Locations	19,269	19,415	82,220	-0.75%	0.50%	67%
32	85	Samkhya Transportation/Rentals	2 Locations	18,419	15,869	58,099	16.07%	0.48%	67%
33	52	Travelube Plumbing/Electrical Supplies	2220 W East St	18,213	11,111	33,052	63.91%	0.48%	68%
34	62	Possessions Service Stations	2601 W East St	17,536	14,780	63,201	18.65%	0.46%	68%
35	62	Metropol Service Stations	3201 W Yukon Blvd	17,529	16,437	65,534	6.64%	0.46%	69%

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CITY OF PROSPERITY

TOP 100 SALES TAX PRODUCERS - 3Q 2018

Rank	Business Type	Firm Name	Business Address	3Q 2018	3Q 2017	Prior 4 Qtrs	Percent Change	Percent of Total	Cumulative Percent
36	76	Qualitytype Leisure/Entertainment	700 S Republic St	17,407	8,524	28,138	104.21%	0.46%	69%
37	34	Hotdog Grocery Stores	2400 W Butler Ave	16,528	18,617	73,981	-11.22%	0.43%	70%
38	34	Mulkeyland Grocery Stores	725 E East St	15,169	17,892	59,904	-15.22%	0.40%	70%
39	65	Joyce Auto Lease	No Address In City	14,923	13,282	49,557	12.35%	0.39%	70%
40	35	Kese Casual Dining	2223 W Butler Ave	14,900	12,863	54,121	15.84%	0.39%	71%
41	62	Lanimar Service Stations	848 S Gibson Ave	14,632	22,680	65,256	-35.48%	0.38%	71%
42	76	Truckstuff Leisure/Entertainment	741 S Townsend Ave	14,352	8,085	37,381	77.52%	0.38%	72%
43	86	Cynmar Electrical Equipment	2015 Morris St	14,217	9,203	32,411	54.48%	0.37%	72%
44	85	Katana Transportation/Rentals	No Address In City	13,800	6,026	11,508	129.02%	0.36%	72%
45	31	Axion Electronics/Appliance Stores	2121 W East St Ste 300	13,684	14,118	50,184	-3.07%	0.36%	73%
46	35	Greenbrew Casual Dining	33 W East St	12,993	12,738	48,369	2.00%	0.34%	73%
47	62	Trails Service Stations	2600 W Yukon Blvd	12,863	11,669	47,573	10.23%	0.34%	73%
48	35	Insidecomputer Casual Dining	245 W Yukon Blvd	11,862	11,173	43,370	6.16%	0.31%	74%
49	64	Oic Used Automotive Dealers	1744 W Yukon Blvd	11,795	20,898	64,096	-43.56%	0.31%	74%
50	98	Willowerks Heavy Industrial	1147 S Dupont Ave	11,671	4,649	15,366	151.04%	0.31%	74%
51	04	Neurina Shoe Stores	420 S Gibson Ave	11,223	2,221	9,145	405.21%	0.29%	75%
52	35	Confeccion Casual Dining	68 W East St	11,142	10,375	44,120	7.40%	0.29%	75%
53	12	Chavas Sporting Goods/Bike Stores	2801 W Dunkirk Rd	10,848	11,221	48,899	-3.33%	0.28%	75%
54	35	Heatherstone Casual Dining	700 W Yukon Blvd	10,693	10,471	42,279	2.12%	0.28%	75%
55	35	Sportaction Casual Dining	500 W East St Ste A	10,277	10,483	42,072	-1.96%	0.27%	76%
56	35	Goldmart Casual Dining	2131 W Butler Ave	10,239	10,420	39,779	-1.74%	0.27%	76%
57	31	Ctm Electronics/Appliance Stores	2 Locations	9,963	5,083	21,741	96.01%	0.26%	76%
58	27	Mandalay Drug Stores	2551 W East St	9,943	9,374	30,755	6.08%	0.26%	76%
59	24	Eastwind Quick-Service Restaurants	138 E Yukon Blvd	9,845	9,698	36,040	1.51%	0.26%	77%
60	27	Bondesign Drug Stores	2 Locations	9,691	10,068	40,553	-3.74%	0.25%	77%
61	12	Euphorbia Sporting Goods/Bike Stores	620 E Yukon Blvd	9,618	10,229	36,138	-5.97%	0.25%	77%
62	31	Profab Electronics/Appliance Stores	810 E Yukon Blvd Ste D	9,468	8,871	50,169	6.73%	0.25%	77%
63	18	Waxworks Office Supplies/Furniture	1200 W Yukon Blvd	9,390	9,655	34,197	-2.74%	0.25%	78%
64	50	Sades Building Materials	616 S East Ave	8,848	1,560	14,430	467.18%	0.23%	78%
65	31	Muchos Electronics/Appliance Stores	6 Locations	8,623	9,178	42,303	-6.05%	0.23%	78%
66	35	Primitives Casual Dining	2 S Gibson Ave Ste 100	8,603	10,188	31,388	-15.56%	0.23%	78%
67	34	Greenland Grocery Stores	150 E East St Ste 150	8,589	8,034	33,298	6.90%	0.22%	79%
68	35	Alteryears Casual Dining	2000 W East St	8,430	9,326	35,097	-9.60%	0.22%	79%
69	82	Imt Contractors	3001 W Dunkirk Rd Ste B	8,264	7,402	30,807	11.64%	0.22%	79%
70	35	Zyzzle Casual Dining	21 E East St	7,872	7,354	31,528	7.04%	0.21%	79%
71	24	Rainscape Quick-Service Restaurants	2310 W Butler Ave	7,683	0	0	n/a	0.20%	79%

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CITY OF PROSPERITY

TOP 100 SALES TAX PRODUCERS - 3Q 2018

Rank	Business Type	Firm Name	Business Address	3Q 2018	3Q 2017	Prior 4 Qtrs	Percent Change	Percent of Total	Cumulative Percent
72	35	Monico Casual Dining	301 E Yukon Blvd	7,634	7,061	29,139	8.12%	0.20%	80%
73	01	Mobileader Women's Apparel	3025 W Dunkirk Rd	7,507	1,522	3,932	393.23%	0.20%	80%
74	65	Dcs Auto Lease	No Address In City	7,385	6,537	28,072	12.98%	0.19%	80%
75	65	Notions Auto Lease	1330 W East St	7,370	0	0	n/a	0.19%	80%
76	71	Frances Auto Repair Shops	328 S East Ave	7,362	8,912	34,501	-17.39%	0.19%	80%
77	83	Bundles Office Equipment	No Address In City	7,294	0	0	n/a	0.19%	81%
78	35	Loshas Casual Dining	228 W Yukon Blvd Ste 101	6,866	5,984	24,542	14.74%	0.18%	81%
79	05	Fernoll Variety Stores	2810 W Republic Rd	6,801	6,573	28,054	3.47%	0.18%	81%
80	19	Ar dove Specialty Stores	2115 W Butler Ave	6,697	6,260	29,318	6.98%	0.18%	81%
81	24	Nomad Quick-Service Restaurants	511 W Yukon Blvd	6,467	0	0	n/a	0.17%	81%
82	85	Nike Transportation/Rentals	2 Locations	6,435	3,861	11,660	66.66%	0.17%	81%
83	24	Travelsmith Quick-Service Restaurants	2528 W Butler Ave	6,424	6,674	25,793	-3.74%	0.17%	82%
84	34	Normans Grocery Stores	2 Locations	6,379	6,981	26,986	-8.63%	0.17%	82%
85	35	Chanfield Casual Dining	1412 S Gibson Ave	6,336	0	13,239	n/a	0.17%	82%
86	62	Martineti Service Stations	1401 S Gibson Ave	6,304	6,207	26,258	1.56%	0.16%	82%
87	35	Croissanteria Casual Dining	1032 E Yukon Blvd	6,278	6,025	24,261	4.20%	0.16%	82%
88	35	Lara Casual Dining	369 W East St	6,278	5,896	24,172	6.48%	0.16%	82%
89	24	Calmaka Quick-Service Restaurants	245 S Ingersoll Blvd	6,278	6,171	24,788	1.72%	0.16%	83%
90	35	Greenfield Casual Dining	1224 N Ingersoll Blvd	6,248	6,740	20,803	-7.30%	0.16%	83%
91	35	Dawsons Casual Dining	2234 W Yukon Blvd	6,100	6,046	24,944	0.89%	0.16%	83%
92	24	Savage Quick-Service Restaurants	2531 W Yukon Blvd	6,052	0	862	n/a	0.16%	83%
93	35	Envirotherm Casual Dining	201 W East St	6,017	5,899	23,862	2.00%	0.16%	83%
94	37	Summerwood Fast-Casual Restaurants	2300 W Butler Ave	5,959	0	0	n/a	0.16%	83%
95	86	Zoweecars Electrical Equipment	3044 W East St	5,959	1,289	7,568	362.26%	0.16%	84%
96	35	Giulianos Casual Dining	701 S Townsend Ave	5,943	6,146	25,560	-3.31%	0.16%	84%
97	82	Phorms Contractors	1600 Dewey St	5,919	5,066	18,217	16.83%	0.15%	84%
98	37	Lockserv Fast-Casual Restaurants	2121 W East St Ste 210	5,822	5,561	21,961	4.68%	0.15%	84%
99	19	Sante Specialty Stores	2 Locations	5,772	5,512	28,643	4.72%	0.15%	84%
100	35	Altatron Casual Dining	515 W East St	5,689	7,212	26,251	-21.12%	0.15%	84%




















Amount Paid By Top 100 Accounts	3,223,904	2,835,310	11,081,562	84.33%	84%
Percent Paid By Top 100 Accounts	84.33%	81.96%	80.99%		
Total Paid By All Accounts	3,822,851	3,459,520	13,682,960		

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CITY OF PROSPERITY

TOP 20 DEVIATING BUSINESSES

Firm Name Account Number	3Q 2017 3Q 2018	\$ Change % Change	Prior Year Comparison	3Q 2017 3Q 2018
Giftprints Building Materials 50 SRZ AP 030835794	155,506 224,162	68,656 44%		
Verdalee Discount Dept Stores 08 SRZ AP 017847614	124,921 165,021	40,099 32%		
Archetype New Motor Vehicle Dealers 60 SR 103242360	58,511 94,297	35,786 61%		
Socorros Family Apparel 03 SRZ RC 100651817	33,253 66,254	33,002 99%		
Survive Service Stations 62 SRY AP 097694550	37,090 66,378	29,288 79%		
Dis New Motor Vehicle Dealers 60 SR 102679104	40,138 63,047	22,909 57%		
Epm Automotive Supply Stores 61 SR 102462054	NP 19,607	19,607 -n/a-		
Bonega New Motor Vehicle Dealers 60 SR 102384022	91,546 111,029	19,483 21%		
Nesting Auto Lease 65 SRZ OHA 102400356	20,835 39,785	18,950 91%		
Primeco Sporting Goods/Bike Stores 12 SR 100759302	18,500 37,251	18,750 101%		
Stylization Auto Lease 65 SRS AB 018879697x	(15,116) NP	15,116 100%		
Coopersoft Casual Dining 35 SR 101449821	13,239 26,606	13,367 101%		
Ets Receivables/Master Outlets 00 052180767	(13,004) (42)	12,962 100%		
Nuvart Boats/Motorcycles 66 SRY AP 102259152	22,242 33,790	11,549 52%		
Msb Auto Lease 65 SRS EA 100888705x	17,944 NP	(17,944) -100%		
Djgraphic New Motor Vehicle Dealers 60 SRX AP 017252957	160,529 139,733	(20,796) -13%		
Silverstone New Motor Vehicle Dealers 60 SRX AP 098183274	209,733 187,966	(21,767) -10%		
Keris Specialty Stores 19 SRZ AP 030782741x	23,713 0	(23,713) -100%		
Ravenous Service Stations 62 AP 018747872	28,061 NP	(28,061) -100%		
Dougco Discount Dept Stores 08 SRZ AP 030823777	488,945 447,503	(41,441) -8%		
Agency Total	3,459,520 3,822,851	363,331 10.5%		

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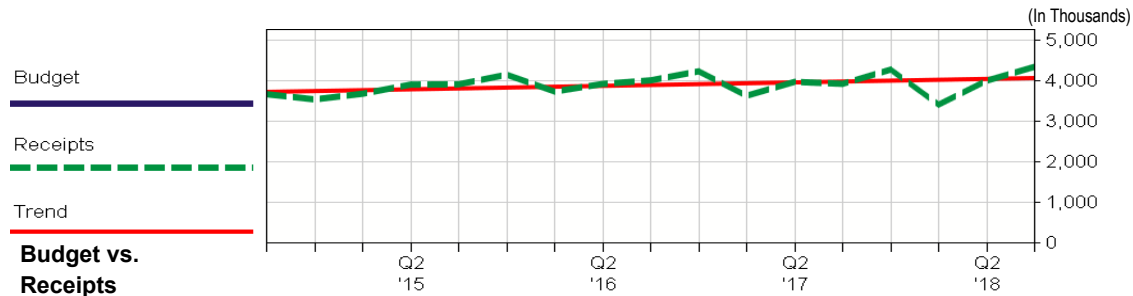
CITY OF PROSPERITY

SALES TAX ALLOCATION SUMMARY

Seven Major Industry Groups	Fiscal Yr 2016-17 Totals	FY 2017-18 Sales Quarters				Fiscal Yr 2017-18 Totals	Dollar Change Prior Yr	Percent Change Prior Yr	FY 2018-19 Sales Quarters				Fiscal Yr 2018-19 YTD Totals	YTD % Change Prior Yr
		3Q	4Q	1Q	2Q				3Q	4Q	1Q	2Q		
Point of Sale														
Autos And Transportation	5,452,712	1,343,627	1,291,518	1,077,117	1,618,047	5,330,309	(122,403)	-2%	1,435,142				1,435,142	7%
Building And Construction	810,854	207,600	194,068	190,904	116,961	709,532	(101,321)	-12%	289,778				289,778	40%
Business And Industry	384,670	81,704	110,121	68,174	54,738	314,738	(69,932)	-18%	107,183				107,183	31%
Food And Drugs	501,608	134,740	136,303	114,380	123,276	508,699	7,092	1%	137,337				137,337	2%
Fuel And Service Stations	734,383	206,126	225,816	162,401	147,986	742,329	7,946	1%	220,142				220,142	7%
General Consumer Goods	3,907,027	940,965	1,228,861	848,081	859,725	3,877,632	(29,396)	-1%	1,002,786				1,002,786	7%
Restaurants And Hotels	2,190,961	558,120	557,478	550,364	541,139	2,207,100	16,139	1%	629,459				629,459	13%
Transfers & Unidentified	(7,190)	(13,360)	3,213	923	1,846	(7,379)	(189)	-3%	1,024				1,024	108%
Total Point of Sale	13,975,024	3,459,520	3,747,378	3,012,344	3,463,718	13,682,960	(292,064)	-2%	3,822,851				3,822,851	11%
County Pool Allocations	2,003,449	495,291	560,246	425,792	570,511	2,051,841	48,392	2%	544,930				544,930	10%
State Pool Allocations	7,923	2,813	1,112	2,734	1,361	8,019	96	1%	2,061				2,061	-27%
Total (Net Collections)	15,986,395	3,957,625	4,308,736	3,440,870	4,035,590	15,742,820	(243,575)	-2%	4,369,841				4,369,841	10%
Less: Cost of Administration	(197,468)	(47,272)	(48,157)	(43,377)	(48,832)	(187,638)	9,831	5%	(39,045)				(39,045)	17%
Subtotal	15,788,927	3,910,353	4,260,578	3,397,493	3,986,759	15,555,183	(233,744)	-1%	4,330,796				4,330,796	11%
Unaccrued Q2 Cleanup	(307,988)	307,988				307,988								
Grand Total	15,480,939	4,218,341	4,260,578	3,397,493	3,986,759	15,863,171	382,232	2%	4,330,796				4,330,796	11%
Budget														

**Due to the monthly allocation changes by CDTFA, as of 1st Quarter 2018 all fiscal year totals will be reported on an accrual basis (July to June sales).

Transactions Taxes	14,257,399	3,470,872	4,086,449	3,534,818	2,929,063	14,021,201	(236,197)	-2%	4,184,945				4,184,945	21%
Less: Cost of Administration	(143,080)	(37,470)	(37,470)	(22,890)	(38,880)	(136,710)	6,370	4%	(38,880)				(38,880)	-4%
Total	14,114,319	3,433,402	4,048,979	3,511,928	2,890,183	13,884,491	(229,827)	-2%	4,146,065				4,146,065	21%
Budget	0					0							0	



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	Payment Month	Fiscal Year 2017-18	Fiscal Year 2018-19
1st Advance	June	\$ 1,095,400.00	\$ 1,270,729.32
2nd Advance	July	1,095,400.00	1,372,793.84
3rd Advance	August	1,460,400.00	-
Clean Up	September	307,987.96	1,343,235.46
2nd Quarter Allocation		3,959,187.96	3,986,758.62
1st Advance	September	1,159,800.00	1,410,943.03
2nd Advance	October	1,159,800.00	1,627,114.11
3rd Advance	November	1,546,500.00	-
Clean Up	December	44,252.58	1,292,739.15
3rd Quarter Allocation		3,910,352.58	4,330,796.29
1st Advance	December	1,199,900.00	-
2nd Advance	January	1,199,900.00	-
3rd Advance	February	1,600,000.00	-
Clean Up	March	260,778.47	-
4th Quarter Allocation		4,260,578.47	-
1st Advance	March	1,037,100.00	-
2nd Advance	April	1,037,100.00	-
3rd Advance	May	-	-
Clean Up	June	1,323,292.98	-
1st Quarter Allocation		3,397,492.98	-
1st Advance	June	1,270,729.32	-
2nd Advance	July	1,372,793.84	-
3rd Advance	August	-	-
Clean Up	September	1,343,235.46	-
2nd Quarter Allocation		3,986,758.62	-
Fiscal Year Reconciliation			
60 Day Accrual Period		\$ 14,519,935.15	\$ 5,674,031.75
90 Day Accrual Period		\$ 15,555,182.65	\$ 4,330,796.29

CITY OF PROSPERITY
FY 2018-19 (ending September)
Mid-Year Sales and Use Tax Revenues Projection

Agency Adopted Budget Estimate for FY 2018-19

Total Allocation From SBOE

Includes State and County Pools

Current Quarter	3Q 2018	4,308,736
Previous Quarter	2Q 2018	3,957,625
2nd Previous Quarter	1Q 2018	4,006,852
3rd Previous Quarter	4Q 2017	3,665,212
Total Allocation		15,938,425

Adjustments

Economic Adjustments

State & County Pools (7.0%)	37,000
Restaurants & Hotels (4.5%)	23,500
Autos & Transportation (1.5%)	21,500
Fuel & Service Stations (10.0%)	17,500
General Consumer Goods (1.0%)	9,000
Building & Construction (3.0%)	5,000
Food & Drugs (2.5%)	2,500
Business & Industry (2.0%)	1,500
Other Adjustments (see attached)	0
Total Adjustments	117,500

Subtotal (0.8% increase from FY 2017-18 actual)	16,055,925
---	------------

Administration Cost (1.3%)	(192,269)
----------------------------	-----------

Estimated FY 2017-18 Sales Tax Revenues	15,863,656
---	------------

Rounded to Nearest Thousand (0.8% increase from FY 2017-18 actual)	15,864,000
--	------------

Estimate With 60-Day Accrual	15,819,000
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Other Adjustments
Total Other Adjustments

0



CITY OF PROSPERITY

EXTENDED SALES AND USE TAX BUDGET ESTIMATE

Industry Group	FY 2017-18 Actuals	FY 2018-19 Projection	%	FY 2019-20 Projection	%	FY 2020-21 Projection	%	FY 2021-22 Projection	%	FY 2022-23 Projection	%	FY 2023-24 Projection	%
Autos & Transportation	5,330,309	5,421,824	1.7%	5,421,824	0.0%	5,421,824	0.0%	5,421,824	0.0%	5,421,824	0.0%	5,421,824	0.0%
Building & Construction	709,532	791,710	11.6%	791,710	0.0%	791,710	0.0%	791,710	0.0%	791,710	0.0%	791,710	0.0%
Business & Industry	314,738	340,216	8.1%	340,216	0.0%	340,216	0.0%	340,216	0.0%	340,216	0.0%	340,216	0.0%
Food & Drugs	508,699	511,296	0.5%	511,296	0.0%	511,296	0.0%	511,296	0.0%	511,296	0.0%	511,296	0.0%
Fuel & Service Stations	742,329	756,345	1.9%	756,345	0.0%	756,345	0.0%	756,345	0.0%	756,345	0.0%	756,345	0.0%
General Consumer Goods	3,877,632	3,939,453	1.6%	3,939,453	0.0%	3,939,453	0.0%	3,939,453	0.0%	3,939,453	0.0%	3,939,453	0.0%
Restaurants & Hotels	2,207,100	2,278,440	3.2%	2,278,440	0.0%	2,278,440	0.0%	2,278,440	0.0%	2,278,440	0.0%	2,278,440	0.0%
Transfers & Unidentified	(7,379)	7,005	195%	7,005	0.0%	7,005	0.0%	7,005	0.0%	7,005	0.0%	7,005	0.0%
State & County Pools	2,059,860	2,108,746	2.4%	2,108,746	0.0%	2,108,746	0.0%	2,108,746	0.0%	2,108,746	0.0%	2,108,746	0.0%
Total	15,742,820	16,155,036	2.6%	16,155,036	0.0%	16,155,036	0.0%	16,155,036	0.0%	16,155,036	0.0%	16,155,036	0.0%
Administration Cost	(187,638)	(192,252)		(210,015)		(210,015)		(210,015)		(210,015)		(210,015)	
Total	15,555,183	15,962,784	2.6%	15,945,021	-0.1%	15,945,021	0.0%	15,945,021	0.0%	15,945,021	0.0%	15,945,021	0.0%
Triple Flip Deduction	0	0		0									
Estimated SUTCF	0	0		0									
True-Up Payment	0	0		0									
Total	15,555,183	15,962,784	2.6%	15,945,021	-0.1%	15,945,021	0.0%	15,945,021	0.0%	15,945,021	0.0%	15,945,021	0.0%

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CALIFORNIA FORECAST SALES TAX TRENDS AND ECONOMIC DRIVERS

JANUARY 2020

HdL[®] Companies

Half Dome, Yosemite National Park

HdL provides relevant information and analyses on the economic forces affecting California's local government agencies. In addition, HdL's Revenue Enhancement and Economic Development Services help clients to maximize revenues.

HdL serves over 500 cities, counties and special districts in California and across the nation.



*Delivering Revenue, Insight and Efficiency
to Local Government Since 1983*

HDL CONSENSUS FORECAST – JANUARY 2020 STATEWIDE SALES TAX TRENDS

HdL Companies



2019/20 | 2020/21
TOTAL 2.4% | 1.8%



Autos/Transportation

2019/20 | 2020/21
-1.5% | 0.3%

Auto and transportation receipts fell this quarter for the first time since the end of the Great Recession, but this deterioration was largely the result of an aberration rather than a symptom of economic decline. The anomaly was caused by the fulfillment of a large backlog of orders for a recently released model by an emerging vehicle manufacturer, which spiked results in the third and fourth quarters of last year. Results are otherwise expected to be flat to slightly down over the next year. Sales activity will be negatively impacted by the high price of today's vehicles but sustained by record manufacturer incentives.



Building/Construction

1.6% | 2.1%

As the quantity of permits issued for residential and commercial developments continues to decline, the value of permitted projects is beginning to drop as well. Meanwhile, prices for materials are rising but the lack of demand for lumber is a drag against the volume of total sales. The good news is that there are plenty of permitted projects left to be built since construction timelines have been extended from the lack of available workforce. Infrastructure projects are expected to keep construction crews busy for some time. Overall, this sector will reflect reasonable activity, however, tax gains will be sluggish through the 2020-21 fiscal year.



Business/Industry

2.4% | 1.8%

Labor shortages and ongoing uncertainty over trade and tariff policies appear to be slowing capital investment decisions and new orders. California's high-tech service economy is expected to do better than the country as a whole with most analysts predicting more modest growth in procurement of equipment and supplies to support healthcare, food processing, logistics/warehouse operations and information/data technology. Much of the group's projected gain is related to the acceleration of online shopping which shifts consumer retail tax revenue from brick and mortar stores to industrial zoned logistics centers. Minimal growth and some declines are expected across other categories.



Food/Drugs

1.9% | 1.5%

Customers routinely express the desire to shop locally. Grocery chains are meeting this demand by establishing same day deliveries for online alcohol purchases and partnering with companies to establish micro-fulfillment centers. Pharmacies, also sensitive to purchaser preferences, are embracing technology in various ways. Artificial intelligence is being used more to create drugs while specialty medication and 3-D printed prescriptions become more common. Recent healthcare megamergers will impact this industry in 2020 and beyond. Taxes from this group will also grow as more cannabis businesses are licensed and become operational at the local level.



Fuel/Service Stations

1.0% | 1.0%

Higher gas prices in California due to refinery issues ahead of the holiday shopping period may push consumers to reprioritize spending. Should supply remain tight into the spring of 2020, future summer fuel pricing could reach levels not seen since 2014 when crude was over \$100/barrel. Currently, global crude oil appears stable, however, tension in the Middle East remains and OPEC appears ready to reduce production output levels, both of which will increase future cost per barrel.



General Consumer Goods -0.1% | -0.4%

As retailers invest in customer engagement through social media platforms and omnichannel capabilities, they are leveraging mobile technology to drive buyers into physical stores. Greater use of smartphones will improve buy-online-pickup-in-store (BOPIS) services which can influence additional in-store purchases. Changes in consumer attitudes by younger shoppers are fueling the rise of recommerce. Off-price or discount shopping is still a major trend, but the resale market is expected to double its size in the next five years. Low unemployment and solid wage growth are good indicators although in-store sales should stay flat or dip moving into 2020.



Restaurants/Hotels

2.5% | 2.1%

Restaurant traffic has remained sluggish as low unemployment is making hiring and retention extremely difficult while food service options intensify competition within categories. Restaurant operators increase menu prices as labor costs and lease rates continue to rise. In the short term, the rising menu prices offset the slowing traffic stabilizing restaurant sales tax revenue.



State and County Pools 12.4% | 6.5%

Business to business plus consumer spending on out-of-state merchandise will surge as companies expand digital investments while managing shipping wars, data privacy and logistic challenges. This segment is expected to stay strong and outpace all other traditional sales tax groups without letting up. Early results from the Wayfair decision implementation, which launched in the second quarter of 2019 under AB147, added new revenues at the State and local level. The marketplace facilitator phase started October 1st; current and next year forecasting comprises Wayfair's total impact on anticipated use taxes distributed through the countywide pools.

Proposition 172 projections vary from statewide Bradley-Burns calculations due to the state's utilization of differing collection periods in its allocation to counties. HdL forecasts a statewide increase of 3.51% for Fiscal Year 2019/2020 and a gain of 1.44% in 2020/2021.

NATIONAL AND STATEWIDE ECONOMIC DRIVERS



U.S. Real GDP Growth

2019/20 | 2020/21
2.3% | 2.0%

What is most notable about current GDP data is just how steady growth has been despite all the frantic headlines. U.S. GDP growth was 2.8% in 2017, 2.5% in 2018, and has averaged 2.4% for the first three quarters of 2019. Throughout this entire period consumer spending has been the primary driver of growth and that spending is now growing at roughly the same pace as U.S. GDP. Much of the overall confidence surrounding the ongoing health of the U.S. economy sits with the consumer. The one weak spot in the nation's GDP data in 2019 was in business investment, although spending is down in that area for a number of specific reasons, but not too many general ones. Weak export data has played a role in slowing investment but the overall impact of the trade war with China has been highly overstated. The biggest issue for U.S. exports isn't China, but rather a U.S. dollar that hasn't been this expensive in global currency markets since 2002. Alongside a weak global economy, the dollar's value actually illustrates the resilience of the U.S. economy overall.



U.S. Unemployment Rate 3.7% | 3.8%

What will not make negative headlines is the actual health of the United States economy. Pessimistic press coverage and punditry aside, the sum total of indicators for the year show that the U.S. economy is continuing to grow at the same steady rate that has now become the hallmark of the longest expansion on record. The health of the consumer and, therefore, the growth of the economy is being supported by record tight labor markets. The U.S. unemployment rate fell to 3.6% in the latest quarterly read, and has trended below the national jobs opening rate for two years. Competition for scarce labor resources has led many workers to receive a significant increase in earnings, and a growing share of national income. In 2014, compensation for employees was 60% of national income compared to 63% in 2019.



CA Total Nonfarm Employment Growth

1.7% | 1.4%

Since October 2018, California's economy has added 308,000 jobs, which is equivalent to a 1.8% year-over-year increase, exceeding the nation's growth rate of 1.4% over the same period. This rate of growth is well above the state's long-term employment growth rate, which has averaged 1.2% per year since 1991. Within the state, we see considerable variation in job growth rates by region. Perhaps the most impressive performance within the state occurred in the San Francisco Bay Area. Together, San Francisco, San Jose, and Oakland added jobs at a rate of 3.0% and accounted for one-third of California's job growth over the past year. Fully 40% of the state's job growth over the past year was concentrated in just two sectors: Health Care and Social Assistance and Leisure and Hospitality. Secular trends, such as a growing elderly population, account for growth in Health Care and Social Assistance employment, while growth in Leisure and Hospitality employment reflects underlying strength in the health of the consumer. The more confident consumers feel, the more likely they are to travel or dine at a restaurant.



CA Unemployment Rate 4.2% | 4.1%

Despite a nagging perception that there are murky clouds on the horizon, California's economy reached a number of significant milestones in the most recent quarter. The state's unemployment rate dipped to 3.9%, which represents a new record low – all while employment and wages reach all-time highs. The longer the current expansion persists, the closer we are to the next recession, but business cycles do not die of old age, and at present, there are few signs of a slowdown in the state's economy.



CA Median Existing Home Price \$488,900 | \$509,500

Home price growth has shown some signs of exhaustion over the past year. The median price for a single-family home in California grew 2.2% over this period, which when adjusted for inflation, means that price growth has effectively been flat. Following the run up in prices in recent years, such a slowdown is not surprising; after all, when the median home price in a place like San Francisco stands at \$1.4 million, the room for sustained price inflation is limited, no matter the strength of the local economy. To be sure, lower interest rates should spur home price growth in the state, but it's unrealistic to expect the rate of growth we've seen in recent years to continue.



CA Residential Building Permits 111,310 | 124,150

The issue of home building permits is a cause for concern. The supply of building permits peaked in the first quarter of 2018, and permit growth turned negative in the third quarter of that year. This growth has remained negative throughout 2019. Constrained housing supply will continue to place upward pressure on home prices and could also limit growth of the state's labor force. At least at the national level, the third quarter saw residential investments contribute to overall growth. Hopefully this continues and materializes within California sooner rather than later.

HdL Companies

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California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

Beacon Economics

Southern California Office

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Los Angeles, CA 90045

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Fax: 424.646.4660

Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.



HdL Companies

714.879.5000 | hdlcompanies.com

Q2 2019



City of Lemoore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

Lemoore In Brief

Lemoore's receipts from April through June were 19.8% above the second sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system in the prior year which temporarily delayed distributions to the City.

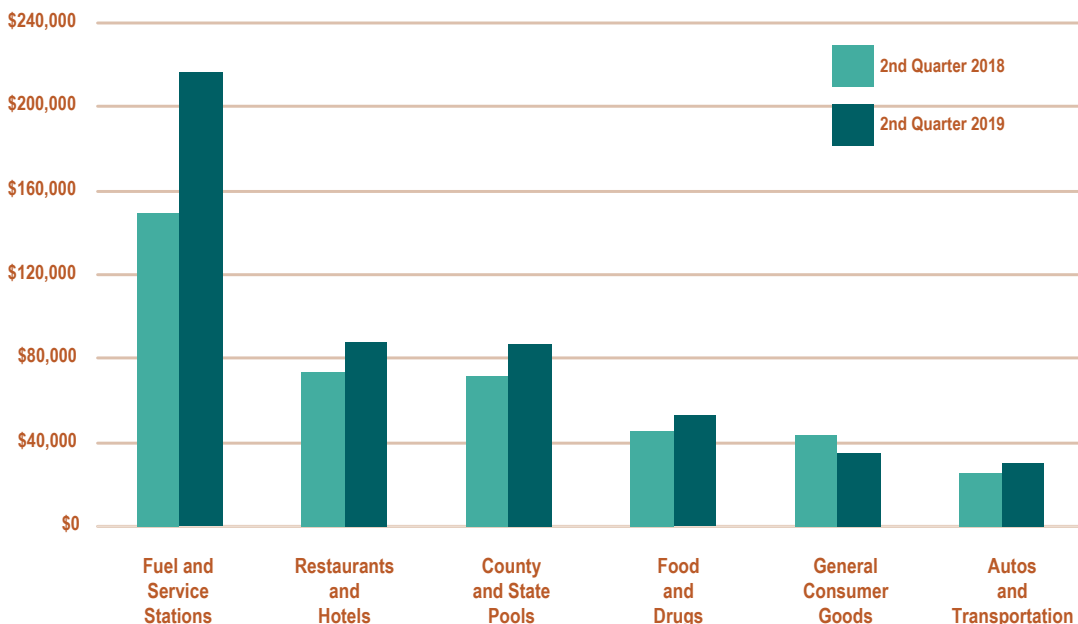
Excluding reporting anomalies, actual sales were up 4.9%. Payment reporting irregularities in both quarters overstated cash basis results in the restaurants-hotels, food-drugs and autos-transportation groups.

Rising prices at the pumps produced strong sales for fuel and services stations; gains of 15% were reported once exceptions are factored out.

General consumer goods declined; comparative outcomes again reflected the previous closure of a local store by a national chain. A receipts basis exception stood out for specialty stores as a vendor remitted taxes for multiple back quarters in this reporting period.

Net of aberrations, taxable receipts for all of Kings County grew 4.9% over the comparable time period; the San Joaquin Valley was up 4.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Animal House	Jack in the Box
Arco AM PM	Lemoore Crossings
AutoZone	Leprino Foods
Bennett & Bennett Irrigation Systems	Little Caesars Pizza
Best Buy Market	McDonald's
Billingsley Tire	Me N Eds Pizzeria
Burger King	Mobil
Chevron	Rite Aid
Deville Technologies Inc	Save Mart
Dollar General	Taco Bell
Expo Propane	Valero
Fastrip	Walgreens
Gary V Burrows	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$1,690,391	\$2,192,397
County Pool	277,548	380,311
State Pool	966	1,135
Gross Receipts	\$1,968,905	\$2,573,843
Cty/Cnty Share	(39,378)	(51,477)
Net Receipts	\$1,929,527	\$2,522,366

California Overall

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

Marketplace Facilitator Act

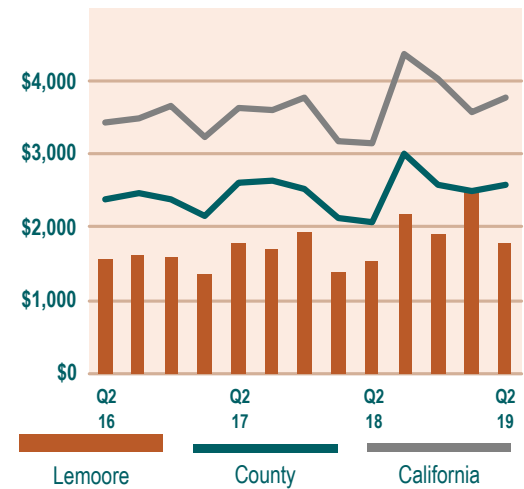
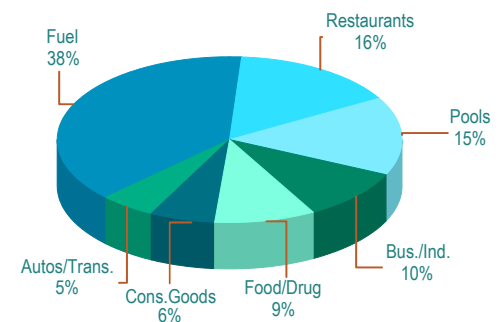
Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

SALES PER CAPITA**REVENUE BY BUSINESS GROUP**
Lemoore This Quarter**LEMOORE TOP 15 BUSINESS TYPES**

Business Type	Lemoore		County	HdL State
	Q2 '19	Change	Change	Change
Auto Repair Shops	4,644	158.2%	44.9%	21.6%
Automotive Supply Stores	24,030	4.3%	7.4%	16.4%
Building Materials	— CONFIDENTIAL —		39.6%	34.2%
Casual Dining	23,440	28.3%	47.2%	24.5%
Convenience Stores/Liquor	19,662	33.0%	31.7%	14.9%
Drug Stores	— CONFIDENTIAL —		3.9%	-0.3%
Electronics/Appliance Stores	4,778	20.5%	-15.0%	7.0%
Food Service Equip./Supplies	— CONFIDENTIAL —		16.1%	33.7%
Fuel/Ice Dealers	— CONFIDENTIAL —		470.0%	76.3%
Grocery Stores	21,586	8.1%	10.7%	9.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —		25.6%	15.5%
Quick-Service Restaurants	62,221	14.8%	25.8%	15.7%
Service Stations	128,681	99.1%	69.0%	51.4%
Specialty Stores	7,478	217.4%	19.4%	-8.5%
Variety Stores	— CONFIDENTIAL —		13.2%	10.2%
Total All Accounts	471,347	19.7%	26.6%	20.1%
County & State Pool Allocation	86,565	20.7%	27.7%	22.4%
Gross Receipts	557,912	19.8%	26.7%	20.4%
City/County Share	(11,158)	-19.8%		
Net Receipts	546,754	19.8%		

Q2 2019



City of Paso Robles Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

Paso Robles In Brief

Paso Robles' receipts from April through June were 23.6% above the second sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system in the prior year which temporarily delayed distributions to the City. Excluding reporting aberrations, actual sales were down 5.4%.

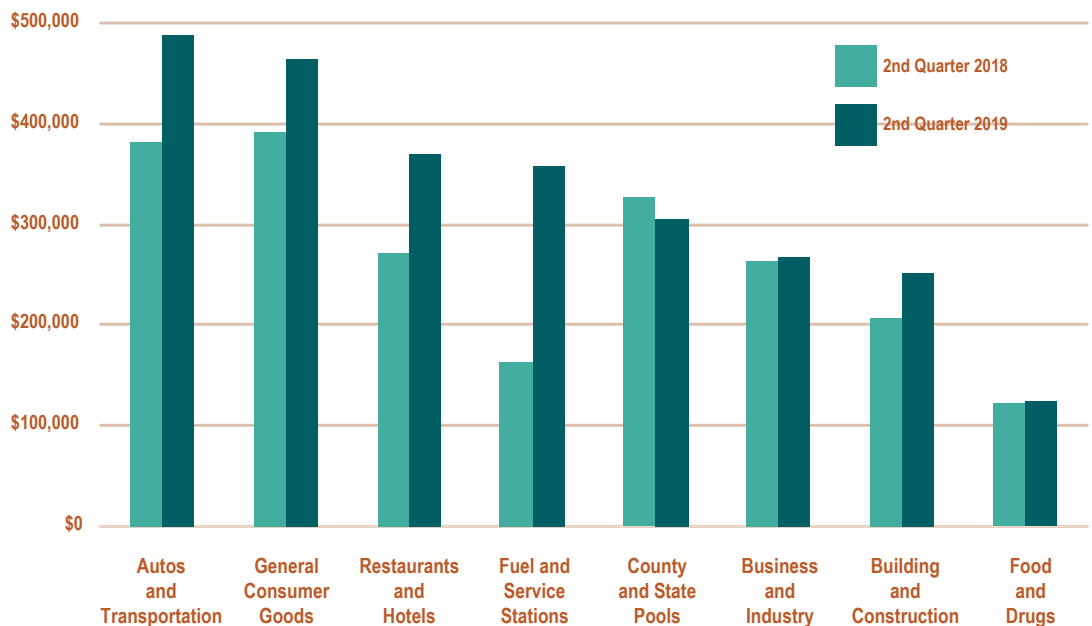
Weak new auto sales activity, the closeout of building material vendor and soft early-summer returns from contractor suppliers were largely responsible for the drop. The business-industrial group declined as garden-agricultural merchants and wineries struggled to match last year's receipts.

These point of sale impacts combined with a lower allocation from the countywide use tax pool due to diminished tax dollars compared to the prior period, further negatively affected the overall results.

The City's voter approved half-cent transaction tax, Measure E-12, generating an additional \$1,273,125 or 20.9% increase over last year, was also dramatically impacted by CDTFA software changes. Once adjusted, the measure experienced a modest increase of 0.8%.

Net of aberrations, taxable receipts for all of San Luis Obispo County grew 3.1% over the comparable time period; the Central Coast region was up 2.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	McDonalds
Albertsons	Mullahey Chyrsler
Arco AM PM	Dodge Jeep Ram
Big Creek Lumber	Paso Robles Chevrolet
Borjon Auto Center	Paso Robles Ford
Buick Gmc	Paso Robles Kia
Crop Production Services	Ross
Eagle Energy 76	Sky River
Firestone Walker Brewery	Smart & Final
Golden Hill Mobil	Target
Jaco Oil	Third Base Market & Spirits Pr
JB Dewar	TJ Maxx
Kohls	Walmart
Lowes	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$8,422,285	\$9,810,816
County Pool	1,310,766	1,399,958
State Pool	4,906	4,891
Gross Receipts	\$9,737,958	\$11,215,665
Supplemental Tax	\$4,689,494	\$5,337,578

California Overall

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

Marketplace Facilitator Act

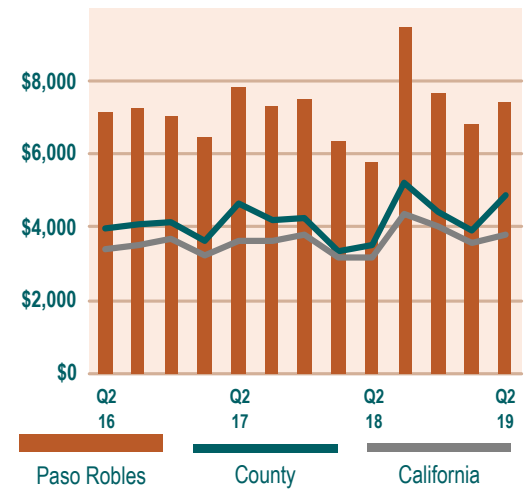
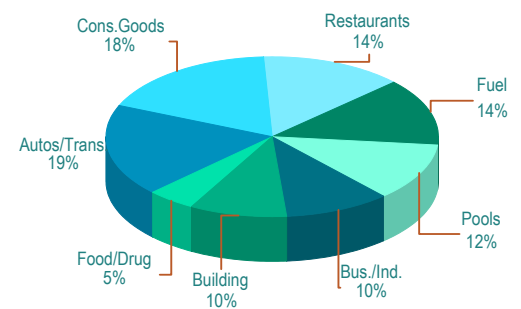
Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

SALES PER CAPITA**REVENUE BY BUSINESS GROUP**
Paso Robles This Quarter**PASO ROBLES TOP 15 BUSINESS TYPES**

<i>*In thousands of dollars</i>				
Business Type	Paso Robles		County	HdL State
	Q2 '19*	Change	Change	Change
Automotive Supply Stores	55.7	11.1%	12.1%	16.4%
Building Materials	167.6	17.9%	15.9%	34.1%
Casual Dining	171.4	35.1%	18.6%	24.5%
Contractors	41.1	61.1%	23.5%	26.8%
Discount Dept Stores	— CONFIDENTIAL —		18.1%	26.3%
Electronics/Appliance Stores	41.3	-5.8%	-6.6%	7.0%
Family Apparel	54.6	109.3%	36.2%	45.3%
Garden/Agricultural Supplies	82.0	-13.7%	4.2%	22.0%
Grocery Stores	72.8	4.1%	7.2%	9.6%
New Motor Vehicle Dealers	318.0	47.4%	15.9%	5.4%
Quick-Service Restaurants	100.2	35.4%	28.0%	15.9%
Service Stations	330.4	106.3%	84.8%	51.4%
Trailers/RVs	— CONFIDENTIAL —		-6.4%	6.9%
Warehse/Farm/Const. Equip.	— CONFIDENTIAL —		-3.1%	47.9%
Wineries	35.0	23.5%	27.2%	24.7%
Total All Accounts	2,329.4	29.1%	37.9%	20.1%
County & State Pool Allocation	304.3	-7.0%	-0.6%	22.4%
Gross Receipts	2,633.6	23.6%	32.0%	20.4%



SOUTHERN CALIFORNIA

ACTUAL/ADJUSTED COMPARISON - BY COUNTY AND MAJOR INDUSTRY GROUP

	ACTUAL RECEIPTS			ADJUSTED FOR ECONOMIC DATA		
	3Q 2018	3Q 2017	% Change	3Q 2018	3Q 2017	% Change
Imperial County						
Autos And Transportation	953,778	803,598	18.7%	846,849	815,884	3.8%
Building And Construction	437,609	348,630	25.5%	376,544	345,030	9.1%
Business And Industry	1,179,006	785,149	50.2%	727,660	769,512	-5.4%
Food And Drugs	202,305	182,135	11.1%	184,252	180,977	1.8%
Fuel And Service Stations	1,589,027	1,099,852	44.5%	1,033,016	909,154	13.6%
General Consumer Goods	1,863,907	1,580,373	17.9%	1,571,561	1,570,085	0.1%
Restaurants And Hotels	559,333	465,044	20.3%	467,577	478,700	-2.3%
Transfers & Unidentified	-541	383	-241.4%	295	2,000	-85.3%
County & State Pool	1,021,127	897,396	13.8%	870,583	852,954	2.1%
	7,805,550	6,162,560	26.7%	6,078,338	5,924,296	2.6%
Los Angeles County						
Autos And Transportation	77,358,505	65,912,694	17.4%	69,943,448	66,420,521	5.3%
Building And Construction	41,114,590	30,803,125	33.5%	32,614,359	30,719,733	6.2%
Business And Industry	64,163,649	51,498,619	24.6%	50,818,115	51,181,074	-0.7%
Food And Drugs	26,376,497	22,053,536	19.6%	22,564,906	21,871,044	3.2%
Fuel And Service Stations	46,408,886	33,690,555	37.8%	37,987,163	32,732,504	16.1%
General Consumer Goods	102,960,353	86,574,260	18.9%	87,655,644	86,217,675	1.7%
Restaurants And Hotels	73,990,062	65,074,605	13.7%	65,614,173	64,264,780	2.1%
Transfers & Unidentified	515,973	-24,844	***. %	422,098	157,528	168.0%
County & State Pool	58,979,593	49,269,506	19.7%	51,535,330	49,427,101	4.3%
	491,868,107	404,852,056	21.5%	419,155,237	402,991,960	4.0%
Orange County						
Autos And Transportation	35,286,699	28,627,145	23.3%	30,885,546	28,770,943	7.3%
Building And Construction	16,817,973	13,493,600	24.6%	14,125,867	13,457,640	5.0%
Business And Industry	27,337,586	22,037,341	24.1%	22,073,110	22,272,047	-0.9%
Food And Drugs	8,037,450	7,076,404	13.6%	7,221,890	6,982,768	3.4%
Fuel And Service Stations	18,006,162	12,194,303	47.7%	14,122,792	12,426,425	13.7%
General Consumer Goods	40,564,270	35,172,540	15.3%	35,281,716	35,135,710	0.4%
Restaurants And Hotels	29,797,641	26,631,094	11.9%	26,967,784	26,462,063	1.9%
Transfers & Unidentified	161,534	-25,009	745.9%	128,840	22,661	468.5%
County & State Pool	23,959,957	19,339,815	23.9%	20,607,613	19,058,972	8.1%
	199,969,272	164,547,233	21.5%	171,415,158	164,589,230	4.1%
Riverside County						
Autos And Transportation	18,929,860	16,280,625	16.3%	16,554,837	16,386,992	1.0%
Building And Construction	13,806,348	10,761,123	28.3%	11,367,735	10,788,954	5.4%
Business And Industry	15,010,206	12,410,909	20.9%	11,937,544	12,113,540	-1.5%
Food And Drugs	5,373,907	4,488,163	19.7%	4,825,362	4,444,829	8.6%
Fuel And Service Stations	11,716,191	8,151,409	43.7%	9,382,938	8,020,604	17.0%
General Consumer Goods	20,973,349	17,903,553	17.1%	18,068,442	17,792,066	1.6%
Restaurants And Hotels	11,980,807	10,020,274	19.6%	10,015,061	9,836,100	1.8%
Transfers & Unidentified	-15,017	1,055	-1523.4%	43,405	5,053	759.0%
County & State Pool	15,673,264	10,117,391	54.9%	12,767,466	9,977,626	28.0%
	113,448,915	90,134,500	25.9%	94,962,790	89,365,763	6.3%
San Bernardino County						
Autos And Transportation	18,676,592	16,827,238	11.0%	16,503,775	16,918,906	-2.5%
Building And Construction	11,336,842	8,410,340	34.8%	9,222,496	8,374,866	10.1%
Business And Industry	24,861,183	21,000,859	18.4%	21,924,023	20,449,651	7.2%
Food And Drugs	4,552,013	3,796,932	19.9%	4,032,232	3,767,775	7.0%
Fuel And Service Stations	14,163,507	9,823,463	44.2%	11,488,289	9,805,630	17.2%
General Consumer Goods	20,254,228	17,612,302	15.0%	17,744,892	17,500,699	1.4%
Restaurants And Hotels	10,758,892	9,388,830	14.6%	9,447,598	9,222,598	2.4%
Transfers & Unidentified	36,937	-26,672	238.5%	71,003	-25,204	381.7%
County & State Pool	14,194,436	10,650,798	33.3%	12,728,647	11,576,509	10.0%
	118,834,631	97,484,090	21.9%	103,162,955	97,591,430	5.7%
San Diego County						
Autos And Transportation	27,609,052	24,276,498	13.7%	24,662,059	24,336,493	1.3%
Building And Construction	16,080,776	12,775,198	25.9%	13,466,757	12,720,499	5.9%
Business And Industry	20,396,478	16,096,313	26.7%	16,013,160	16,073,838	-0.4%
Food And Drugs	8,525,129	7,347,883	16.0%	7,833,570	7,312,585	7.1%
Fuel And Service Stations	16,953,064	11,282,029	50.3%	13,012,024	11,230,869	15.9%
General Consumer Goods	37,152,875	31,867,083	16.6%	31,946,964	31,712,051	0.7%
Restaurants And Hotels	27,310,402	23,662,371	15.4%	24,216,321	23,582,311	2.7%
Transfers & Unidentified	163,263	8,404	***. %	117,670	13,663	761.3%
County & State Pool	23,259,771	18,972,996	22.6%	20,046,443	18,966,949	5.7%
	177,450,809	146,288,776	21.3%	151,314,967	145,949,257	3.7%

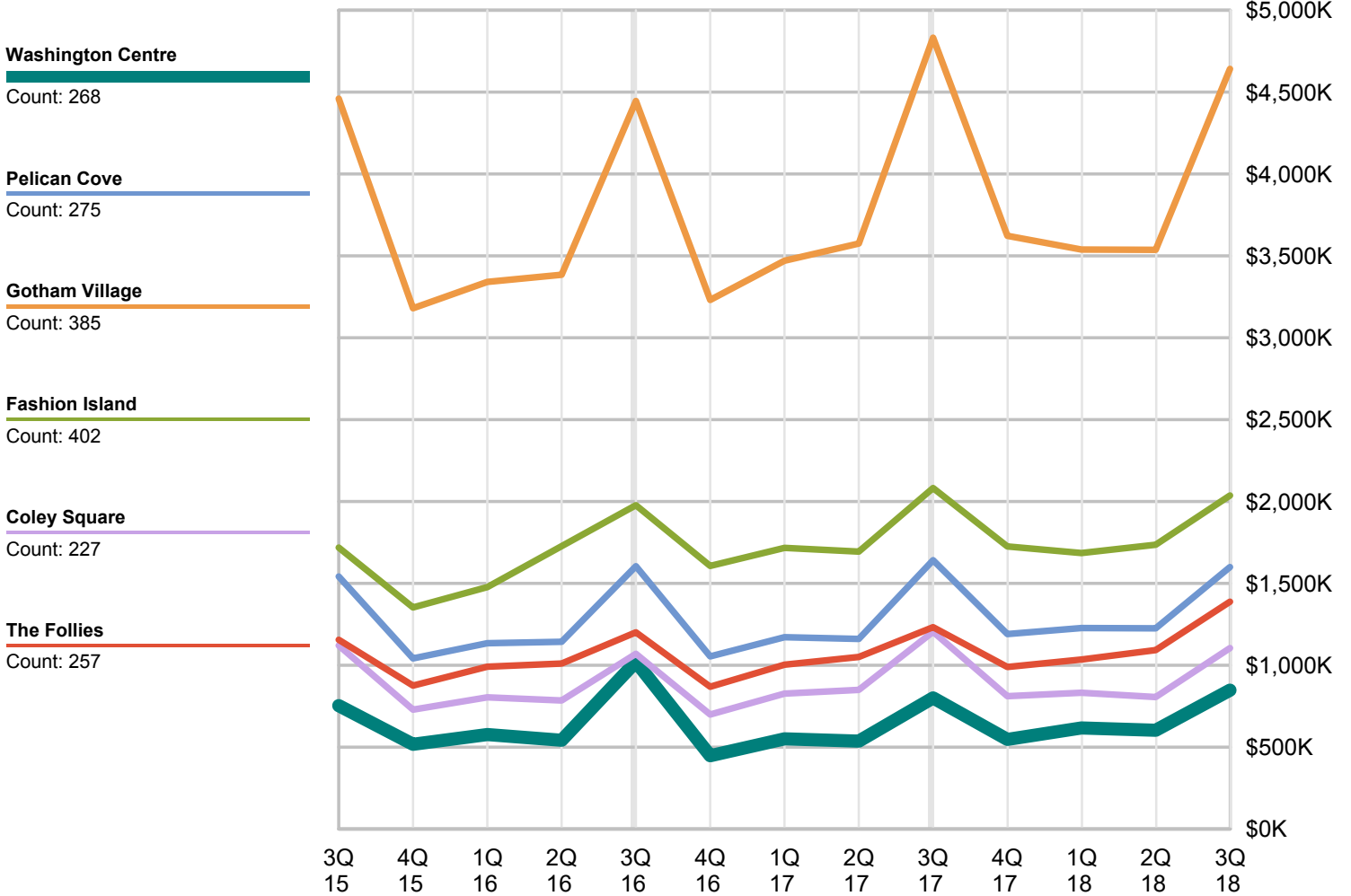
SOUTHERN CALIFORNIA

ACTUAL/ADJUSTED COMPARISON - BY COUNTY AND MAJOR INDUSTRY GROUP

	ACTUAL RECEIPTS			ADJUSTED FOR ECONOMIC DATA		
	3Q 2018	3Q 2017	% Change	3Q 2018	3Q 2017	% Change
Ventura County						
Autos And Transportation	8,082,355	7,469,345	8.2%	7,312,851	7,433,824	-1.6%
Building And Construction	3,779,949	2,944,387	28.4%	3,196,571	2,939,842	8.7%
Business And Industry	5,224,682	4,247,976	23.0%	4,274,318	4,223,647	1.2%
Food And Drugs	2,249,163	1,967,116	14.3%	2,033,168	1,961,173	3.7%
Fuel And Service Stations	4,037,391	2,541,032	58.9%	3,120,998	2,764,183	12.9%
General Consumer Goods	8,676,379	7,814,393	11.0%	7,634,684	7,733,247	-1.3%
Restaurants And Hotels	4,953,844	4,491,998	10.3%	4,396,860	4,442,328	-1.0%
Transfers & Unidentified	32,250	-13,435	340.0%	24,154	12,575	92.1%
County & State Pool	5,079,467	3,756,447	35.2%	4,394,796	4,012,994	9.5%
	42,115,479	35,219,259	19.6%	36,388,399	35,523,813	2.4%
Southern California Totals						
Autos And Transportation	186,896,840	160,197,144	16.7%	166,709,365	161,083,562	3.5%
Building And Construction	103,374,087	79,536,404	30.0%	84,370,329	79,346,563	6.3%
Business And Industry	158,172,789	128,077,165	23.5%	127,767,931	127,083,308	0.5%
Food And Drugs	55,316,464	46,912,170	17.9%	48,695,380	46,521,151	4.7%
Fuel And Service Stations	112,874,229	78,782,643	43.3%	90,147,219	77,889,370	15.7%
General Consumer Goods	232,445,360	198,524,503	17.1%	199,903,903	197,661,534	1.1%
Restaurants And Hotels	159,350,979	139,734,215	14.0%	141,125,374	138,288,880	2.1%
Transfers & Unidentified	894,398	-80,118	***. %	807,465	188,276	328.9%
County & State Pools	142,167,616	113,004,348	25.8%	122,950,878	113,873,105	8.0%
	1,151,492,763	944,688,473	21.9%	982,477,844	941,935,748	4.3%
HdL State Totals						
Autos And Transportation	328,859,501	279,640,964	17.6%	296,229,725	280,674,524	5.5%
Building And Construction	194,359,081	150,188,651	29.4%	160,529,865	149,706,208	7.2%
Business And Industry	306,123,844	245,667,786	24.6%	247,601,111	243,431,811	1.7%
Food And Drugs	100,551,152	85,954,885	17.0%	87,917,800	85,368,555	3.0%
Fuel And Service Stations	208,488,893	148,675,108	40.2%	167,976,822	146,274,516	14.8%
General Consumer Goods	392,294,434	333,930,776	17.5%	337,224,031	333,364,857	1.2%
Restaurants And Hotels	269,699,975	235,060,413	14.7%	238,030,291	232,981,062	2.2%
Transfers & Unidentified	1,811,808	95,079	***. %	1,652,410	323,871	410.2%
County & State Pools	282,410,774	220,778,645	27.9%	243,981,090	220,191,219	10.8%
	2,084,599,462	1,699,992,306	22.6%	1,781,143,145	1,692,316,624	5.2%

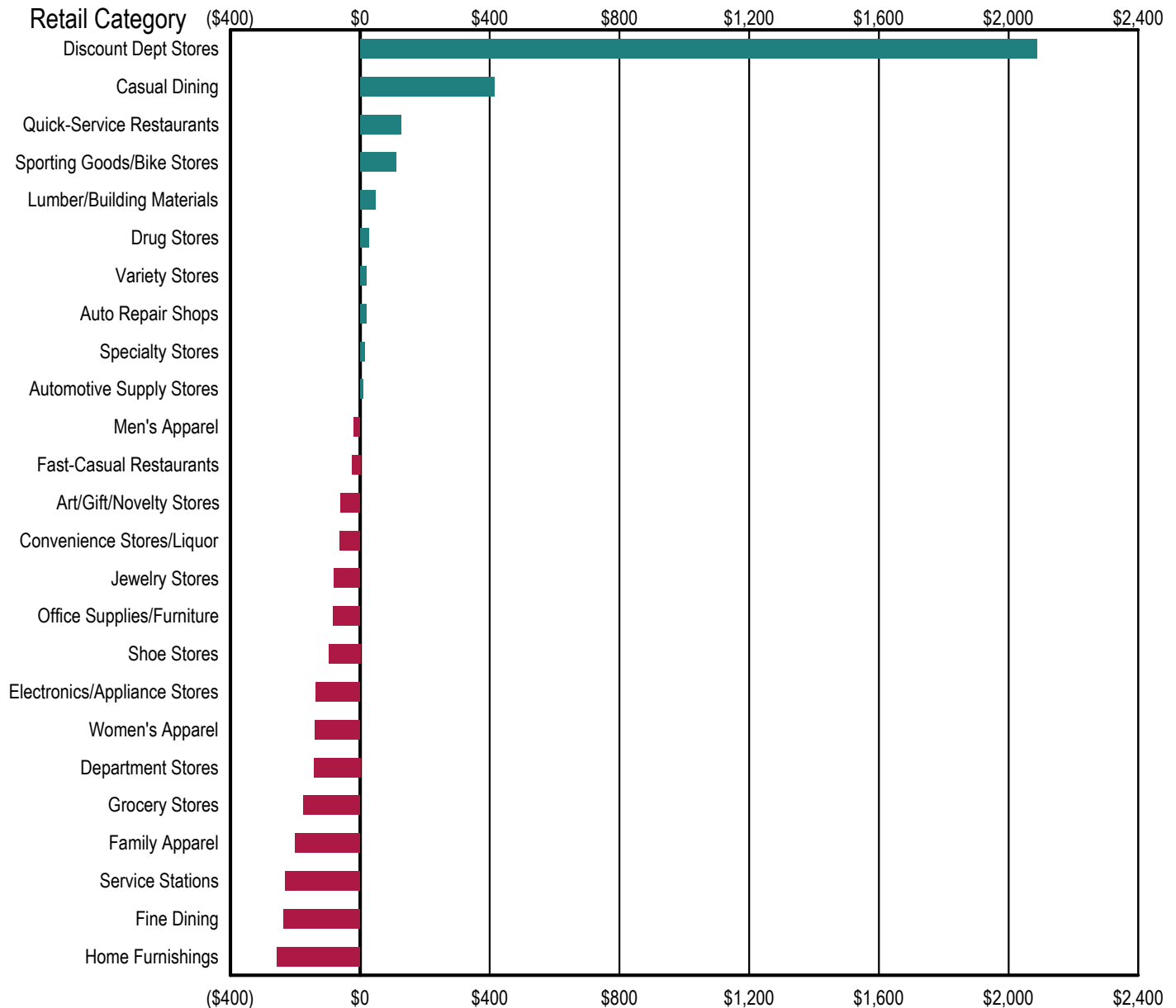
Geo areas

Sales Tax by Geographic areas



Periods shown reflect the period in which the sales occurred - Point of Sale

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The above graph compares **per capita** sales tax generated from targeted retail categories against countywide averages. A **retail surplus** suggests the community is capturing its local market for that category of goods plus attracting shoppers from outside the jurisdiction. A **retail gap** suggests the possibility that residents may have a greater demand for products in the specific category than is being satisfied by local businesses. The information is provided only as a **starting point** in identifying potential sources of sales tax loss and should not automatically be interpreted as an expansion or leveraging opportunity without more detailed analysis and assessment.

CITY OF PROSPERITY

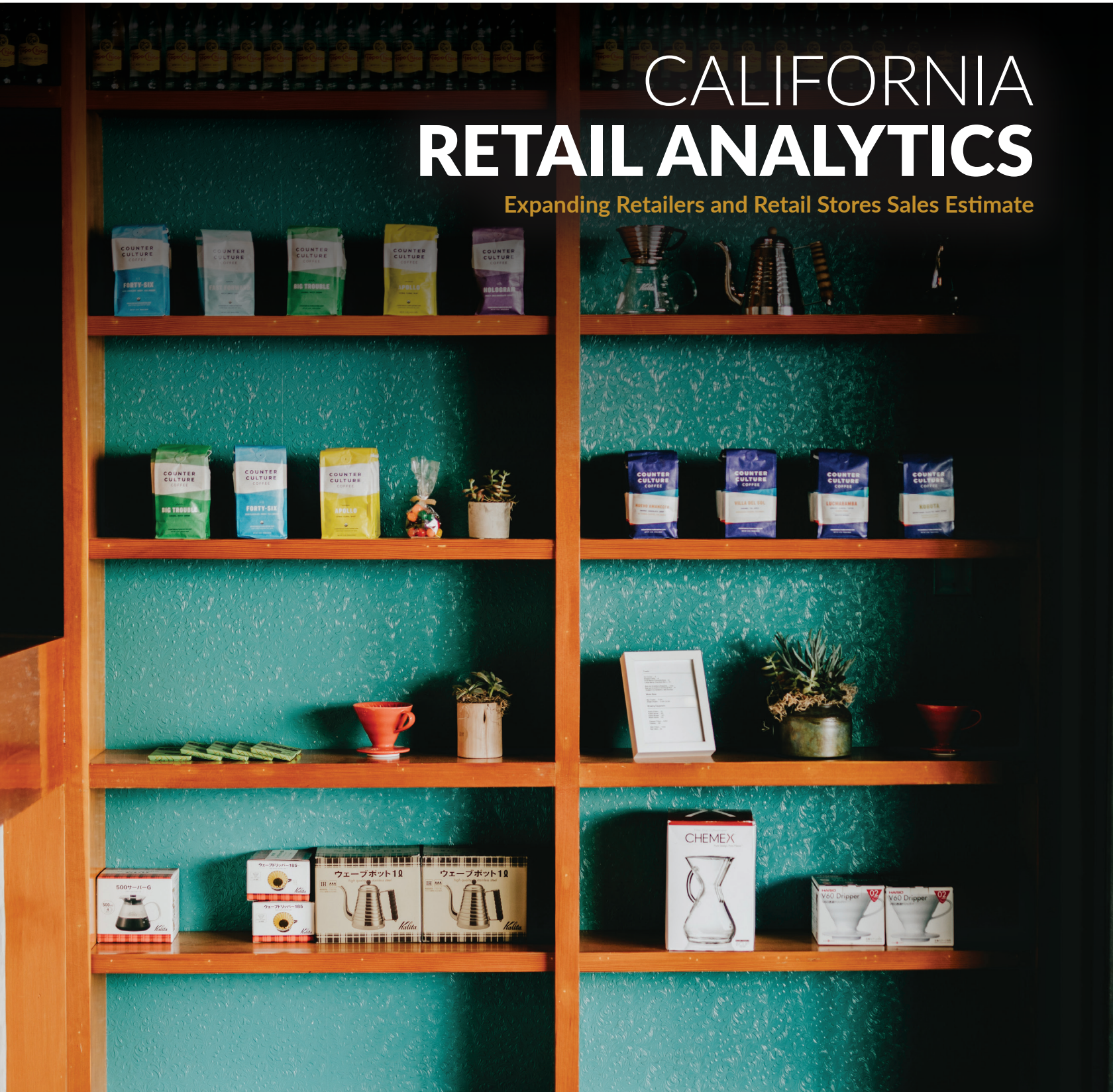
PER CAPITA SALES TAX SURPLUS/GAP COMPARISON - 4 QUARTERS ENDING 3Q 2018

Retail Category	Per Cap Sales Capture (+) or Gap (-)	Sales Tax Deviation	Typical Sales Per Sq Ft by Retail Type	Approx Sq Ft to Close Gap
Discount Dept Stores	\$2,087	\$1,808,447	\$475	n/a
Casual Dining	414	358,611	525	n/a
Quick-Service Restaurants	128	110,567	500	n/a
Sporting Goods/Bike Stores	111	96,103	225	n/a
Lumber/Building Materials	46	40,247	300	n/a
Drug Stores	28	24,622	350	n/a
Variety Stores	20	17,671	100	n/a
Auto Repair Shops	18	15,548	215	n/a
Specialty Stores	14	12,454	175	n/a
Automotive Supply Stores	10	9,004	275	n/a
Men's Apparel	(19)	(16,614)	225	7,000
Fast-Casual Restaurants	(25)	(22,004)	520	4,000
Art/Gift/Novelty Stores	(61)	(52,597)	150	35,000
Convenience Stores/Liquor	(63)	(54,920)	375	15,000
Jewelry Stores	(80)	(69,271)	500	14,000
Office Supplies/Furniture	(83)	(71,906)	225	32,000
Shoe Stores	(96)	(83,441)	200	42,000
Electronics/Appliance Stores	(137)	(118,306)	500	24,000
Women's Apparel	(138)	(119,693)	375	32,000
Department Stores	(143)	(123,766)	175	71,000
Grocery Stores	(175)	(151,308)	110	138,000
Family Apparel	(200)	(173,356)	375	46,000
Service Stations	(230)	(199,659)	n/a	n/a
Fine Dining	(236)	(204,625)	800	26,000
Home Furnishings	(256)	(221,819)	175	127,000

Average sales per square foot are based on HdL's overview of average statewide chain store sales. The square footage needed to close the gap is only on approximation and specific demand will vary with regional and local market conditions and individual retailers.

CALIFORNIA RETAIL ANALYTICS

Expanding Retailers and Retail Stores Sales Estimate



ECONSolutions collaborates with City staff, developers, and local real estate professionals to bring increased economic activity to your community.

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BUSINESS NAME	LEASABLE SQ FT IN 000'S	EST. ANNUAL TAX IN \$000'S	SITE PREFERENCES	EXPANSION AREA	CONTACT NAME	CONTACT INFORMATION
GENERAL RETAIL						
Ace Hardware	8-12	\$11-32	2, 4, 13, 14	CA - Northern	Robert Nelson	rnels@acehardware.com
Ace Hardware	8-12	\$11-35	2, 4, 13, 14	CA - Southern	Paul Overton	pover1@acehardware.com
Aki-Home	22-35	\$17-33	3, 4, 9	CA	Shumpei Yoshizawa	shumpei_yoshizawa@nitori-usa.com
Ann Taylor	4-7.5	\$14-30	6, 7, 9, 11, 13	CA	Whitney Welch	whitney_welch@anninc.com
Apple Stores	1-6	\$247-472	6, 7, 8	CA	Chris Morse	cmorse@apple.com
Athleta	2-5	\$20-42	11	CA	Rachel Rosenberg	rrosenberg@rkf.com
AutoZone	6.5-8	\$14-23	2, 3, 4, 13, 14	CA - Northern	Michael Chastain	michael.chastain@autozone.com
AutoZone	6.5-8	\$14-23	2, 3, 4, 13, 14	CA - Southern	Steven King	steven.king@autozone.com
Big 5 Sporting Goods	10-12	\$21-30	2, 3, 4, 6, 13	CA	Jim Berlin	jsb@big5corp.com
Big Lots	30-35	\$26-36	2, 4, 13, 14	CA	Joshua Nanberg	joshuananberg@biglots.com
Bob's Discount Furniture	25-60	NA	8, 4, 2, 13, 14	CA	Jim Reuter	jreuter@atlanticretail.com
Bowlero	35-40	NA	4, 3, 9	Nationwide	David Hochberg	dhochberg@BowleroCorp.com
Burlington	40-50	\$85-123	2, 3, 4, 13, 14	CA - Northern	Eric Corpuz	eric.corpuz@burlingtonstores.com
Burlington	40-50	\$85-123	2, 3, 4, 13, 14	CA - Southern	Chris Kiehler	chris.kiehler@burlingtonstores.com
Carter's	3.5-7	\$12-19	2, 9, 11, 13, 14	CA - Southern	Marc Klein	marc.klein@carters.com
Catherine's	4-5	\$4-7	3, 9, 13, 14	CA - Southern	Paul Bartlett	pbartlett@edge-re.com
Costco	115-150	\$1,000-1,400M4, 13		CA - Northern	Mike Dobrota	mdobrota@northwestatlantic.com
Costco	115-150	\$1,000-1,400M4, 13		CA - Southern	Steve McArthur	smcarthur@northwestatlantic.com
dd's Discounts	20-25	\$72-105	2, 8, 13, 14	CA - Southern	Jack Toth	jack.toth@ros.com
Dick's Sporting Goods	40-60	\$73-109	3, 4, 9, 13, 14	CA	Kristen Holst	kristen.holst@dcsq.com
Dollar General	9-12	\$11-17	2, 4, 8, 13, 14	CA - Northern	David Fritz	dfritz@dollargeneral.com
Dollar General	9-12	\$11-17	2, 4, 8, 13, 14	CA - Southern	Randy Wilson	rwilson@dollargeneral.com
Dollar Tree/Family Dollar	8-12/7.8-10	\$11-16	2, 4, 8, 13, 14	CA - Northern	Trace Johnson	trjohnson@dollartree.com
Dollar Tree/Family Dollar	8-12/7.8-10	\$11-16	2, 4, 8, 13, 14	CA - Southern	Jeff Forman	jforman@dollartree.com
Dress Barn	6.5-8	\$8-14	2, 3, 9, 13, 14	CA	Richard Sosnovy	richard.sosnovy@dressbarn.com
Five Below	8-10	\$18-27	3, 6, 7, 9, 11, 14	Nationwide	Zach Minter	zach.minter@fivebelow.com
Forever 21/F21 Red	20-100/12-20	\$25-50/\$34-47	2, 3, 6, 7, 8, 9, 11, 13, 14	CA - Northern	Matt Kircher	matt.kircher@cbre.com
Forever 21/F21 Red	20-100/12-20	\$25-50/\$34-47	2, 3, 6, 7, 8, 9, 11, 13, 14	CA - Southern	Mike Rielly	mrielly@townsendassociates.com
Fossil	1.5-5	\$2-42	3, 6, 7, 8, 9, 13, 14	Nationwide	Bob Higgins	bhiggins@fossil.com
Francesca's	1.2-1.4	\$4-6	3, 6, 7, 8, 9	Nationwide	Mike Stanley	michael.stanley@francescas.com
GameStop	1.5-2	\$12-15	2, 3, 6, 7, 8, 11, 13, 14	CA	Bree Russell	breerussell@gamestop.com
Guitar Center	9-20	\$25-66	2, 3, 4, 13, 14	Nationwide	Roberto Guerrero	rguerrero@guitarcenter.com
H&M	15-40	\$37-58	2, 6, 8, 13, 14	Nationwide	Kai Aejmelaesus	kai.aejmelaesus@hm.com
Harbor Freight Tools	13-18	\$39-\$60	2, 3, 4, 9, 13, 14	CA	Trey Feiler	tfeiler@harborfreight.com
Hibbett Sports	5-6	\$5-8	2, 3, 4, 6, 9, 13	CA	David Nichols	david.nichols@hibbett.com
Hobby Lobby	40-60	\$53-77	3, 4, 13	Nationwide	Scott Nelson	scott.nelson@hobbylobby.com
HomeGoods	24-28	\$70-\$100	4, 9, 13, 14	CA	Deborah Holmsen	deborah_holmsen@tjx.com
Indochino	2-3	NA	8, 9	CA	Dean Handspiker	dean.handspiker@indochino.com
Justice	4-5	\$10-14	2, 6, 9, 11, 13, 14	CA	John Beaney	jbeaney@edge-re.com
Kirkland's Home	6.5-10	\$12-16	2, 4, 11, 13, 14	Nationwide	Sarah Weaver Dickerson	sarah.dickerson@kirklands.com
Lane Bryant	5-7	\$7-12	3, 6, 7, 9	CA - Northern	Jason Galleli	jgalleli@gallelire.com
Lane Bryant	5-7	\$7-12	3, 6, 7, 9	CA - Southern	Paul Bartlett	pbartlett@edge-re.com
Les Schwab Tire Center	10-15	\$17-30	4	CA	Rona Dhruv	rona.dhruv@lesschwab.com
Lululemon	3-3.2	\$30-60	8, 9	Nationwide	Wynn Spencer	wspencer@lululemon.com
Marshalls	20-35	\$96-122	4, 9, 13, 14	CA	Deborah Holmsen	deborah_holmsen@tjx.com
Nordstrom Rack	25-40	\$190-160	3, 6	CA	Tony Sekora	tony.sekora@nordstrom.com
Off Broadway Shoe Warehouse	18-20	\$16-49	2, 6, 11, 13, 14	CA	Kent Gonnerman	kgonnerman@rackroom.com
Party City	10-15	\$6-17	2, 3, 4, 13, 14	CA	Dane Gladden	dgladden@partycity.com
Petco	10-15	\$19-29	3, 4, 13, 14	CA	Bill Engen	bill.engen@petco.com
Rack Room Shoes	5-7	\$14-21	2, 3, 6, 7, 9, 11, 13	Nationwide	Rick Brown	rbrown@rackroom.com
Ross Dress for Less	25-30	\$80-\$121	2, 4, 6, 13	CA	Jack Toth	jack.toth@ros.com
Sally Beauty	1.2-1.8	\$6-9	2, 3, 9, 13	CA	Cathy Richards	crichards@sallybeauty.com
Sephora	5.2-5.5	\$60-103	2, 6, 9, 13, 14	Nationwide	David Hart	dave.hart@sephora.com
Sherwin-Williams	4-6	\$12-30	2, 4, 13, 14	CA	Ray Starbuck	rstarbuck@sherwin.com
Skechers	6-25	\$9-18	4, 11, 13, 14	Nationwide	Peter Mow	peterm@skechers.com
Sprint	1.5-2.8	\$0.8-5	3, 6, 7, 9, 11, 13	CA - Northern	Jeff Halbert	jhalbert@rosngkf.com
Sprint	1.5-2.8	\$0.8-5	3, 6, 7, 9, 11, 13	CA - Southern	Rob Pratt	rob@rlpratt.com
T.J. Maxx	20-31	\$81-122	4, 9, 13, 14	CA - Northern	Tami DeFrank	tami_defrank@tjx.com
T.J. Maxx	20-31	\$81-122	4, 9, 13, 14	CA - Southern	Anthony Mansour	amansour@clovercompany.com
T.J. Maxx	20-31	\$81-122	4, 9, 13, 14	San Diego County	Don Moser	dmoser@retailsite.net
Target	100-178	\$295-392	2, 3, 4, 6, 8, 9, 13	CA	Brian Treber	brian.treber@target.com
The Home Depot	125-135	\$367-568	3, 4, 6, 8, 13	CA - Northern	Neil Danville	neil_a_danville@homedepot.com
The Home Depot	125-135	\$367-568	3, 4, 6, 8, 13	CA - Southern, Central	Jeff Hardman	jeffrey_s_hardman@homedepot.com
T-Mobile	1.5-2.5	\$2-7	2, 3, 4, 6, 7, 8, 9, 13	CA - Southern	Larry Simpson	larry.simpson31@t-mobile.com
Torrid	2.3-2.5	\$7-12	6, 7, 9	CA - Northern	Larry Keel	lkeel@hottopic.com
Torrid	2.3-2.5	\$7-12	6, 7, 9	CA - Southern	Pam Wallace	pwallace@hottopic.com
Tractor Supply	19-25	\$38-58	2, 4, 13, 14	Nationwide	Tim Hoelscher	thoelscher@tractorsupply.com
Tuesday Morning	10-15	\$10-16	2, 3, 4, 8, 13, 14	CA	Karen Slayton	kslayton@tuesdaymorning.com
ULTA Beauty	10-10.5	\$42-63	3, 6, 7, 9	CA	Pamela Lent	plent@ulta.com
Under Armour	5-12	\$40-75	6, 7, 9, 11	Nationwide	Patrick Stringer	pstringer@underarmour.com
Urban Outfitters	10-15	\$27-47	3, 6, 7, 8, 9	Nationwide	Wade McDevitt	site_submittals@mcdevitto.com
Verizon Wireless	1-5	\$22-45	2, 3, 4, 9, 13	CA	Elizabeth Johnson	elizabeth.johnson5@verizonwireless.com
Wal-Mart	40-235	\$320-527	3, 4	CA - Northern	Colin Sangster	colin.sangster@walmart.com
Wal-Mart	40-235	\$320-527	3, 4	CA	Damian Tutt	damian.tutt@walmart.com
WSS Shoes	10-14	\$31-43	1, 3, 4, 5, 12	CA	William Argueta	wargueta@shopwss.com

BUSINESS NAME	LEASABLE SQ FT IN 000'S	EST. ANNUAL TAX IN \$000'S	SITE PREFERENCES	EXPANSION AREA	CONTACT NAME	CONTACT INFORMATION
RESTAURANTS						

Bad Ass Coffee	0.7-2.5	NA	2, 4, 8, 13, 14	CA	Nick Naumann	nnaumann@weitzmangroup.com
Black Bear Diner	4-6	\$24-31	2, 3, 4, 9, 13, 14	CA	Mark Seferian	mark.seferian@blackbeardiner.com
Blaze Pizza	2.5-3	\$9-15	2, 3, 9, 13, 14	CA - Northern	Robert Kluger	robert.kluger@blazepizza.com
Blaze Pizza	2.5-3	\$9-15	2, 3, 9, 13, 14	CA - Southern	Garrett Snyder	garrett.snyder@blazepizza.com
Buffalo Wild Wings	4-7	\$34-51	2, 3, 4, 6, 8, 9	CA	Tom Berzinski	tberzinski@buffalowildwings.com
Burgerim	0.8-3	\$2-5	2, 3, 4, 8, 13, 14	CA	Stefan Siegel	realestate@iburgerim.com
Café Rio Mexican Grill	2.4-3	\$10-19	2, 4, 13, 14	CA	Donald Lewandowski	dlewandowski@caferio.com
California Fish Grill	2.8-3	\$19-31	2, 4, 13, 14	CA-Southern	Dani Mayer	mayerdani3@gmail.com
Chick-Fil-A	1-4.5	\$44-67	2, 3, 4, 6, 13	CA	Kevin Curtis	kevin.curtis@cfacorp.com
Chipotle	2.2-2.8	\$14-18	2, 4, 8, 13, 14	CA - Inland Region	James Beus	jbeus@chipotle.com
Chipotle	2.2-2.8	\$14-18	2, 4, 8, 13, 14	CA - Los Angeles, Central	Jessica Garcia	jessica.garcia@chipotle.com
Chronic Tacos	2-2.2	\$4-9	2, 3, 4, 9, 13, 14	CA - Northern	Blair Wheatley	blair.wheatley@cushwake.com
Coffee Bean & Tea Leaf	1.2-1.9	\$2-4	9, 5, 8, 9, 10, 12	CA	Patti Nelson	pnelson@coffeebean.com
Corky's Kitchen & Bakery	5-6	\$25-32	1, 2, 9, 12	CA-Southern	Brandon Beauchemin	Brandon.Beauchemin@cbre.com
The Counter Custom Burgers	2.5-3	\$10-22	3, 4, 9, 10, 12	Nationwide	Randy Caraucci	randy@thecounterburger.com
Cracker Barrel	11-12	\$55-75	3, 4	Nationwide	Joe Jaynes	joe.jaynes@crackerbarrel.com
Dickey's Barbecue Pit	1.6-2.5	\$5-7	3, 6, 7, 9, 10	Nationwide	John Lockett	realestate@dickeys.com
Dog Haus	1.8-2.2	\$7-10	2, 4, 13, 14	CA-Southern	Aditya Ramnath	aditya.ramnath@matthews.com
Dunkin' Donuts	1.5-2.6	\$2-5	2, 4, 13, 14	CA - Northern	Ed Williams	ed.williams@dunkinbrands.com
Dunkin' Donuts	1.5-2.6	\$2-5	2, 4, 13, 14	CA - Southern	Jason Askinosie	jason.askinosie@dunkinbrands.com
Eureka!	4-5	\$24-39	3, 8, 9	CA	Justin Nedelman	justin@eurekarestaurantgroup.com
Farmer Boys	2.8-3.2	\$16-21	4	CA	Joyce Dery	jdery@farmerboys.com
Firehouse Subs	1.4-2	\$6-8	2, 9, 13, 14	CA - Northern	Scott Kinner	scott.kinner@firehousesubs.com
Firehouse Subs	1.4-2	\$6-8	2, 9, 13, 14	CA - Southern	Jeff Press	jeff.press@firehousesubs.com
Five Guys Burgers & Fries	2.8-3.5	\$8-12	4, 8, 9, 13	CA	Rod Lucio	rlucio@fiveguys.com
Golden Corral	8-11	\$43-59	4	CA - Southern	Glen Kinkade	gkinkade@goldencorral.net
In-N-Out Burger	3-4	\$51-66	3, 4	CA - Northern	Kimberly Onishi	konishi@innout.com
In-N-Out Burger	3-4	\$51-66	3, 4	CA - Southern	Josie Auer	jauer@innout.com
Jersey Mike's Subs	1.2-1.8	\$2-3	2, 3, 4, 9, 13, 14	CA	Natalie Pebbles	npebbles@jerseymikes.com
Jimmy John's	1-1.5	\$0.4-1	2, 3, 8, 9, 13, 14	CA - Southern	Jason Gordon	jgordon@epsteen.com
L&L Hawaiian Barbecue	1-1.8	\$6-9	2, 3, 9, 11, 13, 14, 15	CA	Josie Akana	josie@llhawaii.com
Luna Grill	1.5-2.6	\$14-17	2, 4, 13, 14	CA - Southern	Lee Ann Rosenblum	lrosenblum@epsteen.com
Menchie's Frozen Yogurt	1.2-1.5	\$0.8-3	2, 3, 6, 8, 13, 14	CA - Southern	Lynn Aliment	lynn.aliment@menchies.com
Mendocino Farms	2.5-3.5	\$30-36	2, 4, 9, 13, 14	CA	Reid Tussing	reid@mendocinofarms.com
MOD Pizza	2-3	\$7-12	2, 3, 8, 9, 14	CA	Natasha Fischer	natashaf@modpizza.com
Mooyah Burger & Fries	1.8-2.4	\$6-12	2, 3, 8, 9, 14	CA - Northern	Loren Katzman	lkatzman@mooyah.com
Mooyah Burger & Fries	1.8-2.4	\$6-12	2, 3, 8, 9, 14	CA - Southern	Gregory Spalter	gsalter@mooyah.com
Panda Express	0.8-2.5	\$16-22	3, 4, 13, 15	CA	Lucy Gan	lucy.gan@pandarg.com
Panera Bread	3.5-4.5	\$15-23	2, 3, 4, 6, 9, 13, 14	CA	Tim O'Kane	tim.okane@panerabread.com
Pieology Pizzeria	1.8-3.1	\$7-12	2, 3, 6, 9, 13, 15	CA	Glynnelle Henson	ghenson@pieology.com
PizzaRev	2-3	\$6-11	2, 3, 8, 9, 12	CA	Emily Schade	805-418-5269
Raising Cane's	3-3.7	\$60-102	4	CA - Southern	Robert Montgomery	rmontgomery@raisingcanes.com
Septembers Taproom & Eatry	5-6	NA	1,2,5,9,12	LA, OC, RIV, SB Cnty	Brandon Beauchemin	Brandon.Beauchemin@cbre.com
Smashburger	1.8-2.2	\$8-12	2, 4, 13, 14	Nationwide	Jessica Johnson	jjohnson@smashburger.com
Sonic Drive-In	1.5-1.8	\$10-17	4	CA	Joe Morian	joe.morian@sonicdrivein.com
Starbucks	0.8-2	\$3-4	All	CA - Northern	Evelyn Yee	eyee@starbucks.com
Starbucks	0.8-2	\$3-4	All	CA - Southern	Mike Abbate	mabbate@starbucks.com
Steak 'n Shake	2-4.5	\$9-14	4, 7, 8, 9, 13, 14	CA - Northern	John Austin	ja@corecre.com
Stonefire Grill	4.5-6	\$52-78	1, 2, 9, 12	LA, OC, RIV, SB, SD, Ventura Cnty	Irwin Hayman	ihyman@neicapital.com
The Broken Yolk Cafe	3.5-6	\$16-22	2, 4, 13, 14	CA-Southern	Jared Davis	jared@pvpinc.com
The Habit Burger Grill	1.5-2.5	\$17-23	2, 3, 4, 8, 9, 13, 14	CA - Southern, Central	Shannon Coleman	scoleman@habitburger.com
The Habit Burger Grill	1.5-2.5	\$17-23	2, 3, 4, 8, 9, 13, 14	CA	Christopher Schlueter	cschlueter@habitburger.com
Waba Grill	1.4-2.5	\$5-8	2, 3, 5, 10	CA - Southern	Steven Wang	steven@wabagrill.com
Wingstop	1.2-1.8	\$9-16	2, 13, 14	CA- Bay Area	Michael Seigel	michael.seigel@cushwake.com
Zpizza Tap Room	2-3.8	\$3-5	2, 4, 9, 13, 14	CA	Chris Bright	c.bright@zpizza.com

FOOD & DRUGS

Aldi	16-18	\$10-15	2, 13, 14	CA	Skip Janes	skip.janes@aldi.us
BevMo	5-11	\$36-52	2, 3, 4, 13, 14	CA - Northern	Matt Alexander	matt.alexander@srsre.com
BevMo	5-11	\$36-52	2, 3, 4, 13, 14	CA - Southern	Paul Bartlett	pbartlett@edge-re.com
Cardenas/Mi Pueblo	35-45	\$29-42	2, 4, 13, 14	CA	Patrick Charriou	patrick@sageinvestco.com
CVS	11-13	\$15-31	2, 3, 4, 8, 9, 13, 14	CA - Northern	Stephen LaBonge	stephen.labonge@cvshealth.com
CVS	11-13	\$15-31	2, 3, 4, 8, 9, 13, 14	CA - Southern	Holly Jensen	holly.jensen@cvshealth.com
Grocery Outlet	15-25	\$12-22	4, 11	CA	Bill Coyle	bcoyle@cfgo.com
Northgate Markets	40-45	\$20-38	2, 4, 13, 14	CA - Southern	Michael Navarro	michaeln@navarroretail.com
Rite Aid	14-18	\$21-33	3, 4, 8, 9	CA - Northern	Nathan Cromeenes	ncromeenes@riteaid.com
Rite Aid	14-18	\$21-33	3, 4, 8, 9	CA - Southern	Tracy Verastegui	tverastegui@riteaid.com
Safeway	42-55	\$64-87	4, 9, 13	CA - Northern	Steve Berndt	steve.berndt@safeway.com
Safeway	42-55	\$64-87	4, 9, 13	CA - Southern	Kevin Wing	kevin.wing@safeway.com
Smart & Final Extra!	20-35	\$31-46	2, 3, 4, 13, 14	CA - Northern	Kimberly Cervantes	kimberly.cervantes@smartandfinal.com
Smart & Final Extra!	20-35	\$31-46	2, 3, 4, 13, 14	CA - Southern	Pat Barber	pat.barber@smartandfinal.com
Sprouts Farmers Markets	23-28	\$28-40	2, 3, 4, 9, 13, 14	CA	Chuck Kutschko	chuckkutschko@sprouts.com
Total Wine & More	20-25	\$97-156	2, 3, 4, 6, 7, 8, 9, 14	CA	Phil Armstrong	parmstrong@totalwine.com
Walmart Neighborhood Market	30-45	\$66-91	2, 3	CA - Northern	Colin Sangster	colin.sangster@walmart.com
Walmart Neighborhood Market	30-45	\$66-91	2, 3	CA	Damian Tutt	damian.tutt@walmart.com
Whole Foods Market/365	30-45	\$73-109	2, 4, 8, 13	CA - Northern	Matt Holmes	mholmes@retailwestinc.com
Whole Foods Market/365	30-45	\$73-109	2, 4, 8, 13	CA - Southern	Patrick Gilhooly	pgilhooly@clovercompany.com
WinCo Foods	90-110	\$90-117	2, 4, 13, 14	CA - Northern	Mark Lavin	mark.lavin@wincofoods.com

KEY TO PREFERRED SITES:

1 Community Strip
2 Neighborhood Strip
3 Power Center
4 Freestanding
5 Pad/Out Parcel
6 Enclosed Regional Mall

7 Enclosed Super Regional Mall
8 Downtown / CBD
9 Lifestyle Center

10 Mixed Use
11 Outlet Center
12 Endcaps

13 Regional Strip Mall
14 Specialty Strip
15 Transit Terminal

RETAILERS EXPANDING IN CALIFORNIA

STORE TYPE	TYPICAL SQ FT IN 000'S	EXAMPLE STORES	EST. ANNUAL TAX IN 000'S	ANNUAL SALES/ SQ FT
WOMEN'S APPAREL STORES				
Accessories	1.5-3.5	Charming Charlie, Claires	\$4.5-\$7.5	\$150-\$350
Small Format	2-5	Catherine's, Chico's, Kate Spade, Torrid	\$9-\$15	\$250-\$650
Mid-Size Format	5-8	Ann Taylor, Charlotte Russe, Dress Barn, Lane Bryant, Maurices	\$9.5-\$18	\$190-\$300
Large Format	8-15	Anthropologie, Banana Republic, Express, Urban Outfitters, Zara	\$23-\$48	\$285-\$535
Bargain Chic	15-30	F21 Red, Forever 21, H&M, Uniqlo	\$30-\$65	\$170-\$330
MEN'S APPAREL STORES				
Casual	3-6	Casual Male XL, Nautica, Tommy Hilfiger, Van Heusen	\$7-18	\$230-\$470
Business Attire	4-6	Brooks Brothers, Jos. A. Bank, Men's Wearhouse	\$10.5-\$26	\$325-\$485
FAMILY APPAREL				
Children	3-10	Buy Buy Baby, Carter's, Gymboree, OshKosh B'Gosh, The Children's Place	\$8-\$17	\$190-\$450
Casual	20-45	Burlington, Gap, Kohl's, Old Navy	\$45-\$120	\$125-\$385
Discount	25-35	Marshalls, Nordstrom Rack, Ross, T.J. Maxx	\$80-\$125	\$300-\$415
SHOE STORES				
Small	2-3	Clarks, Cole Haan, Johnston & Murphy, Journeys, Stride Rite	\$6-\$12	\$300-\$450
Mid-Sized	3-6	Aldo, Payless ShoeSource, Rack Room Shoes, Shiekh, Skechers	\$4.5-\$11	\$130-\$260
Large	10-18	Boot Barn, DSW, Shoe City, WSS	\$17-\$38	\$200-\$375
Athletic	2-10	Adidas, Foot Locker, New Balance, Nike, Puma, Reebok, Under Armour	\$11-\$42	\$300-\$1,500
DEPARTMENT STORES/GENERAL MERCHANDISE				
Closeout / Dollar Stores	12-25	99 Cents Only, Big Lots, Dollar General, Dollar Tree, Family Dollar	\$11-\$25	\$70-\$150
Discount Department	125-150	Target, Walmart	\$295-\$485	\$250-\$300
Membership Warehouse*	140-180	Costco, Sam's Club	\$625-\$1,200	\$500-\$650
Traditional Department	100-150	Dillards, JC Penney, Macy's	\$135-\$270	\$150-\$225
Upscale Department	100-175	Bloomingdales, Neiman Marcus, Nordstrom, Saks	\$95-\$545	\$225-\$400
FOOD STORES				
Specialty Markets	15-30	Mother's Market, Sprouts Farmers Market, Trader Joe's, Whole Foods	\$33-\$65	\$180-\$360
Chain Supermarket*	45-55	Albertson's, Ralphs, Safeway, Stater Bros., Vons	\$52-\$80	\$125-\$155
Warehouse Grocery	35-80	Food 4 Less, Food Maxx, Smart & Final, WinCo	\$33-\$62	\$65-\$145
Ethnic Market	35-50	99 Ranch Market, Cardenas, El Super, H Mart, Northgate, Rio Ranch	\$20-\$38	\$60-\$90
DRUG STORES				
Drug Stores / Pharmacy	12-15	CVS, Rite Aid, Walgreens	\$18-32	\$170-\$215
RESTAURANTS				
Coffee House	1-2	Coffee Bean & Tea Leaf, Dunkin' Donuts, Peet's Coffee, Starbucks	\$2-\$4	\$165-\$330
Fast Food - Burger	2-4	Burger King, Carl's Jr., In N Out, Jack in the Box, McDonald's	\$13.5-\$30	\$575-\$1,140
Fast Food - Hispanic	2-3	Del Taco, El Pollo Loco, Miguel's Jr., Taco Bell	\$12-18	\$500-\$765
Fast Food - Asian	2-3	Ono Hawaiian BBQ, Panda Express, Pick up Stix, Yoshinoya	\$10-\$19	\$500-\$760
Fast Casual	2-3.5	Chipotle, Five Guys, Habit Burger, Mooyah, Panera Bread, Smashburger	\$12-\$20	\$440-\$770
Fast Casual - Pizza	2-3	Blaze Pizza, MOD Pizza, Pieology, Pizza Studio, PizzaRev, Zpizza	\$7.5-\$13	\$350-\$520
Family Dining	6-9	BJ's, Cheesecake Factory, Claim Jumper, Islands, Red Robin, TGI Fridays	\$30-\$72	\$565-\$845
Dinner House	7-10	Chart House, Fleming's, McCormick & Schmick, Nobu, Roys, Ruth's Chris	\$42-\$68	\$595-\$850
HOME IMPROVEMENT/FURNISHINGS				
Home Décor / Accessories	20-35	Bed Bath & Beyond, Cost Plus World Market, HomeGoods, Kirklands	\$30-\$85	\$185-\$325
Paint	4-6	Dunn Edwards, Sherwin Williams, Vista Paint	\$12-\$22	\$310-\$465
Home Improvement / Building Supply	100-150	Home Depot, Lowe's, ProBuild	\$280-\$480	\$260-\$400
Hardware	15-30	Ace Hardware, Harbor Freight Tools, Orchard Supply Hardware, True Value	\$14-\$55	\$130-\$265
Furniture/Bedroom	4.5-7	Ortho Mattress, Sit 'n Sleep, Sleep Number	\$8.5-\$28	\$240-\$375
Furniture/General	12-25	Aki-Home, Bassett Furniture, Ethan Allen, Mor Furniture for Less	\$30-\$68	\$225-\$470
Warehouse Furniture	80-250	Ashley Homestore, Ikea, Jeromes, Living Spaces, Mathis Brothers	\$165-\$800	\$160-\$500
Small Electronics	1-6	Apple, Microsoft	\$165-\$365	\$5,000-\$30,000
Cell Phones	1.5-4	AT&T, Sprint, T-Mobile, Verizon	\$8-\$35	\$400-\$1,000
Volume Electronics / Appliances	30-50	Best Buy, Fry's, Howards, Pacific Sales	\$80-\$270	\$335-\$555
MISCELLANEOUS RETAIL				
Bath & Beauty	3-10	Bath & Body Works, LUSH, Sephora, ULTA Beauty	\$20-\$58	\$425-\$1,400
Craft Shops	20-40	Hobby Lobby, Jo-Ann Fabrics & Crafts, Michaels Arts & Crafts	\$28-\$55	\$110-\$215
Multiplex Cinemas	40-160	Regal, AMC, Cinemark, Studio Movie Grill		\$650-1,000/screen
Office Supplies	18-25	OfficeMax, Staples, Office Depot	\$30-\$45	\$165-\$230
Party Supplies	10-15	Party City	\$8-\$22	\$75-\$110
Pet Supplies	10-15	Kahoots, Petco, Petsmart, Unleashed by Petco	\$22-\$45	\$200-\$310
Sporting Goods (Sm. Concept)	6-15	Big 5 Sporting Goods, Hibbett Sports	\$15-\$30	\$165-\$415
Sporting Goods (Lg. Concept)	25-50	Dick's Sporting Goods, REI	\$75-\$135	\$225-\$445

*May include gasoline sales.

HdL receives expanding retailer information from a variety of sources that tend to emphasize large regional and national chains with less focus on small, regional retailers. While many of these chains are also looking to expand, their plans are not as well publicized due to their size. HdL therefore encourages agencies to regularly communicate with their regional business community to maximize the expansion opportunities offered by these smaller chains.

On January 7, 2019, the Legislature reconvened. Governor Gavin Newsom and other Constitutional Officers were sworn into office and new bills have been introduced. The deadline to introduce new legislation is February 22nd. Additionally, the new Governor proposed his January Budget on Thursday, January 10, 2019. The following includes a summary of the Governor's proposed budget and updates for 2019 legislative statuses on bills related to sales and use tax, medical and adult use cannabis taxation and regulation, property taxation and economic development that HdL will be tracking.



Governors Proposed Budget

The \$209 billion budget proposal relies on record-setting tax revenues to boost public school spending and healthcare programs while proposing one-time spending to address the homeless/housing crisis and prepare for future natural disasters. In addition, the Governor proposes putting over \$13 billion into eliminating debts, increasing reserves and paying down unfunded pension liabilities.

Before accounting for transfers such as the Rainy-Day Fund, the General Fund revenue is higher than the 2018 Budget Act projections by \$8.1 billion from 2017-18 through 2019-20. General Fund revenue, including transfers, is expected to be \$137 billion in 2018-19 and \$143 billion in 2019-20. Department of Finance (DOF) attributes the projected increase since the 2018 Budget Act to an improved outlook for personal income tax driven by strong wage withholdings and capital gains.

Reserves are expected to grow to \$18.5 billion combined in 2019-20, with \$15.3 billion in the State's Rainy-Day Fund, \$2.3 billion in the Special Fund for Economic Uncertainty and \$700 million in the Social Services reserve.

Sales and Use Tax

The sales and use tax generated General Fund revenue of \$25 billion in 2017-18 is expected to generate \$26.2 billion in 2018 and \$27.4 billion in 2019-20.

- The sales tax revenue forecast outlined in the 2018 Budget Act has since been revised down. The newly revised figures reflect a reduction of \$378 million in 2017-18, \$430 million in 2018-19 and \$565 million in 2019.
- Receipts from sales tax, the state's second largest revenue source, are expected to contribute 18.8 percent of all State General Fund revenues in 2019-20.

Tax on Services

During the Governor's budget presentation, a member of the audience asked about taxing services. The Governor responded that it should be considered. Expanding California's sales tax to services has been a topic of conversation for years but never proceeds due to extreme opposition from those that perform services.

Wayfair v. South Dakota

DOF and CDFTA project an additional \$219 million in tax revenue in 2018-19 and \$554 million in 2019-20. These projections reflect the current South Dakota \$1,000,000/200 transactions annual exemption limits. The Assembly is currently attempting to pass legislation that would lower the exemption threshold to \$500,000 in total annual transactions and potentially increase state and local tax revenue. Please find additional information for AB 147 on page 3.

Medicinal and Adult-Use Cannabis

The DOF expects cannabis excise tax revenues to continue to increase with the legal cannabis market developing. They forecast the tax to generate \$355 million in 2018-19 and \$514 million in 2019-20. However, with their forecast, they caution that “revenue estimates for a newly created market are subject to significant uncertainty.”

The Budget includes \$200.6 million from the Cannabis Tax Fund and the Cannabis Control Fund. It also includes an additional \$2.9 million for CDFTA for a cannabis tax enforcement program to increase cannabis tax compliance.

Property Tax

Statewide property tax revenues are estimated to generate \$73.8 billion in 2019-20. A 6 percent increase in forecasted for 2018-19 and a 6.8 percent growth in 2019-20. Approximately 42 percent (\$31 billion) of 2019-20 property tax revenues will go to K-12 schools. This includes \$2.1 billion that schools are expected to receive in 2019-20 pursuant to the dissolution of redevelopment agencies.

Although sales volume declined slightly from 2017 to 2018, the budget anticipates continued solid growth in property tax revenue. The DOF bases this on their data that shows that the demand for homes outpaces supply in many areas of the state. Additionally, employment rates and income are projected to remain strong, contributing to the willingness of prospective homebuyers to enter into the housing market.

Property Tax Backfill

The Budget includes \$31.3 million to backfill wildfire-related property tax revenue losses for cities, counties and special districts. This includes funding for the following:

- \$11.5 million to backfill entities in Butte, Lake, Los Angeles, Orange, Riverside, Shasta, and Siskiyou counties for losses estimated to be incurred in 2019-20 as a result of the 2018 wildfires.
- \$16.1 million to backfill entities in Butte County for losses estimated to be incurred in 2020-21 and 2021-22 due to the Camp Fire.
- \$3.6 million to backfill entities in Lake County for losses estimated to be incurred in 2019-20, 2020-21 and 2021-22 resulting from the wildfires in 2015, 2016, and 2017.

The wildfire-related property tax revenue losses incurred by K-14 schools are backfilled under the Proposition 98 school funding mechanism. The Budget estimates K-14 schools will incur \$19 million in 2019-20 property tax revenue losses because of the November 2018 wildfires.



Legislative Update

ACA 2 (Nazarian) State Tax Agency

This would authorize the Legislature to abolish the State Board of Equalization and instead vest all powers, duties and responsibilities in a single state tax agency or separately in multiple state tax agencies. The measure would deem the CDTFA and the Office of Tax Appeals to be state tax agencies for purposes of these provisions and vest those entities specified powers, duties and responsibilities currently vested in the SBOE.

Status: Introduced December 3, 2018.

AB 72 (Committee on the Budget) Wildfire Recovery, Emergency Preparedness

The Senate passed this bill on February 12, 2019 and it's now on the Governor's desk awaiting a signature. This budget bill included the appropriation of \$31.3 million General Fund to backfill property tax losses incurred as a result of wildfires. This includes estimated current year losses for Butte, Lake, Los Angeles, Orange, Riverside, Shasta & Siskiyou counties; and estimated losses in 2019-20 and 2020-21 for the counties of Butte and Lake.



Sales and Use Tax Legislation

AB31 (C. Garcia) Sales and Use Tax Exemption for Feminine Hygiene Products

This bill, on or after January 1, 2020, would exempt sales and use taxes from the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of tampons, sanitary napkins, menstrual sponges and menstrual cups.

Status: Referred to Assembly Committee on Revenue & Taxation Committee on January 17, 2019.

AB 66 (Gonzalez) Sales and Use Tax Exemption for Diapers

This bill would exempt from sales and use taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of diapers for infants and toddlers, designated size 3 or under.

Status: Referred to Assembly Committee on Revenue & Taxation committee on January 17, 2019.

AB 147 (Burke) Use Tax Collection for Retailers Engaged in Business in State

The Sales and Use Tax Law specifies that a retailer engaged in business in this state includes any retailer entering into agreements under which a person or persons in this state, for a commission or other consideration, directly or indirectly refer potential purchasers of tangible personal property to the retailer, whether by an Internet-based link or an Internet Web site, or otherwise, provided that the retailer meets specified total cumulative sales thresholds, including that the retailer has, during the preceding 12 months, total cumulative sales in this state of tangible personal property in excess of \$1,000,000. This bill would reduce that threshold to \$500,000. This bill would also define a retailer under the Sales and Use Tax Law to include every person who is registered with the department as a retailer for purposes of the Sales and Use Tax Law or who is a retailer engaged in business in this state as defined in that law and facilitates a retail sale by another seller that is not registered with the department and who 1) lists or advertises for sale, in any forum, tangible personal property owned by the seller that is subject to tax under the Sales and Use Tax Law, and 2) directly or indirectly through agreements or arrangements with third parties collects payment from the customer and transmits that payment to the seller, regardless of whether compensation or other consideration is received in exchange for its services. The bill would provide that a person meeting that definition who facilitates a sale of tangible personal property for another seller that is not registered under the Sales and Use Tax Law is the retailer "selling" or "making a sale of" the tangible personal property for purposes of use tax collection.

Status: Referred to the Assembly Committee on Revenue & Taxation on January 24, 2019.



DOF and CDFTA project an additional \$219 million in tax revenue in 2018-19 and \$554 million in 2019-20 resulting from the Wayfair v. South Dakota Supreme Court decision.

AB 176 (Cervantes) California Alternative Energy and Advanced Transportation Financing Authority

This bill would extend the authorization to provide financial assistance in the form of a sales and use tax exclusion for qualifying alternative energy projects from January 1, 2021, to January 1, 2031. Under current law, the California Alternative Energy and Advanced Transportation Financing Authority Act authorizes the California Alternative Energy and Advanced Transportation Financing Authority to provide financial assistance in the form of a sales and use tax exclusions from exceeding \$100,000,000 for each calendar year. Qualifying alternative energy projects that promote California-based manufacturing, reduction in greenhouse gases, or reduction in air and water pollution or energy consumption. *Status: Referred to the Assembly Committee on Natural Resources and Revenue and Taxation on January 24, 2019.*

AB 321 (Patterson) Trucks for Use In Interstate Or Out-of-state Commerce Exemption

This bill would exclude sales and use tax from the sale of, or the storage, use, or consumption of, a new, used, or remanufactured truck with an unladen weight of 6,000 pounds or more that is purchased for use within this state. *Status: Introduced January 30, 2019.*

AB 399 (Brough) Hazardous Substance Tax Law Remittance

Current law requires hazardous waste disposal fees and hazardous waste facility and generator fees be administered and collected by CDTFA in accordance with the Hazardous Substances Tax Law. Existing law requires a fee payer, within 30 days of the date of assessment, to deliver a remittance of the amount of those assessed fees to the office of the department. This bill would require a fee payer to deliver that remittance to the office of the department within 45 days, instead of 30 days of the date of assessment. *Status: Introduced February 6, 2019.*

AB 405 (B Rubio) Water Treatment Tax Exemption

This bill would exempt the gross receipts from the sale, storage, use, or other consumption in this state of, chemicals used to treat water, recycled water, or wastewater from sales and use tax regardless of whether those chemicals or other agents become a component part thereof and regardless of whether the treatment takes place before or after the delivery to consumers. *Status: Introduced February 7, 2019.*

AB 421 (Waldron) Transportation finance: De Luz Community Services District

With respect to the portion of revenues that is derived from increases in the motor vehicle fuel excise tax beginning in 2010, current law requires, after certain allocations are made, the Controller allocate the remaining amount of this portion of revenues; 44% to the state transportation improvement program, 12% to the State Highway Operation and Protection Program and 44% to cities and counties for local street and road purposes. This bill would require the Controller to allocate a portion of these revenues available for counties to the De Luz Community Services District for local street and road purposes as though the De Luz Community Services District were a county. The bill would thereby make an appropriation. *Status: Introduced February 7, 2019.*

SB 43 (Allen) Carbon Taxes

This bill would require the State Air Resources Board, in consultation with the CDTFA, to submit a report to the Legislature on the results of a study, as specified, to propose, and to determine the feasibility and practicality of a system to replace the tax imposed pursuant to the SUT Law with an assessment on retail products sold or used in the state based on the carbon intensity of the product to encourage the use of less carbon-intensive products.

Status: Referred to Senate Committee on Environmental Quality and the Senate Committee on Governance and Finance on January 16, 2019.

SB 162 (Galgiani) California Alternative Energy and Advanced Transportation Financing Authority Sales and Use Taxes Exclusions

The California Alternative Energy and Advanced Transportation Financing Authority Act establishes the California Alternative Energy and Advanced Transportation Financing Authority. The act authorizes, until January 1, 2021, the authority to provide financial assistance to a participating party in the form of specified sales and use tax exclusions for projects, including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption. This bill would extend the sales and use tax exclusion for qualifying projects until January 1, 2030.

Status: Referred to the Senate Governance and Finance Committee on February 6, 2019.



Cannabis-Related Legislation

AB 141 (Cooper) Cannabis Informational, Educational or Training Events

This bill would allow retailers, cultivators and manufacturers that are licensed under MAUCRSA to participate in, and not be required to obtain a temporary cannabis event license or other temporary license for a cannabis informational, educational or training event for state and local government officials and their employees.

Status: Referred to the Assembly Committee on Business and Professions on January 24, 2019.

AB 286 (Bonta) Cannabis Tax

The Control, Regulate and Tax Adult Use of Marijuana Act (AUMA) imposed an excise tax commencing January 1, 2018 on the purchase of cannabis and cannabis products at the rate of 15% of the average market price of any retail sale by a cannabis retailer. Commencing January 1, 2018, AUMA also imposed a cultivation tax upon all cultivators on all harvested cannabis that enters the commercial market. This bill would reduce that excise tax rate to 11% on and after the operative date of this bill until June 1, 2022, at which time the excise tax rate would revert back to 15%. This bill would suspend the imposition of the cultivation tax on and after the operative date of this bill until June 1, 2022.

Status: Referred to the Assembly Committees on Revenue and Taxation and Business and Professions on February 7, 2019

SB 51 (Hertzberg) Cannabis Financial Institutions

This bill would create the Cannabis Limited Charter Banking and Credit Union Law to be administered by the Commissioner of Business Oversight and the Department of Business Oversight. The bill would create the Cannabis Limited Charter Bank and Credit Union Advisory Board and specify its composition to include the Treasurer, the Controller and the Chief of the Bureau of Cannabis Control, and commit the general responsibility that this law functions in a safe and efficient way.

Status: Referred to the Senate Banking, and Financial Institutions Committee on January 16, 2019.



Property Tax Legislation

AB 42 (Gallagher) Disaster Relief for County of Butte Camp Fire

This bill would state the intent of the Legislature to enact legislation that would provide property tax revenue reductions resulting from reassessments for damages incurred within the County of Butte due to the 2018 Camp Fire.

Status: Introduced December 3, 2018.

AB 213 (Reyes) Property Tax Revenue Allocation Adjustments for Vehicle License Fee

This bill, for the 2019-2020 fiscal year, will alter the vehicle license fee adjustment fee calculation to the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018-2019 fiscal year and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17. Additionally, beginning fiscal year 2020-2021, the vehicle license fee adjustment would amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year and the product of the amount as so described and the percentage change from the prior fiscal year in gross taxable assessed valuation within the jurisdiction of the entity.

Status: Referred to the Committee on Local Government on February 4, 2019.

ACA 1 (Aguiar-Curry) Voter Approval for Affordable Housing and Public Infrastructure Exception

The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, or city and county to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, rehabilitation, or replacement of public infrastructure or affordable housing, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements.

Status: Introduced December 3, 2018.

SB 196 (Beall) Community Land Trust Welfare Exemption

Current property tax law provides for a “welfare exemption” for property used exclusively for religious, hospital, scientific, or charitable purposes and that is owned or operated by certain types of nonprofit entities, if certain qualifying criteria are met. This bill, for lien dates occurring on and after January 1, 2020, would provide that property is within the welfare exemption if that property is owned by a community land trust and the property is being or will be developed or rehabilitated as housing.

Status: Introduced January 31, 2019.

SCA 3 (Hill) Inheritance Exclusion for Change in Ownership

Summary: The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, “full cash value” is defined as the assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. The California Constitution specifies various transfers that are not deemed to be a “purchase” or “change in ownership” of a property for these purposes, including the purchase or transfer of a principal residence from parents to their children, or, under certain circumstances, from grandparents to their grandchildren, and the purchase or transfer of the first \$1,000,000 of the full cash value of all other real property transferred from parents or grandparents to their children or grandchildren. This measure would limit the above-described \$1,000,000 exclusion for purchases or transfers of real property other than a principal residence to purchases or transfers of nonresidential real property.

Status: Read in the Assembly Committee on Rules on January 7, 2019



Economic Development Legislation

AB 11 (Chiu) Community Redevelopment Law of 2019

This bill would authorize a city or county, or two or more cities acting jointly, to propose the formation of an affordable housing and infrastructure agency by adoption of a resolution of intention that meets specified requirements, including that the resolution of intention include a pass-through provision and an override pass-through provision.

Status: Referred to the Assembly Committee on Housing and Community Development on January 17, 2019.

SB 5 (Beall) Local-State Sustainability Investment Incentive Program

This bill would establish the Local-State Sustainable Investment Incentive Program which would be administered by the Sustainable Investment Incentive Committee. This would authorize a city, county, city and county, joint powers agency, enhanced infrastructure financing district, affordable housing authority, community revitalization and investment authority or transit village development district to apply to the Sustainable Investment Incentive Committee to participate in the program and would authorize the committee to approve or deny applications for projects meeting specific criteria. *Status: Referred to the Senate Committee on Governance and Finance January 24, 2019.*

SB 15 (Portantino) Redevelopment

The Community Redevelopment Law authorized the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation of successor agencies, as defined, to wind down the affairs of the dissolved redevelopment agencies. This bill would state the intent of the Legislature to enact legislation relating to redevelopment. *Status: Referred to the Senate Committee on Rules January 16, 2019.*

SB 128 (Beall) Change in Bond Issuance Requirements for Enhanced Infrastructure Financing Districts

Existing law authorizes the legislative body of a city or a county to establish an enhanced infrastructure financing district, with a governing body referred to as a public financing authority, to finance public capital facilities or other specified projects of communitywide significance. Existing law authorizes the public financing authority to issue bonds for these purposes upon approval by 55% of the voters voting on a proposal to issue the bonds and requires the proposal submitted to the voters to include specified information regarding the bond issuance. This bill would instead authorize the public financing authority to issue bonds for these purposes without submitting a proposal to the voters and require the resolution to issue bonds to contain specified information related to the issuance of the bonds. *Status: Referred to the Senate Committee on Governance and Finance January 24, 2019.*

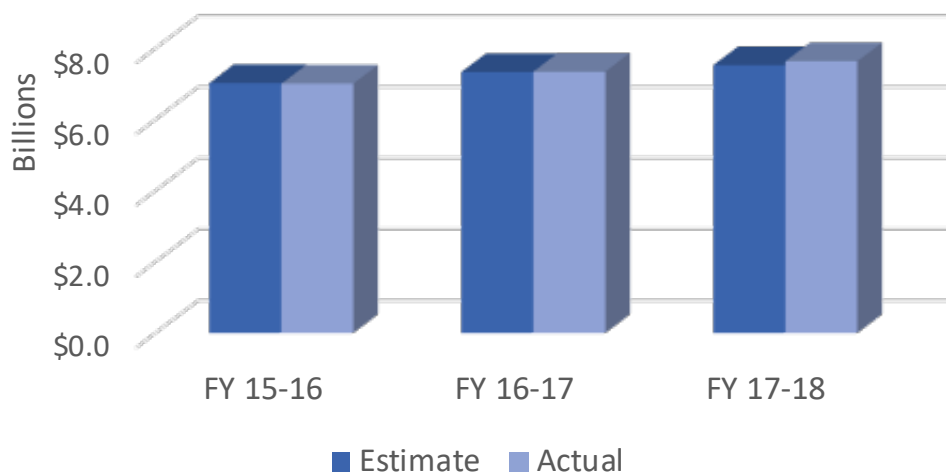
STATEWIDE 2011 LOCAL REVENUE FUND FORECAST

HdL has developed a method to estimate statewide 2011 Local Revenue Fund (LRF) allocations with the goal of further enhancing the breadth and value of services we provide to County clients. These estimates will be shared every quarter, along with County Proposition 172 Public Safety Fund projections. We believe this new information will be helpful to County clients throughout the state given the size and importance of this revenue source.

HdL's Local Revenue Fund estimates are based primarily on our quarterly Consensus Forecast economic projections for Bradley-Burns sales tax and, as a result, the estimates are sensitive to changes in the state's retail sales outlook. As with any economic forecast, accuracy may be impacted by unforeseen events or state accounting adjustments.

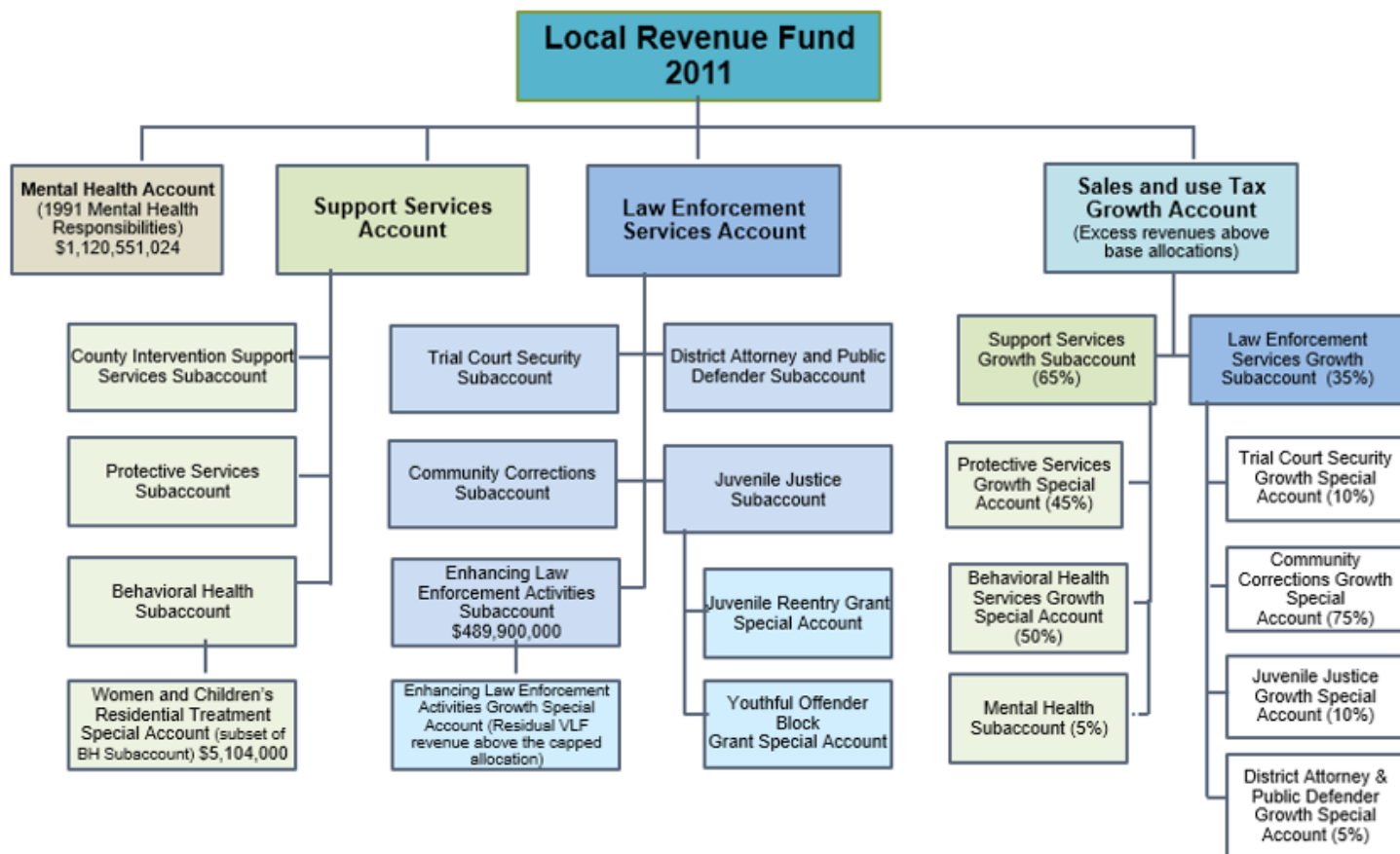
There is limited historical data available to back-test our model as the 2011 Local Revenue Fund has, until recently, been subject to numerous one-time adjustments. Nevertheless, we are pleased with retroactive comparisons of model estimates to actuals summarized in the chart below and we have reason to believe that the forecasts will deliver results that are within an acceptable level of variance. We will track accuracy over time and work to improve the forecast methodology as additional historical results become available for further analysis.

Back-test: Local Revenue Fund Projection Accuracy
Average accuracy within 0.6% over the last 3-years



Allocations from the Statewide 2011 Local Revenue Fund are distributed to Counties based on ratios that change each year. For additional assistance, the California State Association of Counties (CSAC) has compiled helpful information on realignment posted on its Realignment 101 Course Materials webpage. Notably, the *Statewide Local Revenue Fund Forecasting Workbook - Excel* spreadsheet on that page will aid in identifying individual allocation ratios by County for the 2011 Local Revenue Fund.

As an overview, allocations from the 2011 Local Revenue Fund are allocated to various subaccounts as depicted in the following graphic before being allocated to County agencies. Our accompanying forecast provides a projection of 2011 Local Revenue Fund allocations by each major account depicted in the graphic below, including the Mental Health Account, Support Services Account, Law Enforcement Services Account and the Sales and Use Tax Growth Account.



Attribution: Graphic from CSAC's "Realignment 101: The Basics of 1991 and 2011 Realignments" training program

If you have questions, please contact Ken Brown at 714-879-5000, or kbrown@hdlcompanies.com



LANDMARK WAYFAIR DECISION FACILITATES COLLECTION OF ONLINE RETAIL SALES AND USE TAXES

Over the next two months, the California Department of Tax and Fee Administration (CDTFA) will begin implementing a recent U.S. Supreme Court decision that will facilitate state and local government taxation of online retail sales, a revenue source that CDTFA estimates may represent up to \$2 billion dollars annually in combined state, county, city and special district tax revenues. This landmark case could have serious implications not only for local governments but for California's overall fiscal health, given that sales and use tax is the second largest revenue source for the State General Fund.

A Bit of Tax History

Use tax was first imposed in 1935 to protect California retailers by discouraging buying from out of state to avoid the state sales tax. Accordingly, consumers who purchase tangible personal property from out of state are liable for use tax at a rate equivalent to their local sales tax, however consumers often do not report the tax. Use tax is also imposed on the storage, use, lease or other consumption of tangible personal property any time a sales tax has not been paid by the retailer.

The growth in e-commerce sales has exacerbated the problem since many online retailers do not have a "physical presence" in the state and are therefore not required to collect and remit sales and use taxes associated with their transactions in California. With the slow but steady rise in online sales in recent years, which the CDTFA maintains, shows that online sales now account for 10 percent of total retail sales in California. This "sales tax gap" has become a source of increasing concern for both state and local governments.

AB 155: California's Initial Attempt at Online Retailer Accountability

The first successful effort to address this problem was in 2011 when the Legislature enacted AB 155. This expanded the universe of online businesses required to collect and remit use tax by creating a new nexus for three categories of retailers:

- 1) Retailers with an Affiliate Nexus: Those retailers who enter into agreements with California residents under which the resident, for consideration, refers customer to the retailer, and cumulative gross receipts for the retailer exceeded \$10,000 annually. This has also been called the "click-through" nexus.
- 2) Retailers with a Corporate Nexus: Those retailers who are members of a commonly controlled group that performs services in the state related to tangible personal property sold by the retailer.

- 3) Retailers with a Long-Arm Nexus: Any retailer that has a substantial nexus in the state for purposes of the Commerce Clause of the U.S. Constitution, and upon whom federal law allows the state to impose a duty to collect tax. (This is California's long-arm statute).

AB 155 mainly affected online retailers but its implementation was delayed until 2012 under a deal Amazon struck with the state, which gave it time to build warehouses, thereby creating both jobs and a physical presence in California. But the long-arm provision is the most important in the context of the Wayfair decision. It will allow California to adjust its tax collection procedures to follow the Supreme Court decision, possibly based on the provisions in South Dakota's law.

South Dakota: The Road to Wayfair

In 2016, South Dakota enacted S.106, a law requiring remote sellers to pay sales tax if they met one of two conditions in the prior or current calendar year:

- 1) Their gross revenue exceeded \$100,000; or
- 2) They made 200 or more separate sales transactions to South Dakota residents.

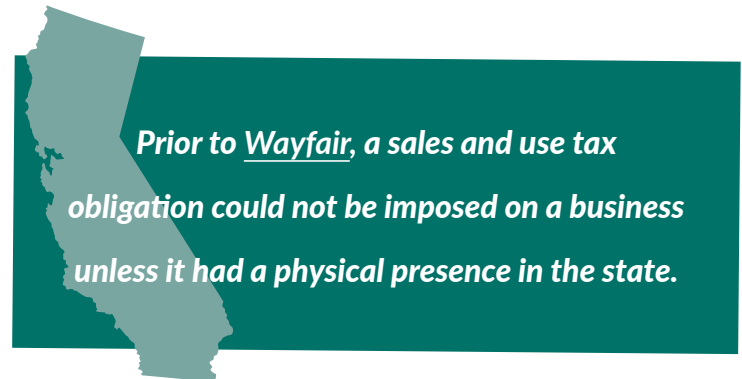
Some remote sellers refused to comply with the new law. South Dakota responded by suing three of the largest online retailers in the state: Wayfair, Overstock.com, and New Egg, all businesses with annual revenue of over \$1 billion. The trial court and the South Dakota Supreme Court ruled in favor of the remote sellers, citing the physical presence requirement established in Quill Corp. v. North Dakota, 502 U.S. 808 (1992) and National Bellas Hess, Inc. v. Dept. of Revenue of Illinois, 386 U.S. 753 (1967). South Dakota appealed to the U.S. Supreme Court.

Wayfair Paves the Way to Taxation of Online Retailers

In June 2018, the U.S. Supreme Court in the case of South Dakota v. Wayfair, Inc. 138 S. Ct. 2080 overturned a legal precedent dating back to 1967 when it eliminated the "physical presence test" for determining a substantial nexus that would allow a state to require a business to collect and remit sales and use tax. Prior to Wayfair, a sales and use tax obligation could not be imposed on a business

unless it had a physical presence in the state seeking to impose the obligation. With the Wayfair decision, a major obstacle requiring online retailers to pay their fair share of sales and use tax has been removed.

The U.S. Supreme Court overruled Quill and Bellas Hess, calling the physical presence requirement an "arbitrary measure" that does not "put businesses on an even playing field." The Court vacated the lower court rulings and found that the South Dakota law met the substantial nexus requirement established in Complete Auto Transit, Inc. v. Brady, 430 U.S. 274 (1977), satisfying the Commerce Clause requirements for the validity of state taxes.



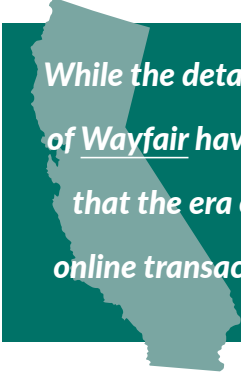
In announcing its decision, the Court cited aspects of South Dakota's law that protects interstate commerce:

- 1) It has a safe harbor for limited business activity;
- 2) It has no retroactive application; and
- 3) It includes a system to reduce administrative and compliance costs, as it follows the Streamlined Sales and Use Tax Agreement (SSUTA), requiring member states to adopt uniform definitions, state level tax administration, and the provision, free of charge, of compliance software to retailers with audit protection for those who use it.

CDFTA Director Nicolas Maduros, in a joint hearing before the Senate Governance and Finance Committee and the Assembly Revenue and Taxation Committee on October 15, 2018, laid out in general terms the plan for implementing Wayfair in California. In concentrating on online retailers, the department will focus on the collection of the use tax since California law provides that effective sales tax collection must involve in-state participation or negotiation by the retailer. Maduros testified that the "full contours" of implementation are not yet known. For example, the volume of sales that will trigger use tax obligations for online retailers has yet to be established.

Maduros made it clear that California's implementation will not be retroactive, and that his department plans to issue a notice by the end of the year informing online businesses of the need to comply with California sales and use tax law.

During the joint legislative hearing on October 15th, legislators in Sacramento questioned whether California, with its significantly larger economy, should have a different threshold for use tax collection than that employed in South Dakota. It is not yet clear if CDTFA will pursue a different standard but the department has publicly acknowledged that imposing a different standard will require state legislation which would of necessity delay the department's implementation efforts.



While the details of California's implementation of Wayfair have not been ironed out, it appears that the era of avoiding sales and use tax in online transactions is finally coming to an end.

Implementing Wayfair in California

At its October 24th Stakeholder Meeting in Sacramento, CDTFA announced its intention to implement Wayfair by making use of the "long-arm statute" created by AB 155. The long-arm statute enables the state to impose a tax collection requirement on any retailer that has a substantial nexus with the state for purposes of the Commerce Clause of the U.S. Constitution. Again, the U.S. Supreme Court in Wayfair opined that South Dakota's threshold (\$100,000 or 200 individual transactions) established a sufficient nexus for the state to mandate collection of the applicable use tax. CDTFA has signaled its intention to use the South Dakota standard for California.

Impact on Local Governments

As California prepares to implement the Wayfair decision, cities and counties have a strong incentive to remind state officials to consider the likely impact on local governments in advance of any action. Additionally, they should consider how that action will affect local voter-approved transactions and use taxes, the municipal share of the sales

tax, as well as the pooling arrangements for revenues by which use tax is allocated on a pro-rata basis to cities and counties.

Over time, cities and counties should generate additional revenues if they are resourceful in both lobbying the state as it crafts changes to safeguard their interests in the post-Wayfair environment, and in devising ways to apply the substantial nexus test without the obstacle of the physical presence requirement.

There is also the threshold question of what the test will be for local governments to impose a valid tax, with the physical presence test now eliminated. Any guidance issued by the state will hopefully make it clear when a substantial nexus does and does not exist.

Summary

While the details of California's implementation of Wayfair have not yet been ironed out, it appears that the era of avoiding sales and use tax in online transactions is finally coming to an end. This is good news for local governments whose destination-based sourcing for transactions and use taxes helps keep revenues in local communities.

CDTFA's plan to employ the state's long-arm statute and begin to more aggressively enforce collection of revenues will begin to address the revenue gaps identified by a 2017 State Board of Equalization Study citing remote-seller-related revenue losses of \$1.4 billion. As CDTFA's Wayfair reforms take hold, local governments should begin to realize the first increased revenues by Fiscal Year 2019-20 and greater amounts by 2020-21.

Click the links below for additional information:

[Senate Media Archive](#) for the Joint Hearing on October 15th of the Senate Governance and Finance Committee and the Assembly Revenue and Taxation Committee

CDTFA October 24th [Stakeholder Meeting](#)

Text for [AB155](#)



HeadLines

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Our HeadLines e-news service provides HdL clients with the most up-to-date information on trends affecting California's economy and is meant to provide you with insight and support in your budget preparation and economic planning.

IN THIS ISSUE:

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- [Sales at County's Biggest Restaurant Chains Improved in 2018](#)
- [Tesla is Keeping Its Stores Open but Increasing Prices To Do It](#)
- [JC Penney Closing More Stores After Weak Holiday Season](#)
- [Payless Bankruptcy Spells Trouble for Vulnerable Malls](#)
- [Charlotte Russe Will Close All of Its Stores and Start Liquidation](#)

How US Retailers Turn Their Bane into Boon with 'Click and Collect'

As retail casualties such as Sears or Toys 'R' Us kept piling up, costly real estate often got the blame for traditional retailers' struggle to keep up with e-commerce rivals. Yet last U.S. holiday shopping season showed stores may offer retailers a rare competitive advantage as they scramble to fend off the challenge from e-commerce giant Amazon.com and other online retailers. Enter "click and collect." Sales where customers order goods online and pick them up at a nearby store soared 47 percent in November and December compared with a year earlier, outstripping 16.5 percent growth in online

sales, according to Adobe Analytics. [Read More](#)

Sales at County's Biggest Restaurant Chains Improved in 2018

Sales at the 500 largest restaurant chains in the U.S. rose 3.3% last year, according to Technomic's Top 500 Chain Restaurant Advance Report, as the industry proved more resilient than expected in the face of a challenging environment. The chains generated \$318 billion in total sales in 2018, up from \$308 billion the year before, as both fast-casual and fine-dining chains grew quickly on the back of an improving economy. [Read More](#)

Tesla is Keeping Its Stores Open but Increasing Prices To Do It

Last month, electric car company Tesla announced that it was saying goodbye to brick-and-mortar stores and would try to sell its cars completely online. Now, in a blog post, the company has announced that it's not quite done with physical stores after all. Ten percent of the company's stores have already been shuttered, and another 10 percent are "under review," but that's as far as the cuts will go for now. The saving grace will also mean that Tesla "will need to raise vehicle prices by about 3% on average worldwide," the blog post reads, with an exception on its mass-market Model 3, whose lowered price has been a priority for the California-based company. [Read More](#)

JC Penney Closing More Stores After Weak Holiday Season

J.C. Penney is closing more stores following weak holiday sales season for the retailer. Net income tumbled nearly 70 percent, and a key measure for health dropped 4 percent in the fourth quarter, the most crucial period of the year for retailers who bank on strong holiday sales. The company did top expectations for the fourth quarter results and under new CEO Jill Soltau, the department store rid itself of unprofitable inventory and said it will have positive free cash flow this year. [Read More](#)

Payless Bankruptcy Spells Trouble for Vulnerable Malls

Payless ShoeSource, the retailer that once ruled the U.S. shoe market, is taking its last steps. The company, founded in 1965, announced that it had filed for its second bankruptcy and would be closing all its stores across the country. Payless is a tenant at many regional malls, many of which have had other troubled in-line tenants. While in many big cities, vacant retail in prime areas is sure to get snapped up quickly, shopping

malls already struggling with store closures are vulnerable, according to a just-released report by credit rating agency DBRS. [Read More](#)

Charlotte Russe Will Close All of Its Stores and Start Liquidation

Charlotte Russe will close all of its stores and is in negotiations to sell its intellectual property, the company confirmed. The Charlotte Russe online store has closed and the in-store liquidation sale began Thursday at 416 stores. Like with other liquidation sales, all sales are final. The last day to use gift cards is March 21 and all stores are expected to be closed by April 30. [Read More](#)

Prepared for you by

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- Sales, Use and Transaction Tax
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- Business License Tax
- Software Solutions
- Cannabis Regulation
- Economic Development
- Transient Occupancy Tax
- Short Term Rental Services

HdL provides relevant information and analysis on the economic forces affecting local government agencies. We serve over 400 cities, counties and special districts in California. Our allocation audits and software help local governments maximize



By The Numbers

Percent of change from one year ago.

CALIFORNIA DATA

Ports (January):

Containers

Imported ↑ **3.46%**

Exported ↓ **-2.70%**

Airport Traffic (December)

Passengers

Domestic ↑ **3.87%**

International ↑ **0.07%**

their revenues.

**We Deliver Revenue, Insight and Efficiency
to Local Government.**

Unemployment Rate:

January 2018 4.4%

January 2019 4.2%

ARCHIVE

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[Volume 8 Issue 17, December 14, 2018](#)

[Volume 9 Issue 1, January 23, 2019](#)

[Volume 9, February 15, 2019](#)

**AGREEMENT FOR SALES, USE AND TRANSACTIONS TAX AUDIT AND
INFORMATION SERVICES**

This Agreement is made and entered into as of the ____ day of _____, 2019 (the “Effective Date”) by and between the CITY OF COALINGA, a municipal corporation hereinafter called (“CITY”), and HINDERLITER, de LLAMAS AND ASSOCIATES a California Corporation, hereinafter called (“CONTRACTOR”).

I. RECITALS

WHEREAS, sales, use and transactions tax (sometimes collectively referred to herein as “sales and use tax”) revenues can be increased through a system of continuous monitoring, identification and correction of allocation errors, and

WHEREAS, an effective program of sales and use tax management will improve identification of economic opportunities; provide for more accurate sales and use tax forecasting; and assist in related revenue collections; and

WHEREAS, CITY desires the combination of data entry, report preparation and analysis necessary to effectively manage its sales and use tax base; the recovery of revenues erroneously allocated to other jurisdictions and allocation pools; and to maximize its financial and economic planning; and

WHEREAS, CONTRACTOR has the programs, equipment and personnel required to deliver the sales and use tax related services referenced herein;

THEREFORE, CITY and CONTRACTOR, for the consideration hereinafter described, mutually agree as follows:

II. SERVICES

The CONTRACTOR shall perform the following services (collectively, the “Services”):

A. SALES TAX AND ECONOMIC ANALYSIS SERVICES

1. CONTRACTOR shall establish a special database that identifies the name, address and quarterly allocations of all sales tax producers within the CITY for the most current and all quarters back to fiscal year 1992-1993 or earlier, if the CITY has prior historical sales tax data available on computer readable magnetic media. This database will be utilized to generate special reports to the CITY on: major sales tax producers by rank and category, sales tax activity by categories, or business districts, identification of reporting aberrations, and per capita and outlet comparisons with regional and statewide sales.
2. CONTRACTOR shall provide updated reports following each calendar quarter identifying changes in sales by individual businesses, business groups and categories and by geographic area. These reports may include, without limitation, quarterly aberrations due to State audits, fund transfers, and receivables along with late or double payments, and quarterly reconciliation worksheets to assist with budget forecasting. CONTRACTOR shall meet with CITY.
3. CONTRACTOR shall additionally provide following each calendar quarter a summary analysis for the CITY to share with Council Members Chambers of Commerce, other economic development interest groups and the public that analyze CITY’S sales tax trends by major groups, and geographic areas without disclosing confidential information.
4. CONTRACTOR shall make available to CITY staff CONTRACTOR’s web-based sales tax computer software program containing sellers permit and quarterly allocation information for all in-city business outlets registered with the Department of Tax and Fee Administration and updated quarterly. This software shall allow CITY staff to search businesses by street address, account number, business name, business type and keyword, arrange data by geographic area, and print out a variety of reports.

B. ALLOCATION AUDIT AND RECOVERY SERVICES

1. CONTRACTOR shall conduct initial and on-going sales, use and transactions tax audits to identify and correct distribution and allocation errors, and to proactively affect favorable registration, reporting or formula changes thereby generating previously unrealized sales, use and transactions tax income for the CITY and/or recovering misallocated tax from previously properly registered taxpayers. Common errors that will be monitored and corrected include, but are not limited to: transposition errors resulting in misallocations; erroneous consolidation of multiple outlets; formula errors, misreporting of “point of sale” to the wrong location; delays in reporting new outlets; misallocating use tax payments to the allocation pools or wrong jurisdiction; and erroneous fund transfers and adjustments.
2. CONTRACTOR shall initiate contacts with state agencies, and sales management and accounting officials in companies that have businesses where a probability of error exists to verify whether current tax receipts accurately reflect the local sales activity. Such contacts will be conducted in a professional and courteous manner.
3. CONTRACTOR shall (i) prepare and submit to the Department of Tax and Fee Administration information for the purpose of correcting allocation errors that are identified and (ii) follow-up with individual businesses and the California Department of Tax and Fee Administration to promote recovery by the CITY of back or prospective quarterly payments that may be owing.
4. If during the course of its audit, CONTRACTOR finds businesses located in the CITY that are properly reporting sales and use tax but have the potential for modifying their operation to provide an even greater share to the CITY, CONTRACTOR may so advise CITY and work with those businesses and the CITY to encourage such changes.

C. CONSULTING AND OTHER OPTIONAL SERVICES

CONTRACTOR may, from time to time in its sole discretion, consult with CITY staff, including without limitation, regarding (i) technical questions and other issues related to sales, use and transactions tax; (ii) utilization of reports to enhance business license collection efforts; and (iii) sales tax projections for proposed annexations, economic development projects and budget planning. In addition to the foregoing optional consulting services, CONTRACTOR may, from time to time in its sole discretion,

perform other optional Services, including without limitation, negotiating/review of tax sharing agreements, establishing purchasing corporations, and meeting with taxpayers to encourage self-assessment of use tax.

III. CONSIDERATION

() OPTION 1

- A. CONTRACTOR shall provide the sales tax and economic analysis Services described in Section II-A above for a fee of **\$525** per month, commencing with the month of the Effective Date (hereafter referred to as “monthly fee”). This will be for four (4) quarterly meetings. The monthly fee shall be invoiced quarterly in arrears, and shall be paid by CITY no later than 30 days after the invoice date.

() OPTION 2

CONTRACTOR shall provide the sales tax and economic analysis Services described in Section II-A above for a fee of **\$425** per month, commencing with the month of the Effective Date (hereafter referred to as “monthly fee”). This will be for two (2) quarterly meetings. The monthly fee shall be invoiced quarterly in arrears, and shall be paid by CITY no later than 30 days after the invoice date.

- B. CONTRACTOR shall be further paid 15% of all new and recovered sales, use and transactions tax revenue received by the CITY as a result, in whole or in part, of the allocation audit and recovery services described in Section II-B above (hereafter referred to as “audit fee”), including without limitation, any reimbursement or other payment from any state fund and any point of sale misallocations.
1. The audit fee shall be paid even if CITY assists, works in parallel with, and/or incurs attorneys’ fees or other costs or expenses in connection with any of the relevant Services. Among other things, the audit fee applies to state fund transfers received for back quarter reallocations and monies received in the first eight consecutive reporting quarters following completion of the allocation audit by CONTRACTOR and confirmation of corrections by the California Department of Tax and Fee Administration. CITY shall pay audit fees upon CONTRACTOR’S submittal of evidence of CONTRACTOR’S work in support of recovery of subject revenue, including, without limitation, copies of BOE 549-S petition forms of any other

correspondence between CONTRACTOR and the Department of Tax and Fee Administration or the taxpayer.

2. For any increase in the tax reported by businesses already properly making tax payments to CITY, it shall be CONTRACTOR's responsibility to support in its invoices the audit fee attributable, in whole or in part, to CONTRACTOR's Services.

C. CONTRACTOR shall invoice CITY for any consulting and other optional Services rendered to CITY in accordance with Section II-C above based on the following hourly rates on a monthly or a quarterly basis, at CONTRACTOR's option. All such invoices shall be payable by CITY no later than 30 days following the invoice date. CITY shall not be invoiced for any consulting Services totaling less than an hour in any month. The hourly rates in effect as of the Effective Date are as follows:

Principal	\$325 per hour
Programmer	\$295 per hour
Senior Analyst	\$245 per hour
Analyst	\$195 per hour

CONTRACTOR may change such hourly rates from time to time upon not less than 30 days' prior written notice to CITY.

- D. Any invoices not paid in accordance with the Thirty (30) day payment terms, shall accrue monthly interest at a rate equivalent to ten percent (10%) per annum until paid.
- E. CONTRACTOR unilaterally retains the right to divide any recovery bills in excess of \$25,000 over a one (1) year period (Four (4) quarterly billings).
- F. CONTRACTOR shall provide CITY with an itemized quarterly invoice showing all formula calculations and amounts due for the audit fee (including, without limitation, a detailed listing of any corrected misallocations), which shall be paid by CITY no later than 30 days following the invoice date.

IV. CONFIDENTIALITY; OWNERSHIP/USE OF INFORMATION

- A. Section 7056 of the State of California Revenue and Taxation Code specifically limits the disclosure of confidential taxpayer information contained in the records of the California Department of Tax and Fee Administration. Section 7056 specifies the conditions under

which a CITY may authorize persons other than CITY officers and employees to examine State Sales and Use Tax records.

B. The following conditions specified in Section 7056-(b), (1) of the State of California Revenue and Taxation Code are hereby made part of this Agreement:

1. CONTRACTOR is authorized by this Agreement to examine sales, use or transactions and use tax records of the Department of Tax and Fee Administration provided to CITY pursuant to contract under the Bradley-Burns Uniform Sales and Use Tax Law Revenue and Taxation Code section 7200 et.seq.
2. CONTRACTOR is required to disclose information contained in, or derived from, those sales, use or transactions and use tax records only to an officer or employee of the CITY who is authorized by resolution to examine the information.
3. CONTRACTOR is prohibited from performing consulting services for a retailer, as defined in California Revenue & Taxation Code Section 6015, during the term of this Agreement.
4. CONTRACTOR is prohibited from retaining the information contained in, or derived from those sales, use or transactions and use tax records, after this Agreement has expired. Information obtained by examination of Department of Tax and Fee Administration records shall be used only for purposes related to collection of local sales and use tax or for other governmental functions of the CITY as set forth by resolution adopted pursuant to Section 7056 (b) of the Revenue and Taxation Code. The resolution shall designate the CONTRACTOR as a person authorized to examine sales and use tax records and certify that this Agreement meets the requirements set forth above and in Section 7056 (b), (1) of the Revenue and Taxation Code.

C. Software Use. CONTRACTOR hereby provides authorization to CITY to access CONTRACTOR'S Sales Tax website if CITY chooses to subscribe to the software and reports option. The website shall only be used by authorized CITY staff. No access will be granted to any third party without explicit written authorization by CONTRACTOR. CITY shall not sublet, duplicate, modify, decompile, reverse engineer, disassemble, or attempt to derive the source code of said software. The software use granted hereunder shall not imply ownership by CITY of said software, or any right of CITY to sell said software or the use of same, or any right to use said software for the benefit of others.

This software use authorization is not transferable. Upon termination or expiration of this Agreement, the software use authorization shall expire, and all CITY staff website logins shall be de-activated.

D. Proprietary Information. As used herein, the term “proprietary information” means all information or material that has or could have commercial value or other utility in CONTRACTOR’s business, including without limitation: CONTRACTOR’S (i) computer or data processing programs; (ii) data processing applications, routines, subroutines, techniques or systems; desktop or web-based software; (iii) business processes; (iv) marketing plans, analysis and strategies; and (v) materials and techniques used; as well as the terms and conditions of this Agreement. Except as otherwise required by law, CITY shall hold in confidence and shall not use (except as expressly authorized by this Agreement) or disclose to any other party any proprietary information provided, learned of or obtained by CITY in connection with this Agreement. The obligations imposed by this Section IV-D shall survive any expiration or termination of this Agreement or otherwise. The terms of this Section IV-D shall not apply to any information that is public information.

V. CITY MATERIALS AND SUPPORT

CITY shall adopt a resolution in a form acceptable to the California Department of Tax and Fee Administration and in compliance with Section 7056 of the Revenue and Taxation Code, authorizing CONTRACTOR to examine the confidential sales tax records of CITY. CITY further agrees to provide any information or assistance that may readily be available such as business license records within the CITY and to provide CONTRACTOR with proper identification for contacting businesses. CITY further agrees to continue CONTRACTOR’s authorization to examine the confidential sales tax records of the CITY by maintaining CONTRACTOR’s name on the CITY resolution or by providing copies of future allocation reports on computer readable magnetic media until such time as all audit adjustments have been completed by the California Department of Tax and Fee Administration and any audit fee owing to CONTRACTOR has been paid.

VI. LICENSE, PERMITS, FEES AND ASSESSMENTS

CONTRACTOR shall obtain such licenses, permits and approvals (collectively the “Permits”) as may be required by law for the performance of the Services. CITY shall assist CONTRACTOR in obtaining such Permits, and CITY shall absorb all fees, assessments and taxes which are necessary for any Permits required to be issued by CITY.

VII. TERMINATION

This Agreement may be terminated for convenience by either party by giving 30 days written notice to the other of such termination and specifying the effective date thereof. Upon the presentation of such notice, CONTRACTOR may continue to perform Services through the date of termination. Following termination of this Agreement, CITY shall continue to timely pay CONTRACTOR's invoices for Services performed and not paid for prior to termination. Anything to the contrary herein notwithstanding (and without limitation on the foregoing sentence), CITY shall continue to pay to CONTRACTOR the audit fee for tax payments received by CITY after termination of this Agreement from (i) state fund transfers for back quarter reallocations and the first eight consecutive calendar quarters following completion of the allocation audit by CONTRACTOR and confirmation of corrections by the California Department of Tax and Fee Administration; and (ii) businesses identified by CONTRACTOR pursuant to Section III-B-2 above, to the extent such businesses commence or continue to make increased tax payments during the first 24 months following termination of this Agreement.

VIII. INDEPENDENT CONTRACTOR

CONTRACTOR shall perform the services hereunder as an independent contractor and shall furnish such services in its own manner and method, and under no circumstances or conditions shall any agent, servant, or employee of CONTRACTOR be considered as an employee of CITY.

IX. COOPERATIVE AGREEMENT

It is intended any other public agency (e.g., city, county, district, public authority, public agency, municipality, or other political subdivision of California) located in the state of California shall have an option to procure identical services as set forth in this Agreement. The City of Coalinga shall incur no responsibility, financial or otherwise, in connection with orders for services issued by another public agency. The participating public agency shall accept sole responsibility for securing services or making payments to the vendor.

X. NON-ASSIGNMENT

This Agreement is not assignable either in whole or in part by CONTRACTOR without the written consent of CITY.

XI. INSURANCE

CONTRACTOR shall maintain the policies set out below, and in amounts of coverage not less than those indicated herein. Additionally, where required by CITY, CONTRACTOR shall name the CITY as an additional insured on CONTRACTOR's comprehensive general liability policy and provide a Certificate of Insurance.

1. Worker's Compensation and Employer's Liability. In accordance with applicable law.
2. Comprehensive General Liability. Bodily injury liability in the amount of \$1,000,000 for each person in any one accident, and \$1,000,000 for injuries sustained by two or more persons in any one accident. Property damage liability in the amount of \$1,000,000 for each accident, and \$2,000,000 aggregate for each year of the policy period.
3. Comprehensive Automobile Liability. Bodily injury liability coverage of \$1,000,000 for each accident.
4. Errors and Omissions. In addition to any other insurance required by this Agreement, CONTRACTOR shall provide and maintain, during the term of this Agreement, professional liability insurance in the amount of \$1,000,000 as evidenced by a Certificate of Insurance.

XII. INDEMNIFICATION

With respect to losses, claims, liens, demands and causes of action arising out of the CITY's use of the results of CONTRACTOR's services as provided to the City pursuant to this Agreement, CONTRACTOR hereby agrees to protect, defend, indemnify, and hold the CITY free and harmless from any and all losses, claims, liens, demands, and causes of action of every kind and character including, but not limited to, the amounts of judgments, penalties, interest, court costs, legal fees, and all other expenses incurred by the CITY arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the CITY).

CITY hereby agrees to protect, defend, indemnify, and hold CONTRACTOR free and harmless from any and all losses, claims, liens, demands, and causes of action of every kind

and character arising from CONTRACTOR's performance or lack of performance under this Agreement including, but not limited to, the amounts of judgments , penalties, interest, court costs, legal fees, and all other expenses incurred by CONTRACTOR arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the CONTRACTOR).

Each party to this Agreement agrees to investigate, handle, respond to, provide defense for, and defend at its sole expense any such claims, demand, or suit for which it has agreed to indemnify the other party pursuant to this paragraph. Each party also agrees to bear all other costs and expenses related to its indemnity obligation, even if the claim or claims alleged are groundless, false, or fraudulent. This provision is not intended to create any cause of action in favor of any third party against CONTRACTOR or the CITY or to enlarge in any way the liability of CONTRACTOR or the CITY but is intended solely to provide for indemnification of each party from liability for damages or injuries to third persons or property arising from this contract or agreement on the terms set forth in this paragraph.

XIII. IRREPARABLE HARM

CONTRACTOR and CITY each understands and agrees that any breach of this Agreement by either of them may cause the other party hereto irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that such other party shall have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and enjoining any further breach and for such other relief as such other party shall deem appropriate. Such right is to be in addition to the remedies otherwise available to such other party at law or in equity. The parties hereto expressly waive the defense that a remedy in damages will be adequate and any requirement in an action for specific performance or injunction hereunder for the posting of a bond.

XIV. DISPUTE RESOLUTION

The Parties agree to make a diligent, good faith attempt to resolve any claim, controversy or dispute arising out of or relating to this Agreement, or concerning the breach or interpretation thereof. If a dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, the parties agree to resolve the dispute pursuant to the following procedures. Each Party shall designate an authorized representative to negotiate the dispute, and said representative will attempt to resolve the dispute by any means within their authority.

If the issue remains unresolved after thirty (30) days, the Parties will resolve any remaining dispute through (non-binding) arbitration. The non-binding arbitration process will provide for the selection by both Parties of a disinterested third person arbitrator within thirty (30) days. If the Parties cannot agree upon an arbitrator, then a single neutral arbitrator will be appointed pursuant to Section 1281.6 of the Code of Civil Procedure. The place of the arbitration shall be in Fresno County, California. The arbitrator will follow the substantive laws of the State of California, including rules of evidence, and the arbitrator's decision will be supported by substantial evidence. The arbitrator will have no power, authority or jurisdiction to award any punitive or exemplary damages. The award will be made within six (6) months, and the prevailing Party will be entitled to an award of reasonable attorneys' fees, CONSULTANT and expert witness fees, and any and all costs for services rendered to or for such prevailing Party. If non-binding arbitration does not result in settlement of the dispute within six (6) months, either Party may pursue other legal remedies for a determination of the dispute.

This provision is not intended to, nor shall it be construed to, change the time periods for filing any claim or action under Government Code Sections 900, et seq. This dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either party initiating litigation. By executing this Agreement, you are agreeing to the dispute resolution process described in this section, and are giving up any rights you might possess to have the dispute litigated in a court or by jury trial.

CITY (initial)

CONSULTANT (initial)

XV. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California (without regard to its choice of law provisions). If any legal action is necessary to enforce or interpret this Agreement, the parties agree that such action shall be brought in the Superior Court for the State of California, County of Los Angeles, or the U.S. District Court for the Central District of California, Western Division. The parties hereby submit to the exclusive jurisdiction of such courts and waive any other venue to which either party might be entitled by domicile or otherwise.

XVI. ATTORNEYS' FEES

If any party hereto brings an action or proceeding under this Agreement or to declare rights hereunder, the Prevailing Party in any such proceeding, action, or appeal thereon shall be entitled to recover all reasonable fees, costs and expenses, including reasonable attorneys' fees. Such fees, costs and expenses may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. "Prevailing Party" shall mean and include, without limitation, a party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense.

XVII. SEVERABILITY; NO WAIVER

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the other provisions of this Agreement, which shall remain in full force and effect. If any of the provisions of this Agreement shall be deemed to be unenforceable by reason of its extent, duration, scope or otherwise, then the parties contemplate that the court making such determination shall enforce the remaining provisions of this Agreement, and shall reduce such extent, duration, scope, or other provision and shall enforce them in their reduced form for all purposes contemplated by this Agreement. No failure or delay by either party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

XVIII. NOTICES

All notices sent by a party under this Agreement shall be in writing and shall be deemed properly delivered to the other party as of the date of receipt, if received on a business day prior to 3:00 PM local time, or otherwise on the next business day after receipt, provided delivery occurs personally, by courier service, or by U.S. mail to the other party at its address set forth below, or to such other address as either party may, by written notice, designate to the other party. Notices to CONTRACTOR shall be sent to HINDERLITER, de LLAMAS and ASSOCIATES, 120 S. State College Blvd., Suite 200, Brea, CA 92821; and notices to CITY shall be sent to CITY OF COALINGA, 155 W Durian, Coalinga, CA 93210.

XIX. ENTIRE AGREEMENT; ETC.

This Agreement expresses the full and complete understanding of the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous proposals, agreements, representations and understandings, whether written or oral, with respect to the subject matter. This Agreement may not be amended or modified except in writing signed by each of the parties hereto. This Agreement shall be construed as to its fair meaning and not strictly for or against either party. The headings hereof are descriptive only and not to be construed in interpreting the provisions hereof.

XX. COUNTERPARTS; AUTHORITY TO SIGN

This Agreement may be executed in any number of counterparts, each of which will constitute an original and all of which, when taken together, will constitute one agreement. Any signature pages of this Agreement transmitted by facsimile or sent by email in portable document format (PDF) will have the same legal effect as an original executed signature page. Each of the persons signing on behalf of a party hereto represents that he or she has the right and power to execute this Agreement on such party's behalf.

SEE SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in their behalf.

CITY:
CITY OF COALINGA

City Manager

City Clerk

CONTRACTOR:
HINDERLITER, DE LLAMAS & ASSOCIATES
A California Corporation

By: _____
Andrew Nickerson, President

APPROVED AS TO FORM:

City Attorney

**STAFF REPORT - CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE
AUTHORITY**

Subject: Public Works & Utilities Monthly Report for December 2019
Meeting Date: January 16, 2020
From: Marissa Trejo, City Manager
Prepared by: Sean Brewer, Assistant City Manager

I. RECOMMENDATION:

Approve Public Works & Utilities Monthly Report for December 2019.

II. BACKGROUND:

None.

III. DISCUSSION:

None.

IV. ALTERNATIVES:

None.

V. FISCAL IMPACT:

None.

ATTACHMENTS:

	File Name	Description
□	Monthly_Report_Dec_2019.pdf	Monthly Report December 2019



**PUBLIC WORKS AND UTILITIES DEPARTMENT
MONTHLY REPORT FOR
DECEMBER 2019**

***Note: New items and updates from last month's report are in bold print.**

PUBLIC WORKS

Natural Gas Distribution:

- Started Short Survey of Catholically protected systems should be completed by mid-Dec.-**Completed Short Survey analyzing data to start making repairs**

Water Distribution:

- Repaired water leak 384 Hoover
- Repaired water leak 198 W. Forest
- Repaired water leak 152 E. Elm
- **Repaired water leak 590 N. 4th St.**
- **Repaired water leak 231 Locust**
- **5 Large meter box's in Rural Areas have been repaired**

Wastewater Collection:

- Cleared sewer blockage 400 W Elm. Elm/Forest
- **Cleared sewer blockage 100 Blk E. Cedar**
- **Cleared sewer blockage 300 Blk Durian**
- **Cleared sewer blockage School Farm**
- **Routine sewer cleaning in Area 2 was started**

Sidewalks:

None at this time

Parks:

- Installed Dog Waste Stations at Sandalwood and Centennial Parks

Miscellaneous:

- Started striping new diagonal striping along Cedar from 5th to 7th -Completed
- Removed 16 dead trees along Washington St. medians
- Striped center line along S. Coalinga St. from Polk to Pacific

- **Adopt A Spot program has been approved implemented signs and tools have been purchased.**
- **23 New trees have been planted in Posa Chante Blvd. Bark should be ready to be installed mid to late January.**
- **All stumps on Washington and Monterey medians have been removed**

Targeted Efforts to Enhance City Image and Business Appeal/Attraction:

No activity for the month of **November**.

UTILITIES

- Northwest Booster Station – P20 is down. P20 motor & pump have been sent out for repairs. **Repairs should be complete mid-February**
- Northwest & Oil King Booster Sta. looking into replacing old air compressors and surge tanks with new equipment. Tri City Eng. now working on this. **Getting more info for them.**
- City wide fire hydrant flushing. Will began sometime in December. **Complete**
- Oil King Booster Station – P17 is down. P17 motor & pump have been sent out for repairs. Waiting for council approval to move forward with repairs. Council has approved repairs. Repairs should be complete mid-December. **P17 motor & pump have been put back in service.**
- Northwest Booster Station – P19 motor has been sent in for repairs.
- Northwest booster Sta. to the NW Reservoir had an airlock in the transmission line. Water plant crew got it back in service and working again. **Complete**
- **Oil King Reservoir level sensor is back in service.**
- **Weed Control Spraying – Has been completed at the reservoirs, booster sta. & water treatment plant.**

PUBLIC UTILITIES COORDINATOR

CivicReady

Assigned to find a solution to requirements from the state to have an emergency notification plan (boil water notices, water events, natural gas emergencies, etc). CivicReady is an extension to our website, so it is an easy fit.

- MOA has been fully executed
- **I have pulled all of the name/address/phone numbers from the Tyler database, and have begun to format them so that they are ready for import into the CivicReady System. This will allow us to be able to notify any resident with a phone number related to their service address.**

Water Plant/Wastewater Video Surveillance

I was asked to build out a site-to-site networked surveillance system for both the water plant and the wastewater plant.

- Reviewed proposals from vendors.
- Drafted an “in house” plan that would provide some level of protection while keeping costs down.

SCADA Updates/WTP Network

- Provided updates/maintenance to systems including: PC's, iPads, and VPN interface
- Installed 4 workstations at WTP facility. This includes networking each station into the water treatment facilities network.
- **I have begun to work with Water Operators on a better way for them to handle their monthly reporting.**

Cross Connection Control

- **132 Backflows have been tested.**

Natural Gas System

I have been working with the Public Works department and Dan Bergman to help with the Natural Gas Audit of 2018. Additionally, I have been assisting with the response to PHMSA regulatory requirements.

- Have received repaired RF/IT and will continue with "Meter Short Test Survey"
- **Meter short survey has been completed. Currently analyzing results.**

Public Works iPads

I have been working on an ecosystem of iPads for Public Works. These are intended to serve several purposes. Primarily, they will act as a conduit for information between the Finance Department and Public Works. All service orders will be submitted via an iPad App. Additionally, it will serve many other application workflows. For example, the new 'Report an Issue' module in our newly launched App.

- **Public Works has been granted access to Mobile Service Orders.**

Adopt-A-Spot Program

The Public Works Supervisor and I have been collaborating to create an operable Adopt-A-Spot Program. This program would allow residents of Coalinga to adopt areas around town and aid in the task of beautifying spaces that they sign up to clean.

- Drafted supporting documents including guidelines, waiver, and various forms.
- Submitted contents to City Attorney for review
- Finalized documents

2015 UWMP

I have been asked to draft and submit for proposal on the 2015 UWMP.

- Drafted RFP for 2015 UWMP
- Posted RFP to website.
- **UWMP proposal has been completed and bid is to be awarded to the sole bidder, CM Engineering Consultants.**

Grow.Coalinga.com

At the request of the City Manager I have been asked to create a subdomain of our current website. This space is to be known as grow.coalinga.com and will highlight economic growth opportunities available with Coalinga.

- Created Subdomain: <https://www.grow.coalinga.com>
- Requested that Code3IT resolve DNS issues related to this. (Not viewable from City Network, only outside networks)
- Installed WordPress on subdomain. This will allow for easy content generation (CMS)

WATER TREATMENT PLANT (WTP)

Working on card lock system for rolling gates, control room project should be completed by end of December. **Still in progress**

UCMR4 Sampling is schedule for March and once every ¼ after that for the rest of the 2019 year. BSK Lab is doing the testing. Next testing dates will be December 13, 2019. **Testing is complete**

Rosemounts and tank level sensors are being calibrated by Solomon Electric. This project hasn't started yet. **On hold.**

Solomon Electric is working on getting quote for backup Generator for the Water Plant. **On going**

Patriot Environmental Services will start to haul off some of the old chemical that was used years ago and not being used now. Carbon liquid was removed. **Complete**

Patriot is also getting us a quote to haul off what is left in the fluoride tank and to wash it out. Chemicals should be removed and tank washed out by end of November. Schedule for 11/21/19. **Complete**

Patriot is looking for a way to get rid of all the empty Sodium Permanganate barrels.

Univar hauled off 340 empty Sodium Permanganate barrels. Still have about 50 barrels to haul off.

Westland Canal is planning a week long shut down tentatively schedule for the week of January 13th.

Univar – Working with company to remove acid tank. Signed service agreement now waiting for date to remove chemical. **Acid & Tank have been removed project complete.**

Fresno County Health came out and did inspection of the water plant. Working on removal of chemical waste, Chlorine and Ammonia training & PHA. **In progress**

Chlorine Training for the operators is schedule for January 21 & 22, 2020

City staff is working with Carter Redding on PHA for Fresno County.

Operators went BSK Lab for water sampling training class. **Complete**

Hach quarterly maintenance is schedule for Dec. 6, 2020.

Chlorine Chlorinator annual maintenance schedule for mid December. **System has been serviced and Complete.**

Ammonia Safety Alarm System is 60% complete. **Complete and working**

Basin 3 taken down for annual maintenance. **Waiting on parts**

City wide flushing of hydrants was done in December.

Derrick Reservoir had a Dive Team tank inspection.

Rec Basin 1/4ly cleaning.

WASTEWATER TREATMENT PLANT (WWTP)

Drying beds

- City crew working on getting pond 3 & 4 cleaned by spraying and burning the weeds, cattails and small trees. Ponds 3 & 4 starting to look good, but still have spraying and burning to do. **On going**
- Clarifier and Digester are back in service and working great.
- **Effluent water is being directed to the old school farm now. Radio field needs to be ripped**
- Garlic plant – Took water sample to see what is in the water before WWTP takes water from them. Should get result from testing sometime the week of November 18th. **Test result are good to take their water. But we need them to put in some type of screen to catch the garlic peels.**
- Effluent flow meter waiting on parts to repair. **New Effluent flow meter was installed. Complete**

CITY ENGINEER

Project Status Update as of December 2019:

1. Cambridge Signalization
 - a. Caltrans has approved the Encroachment Permit.
 - b. The Right of Way Package was approved by Caltrans and the request for authorization of Construction was submitted on August 14th. Once we receive authorization for construction the project will be put out to bid.
 - c. Funding is exhausted for 18/19 FFY. Expedited Project Selection Procedure concurrence letter was approved by FresnoCOG on September 26, 2019 to move the CON portion of project to 19/20.
 - d. Request for authorization of Construction was re- submitted on October 14th. Authorization still pending; Once we receive authorization for construction the project will be put out to bid.
 - e. **We continue to ask for status updates from Caltrans Local Assistance.**
 - f. **Construction anticipated Spring/Summer 2020.**
2. Rule 20A Undergrounding
 - a. City Engineer working with PG&E to underground overhead utilities on Elm Avenue from Cambridge Avenue to just south of Cherry Lane.
 - b. Project moving along slowly and is still years away from construction.
 - c. Requested update from PG&E awaiting response.
 - d. **Spoke with PG&E representative regarding status; they are waiting on a response for utility information from AT&T that was not disclosed by underground service alert.**
3. Phelps Ave Improvements
 - a. Bids were open August 27th and project awarded at September 5th Council Meeting. The project is anticipated to begin construction on September 30th.

- b. Plans have been resubmitted to Caltrans and we are awaiting comments. There were some minor comments on the last submittal that were addressed. The encroachment permit will be approved pending State Clearinghouse approval of Notice of Exemption.
 - c. State Clearinghouse approved Notice of Exemption and Encroachment Permit approved by Caltrans.
 - d. Project Contractor obtaining Rider Permit approval from Caltrans. The project is anticipated to begin construction on November 4th.
 - e. **Project is currently under construction.**
- 4. ATP 2017 Cycle 3 Sidewalk Gap Improvements
 - a. City was awarded additional funds for the project for a total grant amount of \$1,284,000 and a local match of \$175,000.
 - b. The project has been given an extension of 20 months to work with Caltrans and Fresno Council of Governments to find the best solution for the project.
 - c. Meeting with the School went well and the design is taking the information from the meeting into account.
 - d. **Additional Topographic survey in progress and design is underway.**
- 5. ATP Cycle 4
 - a. City was awarded a grant in the amount of \$951,360 with a local match of \$66,360.
 - b. The request for environmental studies was submitted to Caltrans on August 8th. The request will be on the October CTC agenda. Once the request is approved an RFQ will be released for Environmental Studies on the trail segments adjacent to the creek.
 - c. **The request for environmental studies was approved by the CTC at the October Meeting. An RFQ is being prepared and will be released for Environmental Studies on the trail segments adjacent to the creek within the next 30 days**
- 6. RSTP - Forest/Truman from 1st to Elm
 - a. City was awarded additional funds for the project for a total grant amount of \$1,400,000 and a local match of \$125,000.
 - b. Caltrans has approved the Encroachment Permit.
 - c. Project released for bidding on September 10th with a bid opening October 3rd.
 - d. Bids were opened October 3rd and project awarded at the October 10th Council Meeting.
 - e. **The project is currently under construction.**
- 7. CMAQ - Paving of Various Alleys Ph. 3
 - a. Topographic survey has been completed and design is underway.
 - b. **Construction has been put off until next fiscal year due to wanting to replace underground utilities in the alleys.**
- 8. Water Treatment Plant Permanent TTHM Reduction Project
 - a. With Regional Water Resources Control Board review and approval permanent acid storage and feeding facilities changed to liquid CO2 for plant operator safety.
 - b. **Design of permanent facilities in progress.**
 - c. **Additional survey work of tank containment area and Westland's raw water pump turnout needed for injection point design.**
 - d. **Westland's plans on replacing nonfunction venturi meter that will facilitate injection metering.**
 - e. **Anticipate construction in Fall/Winter 2019.**
- 9. WWTP Concrete Yard Boxes and Ponds Rehabilitation Project

- a. Bids opened on November 8, 2018 and they came in over budget.
- b. Working with the City to reduce project scope and re-release for bidding.
- c. **Reduced scope project under design.**

ASSISTANT CITY MANAGER

PUBLIC WORKS/UTILITIES

- **Budget:** ASM has scheduled meetings with Utilities, Public Works and building to discuss all operational budgets in preparation of the mid-year review.
- **Street Light Acquisition:** Larry Miller and I are reviewing the tank feasibility study and plan to bring the report before the Council in the near future.
- **TTHM:** Executed updated Contract for Services with City Engineer and MKN Consulting to finish the plans and specifications for the TTHM Project due to the recent change in engineering support services. Site meeting with Frisch and MKN occurred in September and final design is underway. Plans and Specifications are at 30% and currently under City Engineer Review.
- **Derrick Bypass / Reservoir Assessment:** Staff has executed a contract with CSI inspection services to perform a tank inspection of Derrick Reservoir in January.
- Coordinating Water Plant staff and the City Engineer to continue the SCADA project moving forward with Frisch Engineering. Larry Miller coordinating project status meeting with Frisch Engineering to get status update and project schedule.
- **Coalinga Water Plant PSM/RMP:** Environmental Permitting Specialist met with plant staff and is currently developing all PSM/RMP programs for staff review in the next 2 months.
- **County Inspection (Water Plant):** Fresno County department of environmental health inspected the water plant and provided a correction plan which staff is currently working on to complete in the 30 days given by the County. Staff is currently working on the checklist items as addressed in the inspection report and coordinating with the EPS to establish a compliance schedule.
- **Secondary WWTP Access Road:** The City Engineer is reviewing the location and will then begin working on obtaining the appropriate easements for dedication. Property owners will need to be contacted in the near future.
- **Center Median Rehab:** The City Council approved a budget allocation and scope of work at the November 7th Meeting. Staff is working on finalizing the design for going out to bid.
- Staff has had back and forth conversations with Caltrans about the possibility of a school zone designations near the Faith Christian Academy School.
- Abandonment of the easement located on Monroe Street near Faith Christian H.S has a public hearing was approved in November 7th and the City Engineer will be recording the abandonment documents.
- **Grants:** The professional services agreement with Blais and associates has been executed and staff is currently trying to schedule a needs assessment meeting to discuss funding needs.
 - B&A are currently preparing applications for the STBG call for Projects due in December. The CMAQ application was submitted to COG on November 14, 2019 for future trail segments.
- Staff is working on ordinances and other necessary documents for submission to the State Controller's Office in order for the City to be subject to the Uniform Public Construction Cost Accounting Act.
- Working on standardized informal and formal bidding procedures for smaller public works projects to expedite project delivery.
- Submitted the 2010 Urban Water Management Plan to State of CA with approved resolution.
- The RFP for the completion of the 2015 Urban Water Management Plan was posted on November 14th.
- **State Parks Per Capita Program:** Resolution has been submitted to State and staff is awaiting allocation numbers from the State.

- Wastewater Consultant and City Engineer are working on opportunities for future uses of waste discharge, capital needs, and grant opportunities.
- Staff is finalizing the guidelines and policies for the City of Coalinga **Adopt-A-Spot program**.
- Working with the **Garlic Plant** owners to find solution for storm water discharge into Industrial Park basin. Staff has tested the discharge water and should have the results by the end of November.
- Continued discussions with Staff, IGS and City Engineer on developing a long-range **Capital Improvement Program** for the Water Infrastructure.
- Developing a list of amenities for the parks related to the **Per Capita Parks Program**
- City Engineer working on bid documents for the repair of the Surge Tanks for the water plant. Should bid project in December.
- Coordinating with Water and Waste Water Plant Staff to get costs related to back up generators at the WTP and WWTP and various booster stations and pumps. Staff submitted a State grant application for \$500,000 for a back-up generator at the WTP.
- Working with the City Engineer and PW's Staff to finalize design and cost estimates for a splash pad at Frame Park. Costs Estimates and Scope of Work is expected to come before the City Council in December/January.
- Coordinating Efforts with the Chamber of Commerce to provide banner installation services. Waiting on items from the Chamber prior to engaging in further discussions.
- Working on Policies for property owner responsibility for tree trimming and sidewalk repairs within the City for Council consideration.

COMMUNITY DEVELOPMENT

- Working on presentation for the Council regarding a Cottage Home Program
- Continuing coordination with the County and surrounding agencies regarding Community Choice Solar.
- Working with Larry on Council Chambers Technology Modernization. Staff working in product list as well as streaming solutions.
- Staff continuing to work with Tyler Technologies on Energov Migration.
- Staff has been reviewing the Family Dollar building, landscape and sign plans for approval. Initial plan review was submitted to Family Dollar on November 19, 2019.
- Working with Self Help Enterprises on HOME application for housing rehabilitation and first-time home buyer program.
- Staff working with AMG and Associates on the AHSC Affordable Housing Grant Application at Pacific and Elm Ave.
- Council approved the rehabilitation of the hotel units on Valley Street. Staff is currently reviewing the administrative site plan application and should have that complete in the first week of December.
- The City Engineer is currently reviewing the Luxe Estates Final Map application. This project is located on the northeast corner of La Questa and Phelps.
- Staff is working with Ranch WIFI on a CUP application for a wireless network within the City of Coalinga.
- CDA 18-02 Application – UrbGreen cultivation facility is currently under the review of staff. Staff is awaiting an updated project application in order to proceed with processing the application further.
- Site Plan Review 19-01 – Western oil has submitted an application for a new office on W. Elm Ave. Staff is currently reviewing the application for completeness and will soon set a hearing date before the Planning Commission.
- Staff is working on an ordinance that will update the Large Family Daycare regulations to be consistent with State law related to land use.