



CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY MEETING AGENDA

**August 19, 2021
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 August 19, 2021 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. Active Transportation Overview and Update on Implementation
2. Bird Scooter Presentation
3. Presentation of the Fiscal Year 2019-2020 Audited Financial Statements by City Auditor

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. Approve MINUTES - August 5, 2021
2. Approve Memorandum of Understanding between City of Coalinga and The International Association of Firefighters, AFL-CIO Local 2305
3. Overview of City Airport - Informational Only
4. Approve Draft Request for Statement of Interest and Qualifications to Perform Airport Planning, Engineering, Environmental and Consulting Services for the Coalinga Municipal Airport
5. Declare Old Transit Department Vehicle as Surplus Property, Direct Staff to Dispose of the Vehicle via Silent Auction and Designate Proceeds to Police Department's Canine Unit
6. Adopt Resolution No. 4042 Placing a Moratorium on Swimming Pool, Spa, Hot Tub, Decorative Fountains or Water Features Effective Immediately and Until the City Proclaims the Water Conservation Emergency to be Over
7. Authorize Mayor to Sign a Letter to the City's State Representatives Requesting the State of California Allocate State Water Project Water to the Coalinga State Hospital and Pleasant Valley State Prison
8. Waive Second Reading And Adopt Ordinance No. 848 Amending Section 6-1.26 Relating to Vicious Dogs
9. Authorize Assistant City Manager to Execute two (2) Task Orders with Blais and Associates to Provide Grant Writing Services for the Upcoming CMAQ (Congestion Mitigation and Air Quality) and STBG (Surface Transportation Block Grant) Grant Funding Cycles
10. Authorize City Manager to Execute the First Amendment to the Warthan Meadows Subdivision Agreement
11. Public Works, Utilities & Community Development Monthly Report for for June & July 2021

6. ORDINANCE PRESENTATION, DISCUSSION AND POTENTIAL ACTION ITEMS

1. Discussion, Direction and Potential Action Regarding the Current Water Emergency Proclamation and Possible Action by the Council to Address the Existing Drought Charge, Water Days, Penalties and the Possibility of Purchasing Wholesale Water
Sean Brewer, Assistant City Manager
2. Discussion, Direction and Potential Action on the League of California Cities 2021 Annual Conference Resolutions
Marissa Trejo, City Manager
3. Discussion, Direction and Potential Action Related to Commercial Cannabis Outdoor/Indoor/Nursery Cultivation Tax Rates and Structure
Sean Brewer, Assistant City Manager
4. Discussion and Direction regarding Camping Ordinance
Marissa Trejo, City Manager

5. Discussion, Direction and Potential Action regarding American Rescue Plan Act of 2021 (ARPA) Funding Priorities and Allocations

Marissa Trejo, City Manager

7. ANNOUNCEMENTS

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

8. FUTURE AGENDA ITEMS

9. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION.
Government Code Section 54956.9(d)(1): City of Coalinga v. ICMA Retirement Corporation, et al. (FCSC Case #16 CG 00082)
2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION under
Government Code Section 54956.9(d)(2) - 1 case

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: Presentation of the Fiscal Year 2019-2020 Audited Financial Statements by City Auditor
Meeting Date: August 19, 2021
From: Marissa Trejo, City Manager
Prepared by: Jasmin Bains, Financial Services Director

I. RECOMMENDATION:

II. BACKGROUND:

III. DISCUSSION:

IV. ALTERNATIVES:

V. FISCAL IMPACT:

ATTACHMENTS:

File Name	Description
Coalinga_Audit_Report_6-30-20_Final_PDF-Revised_08-05-2021.pdf	FY2019-2020 Audited Financial Statements
Coalinga_Final_Mgt_Report_6-30-20.pdf	FY 2019-2020 Management Report

CITY OF COALINGA

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Coalinga, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coalinga, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coalinga, California, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 47, the Proportionate Share of Net Pension Liability on page 48, and the Schedule of Contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

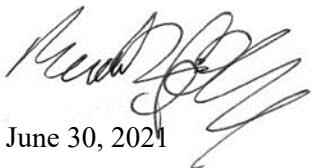
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedule for the Coalinga Public Finance Authority Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis is required by Title 2 U.S *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary comparison schedule for the Coalinga Public Finance Authority Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary comparison schedule for the Coalinga Public Finance Authority Fund, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020, on our consideration of the City of Coalinga's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Coalinga's internal control over financial reporting and compliance.



June 30, 2021

CITY OF COALINGA

STATEMENT OF NET POSITION JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 16,279,249	\$ 6,093,480	\$ 22,372,729
Restricted cash with fiscal agent	1,936,349	2,129,208	4,065,557
Accounts receivable, net	25,021	885,487	910,508
Interest receivable	1,513,050	5,815	1,518,865
Other receivable	16,341	-	16,341
Due from other governments	3,494,331	15,154	3,509,485
Internal balances	11,822,000	(11,822,000)	-
Advances to the Successor Agency	990,000	-	990,000
Notes receivable	3,070,671	-	3,070,671
Bonds receivable	619,942	-	619,942
Capital assets, net of allowance for depreciation	23,742,204	17,204,060	40,946,264
Total assets	63,509,158	14,511,204	78,020,362
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	904,301	276,928	1,181,229
Total deferred outflows of resources	904,301	276,928	1,181,229
LIABILITIES			
Accounts payable	725,280	1,382,156	2,107,436
Accrued liabilities	123,930	30,017	153,947
Accrued interest payable	168,000	-	168,000
Deposits and claims payable	103,044	38,900	141,944
Unearned revenue	6,662	-	6,662
Long-term liabilities			
Due within one year	731,177	-	731,177
Due in more than one year	14,287,402	-	14,287,402
Net pension liability	603,105	158,771	761,876
Compensated absences	354,057	147,286	501,343
Total liabilities	17,102,657	1,757,130	18,859,787
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	72,352	16,116	88,468
Total deferred inflows of resources	72,352	16,116	88,468
NET POSITION			
Net investment in capital asseets	8,723,625	7,944,060	16,667,685
Restricted for debt service	18,729,136	-	18,729,136
Restricted for capital improvements	116,707	-	116,707
Restricted for specific projects and programs	11,420,092	-	11,420,092
Unrestricted	8,248,890	5,070,826	13,319,716
Total net position	\$ 47,238,450	\$ 13,014,886	\$ 60,253,336

CITY OF COALINGA

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

Functions/Programs	Expense	Program Revenue			Net Revenue/(Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 1,154,093	\$ 7,098	\$ -	\$ -	\$ (1,146,995)	\$ -	\$ (1,146,995)
Public works	1,343,089	211,687	3,364,891	58,520	2,292,009	-	2,292,009
Community development	674,221	-	121,485	-	(552,736)	-	(552,736)
Public safety	6,328,304	2,453,933	1,881,913	18,883	(1,973,575)	-	(1,973,575)
Debt Service							
Interest and fiscal charges	666,289	-	-	-	(666,289)	-	(666,289)
Total governmental activities	10,165,996	2,672,718	5,368,289	77,403	(2,047,586)	-	(2,047,586)
Business-type activities							
Water	6,358,756	5,621,820	-	12,883	-	(724,053)	(724,053)
Sewer	1,424,750	1,115,346	-	34,866	-	(274,538)	(274,538)
Natural Gas	1,918,982	1,861,175	-	-	-	(57,807)	(57,807)
Sanitation	2,167,390	2,084,099	-	-	-	(83,291)	(83,291)
Total business-type activities	11,869,878	10,682,440	-	47,749	-	(1,139,689)	(1,139,689)
Total primary government	\$ 22,035,874	\$ 13,355,158	\$ 5,368,289	\$ 125,152	(2,047,586)	(1,139,689)	(3,187,275)
General Revenue							
Property taxes					3,151,662	-	3,151,662
Special assessments					19,405	-	19,405
Sales taxes					2,695,393	-	2,695,393
Franchise and other taxes					495,683	-	495,683
Business licenses					99,447	-	99,447
Rents					111,748	11,350	123,098
Interest income					886,833	72,706	959,539
Other					33,368	8,413	41,781
Gain/(loss) on sale of assets					6,410	(16,469)	(10,059)
Total general revenue and transfers					7,499,949	76,000	7,575,949
Change in Net Position					5,452,363	(1,063,689)	4,388,674
Net Position							
Beginning of year					41,786,087	14,078,575	55,864,662
End of year					\$ 47,238,450	\$ 13,014,886	\$ 60,253,336

See accompanying notes.

CITY OF COALINGA

BALANCE SHEET – GOVERNMENTAL FUNDS JUNE 30, 2020

	General	Coalinga Public Financing Authority Debt Service Fund	Low-Moderate Housing Asset Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 9,352,103	\$ 1,381,734	\$ 1,292,139	\$ 4,253,273	\$ 16,279,249
Cash and investments with fiscal agent	-	1,936,349	-	-	1,936,349
Accounts receivable, net	16,000	-	-	9,021	25,021
Interest receivable	6,933	1,501,873	1,075	3,169	1,513,050
Other receivable	16,341	-	-	-	16,341
Due from other governments	848,954	-	-	2,645,377	3,494,331
Advances to other funds	-	12,200,000	-	-	12,200,000
Advances to the Successor Agency	-	990,000	-	-	990,000
Notes receivable	-	-	3,070,671	-	3,070,671
Bonds receivable	-	619,942	-	-	619,942
Total assets	<u>\$ 10,386,176</u>	<u>\$ 18,629,898</u>	<u>\$ 4,363,885</u>	<u>\$ 6,910,840</u>	<u>\$ 40,290,799</u>
LIABILITIES					
Accounts payable	\$ 320,830	\$ -	\$ 6,037	\$ 398,413	\$ 725,280
Accrued liabilities	123,930	-	-	-	123,930
Deposits and claims payable	97,744	-	-	5,300	103,044
Due to other funds	-	-	-	145,845	145,845
Unearned revenue	-	-	-	6,662	6,662
Advances from other funds	-	-	-	378,000	378,000
Total liabilities	<u>542,504</u>	<u>-</u>	<u>6,037</u>	<u>934,220</u>	<u>1,482,761</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	1,570,671	2,255,014	3,825,685
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,570,671</u>	<u>2,255,014</u>	<u>3,825,685</u>
FUND BALANCE					
Nonspendable:					
Leases receivable	16,341	-	-	-	16,341
Restricted:					
Debt service	-	18,629,898	-	99,238	18,729,136
Emergency medical transportation	4,783,631	-	-	-	4,783,631
Community development	-	-	2,787,177	-	2,787,177
Storm drainage and flood control	-	-	-	317,157	317,157
Streets and bridges	-	-	-	60	60
Public building and facilities	-	-	-	90,714	90,714
Park improvements	-	-	-	209,160	209,160
Capital improvement projects	-	-	-	116,707	116,707
Transit system	-	-	-	12,320	12,320
Street maintenance	-	-	-	2,167,790	2,167,790
LTF Article 8	-	-	-	663,022	663,022
Law enforcement	-	-	-	282,013	282,013
EDA Community buildings	-	-	-	47,456	47,456
EDA revolving loans	-	-	-	59,592	59,592
Unassigned	5,043,700	-	-	(343,623)	4,700,077
Total fund balance	<u>9,843,672</u>	<u>18,629,898</u>	<u>2,787,177</u>	<u>3,721,606</u>	<u>34,982,353</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,386,176</u>	<u>\$ 18,629,898</u>	<u>\$ 4,363,885</u>	<u>\$ 6,910,840</u>	<u>\$ 40,290,799</u>

See accompanying notes.

CITY OF COALINGA

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2020

Total governmental fund balance	\$ 34,982,353
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,742,204
Deferred outflows of resources related to net pension liability, represent a consumption of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.	904,301
Net pension liability applicable to governmental activities is not due and payable in the current period and accordingly is not reported in the funds.	(603,105)
Deferred inflows of resources related to net pension liability, represent an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.	(72,352)
Governmental long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(15,018,579)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(354,057)
Interest on long-term debt is reported as an expenditure of the Governmental Funds when paid because it requires the use of current financial resources. However, accrued interest must be recorded when incurred.	(168,000)
Unavailable revenues are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.	<u>3,825,685</u>
Net position of governmental activities	<u>\$ 47,238,450</u>

CITY OF COALINGA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2020

	General	Coalinga Public Financing Authority	Low-Moderate Housing Asset Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue					
Taxes and special assessments	\$ 6,342,738	\$ -	\$ -	\$ -	\$ 6,342,738
Licenses, permits and impact fees	1,359,383	-	-	33,385	1,392,768
Intergovernmental	1,788,925	-	184,513	3,052,022	5,025,460
Charges for services	1,344,319	-	-	12,970	1,357,289
Fines and forfeitures	22,108	-	-	-	22,108
Use of money and property	157,357	931,178	6,488	8,756	1,103,779
Interest	-	-	-	21,782	21,782
Other	33,368	-	-	-	33,368
Total revenue	<u>11,048,198</u>	<u>931,178</u>	<u>191,001</u>	<u>3,128,915</u>	<u>15,299,292</u>
Expenditures					
Current					
General government	912,686	-	-	-	912,686
Public works	143,869	-	-	895,967	1,039,836
Community development	578,045	-	25,188	41,384	644,617
Public safety	5,729,098	-	-	20,511	5,749,609
Capital outlay	848,392	-	-	2,742,110	3,590,502
Debt Service					
Principal	-	625,000	-	61,816	686,816
Interest and fiscal charges	-	711,766	-	10,842	722,608
Total expenditures	<u>8,212,090</u>	<u>1,336,766</u>	<u>25,188</u>	<u>3,772,630</u>	<u>13,346,674</u>
Revenue over/(under) expenditures	2,836,108	(405,588)	165,813	(643,715)	1,952,618
Other Financing Sources/(Uses)					
Sale of general capital assets	6,410	-	-	-	6,410
Total other financing sources	<u>6,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,410</u>
Change in Fund Balance	2,842,518	(405,588)	165,813	(643,715)	1,959,028
Fund Balance					
Beginning of year	7,001,154	19,035,486	2,621,364	4,365,321	33,023,325
End of year	<u>\$ 9,843,672</u>	<u>\$ 18,629,898</u>	<u>\$ 2,787,177</u>	<u>\$ 3,721,606</u>	<u>\$ 34,982,353</u>

CITY OF COALINGA

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2020

Net change in fund balance - total governmental funds	\$ 1,959,028
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Depreciation expense on capital assets is reported in the Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not required as expenditures in Governmental Funds	(794,077)
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Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the Governmental Funds	200,818
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Amortization of deferred debt costs in the Statement of Activities does not require the use of current financial resources and is not required as expenditures in Governmental Funds	(126,936)
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Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are capitalized as an asset and depreciated over the period of service	3,590,502
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Deferred charges, such as bond discounts and issuance costs from issuing debt, are expenditures in the fund financial statements but are deferred and subject to capitalization and amortization on the Government-Wide Statement of Net Assets	45,219
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(63,028)
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Repayment of long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	686,816
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Compensated absence costs in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds	(57,079)
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In the Statement of Activities interest is accrued on long-term debt, whereas, in governmental funds interest expenditure is reported when due	11,100
Change in net position of governmental activities	<u>\$ 5,452,363</u>

CITY OF COALINGA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Natural Gas	Sanitation	Total Proprietary Funds
ASSETS					
Current assets					
Cash and investments	\$ 860,515	\$ 3,292,326	\$ 1,878,572	\$ 62,067	\$ 6,093,480
Cash and investments with fiscal agent	1,402,380	726,828	-	-	2,129,208
Accounts receivable, net	425,096	78,209	173,745	208,437	885,487
Interest receivable	1,318	2,873	1,619	5	5,815
Due from other governments	7,305	3,543	3,817	489	15,154
Due from other funds	-	-	378,000	-	378,000
Total current assets	2,696,614	4,103,779	2,435,753	270,998	9,507,144
Non-current assets					
Property, plant and equipment, net of allowance for depreciation	10,979,610	5,626,025	492,350	106,075	17,204,060
Total assets	13,676,224	9,729,804	2,928,103	377,073	26,711,204
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	125,664	59,867	80,498	10,899	276,928
Total deferred outflows of resources	125,664	59,867	80,498	10,899	276,928
LIABILITIES					
Current liabilities					
Accounts payable	780,669	46,119	65,023	490,345	1,382,156
Accrued liabilities	13,989	6,923	7,897	1,208	30,017
Deposits	38,900	-	-	-	38,900
Total current liabilities	833,558	53,042	72,920	491,553	1,451,073
Non-current liabilities					
Advances from other funds	9,260,000	2,940,000	-	-	12,200,000
Compensated absences	65,867	34,647	42,890	3,882	147,286
Net pension liabilities	72,047	34,323	46,152	6,249	158,771
Total noncurrent liabilities	9,397,914	3,008,970	89,042	10,131	12,506,057
Total liabilities	10,231,472	3,062,012	161,962	501,684	13,957,130
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	7,313	3,484	4,685	634	16,116
Total deferred inflows of resources	7,313	3,484	4,685	634	16,116
NET POSITION					
Net investment in capital assets	1,719,610	5,626,025	492,350	106,075	7,944,060
Unrestricted/(deficit)	1,843,493	1,098,150	2,349,604	(220,421)	5,070,826
Total net position	\$ 3,563,103	\$ 6,724,175	\$ 2,841,954	\$ (114,346)	\$ 13,014,886

CITY OF COALINGA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water	Sewer	Natural Gas	Sanitation	
Operating Revenue					
Charges for services	\$ 5,620,245	\$ 1,115,346	\$ 1,861,175	\$ 2,084,099	\$ 10,680,865
Connection charges	1,575	-	-	-	1,575
Total operating income	<u>5,621,820</u>	<u>1,115,346</u>	<u>1,861,175</u>	<u>2,084,099</u>	<u>10,682,440</u>
Operating Expense					
Personnel	1,184,393	579,656	629,660	89,745	2,483,454
Contractual services and utilities	1,695,015	308,365	521,200	1,961,900	4,486,480
Supplies and materials	684,638	103,766	118,000	32,222	938,626
Cost of sales	1,805,752	-	570,220	-	2,375,972
Bad debt	38,920	24,182	17,815	30,036	110,953
Depreciation	489,708	262,733	62,087	53,487	868,015
Total operating expense	<u>5,898,426</u>	<u>1,278,702</u>	<u>1,918,982</u>	<u>2,167,390</u>	<u>11,263,500</u>
Operating income/(loss)	<u>(276,606)</u>	<u>(163,356)</u>	<u>(57,807)</u>	<u>(83,291)</u>	<u>(581,060)</u>
Nonoperating Revenue/(Expense)					
Development impact fees	12,883	34,866	-	-	47,749
Interest income	33,150	29,483	10,069	4	72,706
Miscellaneous	8,413	11,350	-	-	19,763
Gain (loss) on sale of assets	(16,469)	-	-	-	(16,469)
Interest expense	(460,330)	(146,048)	-	-	(606,378)
Total nonoperating revenue/(expense)	<u>(422,353)</u>	<u>(70,349)</u>	<u>10,069</u>	<u>4</u>	<u>(482,629)</u>
Change in Net Position	<u>(698,959)</u>	<u>(233,705)</u>	<u>(47,738)</u>	<u>(83,287)</u>	<u>(1,063,689)</u>
Net Position					
Beginning of year	4,262,062	6,957,880	2,889,692	(31,059)	14,078,575
End of year	<u>\$ 3,563,103</u>	<u>\$ 6,724,175</u>	<u>\$ 2,841,954</u>	<u>\$ (114,346)</u>	<u>\$ 13,014,886</u>

CITY OF COALINGA

STATEMENT OF CASH FLOW - PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Natural Gas	Sanitation	Total Business-Type Funds
Operating Activities					
Receipts from customers and users	\$ 5,872,028	\$ 1,112,050	\$ 1,839,320	\$ 2,081,757	\$ 10,905,155
Payments to employees	(1,129,526)	(553,381)	(596,243)	(86,842)	(2,365,992)
Payments for contractual services and utilities	(1,279,700)	(348,692)	(537,980)	(1,667,369)	(3,833,741)
Payments to suppliers	(684,638)	(103,766)	(118,000)	(32,222)	(938,626)
Payments for cost of sales	(1,805,752)	-	(570,220)	-	(2,375,972)
Net cash provided by (used in) operating activities	972,412	106,211	16,877	295,324	1,390,824
Non-capital Financial Activities					
Payments from other governments	24,652	10,937	11,449	1,457	48,495
Transfers (to)/from other funds	(77,579)	261,861	-	(234,282)	(50,000)
Net cash provided by (used in) noncapital financing activities	(52,927)	272,798	11,449	(232,825)	(1,505)
Capital and Related Financing Activities					
Development impact fees received	12,883	34,866	-	-	47,749
Rental income received	8,413	11,350	-	-	19,763
Purchase of property, plant and equipment	(274,881)	(86,367)	(29,122)	-	(390,370)
Principal paid on long-term debt	(165,000)	(23,187)	-	-	(188,187)
Interest paid on long-term debt	(460,330)	(146,048)	-	-	(606,378)
Net cash provided by (used in) capital and related financing activities	(878,915)	(209,386)	(29,122)	-	(1,117,423)
Investing Activities					
Interest received	33,710	26,610	12,965	(432)	72,853
Net cash provided by (used in) investing activities	33,710	26,610	12,965	(432)	72,853
Net Increase (Decrease) in Cash	74,280	196,233	12,169	62,067	344,749
Cash					
Beginning of year	2,188,615	3,822,921	1,866,403	-	7,877,939
End of year	\$ 2,262,895	\$ 4,019,154	\$ 1,878,572	\$ 62,067	\$ 8,222,688

CITY OF COALINGA

STATEMENT OF CASH FLOW - PROPRIETARY FUNDS (CONTINUED) YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Total Business-Type Funds
	Water	Sewer	Natural Gas	Sanitation	
Reconciliation of cash to financial statements:					
Cash and investments	\$ 860,515	\$ 3,292,326	\$ 1,878,572	\$ 62,067	\$ 6,093,480
Cash and investments with fiscal agent	<u>1,402,380</u>	<u>726,828</u>	<u>-</u>	<u>-</u>	<u>2,129,208</u>
	<u>\$ 2,262,895</u>	<u>\$ 4,019,154</u>	<u>\$ 1,878,572</u>	<u>\$ 62,067</u>	<u>\$ 8,222,688</u>
Cash Flows from Operating Activities					
Operating income (loss)	\$ (276,606)	\$ (163,356)	\$ (57,807)	\$ (83,291)	\$ (581,060)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	489,708	262,733	62,087	53,487	868,015
Changes in assets and liabilities:					
(Increase) decrease in Accounts Receivable	286,728	20,886	(4,040)	27,694	331,268
(Increase) decrease in deferred outflows of resources	9,322	4,440	5,971	808	20,541
Increase (decrease) in accounts payable	415,315	(40,327)	(16,780)	294,531	652,739
Increase (decrease) in deposits and other liabilities	2,400	-	-	-	2,400
Increase (decrease) in compensated absences	9,655	4,737	4,455	(1,018)	17,829
Increase (decrease) in deferred inflows of resources	3,108	1,481	1,991	269	6,849
Increase (decrease) in net pension liability	<u>32,782</u>	<u>15,617</u>	<u>21,000</u>	<u>2,844</u>	<u>72,243</u>
Net Cash Provided (Used in) Operating Activities	<u>\$ 972,412</u>	<u>\$ 106,211</u>	<u>\$ 16,877</u>	<u>\$ 295,324</u>	<u>\$ 1,390,824</u>

CITY OF COALINGA

STATEMENT OF FIDUCIARY NET POSTION JUNE 30, 2020

	Successor Agency	Ayres/Beason Scholarship	Total Private Purpose Trust Funds
ASSETS			
Cash and investments	\$ 1,818,313	\$ 51,999	\$ 1,870,312
Cash and investments with fiscal agent	366,460	-	366,460
Intergovernmental receivables	1,388	-	1,388
Interest receivable	2,138	44	2,182
Notes receivable	252,167	-	252,167
Land held for sale	1,869,085	-	1,869,085
Total assets	<u>4,309,551</u>	<u>52,043</u>	<u>4,361,594</u>
LIABILITIES			
Accounts payable and accrued expense	4,853	-	4,853
Accrued liabilities	2,460	-	2,460
Deposits and other liabilities	15,900	-	15,900
Interest payable	37,325	-	37,325
Unearned revenue	600	-	600
Advance from the City of Coalinga	990,000	-	990,000
Long-term Debt			
Due within one year	552,000	-	552,000
Due in more than one year	6,074,716	-	6,074,716
Total liabilities	<u>7,677,854</u>	<u>-</u>	<u>7,677,854</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on bond refunding	10,825	-	10,825
Total deferred inflows of resources	<u>10,825</u>	<u>-</u>	<u>10,825</u>
NET POSITION			
Net position held in trust for:			
Redevelopment dissolution and other purposes	(3,379,128)	-	(3,379,128)
Scholarship	-	52,043	52,043
Total net position (deficit)	<u>\$ (3,379,128)</u>	<u>\$ 52,043</u>	<u>\$ (3,327,085)</u>

CITY OF COALINGA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2020

	Coalinga Successor Agency	Ayres/Beason Scholarship	Total Private Purpose Trust Funds
ADDITIONS			
Property taxes	\$ 1,292,839	\$ -	\$ 1,292,839
Contribution from City of Coalinga	99,606	-	99,606
Investments, rents and other earnings	<u>36,509</u>	<u>275</u>	<u>36,784</u>
Total additions	<u>1,428,954</u>	<u>275</u>	<u>1,429,229</u>
DEDUCTIONS			
Administrative costs	227,185	-	227,185
Interest and fiscal agency expenses	355,590	-	355,590
Distribution to County	<u>306,655</u>	<u>-</u>	<u>306,655</u>
Total deductions	<u>889,430</u>	<u>-</u>	<u>889,430</u>
Change in Net Position	539,524	275	539,799
Net Position			
Beginning of year	<u>(3,918,652)</u>	<u>51,768</u>	<u>(3,866,884)</u>
End of year	<u>\$ (3,379,128)</u>	<u>\$ 52,043</u>	<u>\$ (3,327,085)</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The City of Coalinga, California (the “City”) was incorporated as a general law city in 1906. The City operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water, sewer, natural gas, transit and refuse collection; parks and recreation; building inspection; public improvements; planning and zoning, and general administrative services. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. There are no discretely presented component units included in these financial statements.

Blended Component Unit - The Coalinga Public Financing Authority (“CPFA”) was established in 1991 through a Joint Exercise of Powers Agreement between the City, the Agency, and the Coalinga-Huron Unified School District. The formation of the joint powers authority was approved by the City Council who is also designated as the Board of Directors for the CPFA. The City Manager is appointed Secretary with the City staff providing all support services. The purpose of the CPFA is solely to provide funds from the sale of revenue bonds to finance or refinance the costs of various projects for the City. The City set up the CPFA to act as a financing/lending type institution only. The CPFA/City legislative meetings are held concurrently. The CPFA is reported as a debt service fund and does not issue separate financial statements.

Basis of Accounting – Fund Accounting

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are included in the program expense reported for individual function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Program revenues include, 1) fines, fees, and charges paid by the recipients of goods and services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements – The fund financial statements provide information about the City’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government- wide financial statements.

The City reports the following major governmental funds:

The *General Fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Coalinga Public Financing Authority Debt Service Fund* is used to account for revenues and expenditures of the CPFA Revenue Bonds. Bond proceeds are to be used to finance or refinance the costs of various improvement projects for the City and other public agencies.

The *Low-Moderate Housing Asset Special Revenue Fund* accounts for monies received and expended for low and moderate income housing activities pursuant to AB1484.

Enterprise fund financial statements include a statement of net position, statement of revenues, expenses and changes in net position, a statement of cash flows for each major enterprise fund and nonmajor funds aggregated.

The City has four major enterprise funds: the Water Fund, Sewer Fund, Natural Gas Fund, and Sanitation Fund, which are used to account for operations that are financed and operated in a manner similar to private business enterprise. In an enterprise fund, the intent of the City Council is that costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

Water Fund – The Water Fund accounts for the activities of the City’s water production and distribution operations.

Sewer Fund – The Sewer Fund accounts for the activities of the City’s sanitary sewer system operations.

Natural Gas – The Natural Gas Fund accounts for the operation and maintenance of the City’s natural gas system.

Sanitation Fund – The Sanitation Fund accounts for the operation and maintenance of the City’s sanitation system.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation – Fund Accounting

The City's fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

Private-Purpose Trust Fund – The Private-Purpose Trust Fund accounts for assets held by the City as trustee for the Successor Agency and Ayres/Beason Scholarships.

The City reports the following private purpose trust funds:

The Coalinga Successor Agency Fund accounts for the assets and liabilities of the former Redevelopment Agency and its allocated revenue to pay estimated installment payments of the enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

The Ayres/Beason Scholarship Fund accounts for the assets and liabilities of the Ayres/Beason scholarship.

Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – Governmental funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, natural gas fund, sanitation fund, and utility billing funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Financial Statement Amounts

Cash and Investments – Cash and investments represent the City's cash bank accounts including but not limited to certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the Statement of Cash Flows.

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as a result of this pooling are distributed to the appropriate funds based on year-end cash balances in each fund. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in the State of California Local Agency Investment Fund. Investments are stated at cost or amortized cost.

Restricted Cash with Fiscal Agent – The City has funds held by trustee or fiscal agents pledged to the payment or security of bonds and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The City reports restricted cash with fiscal agent in the CPFA debt service fund, the Water and Sewer enterprise funds, and the Coalinga Successor Agency private-purpose trust fund. Amounts reported in these funds are restricted for debt service payments and specific projects.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable – These are comprised primarily of revenues that have been earned but not yet received by the City as of June 30 from individual customers, private entities and government agencies. In addition, this account includes accrued revenues due from other agencies for expenditure driven types of grants whereby the City accrues grant revenues for expenditures/expenses incurred but not yet reimbursed by the grantors. Also, property taxes earned but not received from the County of Fresno as of June 30 and unbilled services for utility and other services delivered to customers but not billed as of June 30, are included in this account. Management determines the allowance for doubtful accounts by evaluating individual customer accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received.

The City uses an independent billing company to bill and collect on all ambulance services. Ambulance billings consist of amounts owed by individuals for services rendered for ambulance transport. Management is not able to create a reasonable estimate of the collectability of existing accounts. In addition, the outstanding receivables are deemed unavailable as the City typically receives payment after the availability period of 60 days. The City records all ambulance receipts on a cash basis.

Property Tax Calendar – Fresno County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year-end. Property tax on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year-end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1 per \$100 of full cash value.

Interfund Receivables/Payable – During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets Held for Resale – Assets held by the City or the Coalinga Successor Agency for the purpose of improving and reselling are accounted for in the account. Property is valued at the lower of cost or net realizable value.

Capital Assets – Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the Government- Wide Financial Statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

	Years
Infrastructure	10 - 50
Buildings, structures and improvements	5 - 40
Water storage rights	40
Transmission and distribution equipment	5 - 50
Rolling equipment	2 - 30
Office equipment	3 - 10

Unearned revenue – Is that for which recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Unavailable Revenue – In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations.

Deferred Outflows and Inflows of Resources – The City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Notes 9 and 10 for a detailed listing of the deferred outflows and deferred inflows of resources the City has recognized.

Interest Payable – In the government-wide financial statements, interest payable of long-term debt is recognized as the liability is incurred for the governmental fund-types and proprietary-fund types.

In the fund financial statements, proprietary fund-types recognize the interest payable when the liability is incurred.

Long-Term Debt – In the government-wide, proprietary fund and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund and fiduciary fund financial statements. Bond premiums and discounts are deferred and amortized on a straight-line basis over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from refunding of debt are reported as deferred outflows or inflows of resources and amortized over the shorter of the life of the refunded debt or refunding debt. Amortization of these balances is recorded as a component of interest expense.

Prepaid bond insurance costs are amortized using the straight-line method over the life of the bonds. Amortization of these balances is recorded as a component of operating expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences – It is the City's policy to permit all employees to accumulate earned but unused vacation, sick pay and compensatory time benefits. Those employees on shift work schedules may also accumulate hours for holiday time benefits.

Vested or accumulated vacation, holiday and eligible sick leave along with any compensation time that is expected to be paid with expendable available financial resources is reported as an expenditure in the fund financial statements of the Governmental Fund that will pay for it. Amounts not expected to be liquidated with expendable available financial resources are reported in the Government-Wide Financial Statements.

Vested leave of Proprietary Funds are recorded as an expense and liability as the benefits accrue.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Pensions – In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 10 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the City's fiscal year-end or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Net Position/Fund Balance – The government-wide and business-type activities fund financial statements utilize a net position presentation. Net positions are categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions on net position imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the City, not restricted for any project or other purpose.

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Balance – In the fund financial statements, government fund balance is made up of the following components:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Encumbrances – The City does not use encumbrance accounting.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Stewardship, Compliance and Accountability

California law authorizes the City to invest in obligations of the United States Treasury, agencies and instrumentalities, certificates of deposit or time deposits in banks and savings and loan associations which are insured by the Federal Deposit Insurance Corporation.

In accordance with applicable sections of the California Government Code and the Coalinga Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds. Budget plans are adopted for Proprietary Funds. A proposed budget is presented to the City Council during June of each year for review. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered.

Deficit Net Position

Prior to February 1, 2012, the California Redevelopment Law provided tax increment financing as a source of revenue to redevelopment agencies to fund redevelopment activities. Once a redevelopment area was adopted, the former Agency could only receive tax increments to the extent that it could show on an annual basis that it had incurred indebtedness that must be repaid with tax increments. Due to the nature of the redevelopment financing, the former Agency liabilities exceeded assets. Therefore, the Agency historically carried a deficit, which was expected to be reduced as future tax increment revenues were received and used to reduce its outstanding long-term debt. This deficit was transferred to the Coalinga Successor Agency on February 1, 2012. At June 30, 2020, Coalinga Successor Agency has a deficit of \$3,317,167, which will be eliminated with future redevelopment property tax revenues distributed from the Redevelopment Property Tax Trust Fund administered by the County's Auditor-Controller.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 2 – Cash and Investments

The City pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 22,372,729
Cash and Investments with fiscal agent	4,065,557
Fiduciary Funds:	
Cash and Investments	1,870,312
Cash and Investments with fiscal agent	366,460
Total Cash and Investments	<u>\$ 28,675,058</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 2,652
Deposits with financial institutions	6,197,492
Investments	<u>22,474,914</u>
Total Cash and Investments	<u>\$ 28,675,058</u>

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 2 – Cash and Investments (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

LAIF is valued based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (Level 2 input).

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 2 – Cash and Investments (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by maintaining funds in liquid, short-term investments which can be converted to cash when necessary to meet disbursement requirements. The City's investment in the Local Agency Investment Fund ("LAIF") is available for withdraw in one business day.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 2 – Cash and Investments (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State investment pool	\$ 6,061,211	\$ 6,061,211	\$ -	\$ -	\$ -
Held by bond trustee:					
Certificates of deposit	342,550	342,550	-	-	-
Money market funds	<u>16,071,153</u>	<u>16,071,153</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 22,474,914</u>	<u>\$ 22,474,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Ratings at Year-End	
			AAAm	Not Rated
State investment pool	\$ 6,061,211	N/A	\$ -	\$ 6,061,211
Held by bond trustee:				
Certificates of deposit	342,550	N/A	-	342,550
Money market funds	<u>16,071,153</u>	A	<u>16,071,153</u>	<u>-</u>
Total	<u>\$ 22,474,914</u>		<u>\$ 16,071,153</u>	<u>\$ 6,403,761</u>

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on the City. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in the California Government Code. The City does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments by reporting unit.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a city will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by the state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under the state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The carrying amounts of the City's cash deposits totaled \$6,197,493 at June 30, 2020. Bank balances were \$6,355,131, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City's name.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 3 – Accounts Receivables

Summaries of accounts receivable and the corresponding allowances for uncollectibles at June 30, 2020 are as follows:

	General Fund	Coalinga Public Financing Authority Debt Service Fund	Low-Moderate Housing Asset Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Accounts receivable	\$ 16,000	\$ -	\$ -	\$ 9,021	\$ 25,021
Interest receivable	6,933	1,501,873	1,075	3,169	1,513,050
Other receivable	16,341	-	-	-	16,341
Due from other governments	848,954	-	-	2,645,377	3,494,331
Notes receivable	-	-	3,070,671	-	3,070,671
Bonds receivable	-	619,942	-	-	619,942
	<u>888,228</u>	<u>2,121,815</u>	<u>3,071,746</u>	<u>2,657,567</u>	<u>8,739,356</u>
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accounts receivable, net	<u>\$ 888,228</u>	<u>\$ 2,121,815</u>	<u>\$ 3,071,746</u>	<u>\$ 2,657,567</u>	<u>\$ 8,739,356</u>

	Water	Sewer	Natural Gas	Sanitation	Total Proprietary Funds
Utility receivables	\$ 673,077	\$ 181,051	\$ 240,122	\$ 343,416	\$ 1,437,666
Due from other government	7,305	3,543	3,817	489	15,154
Interest receivable	<u>1,318</u>	<u>2,873</u>	<u>1,619</u>	<u>5</u>	<u>5,815</u>
	<u>681,700</u>	<u>187,467</u>	<u>245,558</u>	<u>343,910</u>	<u>1,458,635</u>
Less: allowance for uncollectible	<u>(247,981)</u>	<u>(102,842)</u>	<u>(66,377)</u>	<u>(134,979)</u>	<u>(552,179)</u>
Accounts receivable, net	<u>\$ 433,719</u>	<u>\$ 84,625</u>	<u>\$ 179,181</u>	<u>\$ 208,931</u>	<u>\$ 906,456</u>

Note 4 – Notes Receivable

Notes receivable of \$1,570,671 represent monies loaned to homebuyers in connection with a down payment assistance program. The loans are secured by real property with repayment due upon the sale of real property or starting at the end of the 30-year deferral period. At the time of sale, the seller pays the loan balance in full without interest. Starting at the end of the 30-year deferral period, the borrower is required to repay the Down Payment Assistance Loan, without interest, over the following 15 years.

Additionally, the City allocated \$1,500,000 in Successor Agency Housing Bond Proceeds as a residual receipts loan to Warthan Place Investors, LP (Warthan) for the construction of the Warthan Place Apartments Multi-Family Housing Project. The City will be repaid through a residual receipts agreement with Warthan at a 1.0% interest rate.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 4 – Interfund Activities

Current Interfund Receivables/Payables

Current interfund balances are generally short-term loans to cover temporary cash deficits in various funds and are expected to be repaid shortly after the end of the fiscal year. The City's interfund receivables and payables consisted of the following at June 30, 2020:

	<u>Due To</u>	<u>Due From</u>
Major Funds:		
General Fund	\$ -	\$ 145,845
Nonmajor Funds:		
Gas Tax Fund	71,004	-
Transit Fund	5,954	-
CalTrans Grant Fund	68,887	-
	<u>\$ 145,845</u>	<u>\$ 145,845</u>

Long-Term Interfund Advances

Long-term interfund advances are advances to other funds that are not expected to be repaid in one year or less. The City's long-term interfund advances consisted of the following at June 30, 2020:

	<u>Advances To</u>	<u>Advances From</u>
Major Funds:		
Coalinga Public Financing Authority Debt Service Fund	\$ 13,635,000	\$ -
Water Fund	-	9,260,000
Sewer Fund	-	2,940,000
Natural Gas Fund	378,000	-
Nonmajor Funds:		
Developmental Impact Fees Capital Projects Fund	-	378,000
Fiduciary Funds:		
Coalinga Successor Agency Fund	-	1,435,000
	<u>\$ 14,013,000</u>	<u>\$ 14,013,000</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 5 – Interfund Activities (Continued)

Bonds Receivable and Payable

The following is a summary of interfund bonds receivable and bonds payable at June 30, 2020:

	Bonds Receivable	Bonds Payable
Major Funds:		
Coalinga Public Financing Authority Debt Service Fund	\$ 619,942	\$ -
Fiduciary Funds:		
Coalinga Successor Agency Fund	-	619,942
	<u>\$ 619,942</u>	<u>\$ 619,942</u>

Interfund Advances and Bonds Receivables and Payables

Bonds receivable consists of debt instruments purchased by the Coalinga Public Financing Authority (CPFA), which was established in 1991 through a Joint Exercise of Powers Agreement between the City, the former Redevelopment Agency of the City of Coalinga, and the Coalinga-Huron Unified School District. The formation of the joint powers authority was approved by the City Council who is also designated as the Board of Directors for the CPFA. The purpose of the CPFA is solely to provide funds from the sale of revenue bonds to finance the costs of various projects for the City and other external agencies. The City set up the CPFA to act as a financing/lending type institution only. In financing the various capital improvement projects, the CPFA purchased bonds, entered into lease/sub-lease agreements and capital financing contracts with the City and other external agencies. The following is a list of the debt instruments comprising the long-term interfund advances and bonds receivable balances in the CPFA debt service fund as of June 30, 2020:

In June 1993, the CPFA loaned \$1,420,000 to the former Redevelopment Agency of the City of Coalinga for the purpose of financing the construction of a new police station. The final payment of the loan is scheduled for September 15, 2021. The loan balance is \$205,000 as of June 30, 2020.

In June 1993, the CPFA loaned \$5,480,000 to the former Redevelopment Agency of the City of Coalinga for the purpose of financing the former Redevelopment Agency's \$5,100,000 tax allocation bonds that were issued on June 27, 1991 for the police station project. The final payment of the loan is scheduled for September 15, 2021. The loan balance is \$785,000 as of June 30, 2020.

In March 2012, the CPFA loaned \$9,740,000 and \$3,090,000 to the Water and Sewer enterprise funds, respectively, for the purpose of financing the 2012 Water and Wastewater Projects and the refunding of the 2000 Revenue Bonds, Series A (Water and Wastewater Projects). The final payment of the loan is scheduled for March 25, 2048. The outstanding balance as of June 30, 2020 in the Water and Sewer enterprise funds are \$9,260,000 and \$2,940,000, respectively.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 6 – Capital Assets – Capital asset activities for the year ended June 30, 2020 were as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	\$ 2,339,497	\$ -	\$ -	\$ 2,339,497
Construction in progress	484,912	2,556,423	-	3,041,335
Total capital assets, not being depreciated	<u>2,824,409</u>	<u>2,556,423</u>	<u>-</u>	<u>5,380,832</u>
Capital assets, being depreciated				
Buildings and improvements	13,613,877	91,980	-	13,705,857
Infrastructure	34,018,516	108,208	-	34,126,724
Machinery and equipment	5,713,597	833,891	-	6,547,488
Total capital assets, being depreciated	<u>53,345,990</u>	<u>1,034,079</u>	<u>-</u>	<u>54,380,069</u>
Less accumulated depreciation for				
Buildings and improvements	(7,061,570)	(267,851)	-	(7,329,421)
Infrastructure	(23,116,058)	(336,850)	-	(23,452,908)
Machinery and equipment	(5,046,992)	(189,376)	-	(5,236,368)
Total accumulated depreciation	<u>(35,224,620)</u>	<u>(794,077)</u>	<u>-</u>	<u>(36,018,697)</u>
Total capital assets, being depreciated, net	<u>18,121,370</u>	<u>240,002</u>	<u>-</u>	<u>18,361,372</u>
Governmental activities capital assets, net	<u>\$ 20,945,779</u>	<u>\$ 2,796,425</u>	<u>\$ -</u>	<u>\$ 23,742,204</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 1,068,039	\$ -	\$ -	\$ 1,068,039
Construction in progress	116,663	79,991	(16,469)	180,185
Total capital assets, not being depreciated	<u>1,184,702</u>	<u>79,991</u>	<u>(16,469)</u>	<u>1,248,224</u>
Capital assets, being depreciated				
Building	10,044,914	-	-	10,044,914
Improvements other than buildings	28,456,163	-	-	28,456,163
Machinery and equipment	5,667,630	310,379	-	5,978,009
Total capital assets, being depreciated	<u>44,168,707</u>	<u>310,379</u>	<u>-</u>	<u>44,479,086</u>
Less: accumulated depreciation	<u>(27,655,235)</u>	<u>(868,015)</u>	<u>-</u>	<u>(28,523,250)</u>
Total capital assets, being depreciated, net	<u>16,513,472</u>	<u>(557,636)</u>	<u>-</u>	<u>15,955,836</u>
Business-type activities capital assets, net	<u>\$ 17,698,174</u>	<u>\$ (477,645)</u>	<u>\$ (16,469)</u>	<u>\$ 17,204,060</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 6 – Capital Assets (Continued)

Depreciation and amortization expense were charged to the following functions in the Statement of Activities:

Governmental Functions:

General Government	\$	225,897
Public Works		344,081
Community Development		6,384
Public Safety		<u>217,715</u>
	\$	<u>794,077</u>

Business-Type Functions:

Water	\$	489,708
Sewer		262,733
Natural Gas		62,087
Sanitation		<u>53,487</u>
	\$	<u>868,015</u>

Note 7 – Due to Employees

In 2014 the City's 401(a) plan was terminated with ICMA, and ICMA sent funds to the City regarding the forfeiture balance. These funds must be distributed into the accounts of the employees within the 401(a) plan. The City is currently going through an IRS voluntary compliance program and until completion of the review, the funds will be held by the City. During the year ended June 30, 2020, the amount of \$748,625 was distributed.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 8 – Long-Term Debt

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

The City's debt transactions are summarized below and discussed in detail thereafter:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
<u>Governmental Activity Long Term Debt</u>					
Bonds Payable:					
1998 Series A Bonds	\$ 1,320,000	\$ -	\$ (410,000)	\$ 910,000	\$ 440,000
2000 Tax Allocation Bonds	619,942	-	-	619,942	-
2012 Series Revenue Bonds	12,415,000	-	(215,000)	12,200,000	225,000
Assessment District#1 Improvement Bond	37,000	-	(18,000)	19,000	19,000
Subtotal	14,391,942	-	(643,000)	13,748,942	684,000
Bond premiums	130,172	-	(57,854)	72,318	-
Bond discounts	(363,268)	-	12,635	(350,633)	-
Accreted Interest	1,373,839	126,936	-	1,500,775	-
Total Bonds Payable	15,532,685	126,936	(688,219)	14,971,402	684,000
Lease Payable					
Police vehicles capital lease	90,993	-	(43,816)	47,177	47,177
Total Governmental Activity Debt	<u>\$ 15,623,678</u>	<u>\$ 126,936</u>	<u>\$ (732,035)</u>	<u>\$ 15,018,579</u>	<u>\$ 731,177</u>
<u>Business-Type Activity Long Term Debt</u>					
Loans Payable					
CalPOP Energy Efficiency Loan Payable	\$ 23,187	\$ -	\$ (23,187)	\$ -	\$ -
Total Business-Type Activity Debt	<u>\$ 23,187</u>	<u>\$ -</u>	<u>\$ (23,187)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Compensated Absences</u>					
Government Activities	\$ 296,978	\$ 57,079	\$ -	\$ 354,057	
Business-Type Activities	<u>\$ 129,457</u>	<u>\$ 17,829</u>	<u>\$ -</u>	<u>\$ 147,286</u>	
<u>Net Pension Liability</u>					
Government Activities	\$ 369,122	\$ 233,983	\$ -	\$ 603,105	
Business-Type Activities	<u>\$ 86,528</u>	<u>\$ 72,243</u>	<u>\$ -</u>	<u>\$ 158,771</u>	

Long-term debt payable at June 30, 2020 was comprised of the following individual issues:

Police Vehicles Capital Lease - In December 2016, the City purchased five police vehicles totaling \$185,556 at 7.5890% interest rate. The principal and interest payments totaling \$43,375 are made annually on February 15 beginning in 2017 through 2021.

CalPOP Energy Efficiency Loan Payable – In 2015 the City purchased a fire engine totaling \$220,289 at % interest rate. The principal totaling \$3,865 are made monthly from April 2015 through December 2020. This loan was paid off during the year.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 8 – Long-Term Debt (Continued)

Assessment District#1 Improvement Bond - In 1981 the signed a loan agreement with USDA for improvements in the assesment district for \$433,000 at 5% interest. The principal and interest are made semiannually in July and January thru 2020.

Coalinga Public Financing Authority Bonds - The CPFA was established in 1991 through a Joint Exercise of Powers Agreement between the City, the Agency, and the Coalinga-Huron Unified School District. The formation of the joint powers authority was approved by the City Council who is also designated as the Board of Directors for the CPFA.

The purpose of the CPFA is solely to provide funds from the sale of revenue bonds to finance or refinance the costs of acquiring, constructing, or improving and equipping capital improvements (projects) for the City, the Agency, the Coalinga-Huron Unified School District, the Coalinga Hospital District, the West Hills Community College District, and other external agencies. The City set up the CPFA to act as a financing/lending type institution only.

Based on the financing/lending institution perception, financial reporting for the CPFA is through a conservative revenue/expenditure flow approach. The revenue/expenditure stream shows the true details of each financing agreement in addition to the initial Marks-Roos Bond Pool issue for the CPFA.

The CPFA shows revenues from the various financing agreements (i.e., payments of principal and interest) and expenditures for its own debt service. In addition, the CPFA balance sheet reflects bonds receivable which is offset by a corresponding amount in deferred revenue.

CPFA bonds outstanding at June 30, 2020 are as follows:

1998 Series A Bonds - In December 1998, the CPFA issued the 1998 Series A Bonds in the amount of \$12,970,000. The 1998 Series A principal payments are made each September 15 beginning in 1999 through 2021. Interest is to be paid semi-annually on March 15 and September 15 through 2021. The interest rates range from 5.5 to 6.375 percent.

2000 Tax Allocation Bonds – In 2000 the CPFA issued bonds in the amount of \$3,404,942 to be used for RDA activities. The principal payments are made each September and interest is paid semi-annually in September and March through 2018. The interest rates range from 5.2 to 5.85 percent.

2012 Water and Sewer Revenue Bonds - In April 2012, the CPFA issued revenue bonds in the amount of \$12,830,000, \$9,740,000 and \$3,090,000 respectively. The funds were used for the purpose of refinancing the 2000 Series A Bonds and acquisition, construction and improvement of certain water and sewer facilities. The principal payments are made each April 1 beginning in 2018 through 2048. Interest is to be paid annually on April 1 through 2048. The interest rates range from 3.1 to 5.0 percent.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 8 – Long-Term Debt (Continued)

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2020 were as follows:

Years ending June 30,	Governmental Activities		
	Principal	Interest	Totals
2021	\$ 731,178	\$ 646,936	\$ 1,378,114
2022	705,000	605,396	1,310,396
2023	240,000	581,309	821,309
2024	250,000	571,469	821,469
2025	265,000	560,844	825,844
2026-2030	2,036,752	4,319,610	6,356,362
2031-2035	1,968,189	2,785,061	4,753,250
2036-2040	2,370,000	1,674,250	4,044,250
2041-2045	3,025,000	1,020,000	4,045,000
2046-2049	<u>2,205,000</u>	<u>224,000</u>	<u>2,429,000</u>
	<u>\$13,796,119</u>	<u>\$12,988,875</u>	<u>\$ 26,784,994</u>

Note 9 – Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in detail in Note 11.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category and they are unavailable revenues and pension deferrals.

Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	Low-Moderate Housing Asset Fund	Local Transportation Fund	Total Governmental Funds
Housing loans	\$ 1,570,671	\$ -	\$ 1,570,671
Local Transportation Funds	-	2,255,014	2,255,014
Total	<u>\$ 1,570,671</u>	<u>\$ 2,255,014</u>	<u>\$ 3,825,685</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 10 - Other Employee Benefits

The City offers medical, dental, vision, chiropractic and prescription insurance coverage, as well as group life insurance coverage, to employees and their dependents. Additionally, the City offers an employee assistance program to assist employees and their families with problem assessment and short-term counseling needs. The City pays a portion of premiums in connection with the insurance coverage offered by the City.

City Employee Post Retirement Benefits

In accordance with federal requirements, the City provides its retirees the opportunity to continue enrollment in the City's health insurance program. Premium charges paid by retirees are intended to cover the full cost of benefits provided without cost to the City. For the year ended June 30, 2020, no retirees were enrolled in the health insurance program.

Employee Deferred Compensation Plan

The City offers an Employee Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457 to its employees, allowing them to defer or postpone receipt of income. Amounts so deferred may not be paid to the employee during employment with the City except for a catastrophic circumstance creating an undue financial hardship for the employee.

Effective January 1, 1999, Federal legislation (Small Business Job Protection Act of 1996) requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries.

The City's deferred compensation administrator, the International City Managers' Association (ICMA) or Verisight qualifies as the plan trustee to meet Federal requirements. Since the plan assets are no longer considered property and rights of the City, such assets are no longer reflected in the accompanying basic financial statements.

The City also offers to two employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(a). All amounts deferred and invested under this plan, with related interest, are the property and rights of the participating employees and, as such, are not reflected in the accompanying basic financial statements.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 11 – Defined Benefit Pension Plan

California Public Employees' Retirement Plan (CalPERS)

General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors five rate plans (two miscellaneous and three safety.) Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 11 – Defined Benefit Pension Plan

The Plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous Classic	PEPRA Miscellaneous
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit Formula	2.0% at 55; maximum 2% COLA	2.0% at 62; maximum 2% COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	62
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	6.25%
Required Employer Contribution Rates	9.680%	6.985%
	Safety Classic	PEPRA Safety
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit Formula	2.0% at 55; maximum 2% COLA	2.0% at 57; maximum 2% COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	57
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	9.50%
Required Employer Contribution Rates	13.540%	10.216%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions towards the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$35,964 for the fiscal year ended June 30, 2020.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the plan that were recognized as a part of pension expense for the year ended June 30, 2020 were \$945,739.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the Plan of Net Pension Liability:

	Proportionate Share of Net Pension Liability
Miscellaneous Plan	\$ 290,630
Safety Police & Fire Plan	471,246
Total Net Pension Liability	<u>\$ 761,876</u>

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2019, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability (asset) for the Plan as of June 30, 2019 and 2020 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2019	0.004203%	0.005066%
Proportion - June 30, 2020	<u>0.007260%</u>	<u>0.007550%</u>
Change - Increase/(Decrease)	<u>0.003057%</u>	<u>0.002484%</u>

For the year ended June 30, 2020, the City recognized pension expense of \$455,651. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 539,840	\$ -
Difference between expected and actual experience	50,954	(1,564)
Difference in projected and actual contributions	18,906	(66,658)
Change in employer's proportion	538,355	
Changes in assumptions	33,174	(8,682)
Net differences between projected and actual earnings on pension plan investments	-	(11,564)
Total	<u>\$ 1,181,229</u>	<u>\$ (88,468)</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

\$539,840 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2021	\$ 349,519
2022	161,666
2023	39,447
2024	2,288
Thereafter	-

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Date for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation was based on the results of a December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015), including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website.

Changes of Assumptions – None.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

Discount rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected rate of returns, net of pension plan investment expense and inflation) are developed for each major asset.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class ¹	New Strategic Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

¹In the System's CAFR, Fixed Income is included in Global Debt Securities, Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

²An expected inflation of 2.0% used for this period.

³An expected inflation of 2.92% used for this period.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability (asset) for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability:			
Miscellaneous Plan	\$ 1,053,077	\$ 290,630	\$ (338,715)
Safety Police Plan	\$ 1,490,927	\$ 471,246	\$ (364,733)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

The City did not have an outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

Note 12 – Risk Management

The City is a member of the Public Agency Risk Sharing Authority for California (PARSAC), a public entity risk pool in which there is a transferring (sharing) of risk among the pool participants. The City pays an annual premium to PARSAC for its general liability coverage. PARSAC is self-sustaining through member premiums. The City is insured under a retrospectively rated policy in which the initial premium is adjusted based on actual experience during the period of coverage. The City is responsible for all claims up to \$25,000 per occurrence for general and auto liability with a coverage limit at June 30, 2014 of \$975,000.

The City’s risk management program also includes fire, property and automobile insurance. The coverage includes an all risk-replacement cost blanket. Additionally, the City has property insurance coverage up to \$975,000 per occurrence.

The City provides worker’s compensation and employer’s liability coverage on all employees through PARSAC. This insurance is paid entirely by the City. All premiums are paid by the appropriate fund designation for each employee’s salary and benefits. In the risk management program for the City, a proactive approach is taken toward work safety for employees. Various training sessions and inspections are conducted throughout the year. The result has been a continued reduction of work related injury claims.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 13 – Contingent Liabilities and Commitments

General Liability

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

Federal Awards and Grants

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

Note 14 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through June 30, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2020 that required recognition or disclosure in such financial statements.

Note 15 – Deficit Net Position Balance

The Sanitation Fund and the Gas Tax Fund have deficit net position balances as of June 30, 2020 of \$114,346 and \$95,835, respectively. The deficits are expected to be relieved from future revenues or transfers from the Capital Projects Fund.

Note 16 – Expenditures in Excess of Budget

The General Fund had expenditures in excess of budget of \$129,293 and \$599,612 in the general government and capital outlay appropriation category, respectively. The excess expenditures over budgeted amounts is covered in savings other appropriation category.

Note 17 – Coalinga Successor Agency Private Purpose Trust

On January 30, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with Assembly Bill 1X26 (the “Bill”) which dissolved all redevelopment agencies in the State of California. Under the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution of the redevelopment agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). Successor agencies are only allocated revenue in the amount that is necessary to pay estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 17 – Coalinga Successor Agency Private Purpose Trust (Continued)

Cash and Investments - A reconciliation of the Coalinga Successor Agency Private Purpose Trust Fund's cash and investments as of June 30, 2020 is as follows:

Fiduciary Funds:	
Cash and Investments	\$ 1,818,313
Cash and Investments with fiscal agent	<u>366,460</u>
Total Cash and Investments	<u>\$ 2,184,773</u>

Long-Term Liabilities - The following is a summary of long-term liabilities transactions for the Coalinga Successor Agency Private Purpose Trust Fund at June 30, 2020:

	Balance June 30, 2019	Additions	(Deductions)	Balance June 30, 2020	Current
<i>Bonds Payable</i>					
Series 2000 Tax Allocation Bonds	\$ 619,942	\$ -	\$ -	\$ 619,942	\$ -
Series 2000 Tax Allocation Bonds - Accreted Interest	1,373,839	126,935	-	1,500,774	-
2018 Tax Allocation Refunding Bonds	<u>5,055,000</u>	<u>-</u>	<u>(549,000)</u>	<u>4,506,000</u>	<u>552,000</u>
	<u>\$ 7,048,781</u>	<u>\$ 126,935</u>	<u>\$ (549,000)</u>	<u>\$ 6,626,716</u>	<u>\$ 552,000</u>

2018 Successor Agency Tax Allocation Refunding Bonds

In 2018, the Successor Agency of the City of Coalinga issued Tax Allocation Refunding Bonds in the aggregate principal amount of \$5,657,000 to refund the 2009 RDA Tax Allocation Bonds and a portion of the 2000 RDA Tax Allocation Bonds. This was done to take advantage of lower interest rates and to save on future debt service payments. As a result, the 2009 RDA Tax Allocation Bonds and a portion of the 2000 RDA Tax Allocation Bonds are considered defeased and the liability for those bonds is not included in fiduciary fund (private-purpose trust fund) statement of net position. The total debt service payments were reduced by \$1,214,868. The original amount of the note - \$5,657,000 – was secured by a pledge of tax revenues consisting of tax increment payments to be received by the Successor Agency. Semiannual payments range from \$7,625 to \$1,213,794 and are payable each March 15 and September 15 through 2025.

The annual debt service requirement schedule is as follows:

Years ending June 30,	Principal	Interest	Totals
2021	\$ 552,000	\$ 120,132	\$ 672,132
2022	570,000	104,200	674,200
2023	1,145,000	79,847	1,224,847
2024	1,182,000	46,803	1,228,803
2025	520,000	22,635	542,635
2026-2030	1,048,752	1,725,985	2,774,737
2031-2034	<u>108,190</u>	<u>596,811</u>	<u>705,001</u>
	<u>\$ 5,125,942</u>	<u>\$ 2,696,413</u>	<u>\$ 7,822,355</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COALINGA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
Revenue				
Taxes	\$ 4,635,900	\$ 4,635,900	\$ 6,342,738	\$ 1,706,838
Licenses and permits	1,643,064	1,643,064	1,359,383	(283,681)
Intergovernmental	24,500	24,500	1,788,925	1,764,425
Charges for services	1,772,200	1,772,200	1,344,319	(427,881)
Fines and forfeitures	20,500	20,500	22,108	1,608
Interest and rents	93,650	93,650	157,357	63,707
Other	20,750	20,750	33,368	12,618
Total revenue	<u>8,210,564</u>	<u>8,210,564</u>	<u>11,048,198</u>	<u>2,837,634</u>
Expenditures				
Current				
General government	783,393	783,393	912,686	(129,293)
Public works	166,093	166,093	143,869	22,224
Community development	730,912	730,912	578,045	152,867
Public safety	6,813,364	6,813,364	5,729,098	1,084,266
Capital outlay	248,780	248,780	848,392	(599,612)
Total expenditures	<u>8,742,542</u>	<u>8,742,542</u>	<u>8,212,090</u>	<u>530,452</u>
Revenue over (under) expenditures	(531,978)	(531,978)	2,836,108	3,368,086
Other Financing Sources				
Sale of assets	-	-	6,410	6,410
Transfers in (out) - net	<u>487,000</u>	<u>487,000</u>	<u>-</u>	<u>(487,000)</u>
Net Change in Fund Balance	<u>\$ (576,956)</u>	<u>\$ (44,978)</u>	2,842,518	<u>\$ 2,887,496</u>
Fund Balance				
Beginning of year			7,001,154	
End of year			<u>\$ 9,843,672</u>	

CITY OF COALINGA

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

LAST 10 YEARS*

YEAR ENDED JUNE 30, 2020

	Safety					
	2015	2016	2017	2018	2019	2020
Proportion of the net pension liability	-0.00040%	-0.00261%	0.00303%	0.00515%	0.00507%	0.75500%
Proportionate share of the net pension liability (asset)	\$ (24,764)	\$ (179,376)	\$ 156,661	\$ 307,854	\$ 297,259	\$ 471,246
Covered - employee payroll	\$ 2,141,042	\$ 2,145,722	\$ 2,248,951	\$ 2,285,727	\$ 2,079,202	\$ 1,921,567
Proportionate share of the net pension liability as percentage of covered-employee payroll	-1.16%	-8.36%	6.97%	13.47%	14.30%	24.52%
Plan's fiduciary net position	\$ 3,526,312	\$ 3,880,421	\$ 4,428,175	\$ 5,183,451	\$ 6,052,001	\$ 6,969,329
Plan's fiduciary net position as a percentage of the Total Pension Liability	100.77%	104.85%	96.58%	94.39%	95.32%	93.67%
	Miscellaneous					
	2015	2016	2017	2018	2019	2020
Proportion of the net pension liability	-0.00254%	-0.00774%	0.00230%	0.00520%	0.00420%	0.72600%
Proportionate share of the net pension liability (asset)	\$ (157,918)	\$ (212,430)	\$ 79,836	\$ 205,163	\$ 158,391	\$ 290,630
Covered - employee payroll	\$ 2,675,362	\$ 2,524,649	\$ 2,485,868	\$ 2,514,668	\$ 2,185,347	\$ 2,160,485
Proportionate share of the net pension liability as percentage of covered-employee payroll	-5.90%	-8.41%	3.21%	8.16%	7.25%	13.45%
Plan's fiduciary net position	\$ 2,916,022	\$ 4,271,137	\$ 4,393,422	\$ 4,798,406	\$ 5,039,017	\$ 5,377,986
Plan's fiduciary net position as a percentage of the Total Pension Liability	105.73%	105.23%	98.22%	95.90%	96.95%	94.87%

NOTES TO SCHEDULE

Changes in Benefit Terms – None

* Fiscal year 2015 was the first year of implementation; therefore only six years are shown.

CITY OF COALINGA

SCHEDULE OF CONTRIBUTIONS LAST 10 YEARS* YEAR ENDED JUNE 30, 2020

	Safety					
	2015	2016	2017	2018	2019	2020
Contractually required contribution (actuarially determined)	\$ 403,029	\$ 230,903	\$ 255,938	\$ 243,442	\$ 260,592	\$ 239,528
Contributions in relation to the actuarially determined contributions	(403,029)	(230,903)	(255,938)	(243,442)	(260,592)	(239,528)
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,141,042	\$ 2,145,722	\$ 2,248,951	\$ 2,285,727	\$ 2,079,202	\$ 1,921,567
Contributions as a percentage of covered-employee payroll	18.82%	10.76%	11.38%	10.65%	12.53%	12.47%
	Miscellaneous					
	2015	2016	2017	2018	2019	2020
Contractually required contribution (actuarially determined)	\$ 278,931	\$ 165,587	\$ 200,782	\$ 194,921	\$ 177,734	\$ 207,624
Contributions in relation to the actuarially determined contributions	(278,931)	(165,587)	(200,782)	(194,921)	(177,734)	(207,624)
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,675,362	\$ 2,524,649	\$ 2,485,868	\$ 2,514,668	\$ 2,185,347	\$ 2,160,485
Contributions as a percentage of covered-employee payroll	10.43%	6.56%	8.08%	7.75%	8.13%	9.61%

NOTES TO SCHEDULE

Changes in Benefit Terms – None

Changes in Assumptions – None

* Fiscal year 2015 was the first year of implementation; therefore only six years are shown.

SUPPLEMENTARY INFORMATION

CITY OF COALINGA

BUDGETARY COMPARISON SCHEDULE COALINGA PUBLIC FINANCING AUTHORITY FUND YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
Revenue				
Interest	\$ 1,331,800	\$ 1,331,800	\$ 931,178	\$ (400,622)
Total revenue	<u>1,331,800</u>	<u>1,331,800</u>	<u>931,178</u>	<u>(400,622)</u>
Expenditures				
Debt Service				
Principal	625,000	625,000	625,000	-
Interest and fiscal charges	<u>677,459</u>	<u>677,459</u>	<u>711,766</u>	<u>(34,307)</u>
Total expenditures	<u>1,302,459</u>	<u>1,302,459</u>	<u>1,336,766</u>	<u>(34,307)</u>
Revenue over expenditures	29,341	29,341	(405,588)	(434,929)
Change in Fund Balance	<u>\$ 29,341</u>	<u>\$ 29,341</u>	(405,588)	<u>\$ (434,929)</u>
Fund Balance				
Beginning of year			<u>19,035,486</u>	
End of year			<u>\$ 18,629,898</u>	

CITY OF COALINGA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

	Special Revenue Funds						
	Grants Fund	Gas Tax	SB1 RMRA Fund	Measure C	Local Transportation	Transit	CalTrans Grants Fund
ASSETS							
Cash and investments	\$ 40,278	\$ -	\$ 656,232	\$ 1,625,428	\$ 750,650	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-	-	-
Interest receivable	85	-	510	872	495	-	-
Due from other governments	77,402	897	47,837	30,457	2,255,014	22,639	154,404
Total assets	<u>\$ 117,765</u>	<u>\$ 897</u>	<u>\$ 704,579</u>	<u>\$ 1,656,757</u>	<u>\$ 3,006,159</u>	<u>\$ 22,639</u>	<u>\$ 154,404</u>
LIABILITIES							
Accounts payable and accrued expense	\$ 1,058	\$ 25,728	\$ -	\$ 193,546	\$ 88,123	\$ 4,365	\$ 85,517
Deposits and claims payable	-	-	-	-	-	-	-
Due to other funds	-	71,004	-	-	-	5,954	68,887
Advances from other funds	-	-	-	-	-	-	-
Total liabilities	<u>1,058</u>	<u>96,732</u>	<u>-</u>	<u>193,546</u>	<u>88,123</u>	<u>10,319</u>	<u>154,404</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	-	-	-	-	2,255,014	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255,014</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Restricted							
Debt service	-	-	-	-	-	-	-
Capital improvement projects	116,707	-	-	-	-	-	-
Transit system	-	-	-	-	-	12,320	-
Street maintenance	-	-	704,579	1,463,211	-	-	-
LTF Article 8	-	-	-	-	663,022	-	-
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Low-income housing activities	-	-	-	-	-	-	-
Unassigned	-	(95,835)	-	-	-	-	-
Total fund balance	<u>116,707</u>	<u>(95,835)</u>	<u>704,579</u>	<u>1,463,211</u>	<u>663,022</u>	<u>12,320</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 117,765</u>	<u>\$ 897</u>	<u>\$ 704,579</u>	<u>\$ 1,656,757</u>	<u>\$ 3,006,159</u>	<u>\$ 22,639</u>	<u>\$ 154,404</u>

See accompanying notes.

CITY OF COALINGA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED) JUNE 30, 2020

	Special Revenue Funds			Capital Projects Fund	Debt Service Fund	Total Non-major Governmental Funds
	COPS Grants	EDA Building Rentals	EDA Revolving Loans	Development Impact Fees	Assessments Debt Service	
ASSETS						
Cash and investments	\$ 225,106	\$ 50,355	\$ 59,543	\$ 746,450	\$ 99,231	\$ 4,253,273
Accounts receivable, net	-	9,021	-	-	-	9,021
Interest receivable	180	42	49	853	83	3,169
Due from other governments	56,727	-	-	-	-	2,645,377
Total assets	<u>\$ 282,013</u>	<u>\$ 59,418</u>	<u>\$ 59,592</u>	<u>\$ 747,303</u>	<u>\$ 99,314</u>	<u>\$ 6,910,840</u>
LIABILITIES						
Accounts payable and accrued expense	\$ -	\$ -	\$ -	-	\$ 76	\$ 398,413
Deposits and claims payable	-	5,300	-	-	-	5,300
Due to other funds	-	-	-	-	-	145,845
Unearned revenues	-	6,662	-	-	-	6,662
Advances from other funds	-	-	-	378,000	-	378,000
Total liabilities	<u>-</u>	<u>11,962</u>	<u>-</u>	<u>378,000</u>	<u>76</u>	<u>934,220</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	-	-	-	2,255,014
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255,014</u>
FUND BALANCE						
Restricted						
Debt service	-	-	-	-	99,238	99,238
Storm drainage and flood control	-	-	-	317,157	-	317,157
Streets and bridges	-	-	-	60	-	60
Public building and facilities	-	-	-	90,714	-	90,714
Park improvements	-	-	-	209,160	-	209,160
Capital improvement projects	-	-	-	-	-	116,707
Transit system	-	-	-	-	-	12,320
Street maintenance	-	-	-	-	-	2,167,790
LTF Article 8	-	-	-	-	-	663,022
Law enforcement	282,013	-	-	-	-	282,013
EDA Community buildings	-	47,456	-	-	-	47,456
EDA revolving loans	-	-	59,592	-	-	59,592
Unassigned	-	-	-	(247,788)	-	(343,623)
Total fund balance	<u>282,013</u>	<u>47,456</u>	<u>59,592</u>	<u>369,303</u>	<u>99,238</u>	<u>3,721,606</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 282,013</u>	<u>\$ 59,418</u>	<u>\$ 59,592</u>	<u>\$ 747,303</u>	<u>\$ 99,314</u>	<u>\$ 6,910,840</u>

See accompanying notes.

CITY OF COALINGA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2020

	Special Revenue Funds						
	Grants	Gas Tax	SB1 RMRA	Measure C	Local Transportation	Transit	CalTrans Grants Fund
Revenue							
Licenses, permits and impact fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	77,403	388,192	333,600	478,246	-	265,508	1,332,941
Charges for services	-	-	-	-	-	12,970	-
Rental	-	-	-	-	-	-	-
Interest	587	-	2,767	15,252	3,176	-	-
Total revenue	<u>77,990</u>	<u>388,192</u>	<u>336,367</u>	<u>493,498</u>	<u>3,176</u>	<u>278,478</u>	<u>1,332,941</u>
Expenditures							
Public works	17,453	396,992	-	186,634	3,463	278,976	700
Community development	-	-	-	-	-	-	2,259
Public safety	-	-	-	-	-	-	-
Capital outlay	73,237	4,932	94,481	614,304	96,894	-	1,329,982
Debt service							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>90,690</u>	<u>401,924</u>	<u>94,481</u>	<u>800,938</u>	<u>100,357</u>	<u>278,976</u>	<u>1,332,941</u>
Change in Fund Balance	(12,700)	(13,732)	241,886	(307,440)	(97,181)	(498)	-
Fund Balance							
Beginning of year	<u>129,407</u>	<u>(82,103)</u>	<u>462,693</u>	<u>1,770,651</u>	<u>760,203</u>	<u>12,818</u>	-
End of year	<u>\$ 116,707</u>	<u>\$ (95,835)</u>	<u>\$ 704,579</u>	<u>\$ 1,463,211</u>	<u>\$ 663,022</u>	<u>\$ 12,320</u>	<u>\$ -</u>

CITY OF COALINGA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED) YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			Capital Projects Funds	Debt Service Fund	Total Non-major Governmental Funds
	COPS Grants	EDA Building Rentals	EDA Revolving Loans	Development Impact Fees	Special Assessments Debt Service	
Revenue						
Licenses, permits and impact fees	\$ -	\$ -	\$ -	\$ 33,385	\$ -	\$ 33,385
Intergovernmental	156,727	-	-	-	19,405	3,052,022
Charges for services	-	-	-	-	-	12,970
Rental	1,038	266	314	6,596	542	8,756
Interest	-	-	-	-	-	21,782
Total revenue	<u>157,765</u>	<u>266</u>	<u>314</u>	<u>39,981</u>	<u>19,947</u>	<u>3,128,915</u>
Expenditures						
Public works	-	-	-	11,749	-	895,967
Community development	-	-	-	35,661	3,464	41,384
Public safety	20,511	-	-	-	-	20,511
Capital outlay	26,471	-	-	501,809	-	2,742,110
Debt service						
Principal	43,816	-	-	-	18,000	61,816
Interest and fiscal charges	6,983	-	-	-	3,859	10,842
Total expenditures	<u>97,781</u>	<u>-</u>	<u>-</u>	<u>549,219</u>	<u>25,323</u>	<u>3,772,630</u>
Change in Fund Balance	59,984	266	314	(509,238)	(5,376)	(643,715)
Fund Balance						
Beginning of year	<u>222,029</u>	<u>47,190</u>	<u>59,278</u>	<u>878,541</u>	<u>104,614</u>	<u>4,365,321</u>
End of year	<u>\$ 282,013</u>	<u>\$ 47,456</u>	<u>\$ 59,592</u>	<u>\$ 369,303</u>	<u>\$ 99,238</u>	<u>\$ 3,721,606</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council
City of Coalinga, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coalinga, California, (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be "Kendall" followed by a stylized surname.

June 30, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and City Council
City of Coalinga, California

Report on Compliance for Each Major Federal Program

We have audited the City of Coalinga's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

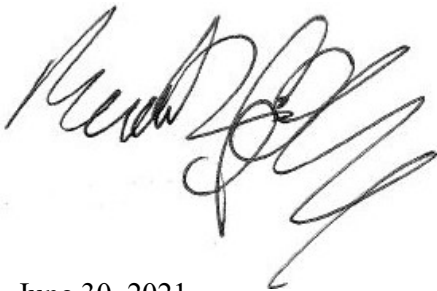
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be "Kendall J. [unclear]", is written over a faint, circular official seal.

June 30, 2021

CITY OF COALINGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Transportation			
Passed through from the California Department of Transportation			
Highway Planning and Construction	20.205	HSIPL-5146 (014)	\$ 13,975
Highway Planning and Construction	20.205	ATPSB1L-5146 (020)	13,473
Highway Planning and Construction	20.205	CML-5146 (022)	2,259
Highway Planning and Construction	20.205	CML-5146 (021)	610
Highway Planning and Construction	20.205	ATPSB1L-5146 (023)	700
Highway Planning and Construction	20.205	STPL-5146 (024)	39,679
Highway Planning and Construction	20.205	STPL-5146 (019)	<u>1,255,928</u>
			<u>1,326,624</u>
<i>Total Federal Expenditures</i>			<u><u>\$ 1,326,624</u></u>

CITY OF COALINGA

NOTES SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020

Note 1 – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the City of Coalinga, California (the City). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California, are included in the SEFA. The City's reporting entity is defined in Note 1 to the City's basic financial statements.

Note 2 – Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1 to the City's basic financial statements. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the SEFA may differ from amounts presented in the basic financial statements.

Note 3 – Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in the accompanying SEFA were determined based on program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 4 – Relationship to the Financial Statements

Expenditures of federal awards are reported in the City's basic financial statements as expenditures/expenses in the General Fund, nonmajor special revenue funds, nonmajor capital project funds, and the enterprise funds.

Note 5 – Indirect Cost Rate

The City did not elect to use the 10% de minimus cost rate as covered in 2 CFR §200.414.

CITY OF COALINGA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported
- Non-compliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of Major Programs

CFDA Number

20.205

Name of Federal Program or Cluster

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

CITY OF COALINGA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2020

None.

CITY OF COALINGA
MANAGEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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To the Honorable Mayor and City Council
City of Coalinga, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coalinga for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 1, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the City. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts is based on an evaluation of collectability primarily focused on past due accounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements as a whole.

- Management's estimate of the net pension liability and related deferrals is based on actuarial valuations which include significant assumptions regarding discount rate, inflation, payroll growth, projected salary increases and investment rate of return. We evaluated the key factors and assumptions used to develop the liability and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter date June 30, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Coalinga's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Coalinga's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

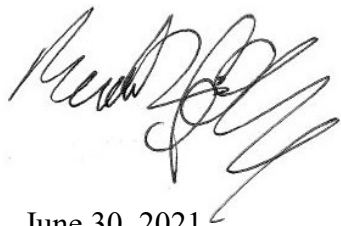
Other Matters

We applied certain limited procedures to the, Budgetary Comparison Schedules, Proportionate Share of Net Pension Liability, and Schedule of Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of City of Coalinga and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be "Michael J. [unclear]", written over a faint circular stamp.

June 30, 2021

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

Subject: Approve MINUTES - August 5, 2021
Meeting Date: August 19, 2021
From: Marissa Trejo, City Manager
Prepared by: Shannon Jensen, Assistant to the City Manager / City Clerk

I. RECOMMENDATION:

II. BACKGROUND:

III. DISCUSSION:

IV. ALTERNATIVES:

V. FISCAL IMPACT:

ATTACHMENTS:

	File Name	Description
▣	MINUTES_For_Approval_080521.pdf	Minutes - August 5, 2021

MINUTES SPECIAL CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY MEETING AGENDA August 5, 2021

1. CALL TO ORDER 6:00PM

Council Members Present: Ramsey, Singleton, Adkisson, Ramirez, Horn

Others Present: City Manager Marissa Trejo, City Attorney Mario Zamora, Police Commander Sean Young, Financial Services Director Jasmin Bains, Fire Chief Greg DuPuis, Public Works and Utilities Coordinator Larry Miller, and City Clerk Shannon Jensen

Council Members Absent: None

Others Absent: Chief of Police Darren Blevins, Administrative Analyst Mercedes Garcia, and City Treasurer Dawn Kahikina

Changes to the Agenda: City Manager Marissa Trejo announced Item Nos. 2.4, 5.3 and 6.6 will be pulled from the Agenda. Item No. 6.5 shall be discussed prior to 6.1.

*Motion by Adkisson, Second by Ramirez to Approve the Agenda, with changes, for the Regular Meeting of August 5, 2021. Motion **Approved** by Roll-Call 5/0 Majority Vote.*

2. AWARDS, PRESENTATIONS, APPOINTMENTS AND PROCLAMATIONS

1. Presentation of the Let Freedom Ring Celebration Video

City Manager Marissa Trejo presented the Let Freedom Ring Celebration video created by RAD Studios of Coalinga, California.

2. Presentation of Fresno County Rental Assistance Program by Leonardo Magdaleno of Westside Family Preservation Services

Leonardo Magdaleno of Westside Family Preservation Services presented the Fresno County Rental Assistance Program which is funded by the County of Fresno.

3. Introduction of Koz Real Estate and Altoma Real Estate Advisors, Inc.

Frank Kozlowski of Koz Real Estate and Dean Sparks of Altoma Real Estate Advisors, Inc. gave a brief presentation of the proposed development of the building formally occupied by Kmart.

4. Presentation of the Clear Gov Transparency Module

Item No. 2.4 was pulled from the Agenda during Changes to the Agenda.

5. Presentation of Standards of Cover Overview and Recommendations

Fire Chief Greg DuPuis presented the Standards of Cover final report overview and recommendations.

3. CITIZEN COMMENTS

Mayor Ramsey announced that Citizen Comments will be timed by the City Clerk. Citizens will be alerted when they have 10 seconds remaining.

The following individual(s) spoke under Citizen Comments:

Scott Netherton thanked City Staff for all their work on the National Night Out event. The event was very well done. Mr. Netherton announced that he recently took over as the new Executive Director of the Coalinga Area Chamber of Commerce. The Chamber is planning a September 11th event to honor Firefighters and Police Officers. This Saturday, August 7, 2021 the Baker Museum will have a guest speaker, Gary Gragnani who authored "A Talk with Joaquin Murrieta".

Mary Jones announced that she has heard so many nice things about the City's National Night Out and Let Freedom Ring events. Mrs. Jones requested the City communicate a tiered rate structure for water usage, similar to PG&E. Mrs. Jones announced West Hills Medical Group was recently bought by Advance American Management Group. The staff will be managing the medical group as well as the Medical Pavilion at the Hospital which is scheduled to reopen on Monday.

Nathan Vosburg congratulated the City on the fireworks show at the Let Freedom Ring Celebration event. Mr. Vosburg was pleased with the Fire Chief's report of the Fire Department and suggested other departments do the same. Mr. Vosburg requested language be added to the text that would exempt home occupation businesses from paying the transient occupancy tax (Item No. 5.8).

The City Clerk announced that the City was in receipt of one written comment for Public Comment. Written comments will be included in the Minutes and they have been distributed to the Council but will not be read.

4. PUBLIC HEARINGS

None

5. CONSENT CALENDAR

1. Approve MINUTES – July 1, 2021
2. Check Register: 06/01/2021 – 06/30/2021
3. Authorize City Manager to Enter into a Multi-Year Contract with ClearGov Inc. for Budget and Transparency Software

Item No. 5.3 item was pulled from the Agenda during Changes to the Agenda.

4. Approve the Proposal Received from Enterprise for the Fleet Management Program and Authorize the City Manager to Execute the Related Agreements

Councilman Adkisson pulled Item No. 5.4 for discussion.

*Motion by Adkisson, Second by Horn to Approve the Proposal Received from Enterprise for the Fleet Management Program and Authorize the City Manager to Execute the Related Agreements, with the condition that the vehicles will be brought back to Council for approval before being finalized. Motion **Approved** by Roll-Call 5/0 Vote.*

5. Adoption of Resolution No. 4039 Reading Certifications and Claims for Collection of Measure "C" Funds for Fiscal Year 2021-2022 and Authorization the Financial Services Director to Sign the Local Transportation Pass Through Revenue Certifications and Claim Forms
6. Adopt Resolution No. 4041 Ad Valorem FY 2021-2022 Property Tax Assessment for Public Safety Employees of the City of Coalinga
7. Adopt Resolution No. 4042 Placing a Moratorium on Swimming Pool, Spa, Hot Tub, Decorative Fountains or Water Features Effective Immediately and Until the City Proclaims the Water Conservation Emergency to be Over

Councilman Adkisson pulled Item No. 5.7 for discussion.

City Manager Marissa Trejo gave a brief overview of the item stating this was a Future Agenda Item by Councilman Horn.

*Motion by Ramsey, Second by Ramirez to Pull the item from the Agenda for now. Motion **Approved** by Roll-Call 5/0 Vote.*

8. Information regarding Requiring Businesses to Pay Transient Occupancy Tax for Residing Occupants within City Limits
9. Receive Report and Approve a Regulatory Permit to Green Heaven Farms, Inc. for a Commercial Cannabis Indoor Cultivation, Manufacturing and Distribution Microbusiness
10. Consideration of Bid Award for Paving of Various Dirt Alleys
11. Authorize Assistant City Manager to Amend the Contract with Tanko Lighting to Proceed with Street Light Audit and Acquisition
12. Approve the Funding and Utilization of Tyler Enterprise Asset Management (EAM), an Asset Management Program

Councilman Adkisson pulled Item No. 5.12 for discussion.

Public Works and Utilities Coordinator Larry Miller gave a brief overview of the item.

13. Authorize City Manager to Negotiate a Revised Contract for Animal Control Services with Gimme Love

Councilman Adkisson pulled Item No. 5.13 for discussion.

City Manager Marissa Trejo gave a brief overview of the item stating this was a Future Agenda Item by Councilman Ramirez.

14. Council Advisement of the Replacement of an AC Unit at the Police Department
15. Authorize City Manager to Draft and Implement a Police Recruit Job Description and Pay Scale Pursuant to the Police Recruit Program
16. Accept the Homeland Security Grant for Fiscal Year 2021-2022
17. Declare Old Police Bodyworn Cameras and Digital Patrol Cameras as Surplus and Authorize Disposal
18. Approve Agreement for Policy Manual Services from Lexipol, LLC
19. Police Department's Second Quarter Report 2021

*Motion by Adkisson, Second by Singleton to Approve Consent Calendar Item Nos. 5.1 through 5.2 and 5.5 through 5.6, 5.8 through 5.11, 5.14 through 5.19. Motion **Approved** by Roll-Call 5/0 Vote.*

Item No. 5.3 was Pulled from the Agenda under Changes to the Agenda.

Item Nos. 5.4 and 5.7 was voted on separately.

6. ORDINANCE PRESENTATION, DISCUSSION AND POTENTIAL ACTION ITEMS

1. Council Direction Regarding a Voting Delegate and Up to Two (2) Alternate Voting Delegates for the Annual Business Meeting at the League of California Cities 2021 Annual Conference in Sacramento, California
Marissa Trejo, City Manager

City Manager Marissa Trejo gave a brief overview of the item.

Consensus of the Council is for Mayor Ramsey to serve as the Voting Delegate, and Mayor Pro-Tem Singleton and Councilman Adkisson to serve as the Alternate Voting Delegates for the Annual Business Meeting at the League of California Cities 2021 Annual Conference in Sacramento, California.

2. Introduce and Waive First Reading of Ordinance No. 848 Amending Section 6-1.26 Relating to Vicious Dogs
Marissa Trejo, City Manager

Police Commander Sean Young gave a brief overview of the item.

*Motion by Singleton, Second by Ramirez to Waive the First Reading of Ordinance No. 848 Amending Section 6-1.26 Relating to Vicious Dogs. Motion **Approved** by Roll-Call 5/0 Majority Vote.*

3. Council Direction and Potential Action Related to Commercial Cannabis Outdoor/Indoor/Nursery Cultivation Tax Rates and Structure
Sean Brewer, Assistant City Manager

Assistant City Manager Sean Brewer gave a brief overview of the item.

Consensus of the Council was to Table the item until the next meeting.

4. Discussion, Direction and Potential Action regarding Posing to the Voters the Question of Whether the Mayor's Position should be Elected At-Large and Placing the Item on the November 2022 Election Ballot

Marissa Trejo, City Manager

City Manager Marissa Trejo gave a brief overview of the item, stating this item was a Future Agenda Item requested by Councilman Adkisson.

*Motion by Adkisson, Second by Singleton to Pose to the Voters the Question of Whether the Mayor's Position should be Elected At-Large and Placing the Item on the November 2022 Election Ballot. Motion **Failed** by Roll-Call 2/3 Vote. (Ramsey, Ramirez, Horn Voted "No").*

5. Discussion, Direction and Potential Action on Water Conservation Update

Sean Brewer, Assistant City Manager

City Manager Marissa Trejo announced Item No. 5.5 would be discussed prior to Item No. 5.1.

Assistant City Manager Sean Brewer and Dan Bergmann of IGService gave a brief overview of the item.

Consensus of the Council is to continue with current water conservation efforts.

6. Discussion, Direction and Potential Action regarding Cutting off the Water Supply to Pleasant Valley State Prison and Coalinga State Hospital

Marissa Trejo, City Manager

Item No. 6.6 was pulled from the Agenda during Changes to the Agenda.

7. ANNOUNCEMENTS

City Manager's Announcements:

City Manager Marissa Trejo thanked everyone involved for all their hard work on the National Night Out event. Mrs. Trejo announced that the Lisa Project will be here in October and encouraged everyone to participate.

Council Member's Announcements:

None

Mayor's Announcements:

Mayor Ramsey congratulated staff on the National Night Out event.

8. FUTURE AGENDA ITEMS

Councilman Adkisson requested a Future Agenda Item to request assistance from our state senator, state assemblyman and Senator Hurtado, in obtaining 1,500-acre feet of water per month from the state to offset the water used by the prison and state hospital.

Councilman Adkisson requested a Future Agenda Item to remove the current water consumption penalties put in place to combat the current drought situation.

Councilman Adkisson requested a Future Agenda Item to draft a camping ordinance to help alleviate homeless camping around commercial facilities.

Councilman Adkisson requested a Future Agenda Item for the City's grant writers and lobbyists to present their accomplishments thus far.

Councilman Adkisson requested a Future Agenda Item for City Hall to reopen five days per week.

9. CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS – Government Code 54957.6. CITY NEGOTIATORS: City Manager, Marissa Trejo, City Attorney Mario Zamora. EMPLOYEE (ORGANIZATION): Coalinga Police Officer's Association, and General Employees

10. CLOSED SESSION REPORT

None

11. ADJOURNMENT 8:22 PM

Ron Ramsey, Mayor

Shannon Jensen, City Clerk

Date

From: [Greg Cody](#)
To: [info](#)
Subject: Citizen comment
Date: Thursday, August 5, 2021 4:04:45 PM

Please read the following at this evening council meeting.

I am respectfully asking that the City Council get back on track when discussing and voting on agenda items.

Due to a councilman whom is Notorious for attacking, embarrassing and slandering councilmembers it has got to the point that council members fear such. Instead of following proper procedure by discussing an item, having Roll Call and then simply voting A precedent has been set where the item is discussed and when they are called to vote they feel the need to explain them selves on why they are voting the way they are in order to prevent being insulted and slandered over social media with the councilman self-serving version. While doing so the councilman re-engages them back into discussion. On 3 different occasions I have seen this form of manipulation successful in getting the mayor to change his vote. I have also seen where the mayor described himself to have been publicly embarrassed by this councilmember and is very careful not to set him off.

Please have the courage and confidence to to stand by your decisions and not be intimidated or frightened of The sissy councilman staining your position when he doesn't get his way.

Secondly when considering who to choose for the League of cities I feel Ron Ramsey to be the best choice.

The other councilmember needs to be someone that does not have a history of bad conduct at city events whom has also described such events unnecessary and a waste of money.

Ray Singleton is the Mayor Pro-Tem and should be considered as long as he can refrain from making perverted sexual suggestions to female city officials as he has in the past.

Greg Cody

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

Subject: Approve Memorandum of Understanding between City of Coalinga and The
International Association of Firefighters, AFL-CIO Local 2305

Meeting Date: Thursday, August 19, 2021

From: Marissa Trejo, City Manager

Prepared by: Marissa Trejo, City Manager

I. RECOMMENDATION:

City Manager recommends approving the MOU.

II. BACKGROUND:

III. DISCUSSION:

IV. ALTERNATIVES:

Do not approve.

V. FISCAL IMPACT:

Approximately \$36,000 per fiscal year from the City's General Fund, of which approximately \$18,000 was already included in the current budget and the remaining \$18,000 is unbudgeted.

ATTACHMENTS:

File Name	Description
MEMORANDUM_OF_UNDERSTANDING__July_1__2021_to_June_30__2023.docx	MOU

MEMORANDUM OF UNDERSTANDING
BETWEEN AND FOR
CITY OF COALINGA
AND
THE INTERNATIONAL ASSOCIATION OF
FIREFIGHTERS
AFL-CIO, LOCAL 2305

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MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding entered into on August 5, 2021, by and between the City of Coalinga, hereinafter referred to as the "City", and The International Association of Firefighters, AFL-CIO Local 2305, hereinafter referred to as the "Association" has an effective date of July 1, 2021.

ARTICLE I INTENT AND PURPOSE

SECTION 1.01. INTENT AND PURPOSE.

The intent and purpose of this Agreement is to foster open communication and a spirit of good will between the employees of the City represented by The International Association of Firefighters, AFL-CIO Local 2305 a recognized unit of representation and the City of Coalinga, a Municipal Corporation and political subdivision of the State of California, regarding the mutual obligation of the parties to meet and confer in "good faith" regarding wages, benefits, and other terms and conditions of employment as required by that section of the California Government Code known as the Meyers-Milias-Brown Act.

ARTICLE II FULL UNDERSTANDING

SECTION 2.01. FULL UNDERSTANDING.

The Association and the City agree that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter within the scope of bargaining and that this present document represents the full and complete understanding and agreement of the parties on the terms and conditions of employment specifically addressed herein.

ARTICLE III RECOGNITION AND NON-DISCRIMINATION

SECTION 3.0 1. RECOGNITION AND COVERED EMPLOYEES.

The City hereby confirms its continued recognition of the Association as the exclusive representative of all regular full time and probationary employees within the job classification listed below as covered by this Agreement, subject to an individual employee's right to self-representation as provided by Government Codes Section 3502.

Employees in the following classifications are covered by this agreement:

Fire Captain
Fire Engineer
Firefighter/Paramedic Firefighter/EMT
Firefighter (Trainee)

Management, temporary, volunteers, reservists, part-time, and civilian employees of the Fire Department are not included in the recognized unit of representation and are not covered by this agreement.

SECTION 3.02. NON-DISCRIMINATION.

The City and the Association agree that there will be no discrimination against any employees because of race, religious creed, color, sex, sexual harassment, national origin, age, marital status, medical condition, sexual orientation, physical or mental disability or any other basis protected by federal, state, or local law or ordinance or regulation.

SECTION 3.03. ASSOCIATION AFFILIATION.

The City and the Association agree to protect the rights of all employees to exercise their free choice to join or refrain from joining the Association.

SECTION 3.04. PARTICIPATION IN UNION ACTIVITIES.

The City agrees not to intimidate any employee or attempt to restrain any employee or in any way limit the full and free expression of any employee's rights to participate in the Association's lawful activities. The Association and its members agree not to intimidate, restrain, or otherwise coerce any employee exercising their right to full and free expression and their right not to join the Association or participate in Association activities.

ARTICLE IV **DUES DEDUCTION**

SECTION 4.01. DUES DEDUCTION.

The City agrees to withhold from Association member's pay, the appropriate amount required by the Association for dues. The amount to be withheld shall be the annual amount required pro rata on a bi-weekly basis. The member, prior to withholding, shall be required to sign an authorization for the City to withhold such an amount. In addition, the City agrees to forward to the appropriate Association representative the total amount withheld on a bi-weekly period within a reasonable time period following the pay period.

ARTICLE V **AUTHORIZED REPRESENTATIVES**

SECTION 5.01. AUTHORIZED REPRESENTATIVES.

For purposes of administering the terms and provisions of the various ordinances, resolutions, rules, and regulations adopted with this Memorandum of Understanding, City's principal authorized agent shall be the City Manager or designated representative(s); the Association's principal authorized agent shall be the president of the Association. In addition to the President, up to three members of the Association may be designated to represent the Association. Such designation shall be in written form and signed by the President.

SECTION 5.02. TIME OFF FOR REPRESENTATIVES.

The City will allow reasonable time off for the Association's representatives to attend meetings with City representatives for the purpose of negotiating a successor agreement, processing grievances pursuant to the City's grievance procedure, and representing Association members in internal discipline matters. However, any such time must be approved in advance by the Fire Chief, the City Manager or an

authorized representative of the City. No more than two (2) Association representatives may be released from work at one time. However, nothing shall prevent "off duty" representatives from attending to any Association matters.

ARTICLE VI

HOURS AND WORKING CONDITIONS

SECTION 6.01. ON-DUTY PHYSICAL FITNESS TRAINING.

The City and the Association agree that it is the responsibility of each employee of the Fire Department to maintain their physical fitness for duty. Therefore, in order to encourage, facilitate, and support employees in maintaining their physical fitness, the City agrees to continue to maintain an "on-duty" physical fitness program for the benefit

of the City and Association members as follows:

1. Participation in the program is voluntary. Physical fitness training shall not be conducted so as to interfere with the Fire Department's emergency response capability and responsibilities, routine Fire Department maintenance activities and other business, training and drills, and/or club meetings. At the discretion of the on-duty Officer-in-Charge, employees may engage in physical fitness training either in or out of the fire station
2. Physical fitness training outside the station shall be limited to the Fitness Center, high school track and Keck Park handball/racquet ball courts and Swim Complex and shall be limited to not more than two (2) hours per shift.
3. Fire personnel not on-duty may use the weight room at any time, provided such activity does not interfere with the work of the on-duty personnel. In this regard, the determination of the Fire Chief or the on-duty Officer-in-Charge shall be final.

SECTION 6.02. ON DUTY TRAINING.

The Chief, in his/her sole discretion, or the Chiefs designee may approve paid time off to attend approved fire department related training provided the shift is fully staffed, and the Chief is satisfied the capability of the department to respond to emergencies will not be compromised.

SECTION 6.03. GROCERY STORE PRIVILEGES.

Employees will be allowed to make one twenty (20)-minute trip to and from the grocery store per day to purchase items for "joint effort" meals during on-duty hours with the use of City equipment for transportation.

SECTION 6.04. FIRE LINE MEALS.

The City will provide meals when firefighters work through the established mealtime (7-8 a.m., noon-1 p.m. 5-6 p.m.) when working an emergency as determined by the Chief or his designee based on the severity of the incident.

SECTION 6.05. RESIDENCY REVIEW.

The City acknowledges that the existing residency requirement as set forth in the Municipal Code requiring residency within the City limits of Coalinga is illegal and contrary to the Constitution of the State of California. The parties agree that establishing residency requirements based on response time is permissible. The City and the Association agree to have further discussions regarding the establishment of reasonable response times and programs and/or incentives to encourage employees to reside in the City and/or the greater Coalinga area. The City and Association agree to use their best efforts to address this matter during the 2006/2007 fiscal year. No resident or response time is required at this time.

SECTION 6.06. TRAINING TIME.

Employees shall not be required to use leave balances for any training that is approved by the Fire Chief or his designee that is required or is expected to be completed for career development. Employees shall receive a minimum of seventy-two (72) hours of training time each fiscal year. This will encourage department personnel to use their training budget without using personal time.

Each employee may use up to seventy-two (72) hours of training time per fiscal year that creates overtime. If training time does not affect overtime, that training time will not be pulled from the training time bank. Employees may elect to use vacation time if all banked training hours are used.

Each employee will be given a training budget of one thousand five hundred dollars (\$1500) per fiscal year. The City agrees to pay for any city requested or required training prior to the beginning of the training. That money can be used to attend training classes in accordance with the established training policy. The training money will only be used for tuition, lodging and course material.

SECTION 6.07. PROMOTIONS.

The Department shall post a promotional flyer within thirty (30) days of there being an opening of an internal promotional position. The promotional process shall take no longer than sixty (60) days to complete. In the event of an immitigable or unforeseen emergency, the process may be extended as reasonably necessary after an agreement to extend the process has been reached between the City and Association.

SECTION 6.08. PROMOTIONS TO FIRE ENGINEER.

The parties agree that when a Firefighter/Paramedic promotes to the position of Fire Engineer, the following rules will apply:

- a) The Fire Engineer will not be forced to fill an empty Firefighter/Paramedic position for sick, vacation, compensatory, administrative, or training leave coverage.
- b) The Fire Engineer will only be utilized, while on shift, as the Firefighter/Paramedic if no others are available to cover call back units.
- c) The City will continue to pay for recertification and continued education to maintain paramedic certification for Fire Engineers.
- d) The Fire Engineer will be eligible for overtime in a Firefighter/Paramedic position.
- e) The Fire Engineer may be used as a Firefighter/Paramedic for call back.

SECTION 6.09. ADOPTION OF 48/96 WORK SCHEDULE.

The parties agree to implement a "48/96" work schedule. A working shift shall consist of twenty-four (24) hours. Scheduling of work shifts shall be based on calendar months. Employees work an average of 56 hours per week and 2912 hours per year. Employees currently work a rotating 48/96 shift schedule consisting of a two (2) shifts on duty followed by four (4) shifts off duty. A shift shall commence at 0700 and terminate at 0700 the following morning.

Shift personnel who are moved from a 56-hour work week to a 40-hour work week shall be paid at rate of 1.4 of their base hourly-rate. Paying members at the rate 1.4 of the base hourly rate will keep the 40-hour employee whole with their pay and will not affect their retirement earnings.

Any employee assigned to a 40-hour work schedule shall continue to receive the same leave accruals (sick leave and vacation) as an employee assigned to a 56-hour work schedule.

SECTION 6.10. MATTRESS REPLACEMENT.

The City shall replace all station mattresses with new mattresses every ten (10) years. The cost of the replacement mattresses shall not exceed twelve-thousand six-hundred dollars (\$12,600).

SECTION 6.11. STATION CARPET CLEANING.

The City shall pay to have the carpet in the fire station professionally cleaned annually. The cost to the City shall not exceed \$800.00 annually.

ARTICLE II WAGES

SECTION 7.01. WAGES.

The City and Association agree there will be no equity or COLA increases for the duration of this MOU.

SECTION 7.02. SALARY ADJUSTMENTS.

The City and Association agree there will be no salary adjustments for the duration of this MOU.

SECTION 7.03. OUT-OF-CLASS PAY.

Employees requested to work out-of-class must do so for two (2) complete consecutive shifts and be present, working, and fulfilling all duties of the higher classification to receive out-of-class pay. Employees shall receive pay at the rate of five percent (5%) of base salary or at the first step of the out-of-class position, whichever is greater. Out-of-class pay shall be granted retroactive to the first day. When working out-of-class, employees will receive their regular pay when taking any form of paid leave, not their out-of-class pay.

SECTION 7.04. EDUCATIONAL ACHIEVEMENT COMPENSATION.

Completion of educational courses, certificates, and degrees that enhance the services provided by the Coalinga Fire Department shall be compensated through December 31, 2018 as follows:

1. Associate of Arts/Associate of Science - \$150.00 per quarter.
2. Bachelor of Arts/Bachelor of Science - \$300.00 per quarter.

The degree must be from an accredited institution and documented by the HumanResources Manager.

The maximum educational pay shall be \$300.00 per quarter.

Effective January 1, 2019 the educational incentive pay shall be as follows:

3. Associate of Arts/Associate of Science -1.25% of base rate of pay.

4. Bachelor of Arts/Bachelor of Science -2.5% of base rate of pay.

The degree must be from an accredited institution and documented by the HumanResources Manager.

The maximum educational pay an employee may receive shall be three and three-quarter percent (3.75%).

SECTION 7.05. LONGEVITY PAY.

Beginning the pay period following the tenth (10th) anniversary date of service to the City, an employee shall be entitled to longevity pay of one and a half percent (1.5%) above base pay. Beginning on the fifteenth (15th) anniversary date of service to the City, an employee shall be entitled to longevity pay of an additional one and a half percent (1.5%) above base pay. Beginning the pay period following the twentieth (20th) anniversary date of service to the City, an employee shall be entitled to longevity pay of an additional one and a half percent (1.5%) above base pay. Longevity pay only applies if the employee has had no safety violations or formal disciplinary actions in the most recent 12-month period immediately preceding the pay and an overall rating of competent on the most recent annual performance evaluation.

SECTION 7.06. FLSA OVERTIME.

The parties agree the City will compensate the employees for overtime pay at one and one-half (1-1/2) times the regular rate of pay for all time in excess of scheduled hours. For the purposes of calculating FLSA overtime pay, the use of any paid leave shall be recognized as compensable when calculating overtime.

All Personnel will be compensated (portal to portal) beginning at the time of dispatch to their return to jurisdiction when equipment and personnel are in service to the incident agency response. This agreement will apply to all personnel dispatched to the incident regardless of their assignment. While on a strike team deployment, personnel will be compensated at their regular rate during their normally assigned shifts and at the overtime rate on days which they are not normally assigned.

SECTION 7.07. COMPENSATORY TIME ACCRUAL.

Employees may accumulate up to one hundred and twenty (120) hours of compensatory time. Employees with one hundred and twenty (120) hours of compensatory time will be paid at the overtime rate and will not be eligible to earn additional compensatory time.

SECTION 7.08. OVERTIME FOR LATE NOTICE SICK LEAVE COVERAGE.

An employee required to work back-to-back shifts to cover for an employee giving less than twenty-four (24) hours' notice of intended absence due to sickness will be compensated at the overtime rate.

SECTION 7.09. CALLBACK PAY.

Employees called back to work by the Fire Chief or the Officer-in-Charge for the periods specified shall be paid a minimum of four (4) hours overtime pay. Call back includes mandatory training on regular days *off*, participation in volunteer firefighter club, and training drills on days off. A hold-over to cover a twenty-four (24)-hour shift is not a call back.

SECTION 7.10. PARAMEDIC LIAISON OFFICER PAY.

The parties agree employees assigned by the Fire Chief to serve as the Paramedic Liaison Officer on behalf of the City shall be compensated at a flat rate of \$100 per month.

SECTION 7.11. PARAMEDIC PRECEPTOR PAY.

The parties agree employees in possession of a Fresno County Paramedic Preceptor Certificate will receive a stipend in the amount of \$250 per year paid on or about each succeeding November 1 through regular payroll.

SECTION 7.12. ENGINEER/PARAMEDIC INCENTIVE PAY.

The parties agree Engineers with current, valid Paramedic certification shall receive incentive pay in the annual amount of \$3,500 which will be paid on or about each December 1 through regular payroll. The Human Resources Director will determine eligibility for Engineer/Paramedic Incentive Pay by verifying current Paramedic certification and notify the payroll office by providing a list of names of the eligible employees.

**ARTICLE VIII
VACATION AND SICK LEAVE**

SECTION 8.01. VACATION AND SICK LEAVE ACCRUALS.

The following accrual schedule shall be used:

Per Year

*Sick Days	12-days	288-hours
*Vacation Days	6-days	First Year of Service
	8-days	Second Year of Service
	12-days	Third Year of Service

Accrued on a per pay period basis

SECTION 8.02. VACATION AND SICK LEAVE CAPS.

The following listed caps shall be used:

For employees hired on or before December 5, 2018:

Vacation	600-hours
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Sick Leave	2,160-hours
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For employees hired on or after December 6, 2018:

Vacation	400-hours
Sick Leave	1,600-hours

SECTION 8.03. CONVERSION OF SICK LEAVE.

Employees may convert sick leave accruals over 480 hours for all or a portion of dependent health care premiums, to an AFLA.C health account, or to ICMA 457 Deferred Compensation Plan, pursuant to maximum annual contribution regulations established by the Internal Revenue Service. With respect to a deferred compensation conversion, employees who qualify must notify the Human Resources Department of their decision to convert sick leave by December 1. The Human Resources Department will notify payroll and the conversion shall take place within thirty (30) days.

SECTION 8.04. BEREAVEMENT LEAVE.

Bereavement leave with pay shall be granted to all regular and probationary employees upon the death of a family member. Family members are defined to include husband, wife, father, mother, mother-in-law, father-in-law, brother, sister, brother-in-law, sister-in-law, stepfather, stepmother, aunt, uncle, children, step children, grandmother, grandfather, grandchildren, or any other person living in the same permanent residence as the employee or any other relative approved by the Fire Chief. The signature of the Fire Chief on the employee's timecard noting Bereavement Leave shall be the only approval needed for Bereavement leave to be paid out. No other verification is needed by payroll, including but not limited to, the relationship of the family member to the employee. Such leave of absence is not to exceed three (3) shifts, or five (5) shifts if out of state travel is required.

SECTION 8.05. CATASTROPHIC LEAVE BANK.

The parties agree that the Human Resources Director will establish a Catastrophic Leave Bank (CLB). An employee may request, in writing to the Human Resources Director, that a specified number of hours of his/her accrued sick leave be transferred from his/her account to the CLB. The Human Resources Director will notify payroll to deduct X number of hours from the employee's sick leave bank and the HR Director will then add the deducted number of hours to the CLB.

The maximum number of hours which may be transferred in any one fiscal year is two hundred and forty (240). Employees requesting to transfer his/her sick leave hours to the CLB must transfer a minimum of twenty-four (24) hours. Any sick leave hours which are transferred from any employee's account to the CLB may not be returned or restored to that employee (this does not prevent the employee from receiving leave from the CLB due to his/her own serious illness or injury). To receive leave from the CLB, an employee who is himself/herself in need of leave due to his/her own serious illness or injury, may request, in writing to the Human Resources Director, that a specified number of hours of leave be transferred from the CLB to his/her account. Such request may be made prior to the employee exhausting his/her own sick and vacation leave accruals, however, the transferred hours from the CLB will not be used until the employee has exhausted all of his/her own sick and vacation leave accruals. The request must include the employee's name, job title, and a description of why the

leave is needed and the expected duration of the leave. Once the request is approved by the Human Resources Director, the Human Resources Director will notify the payroll office to add X number of hours to the recipient employee's sick leave account and the Human Resources Director will deduct the equivalent number of hours from the CLB.

The leave will be transferred in and transferred out of the CLB hour for hour.

The decision of the Human Resources Director concerning the approval of leave pursuant to this section is final and not subject to the grievance procedure, judicial review or review by the City Manager or City Council.

The Human Resources Director will provide the Association with a monthly report documenting activity of the CLB.

SECTION 8.06. HOLIDAY LEAVE.

The parties agree employees shall receive twenty-four (24) hours in a Holiday Leave for all City recognized holidays. Holiday Leave shall be granted for recognized holidays worked. Employees shall be allowed to carry over a maximum of 120 hours of Holiday Leave per fiscal year.

SECTION 8.07. VACATION CASH OUT.

At the employee's written request to Human Resources, the City will convert, at the then current rate of pay, up to forty-eight (48) vacation hours to cash through payroll. Employees must state in their written request whether they wish to have the cash paid in their regular payroll check or a separate check issued by payroll. Employees may only request two vacation cash out per fiscal year.

ARTICLE IX HEALTH AND WELFARE

SECTION 9.01. COMPREHENSIVE BENEFITS PACKAGE.

The City will continue to provide its employees a comprehensive Health, Dental, Vision, Life, and Disability benefits package that consists of the following:

A. Medical, hospital, chiropractic, dental and vision. The City's cost of this coverage is 100% for employees and 63% for dependents. Employees pay 37% of the premium costs for dependent coverage. However, these amounts may be amended from time to time per Section 9.01.

B. Life Insurance. An employee's life and accidental death and dismemberment policy is at no cost to the employee. The face amount of the insurance for non-management employees was increased from \$30,000 to \$50,000, the same as management.

C. Additional Life Coverage. Employees have an option to increase their life insurance coverage in units of \$10,000 to a maximum of \$250,000. Additional Life in excess of \$50,000 is subject to medical underwriting approval. Dependents life insurance for spouse and children is also available. The expense of the additional coverage is paid by the employee through payroll

deductions.

D. Employee Assistance Program. Employees have access to an Employee Assistance Program (EAP) for work life services, and legal and financial counseling.

E. Long-Term Disability Plan. Employees have income protection in case of a long- term disability. The expense of the additional coverage is paid by the employee through payroll deductions.

SECTION 9.02. HEALTH AND LIFE INSURANCE COMMITTEE.

With the exception of "share of cost," for the term of this Agreement, the Association agrees to waive its rights to negotiate with the City over insurance related issues, in consideration of the Insurance Committee's jurisdiction and responsibility.

The parties agree the committee is composed of two (2) members from each of the five bargaining units and two (2) members from the non-represented group of Cityemployees. Committee members are to be selected by the employees in the affected unit or group and will be responsible to represent the interests of those employees. Though there will be two (2) members from each unit or group, there will be only one (1) vote for a total of six (6) votes. In the event of a tie vote, the issue shall go to the City Manager for his recommendation for adoption by the City Council.

The Personnel Officer will prepare recommended guidelines for the Committee and its activity, to be submitted for consideration by the Committee, no later than August 3-1, 2009.

SECTION 9.03. RETIREMENT PLAN.

The City and Association agree to a CALPERS defined benefit plan with a formula of 2% at 55 for Classic Members and 2% at 62 for PEPRA members.

SECTION 9.04. DEFERRED COMPENSATION.

The City continues to support and agree with the Association that employees may voluntarily participate in the ICMA 457 Deferred Compensation Plan. The City agrees to continue to match fifty percent (50%) of an employee 's contribution up to a maximum of three percent (3%) of the employee's annual salary.

SECTION 9.05. HANDLING OF ICMA CONTRIBUTIONS.

City agrees that if contributions are not made to the ICMA 40-1 Retirement and ICMA 457 Deferred Contributions Plans within thirty (30) days after the applicable payroll date: the City will pay employees at a rate of ten dollars (\$10) per calendar day for each calendar day in excess of thirty (30) days following the applicable payroll date.

SECTION 9.06. STATE DISABILITY INSURANCE.

The City and the Association continue to agree that State Disability Insurance will be at the employee's expense. All members of the bargaining unit will be covered, and the cost will be paid in bi-weekly installments.

SECTION 9.07. FLEXIBLE SPENDING ACCOUNT FOR UNREIMBURSED MEDICAL

AND DEPENDENT CARE EXPENSES.

The agreement regarding the flexible spending account remains in effect. The limits of the flexible spending account for unreimbursed medical was set at Two Thousand Dollars (\$2,000) per year and the limits of dependent care expenses were raised to Five Thousand Dollars (\$5,000) or Twenty-Five Hundred (\$2,500) per year for married/separate or head of household as previously agreed.

SECTION 9.08. CALIFORNIA LABOR CODE SECTION 4850.

The City agrees to pay Firefighters, Firefighter/EMT's, Firefighter/Paramedics, Fire Engineers, and Fire Captains who are injured in the course and scope of their employment as if they were entitled to the benefits of California Labor Code Section 4850.

SECTION 9.09. FITNESS EQUIPMENT MAINTENANCE ALLOWANCE

The parties agree the City will provide the Association with an annual stipend of \$2,000 on or about each August -1 to maintain Fire Department physical fitness training equipment or training gear. The stipend must be used within the fiscal year or it will be refunded to the City. Once equipment is purchased, receipts/invoices will be provided to the Fire Chief or his designee to ensure the stipend was fully spent and only utilized for physical fitness training equipment or training gear.

ARTICLE X
UNIFORMS AND EQUIPMENT

SECTION 10.01. UNIFORM ALLOWANCE.

The City agrees to increase the annual uniform allowance to Fifteen Hundred Dollars (\$1,500.00). The City will no longer pay for firefighter boots. Employees shall purchase their own firefighter boots that meet NFPA standards.

The uniform allowance will be paid to employee with two (2) checks. Uniform allowance payments will be paid on or about each succeeding April 1 and October 1 through regular payroll. New full-time employees will receive an advanced uniform allowance check for 50% of their annual uniform allowance when initially hired. This advance must be repaid if the employee leaves City employment prior to six (6) months of employment.

The parties agree that employees, upon written request to the payroll office, may receive uniform allowances in a separate check. Written requests for a separate check must be received by the payroll office no later than the first day of the pay period in which uniform allowances will be processed.

SECTION 10.02. EQUIPMENT PURCHASE/MEMENTO.

As previously agreed between the City and the Association, an employee may purchase his/her helmet from the City, via payroll deduction, and use the helmet throughout his/her employment with the Fire Department. Upon the employee's full payment to the City, the City will purchase a replacement helmet. The employee will use the helmet only for official business, and the City will repair/replace damaged helmets up to the

value of the standard issue. Employees who retire from service after the five (5) year vesting period and are in good standing shall be allowed to keep their badge at no cost to the employee. Employees who separate from employment prior to the five (5) year vesting period and are in good standing shall be allowed to purchase their badge at the cost of replacement.

SECTION 10.03. UNIFORM CHANGES.

The parties agree, in the event the Coalinga Fire Department uniform is changed, the City shall provide affected employees with two (2) sets of the new uniform prior to change implementation.

SECTION 10.04. EQUIPMENT.

All classifications of the Coalinga Firefighters Association shall be assigned the following equipment:

1. 2 structural firefighting coats with last name on coats
2. 2 structural firefighting pants
3. 2 structural firefighting pair of gloves
4. 2 structural firefighting pair of boots
5. 2 structural firefighting suspenders
6. 2 structural firefighting helmet types
7. TC11, or TL2 leather helmet (firefighter pays additional cost for leather) with eye protection, shroud, and leather front/shield with appropriate rank
8. 1 structural firefighting hood
9. 1 SCBA mask
10. 1 portable handheld radio with remote speaker mic
11. 1 badge for Class B uniform with appropriate rank
12. 1 Wildland firefighting helmet with eye protection and shroud
13. 2 Wildland firefighting coats
14. 2 Wildland firefighting pants
15. 1 Wildland firefighting pair of gloves
16. 1 Wildland firefighting web gear

All PPE listed above will be replaced immediately if damaged and not able to be repaired. All PPE will meet current NFPA standard when purchased. All PPE will not be used for duty if/once it has reached ten (10) years from the manufacture date (excluding badges). Any Phenix 1500 First Due helmets in use at the time of approval of this agreement will be allowed to stay in use until replacement is necessary.

ARTICLE XI CITY RIGHTS

SECTION 11.01. CITY RIGHTS.

Except as otherwise provided in this Agreement or by law, the City has and retains the sole and exclusive rights and functions of management, including, but not limited to the following:

- 1. To determine the nature and extent of services to be performed, as well as the right to determine and implement its public function and

responsibility.

2. To manage all facilities and operations of the City, including the methods, means and personnel by which the City operations are to be conducted.
3. To schedule working hours and assign work.
4. To establish, modify, or change work schedules or standards.
5. To direct the working forces, including the right to hire, assign, promote, demote or transfer any employees.
6. To determine the location of all plants and facilities.
7. To determine the layout of machinery, equipment or materials to be used.
8. To determine processes, techniques, methods, and means of all operations; including changes or adjustments of any machinery or equipment.
9. To determine the size and composition of the workforce.
10. To determine policy and procedures affecting the selection or training of an employee.
11. To establish, assess, and implement employee performance standards, including, but not limited to quality and quantity standards, the assessment of employee performance, and the procedures for said assessment.
12. To control and determine the use and location of City property, material, machinery, and/or equipment.
13. To schedule the operation of and to determine the number and duration of shifts.
14. To determine safety, health, and property protection measures.
15. To transfer work from one job to another or from one location or unit to another.
16. To introduce new, improved or different methods of operations, or to change existing methods.
17. To lay off employees for lack of work, lack of funds, or any other reason.
18. To reprimand, suspend, discharge or otherwise discipline employees.
19. To establish, modify, or eliminate job classifications.
20. To promulgate, modify, and enforce work and safety rules and regulations.

21. To take such other and further actions as may be necessary to organize and operate the City in the most efficient and economical manner and in the best interest of the public it serves.

ARTICLE XII GRIEVANCE PROCEDURE

SECTION 12.01. GRIEVANCE PROCEDURE.

All covered employees, and the Association on its own behalf, shall be entitled to use the provisions of the City's existing grievance procedure.

ARTICLE XIII AMERICANS WITH DISABILITIES ACT

SECTION 13.01. AMERICANS WITH DISABILITIES ACT.

The City and the Association recognize that the City has an obligation under law to meet with individual employees who allege a need for reasonable accommodations in the workplace because of a disability.

If by reason of the aforesaid requirement, the City contemplates actions to provide reasonable accommodation to an individual employee in compliance with the ADA which are in potential conflict with any provision of this Memorandum of Understanding, the Association will be advised of any such proposed accommodation prior to any implementation by the City.

ARTICLE XIV FUTURE NEGOTIATIONS

SECTION 14.01. FUTURE NEGOTIATIONS.

It is desirable and advantageous to both the City and the Association that a new Memorandum of Understanding be agreed upon and in place upon the expiration of this existing Agreement. To that end, the parties agree as follows:

1. The Association will submit to the City Manager no later than the fifteenth day of March immediately preceding the expiration of this Agreement and prior to any meeting between the City's negotiation team, a preliminary proposal for the period beginning upon expiration of this Memorandum of Understanding.
2. Both parties agree to make a good faith effort to complete negotiations prior to the first day of June immediately preceding expiration of this Memorandum of Understanding. A good faith effort would include, but not be limited to:
 - a. Reasonable agreement of and attendance at negotiation meetings between the City and the Association representatives.
 - b. Reasonable and expedient disbursement and communication by

each party to its respective governing body (i.e., City Council and the Association member) of any proposal made by the other party when necessary or agreed upon.

SECTION 15.01. WAIVER OF APPEAL

The waiver or breach of any term or condition of this Memorandum of Understanding by either party shall not constitute a precedent in future enforcement of all of its terms and Provisions.

ARTICLE XVI
SAVINGS

SECTION 16.01. SAVINGS.

If any article or section of this Agreement, or any addition thereto, shall be held invalid by operation of law, or by any tribunal of competent jurisdiction, or if compliance with or enforcement of any article or section should be restrained by such tribunal, the remainder of the Agreement shall not be affected thereby, and the parties shall meet in a timely manner to discuss the impact of any such restrained article or section.

ARTICLE XVII
DURATION OF AGREEMENT

SECTION 17.01. DURATION OF AGREEMENT. The duration of this agreement shall be from July 1, 2021 through June 30, 2023.

X

Marissa Trejo
City Manager

X

Daniel Koontz
Labor Relations Consultant

X

Justin Milligan
Association President

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

Subject: Overview of City Airport - Informational Only
Meeting Date: August 19, 2021
From: Marissa Trejo, City Manager
Prepared by: Mercedes Garcia, Senior Administrative Analyst

I. RECOMMENDATION:

There is no staff recommendation. This was requested as a Future Agenda Item by Mayor Ramsey.

II. BACKGROUND:

This item is informational only.

III. DISCUSSION:

The City is has completed repair of the follow items:

PAPI box located at the end of the main runway has been installed and powered.

Trouble shooting and the ordering of a new rotating beacon light. The rental of a boom lift which allowed for the installation of LED general lighting.

Rental of a boom lift will be required to install the new rotating beacon light ordered.

As for long term projects staff has completed a draft request for qualifications for approval by the City Council upon approval it will be released for the selection process of a consultant to be selected. Once a consultant is selected they will work with the City to complete the future long range projects listed below. Grant funding will be sought from the Federal Aviation Administration (FAA) and Cal-Trans Division of Aeronautics.

Replacement of the Automated Weather Observing System (AWOS).

Rehabilitation of Runway 12-30 taxiways and apron.

Rehabilitation/Crack Sealing Runway 1-19

Update Airport Master Plan

Fencing and Update Electronic Gate for Security

Implementation of the Airport Pavement Management Plan

IV. ALTERNATIVES:

None.

V. FISCAL IMPACT:

None. Informational only.

ATTACHMENTS:

File Name

Description

No Attachments Available

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

Subject: Approve Draft Request for Statement of Interest and Qualifications to Perform Airport Planning, Engineering, Environmental and Consulting Services for the Coalinga Municipal Airport

Meeting Date: August 19, 2021

From: Marissa Trejo, City Manager

Prepared by: Mercedes Garcia, Senior Administrative Analyst

I. RECOMMENDATION:

City Council Approval of a Draft Request for Statement of Interest and Qualifications to Perform Airport Planning, Engineering, Environmental and Consulting Services for the Coalinga Municipal Airport.

II. BACKGROUND:

The need for Airport Capital Improvement Projects at the airport requires the services of a Consulting Firm to provide services and assure compliance with the many requirements of the FAA's grant program. The FAA requires a Request for Qualifications be published to assure that qualified consultants are engaged in the various project duties.

III. DISCUSSION:

FAA requires airport sponsors (the City) to conduct a consultant selection process that preapproves consultants for five years to work on airport projects that meet FAA design standards, correct deficiencies, and improve airport safety. Releasing this Request for Statement of Interest and Qualifications is one of the first steps in correcting long term capital projects at the airport.

Staff is expecting to release the RFQ on August 25, 2021 and circulate for 30 days, review proposals, and select a consultant for services and then bring a contract before the City Council at the October 21, 2021 meeting.

IV. ALTERNATIVES:

1. Authorize Staff to issue the Request for Statement of Interest and Qualifications
2. Do not authorize Staff to issue for Statement of Interest and Qualifications

V. FISCAL IMPACT:

The costs associated with the selection process would be taken from the current Airport Budget.

ATTACHMENTS:

File Name	Description
Coalinga_Municipal_Airport_Request_for_Statement_of_Interest_and_Qualifications.docx	Coalinga Municipal Airport Request for Statement of Interest and Qualifications

**Request for Statement of Interest and Qualifications for
Airport Planning, Engineering, Environmental and Consulting Services
for the Coalinga Municipal Airport**

The City of Coalinga wishes to retain the professional services of a qualified airport consulting firm over a five-year period to assist the City in the performance of the following:

- Preparation of applications and documentation for Federal Aviation Administration (FAA) Airport Improvement Program grant funding.
- Provide airport planning, engineering, environmental and other consulting services as may be required over the five-year period by the City. These consultant services may include representing the City in discussions with the FAA regarding the Scope of Services, grant requirements and project documentation and coordination.

The following are anticipated projects to be accomplished over the course of several grant applications within the next five years, pending grant approval from the Federal Aviation Administration or other grant sources.

- Upgrade to the AWOS System
- Environmental Documentation, Design and Construction of Perimeter Fencing and Gate
- Rehabilitation of Runway 12-30 and Crosswind Runway 1-19
- Update Airport Master Plan

The City requests statements of interest and qualifications from qualified firms. The Statement of Interest and Qualifications should include information regarding the consultant's interest, qualifications, current relevant experience with the planning, design and engineering and environmental documentation for airports and airfield facilities projects funded by FAA Airport Improvement Program grants and resumes of key personnel. Selection criteria contained in FAA Advisory Circular 150/5100-14E (9-25-15), *Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects*, will be considered as follows:

- Understanding of the project and location
- Recent experience with similar projects and with the Federal Aviation Administration
- Interest shown
- References

- Qualifications and availability of project manager and key individuals assigned to the project
- Capabilities and resources of the firm
- Current workload and ability to meet anticipated schedules

Please note this request is for a Statement of Interest and Qualifications. A detailed cost proposal is not being requested at this time. Project costs will be determined through negotiations with the selected firm. If project cost negotiations with the selected firm are unsuccessful, the City reserves the right to enter into negotiations with other firm(s).

Consultant submittals shall be brief and concise, containing no more than 30 pages of material. Submittals more than 30 pages will be considered nonresponsive.

The City will evaluate all pertinent information and will endeavor to select the firm with which it will work from those firms submitting statements. If a selection cannot be made on the basis of the qualification statements alone, the most qualified firms may be contacted for additional information and, if warranted, interviews.

This project is subject to the provisions of Executive Order 11246 (Affirmative Actions to Ensure Equal Employment Opportunity) and to the Provisions of the Department of Transportation Regulations 49 CFR Part 26 (Disadvantaged Business Enterprise Participation). DBE firms are encouraged to submit.

The City assumes no obligation in the solicitation of this general statement of interest and qualifications and all costs of responding to this solicitation shall be borne by the interested consultants. Questions regarding this request should be directed to Mercedes Garcia, Airport Manager, at 559-935-1533, Extension 130 or mgarcia@coalinga.com.

Three copies of the Statement of Interest and Qualifications should be submitted to Mercedes Garcia, Airport Manager, City of Coalinga, 155 West Durian Avenue, Coalinga, California 93210, no later than 5:00 p.m. on September 23, 2021.

Thank you for your interest in the Coalinga Municipal Airport.

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

Subject: Declare Old Transit Department Vehicle as Surplus Property, Direct Staff to Dispose of the Vehicle via Silent Auction and Designate Proceeds to Police Department's Canine Unit

Meeting Date: August 19, 2021

From: Marissa Trejo, City Manager

Prepared by: Darren Blevins, Chief of Police

I. RECOMMENDATION:

Staff recommends that Council allow the police department to declare 1 1996 Ford Countour sedan used by the former Transit employees as surplus property, direct staff to dispose of the vehicle via silent auction and direct the proceeds to the Police Department's Canine Unit.

II. BACKGROUND:

In July 2021, Fresno County Rural Transit Agency turned its transit services over to MV Transit. The need for use of the vehicle no longer exist.

III. DISCUSSION:

The Police Department bought the 1996 Ford Contour years ago as an administrative vehicle and was taken off line. The transit drivers began to use it and with employees no longer using the vehicle it is request to be declared surplus. The vehicle has been parked in the back of city hall since July 2021.

The department request the vehicle be declared as surplus property and be allowed to sell the vehicle via silent auction. If approved the silent auction would be open for 2 weeks, beginning on Wednesday August 25, 2021 at 8:00am and would end on Wednesday, September 8, 2021 at 5:00pm. Bids will only be accepted in a sealed envelope and will only be accepted at the police department, located at 270 N. Sixth Street Coalinga, Ca 93210. The accepted bid would be announced at the next council meeting on October 7, 2021.

The Department asks that all proceeds from this silent auction be used to assist in funding of the Police Department's Canine Unit.

IV. ALTERNATIVES:

The Council can deny the surplus of the vehicle and the sale.

V. FISCAL IMPACT:

The fiscal impact is not known at this time. All proceeds are to go towards the K-9 Program, account # 101-400-48191.

ATTACHMENTS:

File Name

Description

No Attachments Available

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

Subject: Adopt Resolution No. 4042 Placing a Moratorium on Swimming Pool, Spa, Hot Tub, Decorative Fountains or Water Features Effective Immediately and Until the City Proclaims the Water Conservation Emergency to be Over

Meeting Date: Thursday, August 19, 2021

From: Marissa Trejo, City Manager

Prepared by: Marissa Trejo, City Manager

I. RECOMMENDATION:

This item was requested as a future agenda item by Councilman Horn.

II. BACKGROUND:

Winter snowpack in the Sierra was limited for the second year in a row and runoff from snow melt was even less than runoff projections.

As a result of low reservoir levels, the United States Bureau of Reclamation has notified the City that it must reduce water usage to defined Public Health and Safety (PHS) levels.

On July 1, 2021, the City adopted Resolution No. 4037 Proclaiming a Water Conservation Emergency and Establishing Drought Charges.

III. DISCUSSION:

This item temporarily suspends the permitting of any new residential, commercial, institutional and industrial pool, spa, hot tub, decorative water fountain or feature for pleasure or business use, of any size, that requires or is part of a permit by placing a moratorium. This will be in effect until the City proclaims the water conservation emergency to be over.

IV. ALTERNATIVES:

Do not adopt the Resolution.

V. FISCAL IMPACT:

There will not necessarily be a fiscal impact. The City will temporarily have a reduction in permit fees, but the permit fees pay for the cost of the permitting process and inspections and that work will not be taking place.

ATTACHMENTS:

File Name

Description



RESO#4042_Pool_Moratorium_081921.pdf

Resolution No. 4042

RESOLUTION NO. 4042

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COALINGA
PLACING A MORATORIUM ON SWIMMING POOL, SPA, HOT TUB, DECORATIVE FOUNTAINS OR
WATER FEATURES EFFECTIVE IMMEDIATELY AND UNTIL THE CITY PROCLAIMS THE WATER
CONSERVATION EMERGENCY TO BE OVER**

WHEREAS, winter snowpack in the Sierra was limited for the second year in a row and runoff from snow melt was even less than runoff projections; and

WHEREAS, as a result of low reservoir levels, the United States Bureau of Reclamation has notified the City that it must reduce water usage to defined Public Health and Safety (PHS) levels; and

WHEREAS, on July 1, 2021, the City adopted Resolution No. 4037 Proclaiming a Water Conservation Emergency and Establishing Drought Charges.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Coalinga, effective immediately, and until such time the City proclaims the water conservation emergency to be over hereby establishes the following policies:

1. Places a moratorium on the permitting of any new residential, commercial, institutional and industrial pool, spa, hot tub, decorative water fountain(s) or water feature(s) for pleasure or business use, of any size, that requires or is a part of a permit.

2. Allows for, but discourages existing pool rehabilitation, and will only allow a one-time refill per 12 month period.

3. Requires a permit for any and all draining, emptying, or filling of a pool, spa, hot tub or water fountain or feature in excess of 1,000 gallons. Property owners will be allowed to drain or empty their water amenity one time per 12-month period. Property owners are encouraged to use the drained water on their landscape or that of their neighbor(s) and not release the water into the gutter or storm water system. Violators will be fined.

4. A fine is hereby established in the amount of \$100 (1st violation); \$200 (2nd violation); and \$300 for every violation thereafter during a 12-month period.

The foregoing resolution was duly adopted by the Coalinga City Council at a regular meeting held on the **19th day of August, 2021**, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

ATTEST:

Ron Ramsey, Mayor

Shannon Jensen, City Clerk

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

Subject: Authorize Mayor to Sign a Letter to the City's State Representatives Requesting the State of California Allocate State Water Project Water to the Coalinga State Hospital and Pleasant Valley State Prison

Meeting Date: August 19, 2021

From: Marissa Trejo, City Manager

Prepared by: Sean Brewer, Assistant City Manager

I. RECOMMENDATION:

This was a future agenda item by Councilman Adkisson requesting that the City Council authorize the Mayor to sign a letter addressed to the City's State Representatives requesting the state of California allocate state water project water to the Coalinga State Hospital and Pleasant Valley State Prison.

II. BACKGROUND:

At the last council meeting Councilman Adkisson requested that staff bring back an item for the Council to consider related to sending a letter to state representatives requesting additional state water to offset the State Hospital's and Pleasant Valley State Prison's water usage due to the drought.

III. DISCUSSION:

The City of Coalinga must have water supply. "Running out of water" can not happen and would be a disaster. Accordingly, all steps must be taken to assure ongoing supply. It is possible that state-operated facilities may have some leverage to have access to state-supplied water, such as through the Department of Water Resources; however, we do not know those relationships. Potentially, elected officials can facilitate action in this area. As a matter of protocol, operating personnel at both facilities have already been contacted asking them for water supply other than USBR for their use.

Staff has prepared a draft letter for the Council to considering and authorization to have the Mayor sign and send it off to the City's State representatives and any other Representatives the Council directs staff to send it to.

IV. ALTERNATIVES:

None at this time.

V. FISCAL IMPACT:

None determined at this time.

ATTACHMENTS:

File Name	Description
□ Elected_Official_Letter_Draft.docx	Letter to State Representatives

August 10, 2021

Re: Wholesale Water Supply for California Department of Corrections and Department of State Hospitals Facilities in Coalinga

Honorable _____:

This is a request for your assistance to find more wholesale water for the City of Coalinga, specifically for the California Department of Corrections Facility and Department of State Hospitals Facility served by Coalinga's water system: Pleasant Valley State Prison (PVSP) and Coalinga State Hospital (CSH). The combined water usage for these two facilities is 20 percent of the city's total. This is the largest demand on the city's water system.

Coalinga has one source of water: The United States Bureau of Reclamation (USBR). The water source is primarily Lake Shasta delivered through the Central Valley Project. Because of the drought, the volume of water presently made available by Reclamation is inadequate to meet this year's projected requirements for the city. Based on the volume of water presently made available by Reclamation, the City of Coalinga will run out of Reclamation water in early December, leaving three months of demand to get to the end of the water year on February 28, 2022.

Whereas during the 2015 drought both PVSP and CSH were able to conserve significantly, they have both maintained conservation practices since then, and therefore have expressed to the city that they cannot further conserve in this present historic drought. While at the same time these facilities are unable to further conserve, Coalinga's residents are struggling to meet the stringent 30 percent conservation requirements, as proclaimed by City Council in an emergency resolution. Water is in demand because folks are still at home due to COVID-19, and because of the extremely hot weather we have been experiencing. The City requests your assistance in finding wholesale water for the two state facilities that the city is servicing that are not participating in the conservation efforts required of the city's residents and businesses.

We appreciate any help you can provide. If you have any questions or would like to set up a meeting please contact Marissa Trejo, City Manager at 559-935-1533 x111.

Sincerely,

Ron Ramsey, Honorable Mayor, City of Coalinga

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

Subject: Waive Second Reading And Adopt Ordinance No. 848 Amending Section 6-1.26
Relating to Vicious Dogs
Meeting Date: August 19, 2021
From: Marissa Trejo, City Manager
Prepared by: Darren Blevins, Chief of Police

I. RECOMMENDATION:

Waive Second Reading and Adopt Ordinance 819 regarding Animal Control Pet Responsibility.

II. BACKGROUND:

This is the second reading of this ordinance. First reading was waived on August 5th, 2021.

III. DISCUSSION:

Staff has made changes as requested by council and is requesting adoption.

IV. ALTERNATIVES:

Do not pass the order.

V. FISCAL IMPACT:

Unknown impact.

ATTACHMENTS:

File Name	Description
ORD#848_Vicious_Dogs_081921.pdf	Ordinance No. 848-Amending Section Related to Vicious Dogs

ORDINANCE NO. 848

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COALINGA AMENDING SECTIONS 6-1.26 OF THE COALINGA MUNICIPAL CODE RELATING TO VICIOUS DOGS

The City Council of the City of Coalinga does ordain as follows:

The following sections of the Coalinga Municipal Code are amended to read:

Sec. 6-1.26. - Attacking dogs.

- (a) Prohibited. No owner of or person responsible for a dog shall permit such dog to attack, chase, or harass any person, or any domestic animal having a commercial value, such that injury occurs or, in the case of a person, substantial fear of a significant injury is caused.
- (b) Physicians to report animal bite cases. All cases of animal bites treated by any physician shall be reported by the physician to the Animal Control Officer or Police Department. The report shall contain the name and address of the person bitten; the time and place where such person was bitten; and the name and address of the owner of the biting animal, if known; and any other pertinent information requested by the Animal Control Officer or Police Officer.
- (c) Violation. The violation of subsection (a) of this section shall be a misdemeanor according to the State of California Statutes, and the owner of and/or person responsible for such a dog shall be strictly liable for any injury or damage caused by such dog.
- (d) Mitigation. The following shall be considered in mitigating the penalties or damages or in dismissing the charge:
 - (1) The dog was properly confined on the premises;
 - (2) The dog was deliberately or maliciously provoked.
- (e) ***Penalties - In the event that the owner or caretaker fails to comply with the specifications of this ordinances which pertains to any attacking, vicious, dangerous or fierce animal which is not maintained on the owners property with an enclosure; or which is found to be outside of the dwelling of the owner or caretaker is guilty of a misdemeanor.***

The foregoing ordinance was introduced by the City Council of the City of Coalinga, California, at a regular meeting held on August 5, 2021, and was passed and adopted by the City Council on this **19th day of August, 2021**, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Mayor

ATTEST:

City Council Clerk

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

Subject: Authorize Assistant City Manager to Execute two (2) Task Orders with Blais and Associates to Provide Grant Writing Services for the Upcoming CMAQ (Congestion Mitigation and Air Quality) and STBG (Surface Transportation Block Grant) Grant Funding Cycles

Meeting Date: August 19, 2021

From: Marissa Trejo, City Manager

Prepared by: Sean Brewer, Assistant City Manager

I. RECOMMENDATION:

Council Authorization for the Assistant City Manager to Execute two (2) Task Orders with Blais and Associates to Provide Grant Writing Services for the Upcoming CMAQ (Congestion Mitigation and Air Quality) and STBG (Surface Transportation Block Grant) Grant Funding Cycles.

II. BACKGROUND:

The 2021 CMAQ and STBG call for projects is underway and staff has identified 2 projects for each funding source to submit applications.

III. DISCUSSION:

Staff has identified the following projects for this cycle of CMAQ based on program criteria and cost effectiveness:

- Paving Various Alleys - Project cost is estimated around \$600,000. Below is a list of alleys being proposed (this list may change based on overall budget)
 1. Alley between Tara Glenn apartments and Pine
 2. Dartmouth/ Cambridge -California to Joaquin
 3. Nevada/California – Cornell to Dartmouth
 4. S. Cindy/S Joaquin – Polk to W. Pleasant
 5. S. Joaquin/ S. Princeton – Polk to W. Pleasant
 6. S. Princeton/S. Monterey- Polk to W. Pleasant
 7. S. Coalinga/Westwood apts. – Polk to W. Pleasant
 8. Cindy Ln/ W. Polk – S. Coalinga to end
 9. W. Polk /Behind 315 W. Polk
 10. W. Cedar/Durian Alley – 6th to 7th
 11. Jefferson/Adams – Coalinga to N. Joaquin
 12. Birch/Ash- Coalinga plaza to Van Ness
- Coalinga East Polk Street Bike/Ped Safety and Connectivity Initiative (Partially funded ATP 5 Project. Staff is seeking funding to cover the cost of right-of-way and construction. Fresno COG ATP 5 regional bid awarded the City \$218,000 to cover design and partial right-of-way.

Staff has identified the following projects for this cycle of STBG based on program criteria:

- Phelps Ave Reconstruction from Posa Chanet to City Limits - This has the lowest PCI of all eligible arterials in the Pavement Management System.
- Citywide Rubberized Chip and Cape Seal Project - Various streets determined based on Pavement Condition Index (PCI) from Streetsaver.

IV. ALTERNATIVES:

- None determined at this time as applications are due in September (CMAQ) and October (STBG) respectively.

V. FISCAL IMPACT:

The total for four (4) applications will be not to exceed \$21,375.00. These applications were anticipated during this fiscal year and budgeted accordingly since CMAQ and STBG calls for projects only occur every two years. There is funds budgeted in the gas tax fund to cover the costs of these (4) applications.

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> Q_Coalinga_CMAQ_FresnoCOG_091721.pdf	CMAQ Grant Quote
<input type="checkbox"/> Q_Coalinga_STBG_100121.pdf	STBG Grant Quote
<input type="checkbox"/> Coalinga_East_Polk_Project_Description.pdf	East Polk ATP Project Scope
<input type="checkbox"/> Phelps_Avenue_Rehabilitation_Project_Scope.pdf	Phelps Ave Scope
<input type="checkbox"/> Propose_Alley_Paving_Phase_III.pdf	Alley Paving Phase III

Grant Development Quote

Client Name	City of Coalinga, California
Client Contact	Sean Brewer, Assistant City Manager
Copy	

Grant Program / Proposal	Congestion Mitigation and Air Quality Improvement (CMAQ) Program, 2021-22 Call for Projects
Proposal Due	09/17/21 before noon
Project Name (if known)	#1 East Polk Street Active Transportation Project #2 Dirt Alleys Paving Project
Date Prepared	7/23/2021
Grant/Revenue Potential	TBD
Cost to Prepare Grant Proposals	\$10,425.00
Cost to Prepare Proposal as Percent of Revenue	TBD
Hourly Rate	\$105 per hour

Activity	Application #1 Hours	Application #2 Hours	Cost
Review Call for Projects, prepare checklist and timeline, and kick-off conference call with client	3	3	\$ 630.00
Develop application and narrative responses to increase competitiveness (for the 10 points that are allocated for "subjective evaluation") (*Application #1 discounted for re-use of previously prepared content*)	8	18	\$ 2,730.00
Prepare photo pages and project location map to align with scoring criteria	4	5	\$ 945.00
Prepare financial plan document and circulate for signature (requires a signature)	1	1	\$ 210.00
Work with Tri-City Engineer to obtain cost-effectiveness calculations and develop appropriate responses based on engineer's working papers, etc. Note: City Engineer will take lead in completing air quality benefit-cost analysis using the CARB methodology and formula for air quality projects. B&A will develop a short narrative to highlight the project's cost-effectiveness and air quality benefits based on the formula results.	3	3	\$ 630.00
Work with City to obtain "Engineers Estimate" or quote of costs (currently in development). B&A will format any rough estimates to include all applicable costs for project management and grant administration.	1	3	\$ 420.00
Prepare required Council Resolution and help circulate through City Council approval process. (Resolution due to COG at a later date)	1	1	\$ 210.00
Prepare Project Submittal Assurance and Checklist and circulate for signature	1	1	\$ 210.00
Conference calls with client, creating 80% and 100% final proposal, internal strategy and quality control, editing proposal from client review, coordinating print order, collating and mailing final proposal.	16	16	\$ 3,360.00
SUBTOTAL	38	51	\$ 9,345.00
Direct Costs (charged at cost, no mark-up)			
Reproduction (10 hard copies and one electronic copy are required for Regional Bid projects, loose bound, no staples, no covers, no binders, no ring binders, print on two sides)	\$ 460.00	\$ 460.00	\$ 920.00
Postage and/or Express Delivery Mail or Courier Services	\$ 80.00	\$ 80.00	\$ 160.00
SUBTOTAL			\$ 1,080.00
TOTAL			\$ 10,425.00

Work performed by B&A that is outside of the scope of this estimate will be billed at \$105 per hour.

Please see "notes and assumptions."

Notes and Assumptions
1) Buy America provisions apply to CMAQ funding.
2) Pages 7 and 8 provide detailed information on what types of projects are eligible for funding and how much funding has been set-aside or allocated per project type (6% is allocated for bike/ped projects).
3) B&A kindly requests a Notice to Proceed by Friday, August 6, 2021
4) B&A will use to the extent possible all forms, templates, and narratives developed by client for similar projects in prior calls, as available and applicable.
5) If the project includes a traffic signal, a warrant is required to be submitted as part of the application packet.
6) There are a total of 100 points possible and points are allocated as follows: 30 pts., project is cost-effective per CARB's methodology 20 pts., project has impact on congestion and increases service capacity and/or reliability 20 pts., project incorporates transportation control measure, reduces emissions of volatile organic compounds, nitrogen oxides, and/or particulate matter 10 pts., project reduces vehicle trips and/or vehicle miles traveled 10 pts., subjective evaluation 4 pts., project is construction-ready requesting construction funds for the first year of the 2020/21 of the FTIP 6 pts., project is committed to expedited delivery schedule, programmed within the first two years of the FTIP.
7) The Coalinga City Engineer will provide air quality improvement calculations. Cost-effective projects are those that meet the \$63 per pound (\$126,000 per ton) cost-effectiveness threshold as determined by the CA Air Resources Board's Air Quality Cost-Effectiveness Calculations Methodology.

Please note that this quote is an estimate for services based on current conditions and understandings. Many factors often change during the development of a grant application that may or may not increase the amount of labor and materials necessary to perform the services successfully. If during the course of work, B&A believes the work is taking longer than originally estimated, B&A will immediately notify the contract point of contact and either mutually agree to a change order or discuss alternatives. Additionally, B&A only charges for actual work performed. The total cost to perform the tasks may be less than quoted herein.

Signature of Person Approving Costs and Authorizing Notice to Proceed

Date

Printed Name of Authorized Person

Grant Development Quote

Client Name	City of Coalinga, California
Client Contact	Sean Brewer, Assistant City Manager
Copy	

Grant Program / Proposal	2021-22 Surface Transportation Block Grant Program (STBG) Regional Bid Application (not a Lifeline application)
Proposal Due	October 1, 2021; due by 12:00 Noon
Project Name (if known)	Resurfacing Project #1 Phelps Avenue Resurfacing Project #2 Citywide Chip and Cape Seal
Date Prepared	August 10, 2021
Grant/Revenue Potential	To be determined
Cost to Prepare Grant Proposal	\$10,950.00
Cost to Prepare Proposal as Percent of Revenue	To be determined
Hourly Rate	\$105 per hour

Activity	Application #1 Hours	Application #2 Hours	Cost
Review Call for Projects, prepare checklist and timeline, and kick-off conference call with client	3	3	\$ 630.00
Develop application and create narrative responses for a highly competitive application	18	22	\$ 4,200.00
Prepare photo pages that align with scoring criteria	5	5	\$ 1,050.00
Prepare financial plan document and circulate for signature (requires a signature)	1.5	1.5	\$ 315.00
Prepare required Council Resolution and help circulate through City Council approval process	1	1	\$ 210.00
Prepare Project Submittal Checklist and circulate for signature (requires a signature)	0.5	0.5	\$ 105.00
Conference calls with client, creating 80% and 100% final proposal, internal strategy and quality control, editing proposal from client review, coordinating print order, collating and mailing final proposal, creating email for client to submit electronic copy of application, mail eight hard copy proposals.	16	16	\$ 3,360.00
SUBTOTAL	45	49	\$ 9,870.00
Direct Costs (charged at cost, no mark-up)			
Reproduction (8 hard copies are required for each application)	\$460	\$460	\$ 920.00
Postage and/or Express Delivery Mail or Courier Services	\$80	\$80	\$ 160.00
SUBTOTAL			\$ 1,080.00
TOTAL			\$ 10,950.00

Work performed by B&A that is outside of the scope of this estimate will be billed at \$105 per hour.

Please see "notes and assumptions."

Notes and Assumptions
1) Local Match of 11.47% is required.
2) This program provides flexible funding that may be used by States and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital and intercity passenger projects. These are federal funds and eligible costs include preliminary engineering, ROW acquisition, capital costs, and construction costs.
3) B&A kindly requests a Notice to Proceed by Friday, August 20, 2021.
4) B&A will use to the extent possible descriptions of work from prior phases of funded rehabilitation.
5) City Engineer (Tri-City) is requested to provide basic Site Plan with proposed improvements. City/City Engineer (Tri-City) will provide Engineer's Estimate/quote of probable costs (this is a required document).
6) B&A requests the most recent version of the City's Pavement Management Analysis.

Please note that this quote is an estimate for services based on current conditions and understandings. Many factors often change during the development of a grant application that may or may not increase the amount of labor and materials necessary to perform the services successfully. If during the course of work, B&A believes the work is taking longer than originally estimated, B&A will immediately notify the contract point of contact and either mutually agree to a change order or discuss alternatives. Additionally, B&A only charges for actual work performed. The total cost to perform the tasks may be less than quoted herein.

Signature of Person Approving Costs and Authorizing Notice to Proceed

Date

Printed Name of Authorized Person



4630 West Jennifer Avenue, Suite 101
Fresno, CA 93722-6415
Tel: (559) 447-9075
Fax: (559) 447-9074
Email: Info@TriCityEngineering.com
www.TriCityEngineering.com

MEMORANDUM

To: Sean Brewer, Assistant City Manager, City of Coalinga
From: Christopher Marks, Associate Engineer, Tri City Engineering
Date: August 09, 2021
Subject: Coalinga East Polk Street Bike/Ped Safety and Connectivity Initiative

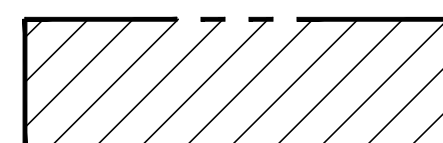
Project Limits: Polk street from Glenn Avenue to Hayes Street, Polk Street to Roosevelt Street between Hayes Street and Alicia Lane, Polk Street to Pleasant Street between Warthan Street and Thompson Street, and Polk Street/Jayne Avenue from Thompson Street to Willow Springs Avenue.

Project Scope: Installation of sidewalk, curb ramps, curb and gutter, drive approaches, crosswalk striping, pavement markings, traffic striping, traffic signage, and Class I multi-use trail.

Project Numbers: approx. 8200 LF of sidewalk, 51 drive approaches, 25 curb ramps, 20 pedestrian crossings, 0.50 miles (2585 feet) of Class 1 multi-use trail, and 0.46 miles (2420 feet) of Class III bikeway.

Project History: The project was originally submitted for the 2020 Cycle 5 ATP Statewide Component but was not selected. After submitting regionally, the project was selected and \$218,000 was awarded. This \$218,000 will be allocated between the Environmental Studies and Permits (PA&ED), Plans, Specifications and Estimates (PS&E), and Right of Way (RW).

Funding: With \$218,000 already awarded, the project needs \$1,524,582 to fund the remaining Right of Way (RW) , Construction Phase (CON), and Construction Engineering (CE)



PAVEMENT GRIND AND OVERLAY
DEPTH OF GRIND AND OVERLAY THICKNESS TO BE DETERMINED BY PAVEMENT
CORING

PHELPS AVENUE REHABILITATION
POSA CHANET TO CITY LIMITS

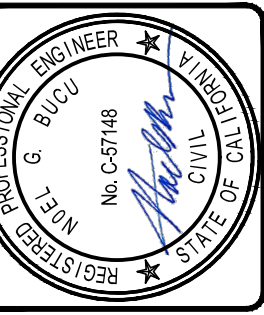
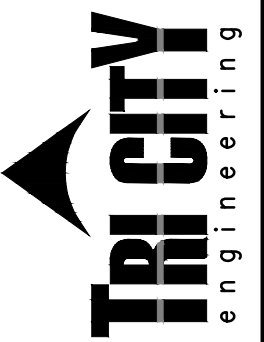
COALINGA, P

scale: 1"=100'
date: 2021.Aug.10
drawn: C.M.
checked: D.J.

SHEET NO.
1
OF 1 SHEETS
N#:
2919

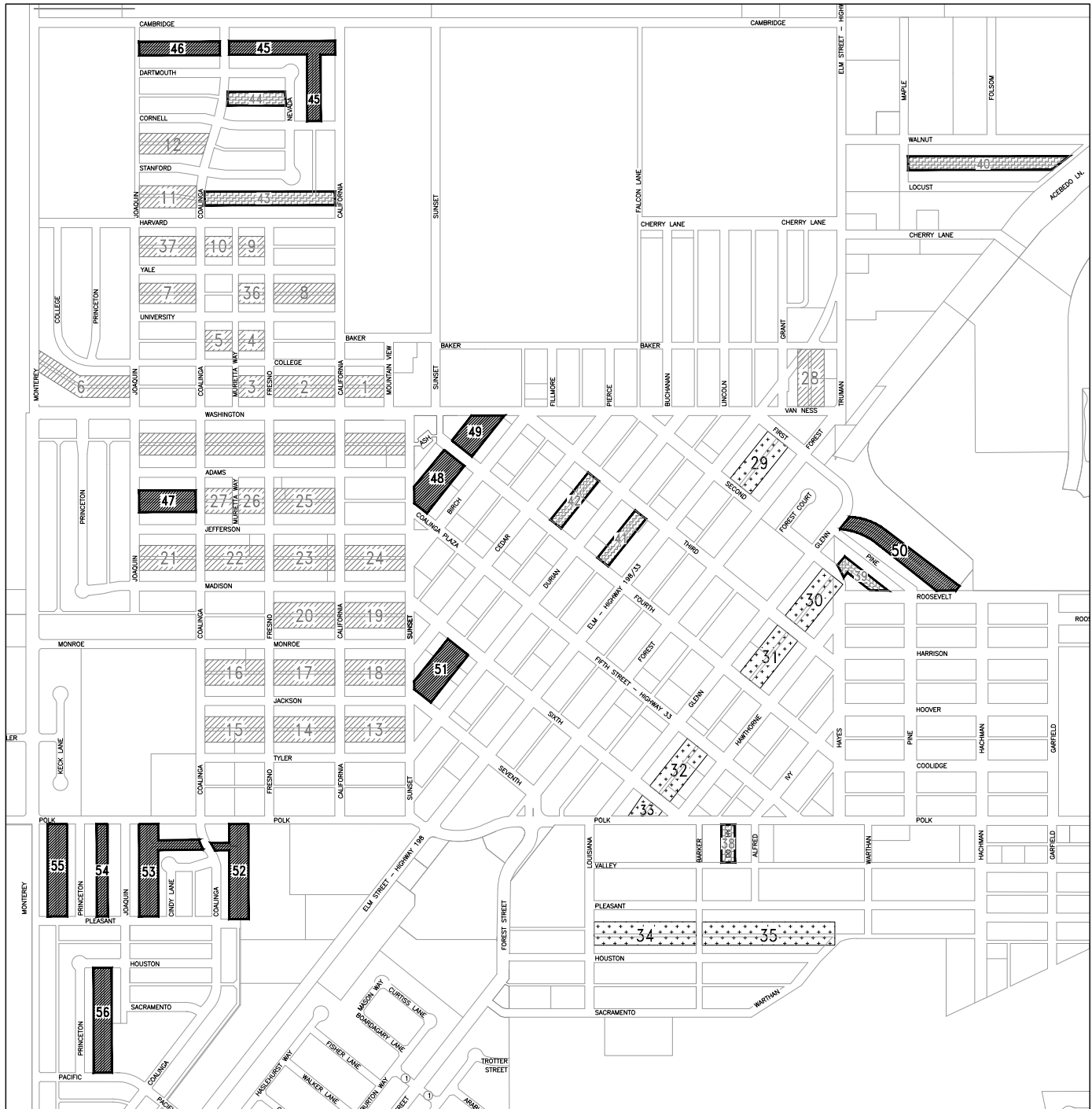
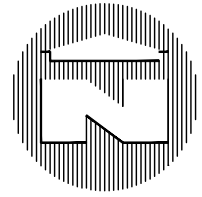
Tri City Engineering, Inc.
Engineers Surveyors
4630 W. Jennifer Ave. #101

Fresno, CA 93722-6415
PH: 559-447-9075
FAX 559-447-9074
www.TriCityEngineering.com



PROPOSED WORKING DAYS PRIOR TO EXCAVATING. FOR BEST RESPONSE PROVIDE AS MUCH NOTICE AS POSSIBLE, UP TO 10 WORKING DAYS, CALL UNDERGROUND SERVICE ALERT (GSA) AT 800-4-A-SAFE (427233). THESE PLANS WILL NOT BE RESPONSIBLE FOR, OR LIABLE FOR, UNAUTHORIZED CHANGES TO OR USES OF THESE PLANS. ALL CHANGES TO THE PLANS MUST BE IN WRITING AND MUST BE APPROVED BY THE PREPARER OF THESE PLANS. CITY ENGINEERS (C) THE INFORMATION HEREON MAY NOT BE USED NOR THE DRAWING REPRODUCED WITHOUT PERMISSION OF TRC CITY ENGINEERS.

CITY OF COALINGA ALLEY PAVING PROJECT



LEGEND

	PREVIOUSLY COMPLETED		CMAQ 2019/2020 FUNDED
	CMAQ 2015/2016 FUNDED		CMAQ 2021/2022 PROPOSED



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: N.T.S.
Date: 2021.Aug.10
Drwn: CM
Chkd: DJ
JN#: 2834

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

Subject: Authorize City Manager to Execute the First Amendment to the Warthan Meadows Subdivision Agreement
Meeting Date: August 19, 2021
From: Marissa Trejo, City Manager
Prepared by: Sean Brewer, Assistant City Manager

I. RECOMMENDATION:

Staff is recommending the City Council approve and authorize the City Manager to sign the First Amendment to the Warthan Meadows Subdivision Agreement in order to facilitate the sale of a 53 lot of Tentative Subdivision Map No. 5451 for Tract No. 5776.

II. BACKGROUND:

On March 3, 2005, by Resolution No. 3076, the City Council of the City approved Tentative Map 5451 (application number 04-03) for subdivision of the real property (the "Subdivision"), together with Conditions of Approval. The conditions of approval for the tentative map of Tract No. 5776 (53 lots) require improvements within and adjacent to the Subdivision and satisfaction of certain other conditions. A final map was approved on June 7, 2007 along with the execution of a subdivision agreement to ensure the security (in the form of a bond) if such improvements do not occur.

The property is currently in escrow to be sold to a new buyer who is interested in building out the 53 lots within the Warthan Meadows subdivision. In order to facilitate the sale, the buyer, seller and the City need to execute an amendment to the existing subdivision agreement to ensure the City maintains security (active bond) for the required improvements through the sale.

III. DISCUSSION:

The first amendment to the subdivision agreement (both original agreement and amendment are attached) insures performance by the buyer of its obligations under the City Subdivision Ordinance and Map Act for the development of a subdivision pursuant to map TSM 5451 for Tract No. 5776. The amendment transfers the responsibilities in the original subdivision agreement from the existing owner to the new owner upon close of escrow and final sale. It also, ensures the new owner secures faithful performance of the agreement through a performance bond covering 100% of the estimated cost of improvements (worksheets attached). This agreement essentially ensures that the City maintains guaranteed security of improvements through the sale of the property.

IV. ALTERNATIVES:

Do not authorize the City Manager to execute the contract - Staff does not recommended as this would result in the sale not occurring.

V. FISCAL IMPACT:

None determined at this time.

ATTACHMENTS:

File Name	Description
▣ Subdivision_Agreement_for_Tract_5451.pdf	Original Subdivision Agreement 10-4-2007
▣ 2911_Memo_-_S_Brewer_-Imp-City_PC_Fees_070721.pdf	Engineering Improvement Plan Check Fees Memo
▣ 2911_Security_Calc_Worksheet_060221.pdf	Security Calculation Worksheet
▣ Phase_2A_Replacement_Cost_Est_WME.2101_onsite-offsite.pdf	Estimate of Probable Const. Costs
▣ Subdivision_Agreement_signed_by_Sanders_and_Hofmann.pdf	Fist Amendment to the Subdivision Agreement



First American

myFirstAm® Recorded Document

The Recorded Document images are displayed in the subsequent pages for the following request:

State: CA
County: Fresno
Document Type: Document - Year.DocID
Year: 2007
DocID: 0209046

Limitation of Liability for Informational Report

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RECORDING REQUESTED BY

City of Coalinga
155 West Durian Avenue
Coalinga, CA 93210
No Fee - Government Code Sections
6103 and 27383

WHEN RECORDED, MAIL TO:

City of Coalinga
155 West Durian Avenue
Coalinga, CA 93210.

ATTN: City Clerk



FRESNO County Recorder
Robert C. Werner

DOC- 2007-0209046

Acct 5-First American Title Insurance Company

Tuesday, NOV 20, 2007 08:00:00

Ttl Pd \$0.00

Nbr-0002648676

RGR/R4/1-26

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBDIVISION AGREEMENT

This Page added to provide adequate space for recording information

SUBDIVISION AGREEMENT

This Subdivision Agreement ("Agreement") is entered into as of Oct 4, 2007, (the "Effective Date"), between the CITY OF COALINGA, a California municipal corporation and general law city (the "City"), and HOFMANN LAND DEVELOPMENT COMPANY, INC. (the "Subdivider"), with respect to the following:

Recitals

A. On March 3, 2005, by Resolution No. 3079, the City Council of the City approved a tentative subdivision map, TSM 5451, for Tract No. 5776 (Warthan Meadows II), a subdivision of real property within the corporate limits of the City (the "Subdivision"). The real property within Tract No. 5776 is described on Exhibit A, which is attached to and incorporated in this Agreement.

B. The Subdivider has submitted for approval a final map of the Subdivision in full compliance with State law, including the Subdivision Map Act (California Government Code §§ 66410 *et seq.*) (the "Map Act"), and the City Subdivision Ordinance.

C. The conditions of approval for the tentative map of Tract No. 5776 require improvements within and adjacent to the Subdivision and satisfaction of certain other conditions.

D. Revised improvement plans for the Subdivision, prepared by Ruggeri-Jensen-Azar & Associates, were reviewed and finally approved by the City Engineer on April 25, 2007 (the "Plans"). The Plans, including any duly approved modifications or additions thereto, are incorporated in this Agreement as though set forth herein.

E. The Map Act and the Coalinga Municipal Code require certain security to guarantee installation of the required improvements and payment of all costs in connection therewith.

F. Filing and processing fees, inspection fees, impact, connection and utility fees and all other fees relating to the Subdivision and pertaining to:

- (i) City permits, approvals, plan checking and inspection required in accordance with the Coalinga Municipal Code and State law, and
- (ii) any other permits or approvals by any other government agency,

have been paid or will be paid by the Subdivider when required; the Subdivider acknowledges the City's right to withhold and prevent occupancy of the Subdivision until such fees are paid in full.

G. The parties desire to enter this Agreement to insure performance by the Subdivider of its obligations under the City Subdivision Ordinance and the Map Act and to



specify other agreements and conditions relating to development of the Subdivision.

H. The Subdivider warrants, and the City is relying thereon in entering this Agreement, that any and all parties having record title interest in the real property within the Subdivision which may become a fee interest have subordinated to this Agreement. All such instruments of subordination, if any, are attached to and made part of this Agreement.

Based on the foregoing recitals, and in consideration of the mutual covenants, promises and agreements contained in this Agreement, the City and the Subdivider agree as follows:

Agreement

1. Improvements.
 - a. After the City Council approves this Agreement, the Subdivider shall cause all on-site and off-site subdivision improvements required by the Conditions of Approval, Exhibit B, as specified in Exhibit C (the "Improvements"), to be made and constructed within 12 months after the Effective Date. Exhibits B and C are attached to and incorporated in this Agreement. All Improvements shall be made, constructed and completed in full compliance with the requirements of the City's current "Construction Standards," the Plans as finally approved by the City Engineer, any changes or alterations in such work that may be agreed to by the City and the Subdivider, the Conditions of Approval in Exhibit B, and all applicable federal, State and local laws, codes and standards. Without limiting the foregoing, the Subdivider, its contractor and all subcontractors shall comply with the California Building Standards Code; the Building Code, the Electrical Code, the Plumbing Code and the Mechanical Code of the City; and all other applicable codes of the City as determined by the City Engineer.
 - b. The Subdivider shall pay for any and all materials, provisions and other supplies used in, upon, for or about the performance of such work, for any and all work or labor done thereon by contractors, subcontractors, laborers, materialmen and any other persons employed in performance of work on the Improvements, and for any and all amounts due under the State Unemployment Insurance Act with respect to such work or labor.
 - c. The Subdivider may request an extension of time to complete the Improvements. The request must be submitted to the City Engineer in writing not less than four weeks before expiration of the initial 12-month completion period, and must contain a statement of the facts and circumstances necessitating the extension. The City Manager may grant such extension in his or her reasonable discretion. In that regard, if any substantial change has occurred in the Subdivision during the term of this Agreement, the City Manager will have the right, subject to the City Council's approval, to impose additional reasonable conditions to the extent

allowed by law or to require reasonable adjustments in the provisions of this Agreement, including the construction standards, cost estimates and improvement security.

- d. The Subdivider shall remedy any defective work or labor or any defective materials in the Improvements, and shall pay for any damage to other work resulting therefrom, which occurs within one year after the date the City Council accepts the Improvements.
- e. If the Subdivider fails or neglects to comply with the provisions of this Agreement, the City will have the right (but not the obligation) at any time to cause such provisions to be met by any lawful means and to recover from the Subdivider and/or its sureties the full cost and expense incurred by the City in doing so. This right is in addition to and without limitation on any other remedy the City may have for the Subdivider's failure or neglect.

2. Security.

Before starting any work on the Improvements, the Subdivider shall furnish to the City security in accordance with Sections 66496 and 66499 of the Map Act for performance and completion of the Improvements and payment therefor, as follows:

- a. To secure faithful performance of this Agreement, security in the amount of \$2,457,311.00, which is equal to 100 percent of the estimated cost of the Improvements, as determined by the City Engineer;
- b. To secure payment to the Subdivider's contractor, subcontractors, materialmen, laborers and all other persons furnishing labor, materials or equipment in performance of this Agreement, security in the amount of \$1,228,655.00, which is equal to 50 percent of the estimated cost of the Improvements, as determined by the City Engineer;
- c. To secure payment of the cost of setting interior monuments, security in the amount of \$9,500.00, which is equal to 100 percent of the estimated cost of the work of setting such monuments, as determined by the City Engineer.

Also, to secure the guarantee and warranty of all completed Improvements for a period of one year following completion and acceptance of the Improvements, prior to final acceptance of any such Improvements by the City, the Subdivider shall furnish to the City security in the amount of \$245,731.10, which is equal to 10 percent of the total estimated cost of all Improvements required by the Conditions of Approval and specified on the Plans, as determined by the City Engineer.

As part of the obligations guaranteed by the security described in this Section 2, and in

addition to the face amount of the security, there will be included costs and reasonable expenses and fees, including reasonable attorneys' fees, incurred by the City in successfully enforcing the obligations secured.

All security will be in a form acceptable to the City Attorney and the City Engineer. If the security is furnished in the form of an instrument of credit, it will be in the format approved by the City and will be attached to this Agreement. If the security is furnished in the form of a bond or bonds, the performance and payment bonds will be in the forms required by Sections 66499.1 and 66499.2 of the Map Act, as applicable, and all bonds will be executed by a corporate surety company authorized to transact surety business in the State of California. Liability for security will be limited as set forth in Section 66499.9 of the Map Act.

Release of securities will be as follows:

- a. Security given for faithful performance may be released 35 days after recording the notice of completion for the Improvements, provided that evidence of recording the notice of completion has been furnished to the City, the City Council has finally accepted all Improvements and the City has been furnished the security guaranteeing and warranting the Improvements required by this Section 2. If the performance security is an instrument of credit, it will be released in the manner provided in subdivision 66499.7(a) of the Map Act.
- b. Security given to secure payment to the contractor, the subcontractors, materialmen, laborers and other persons furnishing labor, materials or equipment may be released 60 days after the notice of completion for the Improvements is recorded, provided no stop notices, mechanics' liens or other claims thereon have been filed with the City in accordance with the Map Act.
- c. Security guaranteeing and warranting that the completed Improvements remain satisfactory during the required one-year warranty period may be released upon correction by the Subdivider of any defects in any such Improvements existing at any time during the one-year period.
- d. Security for setting of interior monuments may be released as provided in Sections 66497 and 66499.7 of the Map Act.

If any Improvements do not conform to the City-approved Plans and specifications or are defective in work or materials, and such failure to conform or defect is not corrected within the time limit specified by the City Engineer, the City will have the authority to order the necessary work done and to recover the cost of such work, as well as any costs of enforcing such obligation, including reasonable attorneys' fees and legal expenses, from the Subdivider and the Subdivider's surety or (if applicable) the financial institution providing the instrument of credit.

3. Inspection.

The City Engineer or his/her duly authorized representative will inspect all work or Improvements made in connection with the Subdivision as they progress for compliance with City requirements, including the Plans and all provisions of this Agreement. The Subdivider shall give at least 24 hours notice to the City Engineer, but not less than one full working day, prior to any desired inspection. Any Improvements installed without inspection by the City Engineer or his/her representative will be subject to rejection. However, inspection by the City will in no way relieve the Subdivider or its sureties of full responsibility for noncomplying or defective work or materials in the Improvements.

When the City Engineer has determined, based on a final inspection, that all Improvements have been satisfactorily completed in compliance with the Plans, this Agreement and other City requirements, the City Engineer shall prepare and submit to the City Council, for the City Council's consideration at its next available regular meeting, a proposed notice of completion for the Improvements together with his/her recommendation thereon. The Improvements will be approved and accepted on behalf of the City only by resolution of the City Council. If the City Council approves and accepts the Improvements, the City Engineer shall file the executed notice of completion with the Fresno County Recorder as promptly as practicable.

The Subdivider has deposited \$43,823.00 with the City prior to the Effective Date, which is the amount estimated by the City Engineer to cover the cost of inspection. If the costs of inspection exceed the initial deposit, neither final inspection nor acceptance of the Improvements will be permitted prior to receipt by the City of an additional deposit to cover the actual full costs of inspection as determined by the City Engineer.

4. Safety.

The Subdivider shall perform all work under this Agreement in accordance with the applicable sections of the most current versions of Title 3 of the California Administrative Code (CalOSHA) and the WATCH (Work Area Traffic Control Handbook) published by Building News, Inc. The Subdivider shall ensure adequate protection for members of the public who may use public roads or rights-of-way affected by the Remaining Improvements and/or work under this Agreement.

Without limiting the foregoing, the Subdivider shall place barricades and related facilities in such number and at such locations as required for public safety and compliance with law. At night such barricades will be equipped with flashing yellow lights. The City Engineer, Public Utilities Director or Police Chief will have the right to require, and the Subdivider shall promptly install or place, additional barricades or other facilities to assure public safety if any of them deem the same necessary or desirable for public safety. In addition to and without limitation on Section 6, the Subdivider will be fully responsible for all loss, liability or damages which may arise out of failure of the Subdivider, its contractor, subcontractors or any employees thereof to comply with this Section 4, whether or not on public property, and shall indemnify, defend and hold harmless the City from any and all claims, loss, liability, damages or causes of action arising

therefrom or related thereto.

5. Additional Agreements and Conditions.

- a. In addition to construction, installation and completion of the Improvements, the Subdivider shall comply with and satisfy all other Conditions of Approval specified in Exhibit B.

6. Indemnity.

The Subdivider shall indemnify, defend and hold harmless the City and its Council, boards, commissions, officers, officials, employees and agents from any and all loss, liability, costs and damages (whether in contract, statute, tort or strict liability, including without limitation death at any time, personal injury or property damage), and from any and all suits and claims in law or equity (including attorneys' fees, court costs and legal expenses), arising directly or indirectly out of or in any way connected with (i) any act, error or omission at any time of the Subdivider, its contractor(s), subcontractors or any of their respective, employees, agents or representatives in performing work under this Agreement, including without limitation work in or upon streets or other rights-of-way in the Subdivision and premises adjacent to the Subdivision; (ii) the design, construction, operation or maintenance of the Improvements specified in the Plans, or any portion thereof; or (iii) the use by any person of any patent or patented articles in the construction of the Improvements.

The foregoing paragraph will apply to the greatest extent allowed by law, but will not apply to, and the Subdivider shall not be responsible for, any loss, liability, costs, damages, suits or claims caused solely by the active negligence or willful misconduct of the City its officials, officers or employees acting within the scope of their authority.

The use of any and all streets and other Improvements will, at all times prior to final acceptance of such streets and Improvements by the City Council, be the sole responsibility and exclusive risk of the Subdivider. Issuance of any occupancy permits by the City for dwellings in the Subdivision will not be considered acceptance or approval of any streets or other Improvements in the Subdivision.

7. Insurance.

Before work is commenced pursuant to this Agreement, the Subdivider shall obtain and maintain, or cause each of its contractor(s) and subcontractors to obtain and maintain, in full force and effect during the performance of the work, at its own expense and risk, insurance on terms and conditions described in this Section and file with the City Engineer a certificate evidencing that such insurance is in full force and effect. The liability insurance will name the City, its Council, boards, commissions, officers, employees and agents as insureds or additional insureds, and will indemnify the City and such persons against liability for loss occasioned by acts or omissions of the Subdivider, or its contractor or subcontractor, as applicable, or their

respective employees under this Agreement. The insurance shall be in the following minimum limits and on at least the following terms:

- a.
 - (1) General Liability. \$1,000,000 combined single limit per occurrence for bodily injury, personal injury, death and property damage. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit will apply separately to this Subdivision or the general aggregate limit will be twice the required occurrence limit.
 - (2) Automobile Liability. \$1,000,000 combined single limit per accident for bodily injury and property damage.
 - (3) Workers' Compensation and Employer's Liability. Workers' Compensation limits as required by the California Labor Code, and Employer's Liability limits of \$1,000,000 per accident.

If the Subdivider itself performs any actual construction of Improvements under this Agreement, the Subdivider itself shall obtain, maintain and provide all insurance coverages and provide all insurance certificates, endorsements and other matters required by this Section 7. However, if the Subdivider itself does not perform any construction of the Improvements or any portion thereof and its contractor(s) and subcontractors are solely responsible to the Subdivider for construction of all the Improvements under this Agreement, the obtaining, maintaining and providing by each contractor or subcontractor of (i) all insurance coverages and (ii) all insurance certificates, endorsements and other matters required by this Section 7 shall be deemed the Subdivider's compliance with this section. In any case, the Subdivider shall be solely responsible for ensuring compliance with this section.

- b. The policies will contain, or will be endorsed to contain, the following provisions:

- (1) General Liability and Automobile Liability Coverages.

(A) The City, its Council, boards, commissions, officers, employees and agents will be covered as insureds as to liability arising out of activities performed by or on behalf of the Subdivider/contractor/subcontractor, products and completed operations of the Subdivider/contractor/subcontractor, premises owned, occupied or used by the Subdivider/contractor/subcontractor, or automobiles owned, leased, hired or borrowed by or on behalf of the Subdivider/contractor/subcontractor. The coverage will contain no special limitations on the scope of protection afforded to the City and such other additional insureds.

(B) The insurance will be primary insurance with respect to coverage of the City, its officers, officials, agents and employees. Any insurance or self-insurance maintained by the City will be excess of the



Subdivider's/contractor's/subcontractor's insurance and will not contribute with it.

(C) Failure to comply with the reporting provisions of the insurance policies will not affect coverage provided to the City or its Council, boards, commissions, officers, employees or agents.

(D) The insurance will apply separately to each insured against whom claim is made or suit is brought, except with respect to the aggregate limits of the insurer's liability.

(2) Workers' Compensation and Employer's Liability Coverages.

The Subdivider/contractor/subcontractor shall waive all rights of subrogation against the City and its Council, boards, commissions, officers, employees and agents for losses arising from work performed by the Subdivider/contractor/subcontractor or their respective subcontractors or employees under this Agreement.

- c. Each insurance policy required under this section will be endorsed to state that coverage will not be suspended, voided, canceled or reduced in coverage or limits unless at least 30 days prior written notice has been given to the City Manager by certified mail, return receipt requested. The endorsement must not contain any "best efforts" or similar qualification on the notice requirement.

If any required insurance coverage is provided by a policy which also covers the Subdivider/contractor/subcontractor or a person or entity other than the City, the policy must contain a standard form of cross liability endorsement.

- d. The Subdivider/contractor/subcontractor shall furnish the City with certificates of insurance and with original endorsements effecting the coverages required by this section. The certificates and endorsements for each insurance policy will be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements will be on forms provided by or acceptable to the City. Where, by statute, the City's workers' compensation forms cannot be used, equivalent forms approved by the State and acceptable to the City Attorney will be substituted. All certificates and endorsements must be received and approved by the City before work commences under this Agreement. On request by the City at any time during the term of this Agreement, the Subdivider shall submit, or cause its contractor or subcontractor (as applicable) to submit, complete, certified copies of the required insurance policies.
- e. Neither the limits of liability of insurance specified in this section, nor the provision of insurance and insurance certificates, endorsements and other matters by the Subdivider's contractor(s) or subcontractors under paragraph 7.a., will limit

the liability of the Subdivider under this Agreement or relieve the Subdivider for any responsibility or liability for work performed under this Agreement.

- f. All insurance required by this section will be issued by a corporate insurer authorized to do insurance business in California and having a rating of no less than A-XIII in Best's Insurance Rating Guide.

8. Approvals.

This Agreement and all securities provided pursuant to Section 2, all insurance policies or certificates and all other documents submitted pursuant to this Agreement will be subject to approval by the City Manager as to substance and by the City Attorney as to form and legal sufficiency.

9. Successors and Assigns.

This Agreement will benefit and be binding on the parties and their respective assigns, transferees and successors-in-interest.

10. Attorneys' Fees.

If either party brings a legal action or arbitration to enforce or interpret any part of this Agreement, the prevailing party in the action or arbitration will be entitled to recover from the other party reasonable attorneys' fees, court costs and legal expenses in the amounts determined by the court or tribunal having jurisdiction.

11. Notices.

All notices in connection with this Agreement must be written and given by personal delivery or first-class U.S. mail to a party at its respective address below:

To the City: City of Coalinga
Attn.: City Manager
155 W. Durian Avenue
Coalinga, CA 93210

To the
Subdivider: Hofmann Land Development Company Inc.

Notice by personal delivery will be effective on delivery; notice by mail will be effective on receipt or three days after the postmark date, whichever is earlier.

12. Modification; Amendment.

This Agreement may be modified or amended only by a written instrument, signed by duly authorized representatives of the Subdivider and the City and approved by the City Council. No other statement, action or representation will be effective to modify or amend any provision of this Agreement.

13. Governing Law; Interpretation.

- a. This Agreement will be interpreted and enforced, and the rights and duties (both procedural and substantive) of the parties will be determined, according to California law.

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[Remainder of page left blank intentionally; Agreement continued on next page.]

- b. In interpreting this Agreement, unless the context clearly requires otherwise, singular includes plural, masculine includes feminine and vice versa, and neuter includes masculine and feminine.

* * * * *

Each party acknowledges that it has executed and entered into this Agreement as of the Effective Date.

CITY OF COALINGA

By: 

City Manager

ATTEST:

By: Cindy Johnson

City Clerk

**HOFMANN LAND DEVELOPMENT
COMPANY, INC.**

By: 

Name: DT Lennon *David T Lennon*

Title: Pres

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

State of: California

County of: Contra Costa

On October 22, 2007, before me Melissa R. Osofsky Notary Public
(here insert name and title of the officer)
personally appeared David T. Lennon

Personally known to me (~~or proved to me on the basis of satisfactory evidence~~)

to be the person (~~s~~) whose name (~~s~~) is/~~are~~ subscribed to the within instrument

and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~

authorized capacity (~~ies~~), and that by his/~~her/their~~ signature (~~s~~) on the instrument

the person (~~s~~), or the entity upon be half of which the person (~~s~~) acted, executed

the instrument.

WITNESS my hand and official seal



Signature

Melissa R. Osofsky

(Seal)

EXHIBIT A

TRACT NO. 5776 DESCRIPTION

Real property located in the City of Coalinga, County of Fresno, State of California, described as follows:

Lot 158, 159, and Parcel reflected as "Designated Remainder" of Tract No. 5451, in the City of Coalinga, County of Fresno, State of California, according to the Map thereof recorded September 12, 2006, in Volume 77, Pages 32 through 35, inclusive, of Plats, Fresno County Records.

Excepting an undivided one-half interest in and to all oil, gas, petroleum, and other hydrocarbon substances and minerals located in, under and upon said property, as reserved in the Deed from Karl H. Brix and Emma Brix Fenston and Theodore F. Brix, to John K. Griffin as Trustee under the Last Will and Testament of H. H. Welsh, deceased, dated January 20, 1948, recorded March 30, 1948, as Document No. 15799, in Book 2642, Page 32 of Official Records.

Also excepting therefrom all remaining interest in and to all oil, gas, petroleum, and other hydrocarbon substances and minerals located in, under, and upon said property.

EXHIBIT B

TRACT NO. 5776 CONDITIONS OF APPROVAL

(See Attached)

RESOLUTION 3079

A RESOLUTION OF THE CITY OF COALINGA CITY COUNCIL CERTIFYING THE INITIAL STUDY, ADOPTING A NEGATIVE DECLARATION, GENERAL PLAN AMENEMENT, AND APPROVAL WITH CONDITIONS FOR TENTATIVE SUBDIVISION MAP #04-03 (Tract # 5451)

WHEREAS, the City of Coalinga Community Development Department has received an applications for General Plan Amendment, Re-Zoning and Tentative Subdivision Map for the construction of a 351 single family lots at Fresno County Assessor's Parcel Number 083-009-006 & 036, and;

WHEREAS, a Public Hearing has been advertised and conducted pursuant to Public Resources Code Section 21092 and 21092.3, and public comment has been solicited, and;

WHEREAS, the Design Review Committee met on February 2, 2005 and recommended approval to the Planning Commission, and;

WHEREAS, the Planning Commission conducted a noticed and scheduled public hearing on February 22, 2005 and adopted Resolution #005P-003 recommending approval to the City Council, and;

WHEREAS, a Notice of Public Hearing was placed in the January 13, 2005 and February 10, 2005 editions of the Coalinga Record, all surrounding property owners within 300' of the project site were notified via U.S. Postal Service (January 13, 2005) and a Notice of Public Hearing was posted on the City Hall bulletin window (January 13 and February 10, 2005), and;

WHEREAS, the Initial Study/Proposed Mitigated Negative Declaration prepared and distributed by the City of Coalinga for a thirty (30) day local review period on January 11, 2005, and;

WHEREAS, the comment period of the Initial Study terminated on February 11, 2005, and;

WHEREAS, the City Council held the noticed Public Hearing on March 3, 2005 to take testimony with regard to the proposed Environmental Review, General Plan Amendment, Re-Zoning and Tentative Subdivision Map, and;

WHEREAS, the City Council approves the General Plan Amendment of the Land Use Map from Agricultural to Low Density Residential, and;

WHEREAS, the City Council completed its review of the proposed Tentative Subdivision Map and information contained in the Staff Report and has considered the testimony received during the public hearing process, and;

WHEREAS, the City Council has made the following findings based on the Tentative Subdivision Map proposal:

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1. The proposed project meets or exceeds minimum Municipal Code and Zoning Ordinance requirements.
2. The proposed project construction would not cause a substantial increase of traffic above that which is planned for in the area. In addition, the current LOS (Level of Service) for the existing roadway(s) would not be exceeded as a result of building the proposed project. Improvements to Highway 198 (Polk Avenue) and Merced Avenue has been included as conditions of approval to be the responsibility of the developer to complete.
3. Based on normal residential usage, the proposed single family development(s) will not impact the availability of water or sewer capacity in the area.
4. All utility connections are located near the property and are readily available for extension.
5. The orientation of the ingress/egress pattern to the project site will not create a safety or hazard concern for vehicular or pedestrian traffic.

Standard Conditions

1. This tentative tract map is granted for the land described in the application on file with the City of Coalinga. The locations of all buildings and other features shall be located and/or designed substantially as shown in the aforementioned applications, unless otherwise specified herein.
2. This tentative subdivision map shall expire within the time frames prescribed under the State Subdivision Map Act.
3. Any minor changes may be approved by the Director. Any substantial changes will require the filing of an application for an amendment to be considered either by the Director, the Planning Commission or City Council as deemed appropriate.
4. All requirements of any law, ordinance or regulation of the State of California, City of Coalinga, and any other governmental entity shall be complied with in the exercise of this approval.
5. Within thirty (30) days after the effective date of tentative subdivision map approval, the subdivider shall file with the Director written acceptance of the conditions of approval stated herein.
6. Compliance with an execution of all conditions listed herein shall be necessary, unless otherwise specified, prior to obtaining a certificate of occupancy. Deviation from this requirement shall be permitted only by written consent from the Director and/or as authorized by the Planning Commission. Failure to comply with these conditions shall render this entitlement null and void.

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7. All heating and air conditioning units shall be ground/surfaced mounted and approved for location by the Building Official.
8. The developer shall include at time of Final Map submittal a "Right to Farm" clause for the development to ensure that continued agricultural activities to the south of the property are identified.

Subdivision Design

9. This subdivision shall meet all applicable requirements of the City of Coalinga Municipal Code.
10. A dead-end street may be approved without a turn around subject to the Chief of Police and Fire Chief approval and installation of dead-end street barriers. In all other cases dead-end rights-of-ways and easements shall terminate with a minimum 50 foot radius to allow for turn around movement.
11. The project proponent shall be required to pay water, landscaping/irrigation and sewer impact fees as specified by the City of Coalinga Municipal Code at the time building permit applications are filed.
12. The project proponent shall construct drainage, sewage, water, and natural gas facilities in accordance with the plans and calculations which must be submitted to the Public Works Department for review and approval prior to construction.
13. The project proponent shall offer in dedication all necessary easements for drainage, sewer, water and other public utilities as determined by the improvement plans and as approved by the Coalinga Public Works Department.
14. Hydraulic calculations, required and approved by the Public Works Department shall be required for all drainage and sewer facilities.
15. Any construction work within the City of Coalinga right-of-way shall be accomplished under an encroachment permit issued by the Public Works Department.
16. No construction of improvements shall commence until all plans and/or calculations required by these conditions have been approved by the Public Works Department.
17. The subdivider and its contractors shall comply with the State Water Resources Control Board (SWRCB), National Pollutant Discharge Elimination System (NPDES), General Permit for Storm Water Discharges Associated with Construction Activity (General Permit).
18. Owner/Contractor must comply with the Federal Clean Water Act, Section 402(p) and the Phase II Rule regulations under the National Pollutant Discharge Elimination System (NPDES). Since the site grading is one (1)

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acre, or more, the Owner/Contractor must file a Notice of Intent (NOI) with the State Water Control Board, and submit a Storm Drain Pollution Prevention Plan (SWPPP) to the City of Coalinga, prior to obtaining a Grading Permit

19. All improvements required by the herein, stated conditions shall be:
 - a. Completed prior to final approval and recordation of the subdivision by the City or;
 - b. Guaranteed for completion within one year by furnishing security in a form as provided by Section 66499 through 66499.10 of the Government Code. The security shall be in the form and in amounts as set forth in the Coalinga Municipal Code;
 - c. Any required improvements which have been guaranteed shall be completed and approved prior to approval of any further divisions of the parcels, and;
 - d. If improvements are deferred and surety posted for completion, the applicant shall enter into an agreement with the City as provided for in the Municipal Code.
20. The project proponent shall be required to pay all taxes, past and current, including those amounts levied as of March 1, but not yet billed, on the property prior to the recording of the Final Map.
21. A Preliminary Title Report shall accompany three Final Map Check Prints at time of filing with the Public Works Department for review.
22. Any on-premise building construction sign(s) used to advertise the subdivision shall be limited to a maximum of 32 square feet. If an off-premise sign or signs are used to advertise the proposed subdivision, such sign or sign(s) shall only be permitted upon approval of a conditional use permit.
23. Proposed lighting contained within the subdivision shall be so arranged as to deflect light away from adjoining properties.
24. Street lights shall be required for all interior streets. Street lights along interior streets shall be spaced at 300 foot maximum spacing between street intersections. The standard luminaries shall be 70 watts except 200 watts at intersections.
25. The applicant shall provide two (2) 24 inch box trees for each interior lot. Additional number of street trees shall be required for corner lots as determined by the City Engineer. All street trees shall conform to the requirements listed in the publication entitled, Coalinga Street Tree and Shade Information available through the Public Works Department.

26. Project proponent shall provide varying front yard set-backs of between 20 and 25 feet as approved by the Chief Building Inspector.
27. Fire hydrants shall be required for this development. City of Coalinga Fire Chief shall verify and approve all fire hydrant locations and spacing.
28. No dead-end water mains allowed. Provide a looped water main system for all cul-de-sac streets.
29. The developer shall comply with all requirements of the Storm Drainage Master Plan adopted by the Coalinga City Council as may be impacted by this development. The proposed development shall pay drainage fees pursuant to the City's Storm Drain Master Plan. Note: Permanent storm water drainage service is not available to serve this development. The City of Coalinga recommends temporary (developer maintained) facilities until permanent service is available.
30. The developer shall provide for side yard entrances (gates) that will accommodate the City's 96 gallon solid waste containers:
 - a. The developer shall also provide for a concert walkway from the side yard fence access to the driveway for the transportation of the refuse containers.
31. The developer shall prepare a housing layout plan for review and approval by the Community Development Director prior to the acceptance of a Final Map.
32. The developer shall agree to formation and subsequent annexation into a City formed Community Services District at time of Final Map approval.
33. The project developer shall be required to construct the following improvements at the intersection of Polk and Merced Avenues at the issuance of the 50th Building Permit:
 - a. Westbound left-turn land on Polk Avenue
 - b. Median refuge area on the west leg
 - c. Intersection lighting
34. The eastbound shoulder shall be constructed with a full structural section to facility future widening for a right turn lane.

Engineering Conditions

35. The proposed development shall construct and/or dedicate permanent storm drainage and flood control facilities located within the development or required by any off-site improvements in accordance with the City of Coalinga Storm Drain Master Plan.
36. The proposed development appears to be located within a 100-year flood prone area as designated on the latest Flood Insurance Rate Map,

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necessitating appropriate floodplain management action. Comply with Chapter 5 "Floodplain Management" of the Coalinga Municipal Code. All proposed development activity within the Floodplain shall be subject to a detailed Hydrological Flood Hazard Investigation.

37. Comply with requirements of the Department of Fish and Game San Joaquin Valley – Southern Sierra Region 4 for permitted uses of the Warthan Creek and habitat setback within the proposed development.
38. Comply with requirements of the Coalinga Fire Department and Coalinga Police Department.
39. Provide 10-foot public utility easements along all lots fronting on a public street.
40. Merced Avenue shall be dedicated 30 feet west of the section line and 52 feet east of the section line for Public Street proposes. The proposed Merced Avenue centerline along the development frontage shall be 11 feet east of the section line and improved to an 82-foot collector street standard. The developer shall be responsible for obtaining all necessary street dedications, all as required by the City Engineer.
41. The proposed Merced Avenue centerline from the development limits to Polk Street (Highway 33) shall be 11 feet east of the section line. Improvements shall be as directed by the City Engineer and as recommended by a Traffic Impact Study. At minimum, road improvements shall consist of two (2) 12 foot travel lanes. The developer shall be responsible for obtaining all necessary street dedications.

The developer shall comply with all requirements as specified by Caltrans at the Polk Street (Highway 33) and Merced Avenue intersection.

42. Lucile Avenue alignment shall be dedicated to collector street standards along the entire south boundary of the development. Lucile Avenue improvements shall consist of full width collector street section between Merced Avenue and the 82 foot collector street as shown on the Tentative Map. The construction requires certain improvements on adjoining property. It shall be the responsibility of the developer to enter into an agreement with the adjoining property owner that at such time when development occurs the remaining undeveloped portion of Lucile Avenue shall be constructed to a full width street section.

The developer shall establish a one (1) foot non-access strip along the southerly right-of-way for the Lucile Avenue construction within the adjoining property.

43. "E" Street and "A" Street as shown on the Tentative Map shall be developed as a 72 foot collector street.

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44. Direct vehicular access shall be prohibited on lots adjacent to and/or abutting Merced Avenue, Lucile Avenue, "E" Street and "A" Street as shown on the Tentative Map.
45. The developer shall install landscaping along Merced Avenue, Lucile Avenue, "E" Street and "A" Street as required and approved by the City of Coalinga.

The developer shall submit landscaping and irrigation design plans to include median island landscaping and which incorporates a six (6) foot high sound wall.
46. The nearest available sewer facility to serve this proposed development is located on Polk Street approximately 2100 feet east of Merced Avenue. It shall be the responsibility of the project developer to extend sewer facilities to the project site as directed by the City Engineer.
47. The nearest available water and natural gas facilities to serve this proposed development are located at Polk Street and Merced Avenue. It shall be the responsibility of the project developer to extend water and natural gas facilities to the project site as directed by the City Engineer.
48. Provide a second street tie-in to the two (2) single street entrance neighborhoods within the development.
49. Lots 261, 282 and 306 shall conform to the lot depth requirements of the R-1 zone district.

Incidental Conditions

50. Construction hours shall be limited to normal working hours. All construction equipment shall be properly maintained and muffled to avoid nuisances to the surrounding or neighboring property owners.

Weekdays from 7:00 a.m. to 6:00 p.m.;
Saturday from 8:00 a.m. to 5:00 p.m.;
Sunday and Holidays – no construction allowed unless authorization is granted by the City Manager.
51. The project applicant and/or land developer shall adhere to the San Joaquin Valley Unified Air Pollution Control District Regulation VIII through the implementation of the following measures to reduce air pollutant emissions generated during the construction phase of the project:
 - a. On-site vehicle speed on unpaved roads shall be limited to 15 miles per hour;
 - b. Loaded haul trucks, operating at speeds over 15 miles per hour, shall be equipped with tarpaulins or other effective covers, or shall maintain at least two feet of freeboard;

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- c. Water trucks shall be used regularly to reduce dust and particulates generated during construction and along non-paved surfaces;
- d. Construction shall be restricted or banned on days of high winds (exceeding 30 miles per hour).

52. Air Quality Design

- a. Trees should be carefully selected and located to shade the structures during the hot summer months. This measure should be implemented on the southern and western exposures. Deciduous trees should be considered since they provide shade in the summer and allow sun to reach residences during cold and winter months.
- b. Housing units should be oriented to maximize passive solar cooling and heating when practicable.
- c. Buildings to use central water heating systems.
- d. As many energy saving features as possible.
- e. Provide electric outlets for exterior yard maintenance equipment.
- f. Any gas fired appliances should be low nitrogen oxide (NOx) emitting appliances complying with California NOx Emissions Rule #1121.
- g. Limit the amount or type of wood-burning devices installed to EPA certified wood-stoves instead of open hearth.
- h. Pedestrian enhancing infrastructure that includes sidewalks and pedestrian paths; direct pedestrian connections; street tree to shade sidewalks; pedestrian safety designs/infrastructure.
- i. Provide transit-enhancing infrastructure that includes: transit shelters, benches, etc.; street lighting, route signs and displays; and/or bus turnouts.

53. Cultural Resource Management

- a. If the project construction results in the disturbance of subsurface paleontological, archaeological or historical resources as a result of excavation activities, the following provisions shall be followed:
- b. If subsurface cultural material is uncovered during construction, work within 30 feet is required to be cease until a qualified archaeologist can complete a significance evaluation of the find(s). If human remains are found the County Coroner must be notified and the provisions specified in Section 15064.5 of the CEQA Guidelines shall be adhered to;

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- c. If cultural material is uncovered the contractor shall contact the City Community Development Department, and report the incident immediately;
- d. The project applicant and/or land developer is responsible for informing any contractor participating on the project of these provisions in writing.

54. Biological Resources:

- a. Pre-Construction Survey (30 days) prior to initiation of development activities shall be conducted by a qualified biologist;
- b. The scope of work for the survey shall be approved by the Community Development Director;
- c. The survey findings must be received and accepted by the City prior to the issuance of any construction permits, including grading;
- d. If mitigation measures are required the property owner, developer and/or successor's-in-interest shall be solely responsible for the implementation of said measures;
- e. The property owner, developer and/or successor's-in-interest are responsible for all costs associated with the completion of the survey, including a 10% administrative fee.
- f. The developer shall provide a 100 foot buffer along Warthan Creek or as required by the California Department of Fish and Game.

55. Habitat Conservation:

The subdivider shall comply with the requirements of Section 8-1.B.05 of the Coalinga Municipal Code for endangered species mitigation.

The habitat conservation mitigation fee shall be subject to only the acreage being planned for urban development. The remainder parcel acting as the habitat buffer from Warthan Creek is not subject to the HCP mitigation fee.

56. Density Bonus Lots:

- a. The developer shall prepare and provide to the Community Development Director architectural standards and designs of the homes to be constructed prior to the issuance of a building permit;
- b. The design of the density bonus sections of the development must be approved by the Community Development Director, which may include the following:

Spacing of street trees;
Varying set-backs;

Alternating garage locations;

- c. The developer may submit for review and approval alternating reduced side yards in order to provide adequate access for the refuse containers.
57. Widen the entrance street to the two (2) single street entrance neighborhoods within the development to provide for two (2) twenty (20) foot travel lanes separated by a ten (10) foot landscaped Median Island.
58. The Tentative Subdivision Map may be allowed to be developed in phases in accordance with the provisions of the Subdivision Map Act subject to the approval of the Community Development Director and City Engineer.

NOW THEREFORE BE IT RESOLVED, that the Planning Commission recommends the following conditions of approval to the City Council for consideration:

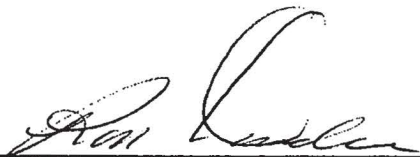
PASSED AND ADOPTED, by the City of Coalinga City Council at a regularly scheduled meeting held on the 3rd day of March 2005.

AYES: Pressey, Balling, Hill, Ramsey, Lander

NOES: None

ABSTAIN: None

ABSENT: None



Ron Lander, Mayor

ATTEST:



Deputy City Clerk



EXHIBIT C

TRACT NO. 5776 LIST OF IMPROVEMENTS

Street Improvements

AC pavement construction
Concrete curb and gutter
Concrete sidewalks
Concrete wheelchair ramps
Concrete driveway approaches
Concrete valley gutter
Six-foot decorative wall
Street signage
Street lights
Landscape and irrigation facilities

Sewer Systems

Sanitary sewer mains
Sewer manholes
Sewer house branches
Tie to existing sewer mains

Domestic Water System

Domestic water mains and new water main across Warthan Creek
Water services with meter boxes and meters
Fire hydrants
Water valves
Water blow-offs
Wet tie to existing water mains

Gas System

Gas mains
Gas services with regulator(s) and meter(s)
Gas valves
Tie to existing gas mains

Storm Sewer System

Storm drain mains
Storm drain manholes
Drain inlets





4630 West Jennifer Avenue, Suite 101
Fresno, CA 93722-6415
(559) 447-9075
Fax: (559) 447-9074
Info@TriCityEngineering.com

MEMORANDUM

To: Sean Brewer Assistant City Manager
From: Dan Jauregui
Subject: Warthan Meadows II, Tract 5776
Date: July 8, 2021

Sean:

We have reviewed the current project engineer's final cost estimate of the total on-site public improvements required for the subject development and have determined an estimated improvement cost of \$2,147,923.00. The City of Coalinga Public Improvements Engineering, Plan check and Construction Inspection Fee for the subject project is as follows:

1.	6% of first \$70,000 of estimated improvement cost	\$ 4,200.00
2.	3.5% of next \$430,000 of estimated improvement cost	\$ 15,050.00
3.	2% of next \$500,000 of estimated improvement cost	\$ 10,000.00
4.	1% of next \$1,147,923.00 of estimated improvement cost	<u>\$ 11,479.00</u>
Total Fee:		\$ 40,729.00

Based on the current cost estimate provided by the project Civil Engineer the required deposit amount of \$40,729.00 is \$3,094 less than the original deposit amount of \$43,823 received by the city from Hoffman. We spent \$12,242.50 of the original \$43,823.00 for plan check services reviewing the 2007 civil improvement plans leaving a deposit balance of \$31,580.50.

We recommend the city collect a fee deposit of \$40,729.00 to allow for plan checking of the new civil improvement plans and return the deposit balance of \$31,580.50 to Hoffman.



4630 W. Jennifer, Suite 101
Fresno, CA 93722

Tract No. 5776 – Security Calculations Worksheet Warthan Meadows II

Dated June 2, 2021

Monumentation Security:

<u>\$15,130.00</u>	17 – Street Monuments @ 500.00 ea = \$8,500.00
\$15,130.00	45 – Iron Pipe Lot Corner Monuments @100.00 ea = \$4,500.00
	71 – Nail & Brass Tag Street Side Lot Monuments @30.00 ea = \$2,130.00

Performance Security Calculations:

\$1,961,157.00	Per LE estimate dated 05/07/21
- \$ 8,500.00	Less street monumentation
<u>\$1,952,657.00</u>	

<u>+\$195,266.00</u>	10% City Enforcement Costs (Admin.)
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\$2,147,923.00	<i>Performance Security Amount = 100% of the estimated cost of improvements</i>
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Labor/Materials Security Amount:

\$1,073,961.00	<i>50% of the estimated cost of improvements</i>
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Guarantee/Warranty Security Amount:

\$214,792.00	<i>10% security – 1 year Guarantee/Warranty of accepted improvements furnish prior to final acceptance.</i>
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Note: Security calculations based on Lore Engineering, Inc. provided Estimate of Probable Construction Cost for Warthan Meadows Phase II, dated May 7, 2021.

Item	Description	Quantity	Unit Price	Cost	Cumulative Cost
Grading					
Clearing, grubbing & demolition	19	AC	\$ 1,800.00	\$ 34,200.00	\$ 34,200.00
Fill (unadjusted for shrinkage/swell)	32,764	CY	\$ 5.00	\$ 163,820.00	\$ 198,020.00
Cut (unadjusted for shrinkage/swell)	5,889	CY	\$ 10.00	\$ 58,890.00	\$ 256,910.00
Lot fine grading	53	EA	\$ 800.00	\$ 42,400.00	\$ 299,310.00
Erosion control	19	AC	\$ 2,000.00	\$ 38,000.00	\$ 337,310.00
Retaining wall (0'-2")	270	LF	\$ 80.00	\$ 21,600.00	\$ 358,910.00
Retaining wall (2.1'-4.0')	249	LF	\$ 190.00	\$ 47,310.00	\$ 406,220.00
Retaining wall (4.1'-6.0')	222	LF	\$ 350.00	\$ 77,700.00	\$ 483,920.00
Grading Subtotal				\$ 483,920.00	
Item	Description	Quantity	Unit Price	Cost	Cumulative Cost
Paving & concrete					
Street fine grading (R/W to R/W)	239,479	SF	\$ 0.40	\$ 95,791.60	\$ 95,791.60
AC paving (2.5"), light duty	2,168	TON	\$ 90.00	\$ 195,080.63	\$ 290,872.23
Aggregate base (10"), light duty	7,803	TON	\$ 35.00	\$ 273,112.88	\$ 563,985.10
AC paving (3"), heavy duty	447	TON	\$ 90.00	\$ 40,211.44	\$ 604,196.54
Aggregate base (12.5"), heavy duty	1,675	TON	\$ 35.00	\$ 58,641.68	\$ 662,838.22
PCC curb & gutter	8,073	LF	\$ 21.00	\$ 169,533.00	\$ 832,371.22
PCC vertical curb	954	LF	\$ 18.00	\$ 17,172.00	\$ 849,543.22
4" PCC sidewalk & base (incl. driveway depression)	48,036	SF	\$ 4.00	\$ 192,144.00	\$ 1,041,687.22
ADA ramp	9	EA	\$ 1,800.00	\$ 16,200.00	\$ 1,057,887.22
Thru-curb drain	106	EA	\$ 100.00	\$ 10,600.00	\$ 1,068,487.22
Irrigation sleeve	5	EA	\$ 125.00	\$ 625.00	\$ 1,069,112.22
Paving & Concrete Subtotal				\$ 1,069,112.22	
Item	Description	Quantity	Unit Price	Cost	Cumulative Cost
City Storm Drain Facilities (On & Off-Site)					
Curb inlets	7	EA	\$ 3,500.00	\$ 24,500.00	\$ 24,500.00
12-in. RGRCP (CI III)	132	LF	\$ 65.00	\$ 8,580.00	\$ 33,080.00
18-in. RGRCP (CI III)	534	LF	\$ 70.00	\$ 37,380.00	\$ 70,460.00
48-in. manholes (type A, case I)	1	EA	\$ 4,200.00	\$ 4,200.00	\$ 74,660.00
Connect to existing	3	EA	\$ 3,000.00	\$ 9,000.00	\$ 83,660.00
Storm Drain Total				\$ 83,660.00	
Item	Description	Quantity	Unit Price	Cost	Cumulative Cost
Sanitary Sewer Facilities (On & Off-Site)					
Connect to existing	1	EA	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
4" hot tap house branch	53	EA	\$ 1,200.00	\$ 63,600.00	\$ 66,600.00
6-in. SDR-35 PVC sewer main	213	LF	\$ 75.00	\$ 15,975.00	\$ 82,575.00
8-in. SDR-35 PVC sewer main	3,312	LF	\$ 45.00	\$ 149,040.00	\$ 231,615.00
Sanitary Sewer Subtotal				\$ 231,615.00	
Item	Description	Quantity	Unit Price	Cost	Cumulative Cost
City Water System Facilities (On & Off-Site)					
8-in. C-900 PVC pipeline	1,383	LF	\$ 45.00	\$ 62,235.00	\$ 62,235.00
10-in. C-900 PVC pipeline	2,677	LF	\$ 55.00	\$ 147,235.00	\$ 209,470.00
12-in. C-900 PVC pipeline	520	LF	\$ 90.00	\$ 46,800.00	\$ 256,270.00
Trench patch for 12-in (sawcut, AC removal, and surface replacement)	350	LF	\$ 100.00	\$ 35,000.00	\$ 291,270.00
Reconnect ex-residential water service(sawcut, AC removal, and surface)	4	EA	\$ 2,000.00	\$ 8,000.00	\$ 299,270.00
12" gate valves	5	EA	\$ 3,880.00	\$ 19,400.00	\$ 318,670.00
Fire hydrants w/ valve	17	EA	\$ 5,500.00	\$ 93,500.00	\$ 412,170.00
2" blow off assembly	1	EA	\$ 1,800.00	\$ 1,800.00	\$ 413,970.00
City water wet-tie	4	EA	\$ 2,000.00	\$ 8,000.00	\$ 421,970.00
Bore and jack including casing	1	LS	\$ 30,000.00	\$ 30,000.00	\$ 451,970.00
Water Subtotal				\$ 451,970.00	
Item	Description	Quantity	Unit Price	Cost	Cumulative Cost
Miscellaneous & Alleys					
Street monument	17	EA	\$ 500.00	\$ 8,500.00	\$ 8,500.00
Electrolier (street light)	16	EA	\$ 2,000.00	\$ 32,000.00	\$ 32,000.00
Signing and striping	1	LS	\$ 15,000.00	\$ 15,000.00	\$ 23,500.00
Sound wall	240	LF	\$ 120.00	\$ 28,800.00	\$ 60,800.00
Miscellaneous Subtotal				\$ 124,800.00	
Total				\$ 2,445,077.22	

Lot Cost \$ 46,133.53

1) This is a preliminary estimate for bond replacement only from the 2007 Warthan Meadows subdivision agreement based on current market unit costs. The 2007 quantity values are reused herein with exception of sound walls which the quantity could not be replicated by review of the phase 2A improvement drawings.

FIRST AMENDMENT TO THE
SUBDIVISION AGREEMENT

This First Amendment ("Amendment") to the Subdivision Agreement is made and entered into this _____ day of June 2021 by and between the City of Coalinga ("City"), WM Estates, LLC ("WM") and Hofmann Land Development Company, Inc. ("Hofmann"), a California limited liability company.

WHEREAS on October 4, 2007 the City and Hofmann entered into a Subdivision Agreement ("Agreement") to insure performance by Hofmann of its obligations under the City Subdivision Ordinance and the Map Act for the development of a subdivision pursuant to map TSM 5451 for Tract No. 5776 (the "Subdivision");

WHEREAS, Hofmann entered into a contract with WM for the sale of the Subdivision on or about December 7, 2020;

WHEREAS, WM agrees to assume all responsibilities and obligations contained in the Agreement once escrow has closed on the sale of the Subdivision;

WHEREAS, Hofmann previously posted bond for the development of the Subdivision and WM is required by the City to put up a replacement bond;

WHEREAS, the parties agree to amend the language contained in the Agreement in order to provide for the change in developer and provide for provisions regarding the bond required; and

THEREFORE, the parties agree to the following modifications of the Agreement:

1. This Amendment shall become effective between the City and the new subdivider, WM concurrently with the close of escrow and is expressly conditioned on the posting of bond amounts as provided in Section 2(a-c) as amended below.
2. Subdivider, as referenced throughout the Agreement, shall mean WM Estates, LLC.
3. WM agrees, by execution of this Amendment, to accept the responsibilities and obligations provided in the Agreement.
4. Section 2(a-c) of the Agreement to read as follows:
 - a. To secure faithful performance of this Agreement, security in the amount of two million, one hundred forty-seven thousand, nine hundred and twenty-three dollars (\$2,147,923.00), which is equal to one hundred percent (100%) of the estimated cost of the Improvements, as determined by the City Engineer;
 - b. To secure payment to the Subdivider's contractor, subcontractors, materialmen, laborers and all other persons furnishing labor, materials or equipment in performance of this Agreement, security in the amount of one million, seventy-three thousand, nine hundred and sixty-one dollars (\$1,073,961.00), which is

equal to fifty percent (50%) of the estimated cost of the Improvements, as determined by the City Engineer;

- c. To secure payment of the cost of setting interior monuments, security in the amount of fifteen thousand, one hundred and thirty dollars (\$15,130.00), which is equal to one hundred percent (100%) of the estimated cost of the work of setting such monuments, as determined by the City Engineer.

5. The parties agree that upon the close of escrow of the Subdivision, Hofmann will have no responsibilities and obligations under the Agreement.

6. All other terms and conditions of the original Agreement shall remain unchanged and continues to be in effect.


City:

Dated: _____

Marissa Trejo, City Manager of the City of
Coalinga

Hofmann:

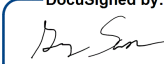
Dated: 7/7/2021

 **DENNIS M. DREW**

[NAME], on behalf of Hofmann Land
Development Company, Inc. **CFD**

WM:

Dated: 8/10/2021

DocuSigned by:

1969642E30B7407...

Greg Sanders, on behalf of WM Estates LLC

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

Subject: Public Works, Utilities & Community Development Monthly Report for for June & July 2021
Meeting Date: August 19, 2021
From: Marissa Trejo, City Manager
Prepared by: Sean Brewer, Assistant City Manager

I. RECOMMENDATION:

Public Works, Utilities & Community Development Monthly Report for June & July 2021.

II. BACKGROUND:

III. DISCUSSION:

IV. ALTERNATIVES:

V. FISCAL IMPACT:

ATTACHMENTS:

File Name	Description
□ Monthly_Report_June-July_2021.pdf	Monthly Report for June/July 2021



**PUBLIC WORKS AND UTILITIES DEPARTMENT
MONTHLY REPORT FOR
JUNE/JULY 2021**

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

PUBLIC WORKS

NATURAL GAS DISTRIBUTION:

- Cathodic protection inspections and repairs on gas meters- **Continued**
- Routes **32,41,42,43**
- Gas Leak Survey has been completed.
- **Replaced 6 gas meters**
- **Repaired gas leak Van Ness and Lincoln**

WATER DISTRIBUTION:

- Repaired water leak on Derrick and Palmer
- Repaired water leak at 102 S. 5th St.
- Repaired water leak on Van Ness and Forest
- Potholed water service line on Curve on Derrick and W. Polk
- **Repaired water leak 665 Van Ness**
- **Repaired water leak in Alley of 147 W. Elm**
- **Repaired water leak 400 Glenn St.**
- **Repaired water leak Calaveras/Phelps**
- **Helped with water leak repair Coalinga Reginal Medical**
- **Repaired water leak 6" main Sunset**
- **Repaired water leak 1001 Folsom St.**
- **Repaired Backflow unit Monterey**

WASTEWATER COLLECTION:

- Repaired Highway Lift station
- Cleaned out lift Stations.
- Quarterly Sewer cleaning to begin in June.
- **Sewer blockage cleared 500blk Sunset**
- **Sewer blockage cleared Durian/Elm alley at 3rd St.**
- **Cleaned Sewer lines (Aera 1)**
- **Cleaned out Lift Stations**
- **Repaired La Cuesta Lift Station**

SIDEWALKS:

- Nothing to report.

PARKS:

- **Aerated both parks**

MISCELLANEOUS:

- Road patching potholes- Continued
- Removed 16 Trees for prep for ATP 3 project.
- Removed 26 Tree stumps
- Trees trimmed on Monterey St.
- Patched sinkhole on Echo Canyon
- Cleared out Storm drain basins Monterey, Merced, and two in Creek off Phelps.
- **Removed 2 dead trees on City Plots**
- **Removed one tree at 455 Madison St. for ATP3**
- **Trimmed 13 trees**
- **Red curb painting completed Aera 2 and Aera 4 (Street Sweeping routes)**
- **Constructed Concrete barricades around west of Warthen Creek gate**
- **Camera was used to inspect storm drain 4th St.**
- **Finished Aera 2&3 Fire Hydrant painting**
- **Put up and took down School banners rotated out weekly**
- **Repaired irrigation leaks for city plots**
- **Employee Training room remodel complete**

WATER TREATMENT PLANT (WTP)

- **City wide flushing will schedule when needed.**
- Derrick by-pass valve quotes for 10" PRV and 10" WV. **In progress working with Cla-Val & MRC Global.**
- Frisch Eng. & Lighthouse working with them on Derrick by-pass and HWY 198 getting signal to SCADA from PRV. **In progress should have quotes by mid-August.**
- **Hach equipment quarterly maintenance was done June 30. Next quarterly schedule for October.**
- P15 motor and pump will be out of service. P15 motor and pump have been installed but not in-service coupling problem. Rescheduled to be back in service the week of July 12th. **P15 Back in service.**
- **SCADA System – Light House has submitted the submittals for the SCADA hardware & PLC panels to Frisch Eng.**
- Westland Water – Flow meter was installed. Waiting for Westland to install new electrical wiring for meter. **Hardware equipment delayed.**
- Jennings Consulting Group working on scope of work and cost for ERP. **In progress**
- WTP Annual Report in progress and gathering information. In progress. Annual Report Complete and has been filed. **Complete**
- WTP CCR Report in progress. CCR report has been completed and submitted. Notification has been sent out to the public. **Complete**
- MKN & Blackwater Eng. Working on scope of work and cost for updating Emergency Chlorine Disinfection Plan and Watershed Sanitary Survey. We are working with MKN and getting them some information for this project. **In Progress**
- Westland Canal Aquatic weed control and WTP shut down was done on May20th. Next schedule treatment is set for June 24th. **June & July treatments are complete. Next treatment schedule for August 25th.**
- MKN working on scope of work and cost to update Risk and Resilience Plan. We are working with MKN and getting them some information for this project. **In progress and did canal site visit from PVPS – Coalinga WTP.**

- **P12 Motor and pump back in service and working.**
- **Installed two new mechanical seal for P12 & P14 motor and pump.**
- **New level transducer was installed for the brine tank.**

WASTEWATER TREATMENT PLANT (WWTP)

- City crew working on getting pond 3 cattails, and small trees. **Ongoing.**
- Control room equipment up grade. **In progress**
- Tri City is working on updating WWTP site areas for discharging effluent water permit. **In progress.**
- Advance Flowline is looking at replacement cost for the Bar Screen Air Actuator. **In Progress get quotes.**
- **SCI working on scum pump. SCI will order one. 12 weeks out for delivery sometime in September.**
- **Radio field working on quotes to removed 1' topsoil for drainage.**
- **Ponds 2 & 3 vault getting quotes for new lid cover for safety and security purposes.**
- **Wastewater vault boxes at old school farm getting quotes for new lid covers for safety and security purposes.**
- **Control building getting quotes for security screens for windows.**

ASSISTANT CITY MANAGER

PUBLIC WORKS/UTILITIES

- **Water Revenue Bonds:** Bonds have been issued and funds are available. Staff is currently working with Black Water and MKN to development project scopes and cost estimates to begin completing the projects associated with the bond.
- **Street Light Acquisition:** Tanko has begun the audit process and coordinating effort to acquire the streetlights.
- **TTHM:** Plans and specs and have been finalized and staff is anticipating requesting authorization to bid the project in the Fall 2021 once funding has been finalized.
- **SCADA:** Currently under construction. Expected to be complete in Winter 2021.
- **S. Princeton Drainage Issues:** Staff is still awaiting a response from PG&E on this item.
- **Training:** OQ Evaluations have begun and are nearly complete. 4 staff have been evaluated on basic subjects and intermediary levels.
- **Elm/Pacific Parcel Map** –City Engineer to finalize the parcel map at Pacific and Elm to support future development and the future trail system.
- **2020 Urban Water Management Plan:** City Council approved the contract in July and work has begun with Blackwater Engineering on preliminary work.
- **Surge Tanks/Northwest and Oil king Infrastructure:** Staff met with Chevron and Aera to discuss proceeding with an engineer report for both facilities and recommended capital improvements. Staff is awaiting responses from both entities.
- **Water Treatment Plant Solar Facility:** No response has been received by the property owner. Awaiting counteroffer from owner.
- **Metering Logistics and Streamlining:** Staff is working to streamline meter reading through resequencing various read routes. Also, working to correct the number of rereads issued per month by evaluating commonalities month over month and addressing the issues prior to them being issued as rereads. This could potentially save 40+ hours per week.
- **Natural Gas PHMSA (CPUC) Audit 2020:** On December 15-16, 2020, the CPUC conducted an audit of our natural gas system on behalf of PHMSA. This audit will be focused on our Damage Prevention Program. We are presently awaiting an official response from PHMSA. It is unknown when this will occur.
- **Cathodic Protection Survey:** The 2021 Cathodic survey of our natural gas pipeline has been scheduled for August 19th and 20th.

- **Public Works Training Program:** Work has begun to identify the needs of Public Works regarding training. Most of the efforts focuses on natural gas, water distribution, and Sewer distribution. It will also extend to basic skill sets such as basic electrical troubleshooting. The goal is to create regular intervals of standardized training preparing them to qualify and obtain certifications needed to progress in their career. The training room has been completed. Staff is presently working to set curriculum.
- **Utilities Conferencing Room:** Work has been completed to setup a conferencing room at our water plant. The environment includes a ceiling mounted projector, a ceiling mounted speaker, a wide-angle webcam, a group-oriented microphone, and supporting hardware. This environment will allow for training in small groups (remote training) and conferencing.
- **AE Contract:** The FHWA requires that agencies solicit for City Engineers (CE) every 5 years if that CE is involved with federally funded projects. This process is underway. The FHWA has accepted our scope of work, and the RFQ has been advertised for a month. Only one response was submitted. Staff is currently working to submit the required 12-F and 10-U forms. Due to only one response being submitted, this will require a “Non-Competitive” verification from the DOT.
- **Street Hump Program:** Staff has begun to form a street hump program in which citizens can vote to have street humps installed at their location. The program overview has been completed, and a draft program document is expected on the June 3rd City Council meeting.
- **Phone Systems Upgrade (WTP):** A device that the WTP relied upon for SCADA to warn operators of potential problems during off hours failed. This device was no longer available for replacement. To address the issue now and in the future, a modern phone system was implemented at the WTP. This system is capable of both normal phone calls and is able to interface with SCADA.
- **Hayes Bench Donation:** Staff is working with the donor to get the benches ordered and coordinating sidewalk installation.
- **Contracting Landscape Services:** Staff has been actively inquiring with landscaping companies to get pricing for contract services for landscaping city facilities. Responses have been very limited and incomplete. Staff will provide something to the City Council in the near future.
- **Risk and Resilience Plan:** MKN has all needed data, and we will be self-certifying the RRA in the next few days.
- **Civic Ready:** Recently, Civic Ready has been updated and requires a “re-launch. Staff intends to utilize this to drive a campaign to get as many people signed up as possible through various methods. The “re-launch” is set to begin the week of August 9th.
- **New Los Gatos Lift Station:** Currently under design. Environmental to proceed once design is complete. Project is expected to be completed in late 2022.
- **La Questa/Phelps Lift Station Improvements:** Installation of new submersible pumps to replace to the existing outdated unreliable pumps. Design is 90% complete and expected to bid in September for construction to commence in late September early October.
- **Tyler EAM:**

LOCAL STREET PROEJCTS

- **Phelps Ave Reconstruction Project** –The City Engineer will be inspecting the A/C cross section to ensure it meets industry standards once they inspection equipment arrives. This will most likely be conducted in summer once the device arrives.
- **Sunset Street Reconstruction:** Construction has completed, and final punch list items are underway.
- **Precision Concrete Cutting:** Staff has entered in a contract with Precision Concrete Cutting. The goal is to conduct a survey of the entirety of Coalinga’s sidewalk infrastructure and to note the optimal method to correct deficiencies. District 2’s and District 4 have been completed. Inspections of the remaining districts are complete. This project is currently on hold to allow for more funding in the concrete cost share program.
- **Cost Share Program:** Staff has refined the cost share program as requested by Council and presented the program for their approval. Approval was granted with the condition of priority for

people who have mobility detriments. The application and program will be posted when a budget has been appropriated at the start of next fiscal year.

- **7th Street Construction:** Design is at 90% and project should go out to bid in August.
- **Fresno Street Construction:** Design is complete and bid award is expected in September.

GRANTS

Staff has been continuing to meet with Blais and Associates monthly in accordance with their grant contract to review possible grant opportunities. Below is a status update on all grant activity within the Public Works/Utilities and Community Development Department(s):

- **State Parks Per Capita Program:** Staff is developing a scope of work for the \$177,000 the City is allocated in state parks funds and will be bringing that before the City Council at the September 2nd meeting for authorization to proceed with application submission. Applications for projects are due by December 31, 2021.
- **HOME** Staff is awaiting a standard agreement in order to proceed with implementation.
- **AHSC Affordable Housing Grant Application for Pacific and Elm Ave:** Staff is waiting on the submission of the standard agreements so that they may be executed and allow the project to start.
- **STBG (2015):** Forest Phase 4 (Elm -1st) –The project has been placed in suspension until PG&E can energize the lights. Still no expected energize date.
- **CMAQ (2015):** Alley Paving – Project was awarded at the August 5th Council meeting and construction is anticipated to start in 30-45 days.
- **ATP Cycle 3:** Sidewalk Gaps and Safety Enhancements – Construction is underway and expected to last for the next 2 months. Work has begun around the schools.
- **CMAQ:** Trail Segments 10-12 – Design is 90% complete and expected to bid in late summer.
- **ATP Cycle 4** – Trail segments, 9, 4 and 3 (portion) – CEQA work is currently underway and is expected to be completed by fall 2021. The requested extension for CEQA completion due to Caltrans required biological surveys was approved and the additional work has been completed.
- **STBG (2017) – Polk Street (5th to Elm)** – Project is complete, and the contractor is just working non minor punch list items.
- **CMAQ (2019):** The City was notified of two grant awards that the City applied for in early 2020. Under the CMAQ program the City was awarded an alley project in amount of \$681,000 and another segment of our master trail system in the amount of \$1.1 million. These are programmed for late 2021 funding cycle.
- **STBG (2019) – Polk Street (Elm to City Limits)** - Design is currently underway, and construction is expected on FY22.
- **CDBG** – Staff received notice that the City will not be eligible for CDBG funding at this time for Van Ness Storm Drain Project due to the income levels the state has listed for the block in which the project is located. With that, this project will be shovel ready in the coming weeks and staff will be working with Self Help to look into a broader income study or wait for the release of the 2020 census data which is expected to be favorable to the City in terms of eligibility.
- **MJLRSP** – Staff has entered into a Multi-Jurisdictional agreement with Fresno COG. Previously we had sought an independent contract with TJKM but found a MJ-LRSP to be more advantageous in regard to staff time and cost. With the MJ-LRSP, we would still gain the primary benefits of an independent LRSP; HSIP funding and an analysis of traffic data. The MJ-LRSP selection committee has met and cast our scores on proposals. A review of the initial data is scheduled to occur on May 26th.
- **LEAP** – The City has applied for housing funds through the local Early Action Planning Grant for \$65,000 in order to support the kickstart to the City's Cottage home program. Staff has executed the standard agreement and is expected to start work in late summer.
- **PLHA** - The City has applied for additional housing funds through the Permanent Local Housing Allocation program to complement the City's Cottage home program by offering down payment assistance and rehabilitation funds to income qualifying residents. Staff is awaiting standard agreements from execution.

- **Clean Water State Revolving Fund Grant Application** – Staff is finalizing the application to be submitted to the state for a planning grant to study needed improvements the waste collection and wastewater treatment plant. Once the Urban Water Management Plan is complete the application will be submitted to the State.
- **Water Meter AMI Pilot Program** – Staff presented the AMI pilot program to the City Council at the October 1, 2020 meeting and currently accepting application for participation. Presently staff is working to implement Beacon read data with Tyler. – **May be repetitive.**
- **ATP Cycle 5 Grant** – Staff was notified by COG that the City will be awarded funds for the preliminary engineering phase of the project and staff expects to apply for construction funding this CMAQ cycle.
- **HSIP (highway Safety Improvement Program) – Cambridge/Elm Signalization** – Signal poles are expected to ship from the manufacturer on August 20th and installation should occur 2 weeks after ship date with an operational date expected in mid-September.

PARKS

- **Frame Park Splash Pad:** This project has been placed on hold due to the drought. Staff will begin working with the City Engineer on re-designing the splash pad with a recirculation system. This project will be revisited in 2022.

COMMUNITY DEVELOPMENT

- Cottage Home Program – *Staff is working with Self Help Enterprises on a fund request to obtain program funds to start the development of the cottage home ADU program. This is being accomplished through the LEAP and PLHA programs.*
- *Council Chambers Technology Modernization* has been completed. The entire audio and video network has been rebuilt completely. The modernization included new microphones, microphone mixers, amplifier, speakers, mute control switches, video camera, projectors, projector screens, computer, video switch, and supporting hardware/wires. Staff will be moving on to completing the modernization of the conference room.
- The City Engineer is currently reviewing the Luxe Estates Final Map application. The final map application should be on the Council consent agenda in September.
- **Heritage Park Assisted Living and Alzheimer's Facility** – The City Council approved this project on June 1st. According to the applicant, construction is anticipated to start in Q4 2021.
- CUP 21-06 – **Cannabis Microbusiness** – Planning Commission approved the application at their June 22nd meeting.
- SPR 21-01 – Valley Garlic Cold Storage Expansion – The Planning Commission approved this application at their June 22nd meeting.
- Electronic Plan Checks: Staff is currently working on upgrading the infrastructure in the building department to accept and review electronic plans.
- CUP 21-07 – High Times Signage – Staff is processing an application for High Times to amend the signage plan for their facility in accordance with the planning accept and review electronic plans.

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

Subject: Discussion, Direction and Potential Action Regarding the Current Water
Emergency Proclamation and Possible Action by the Council to Address the
Existing Drought Charge, Water Days, Penalties and the Possibility of Purchasing
Wholesale Water

Meeting Date: August 19, 2021

From: Marissa Trejo, City Manager

Prepared by: Sean Brewer, Assistant City Manager

I. RECOMMENDATION:

Prorate Drought Charge 50 percent for first billing cycle. City Council is recommended to amend Resolution No. 4037 to cause issuance of Drought Charges for the July/August meter-read period to be prorated to 50 percent of the calculated total because of customer notification letters being received halfway through the metering cycle.

II. BACKGROUND:

The drought charge provides a “numbers” approach above the traditional code enforcement approach. Whereas, the code enforcement approach relies on city staff (and neighbors) observing noncompliance, drought charge-approach measures compliance by comparing water usage in the current billing cycle to the same billing cycle last year. The intent of the numbers approach is to allow customers flexibility how they conserve water to meet the specified requirement. However, water production data from the June/July billing cycle indicates only minor water conservation.

Pursuant to the proposed resolution, the specified restrictions and drought charges apply for three billing cycles only: July/August, August/September, and September/October. City Council will need to act again prior to October 1st, to continue special restrictions beyond Stage II. The time is limited because, according to USBR, conservation is most critical in the summer months and USBR may have additional water available in the fall season.

Conservation for single-family residential is focused primarily on above-average water users. For example, single-family customers using below the summer median volume of 15 thousand gallons per month are penalized at all. However, single-family customers using above 30 thousand gallons per month (two times the median), pay for all volumes above 30 thousand gallons at the drought rate. Customized letters were sent to all water customers showing their water consumption for the same billing cycles last summer. The letters arrived by July 20th.

The drought rate for non-compliance volumes is \$7.50 per thousand gallons. This cost of water is based on indicated current market values for wholesale water at \$2,000 per acre foot, compared to the City’s long-term, contracted total cost for wholesale water delivered of approximately \$300 per acre foot. Compared to the standard residential rate of \$2.28, the drought rate is 3.3 times higher. For implementation, customers will be billed for all volumes at the regular rates. To the extent a portion of the volumes billed are non-compliant, an additional line item will be added called “Drought Charge” that will be based on (\$7.50 - \$2.28, single-family

rate) times the volume out of compliance. This way application of the drought charges can work with the existing billing rates.

Non-residential customers are required to conserve between 20 and 30 percent, as specified in the resolution. Drought charges apply to all volumes not in compliance with the specified conservation goals.

III. DISCUSSION:

Staff recommends application of the drought charge for the first billing cycle be prorated to 50 percent for all customers. Customer letters were delayed and did not arrive to all customers until July 20th, halfway through the July/August meter read cycle. Additionally, water plant production during that period indicates limited conservation, the consequence of which will be many significant drought charges for gross noncompliance. Limiting the first application of drought charges will help good customer relations.

Implementation of the drought charge alone appears insufficient to cause meaningful water conservation. Customers are choosing to simply pay the charge to keep their landscape green. The next steps are to increase code enforcement activity regarding two day per week watering, and potentially increase associated penalties for noncompliance. Some individual single-family water bills reach \$1,000 per month for home outside the city limit. Code enforcement does not apply to residential customers outside the city limits; therefore, it is important the drought charge apply to those residential customers, especially because many of them are the highest residential water users on the system.

Dan Bergmann of IGS, on behalf of the city, has been in dialogue with representatives of USBR, Westlands Water District and San Joaquin River Exchange Contractors Water Authority. There is a slight possibility of available water to purchase this fall, as additional water is released from Lake Shasta. This water would be valued at market prices estimated up to \$2,000 per acre foot. The next steps would be to move toward asking board approval from each agency to sell to Coalinga in the event water is even available, not wanted by members of those agencies. The city has also formally requested from USBR additional contract water based on the increased actual usage through July and based on conservation at only 10 percent for the duration of the water year through February 2022.

IV. ALTERNATIVES:

Other Potential Actions

Increase Code Enforcement Activity. Resolution No. 4037 explicitly upholds Stage 2 prohibitions and restrictions; however, staff has not conducted active code enforcement. City council may emphasize increased code enforcement along with application of the Drought Rate. Most significant in Stage 2 is limiting irrigation activity to two days per week, although the municipal code does not limit the amount of time for watering during the two days.

Increase Code Violation Penalties. Violations of water conservation prohibitions and restrictions in the municipal code are punishable by first a warning, then by increasing penalties. The second violation is \$50.00, the third is \$100, and the fourth is \$250. The city may also charge a misdemeanor, place a flow restricting device, or even remove a meter. City council may consider increasing the penalties for violations to \$100 for the second violation, followed by \$500, and \$1,000, or increased in a manner acceptable to city council. The existing penalties are relatively low considering a residential customer water bill for 30 thousand gallons is almost \$100 at current water rates.

Attempt Water Purchase Agreements. Per the direction of USBR, staff is actively seeking water that may become available for purchase in the fall season, either through or from Westlands Water District or San Joaquin River Exchange Contractors Water Authority. These are sources that can sell water to Coalinga without environmental approval. The cost range is from \$1,200 to \$2,000 per acre foot. City council may direct staff to proceed with these potential sources to attempt to set up purchase agreements. These potential transactions will likely require board approval within each agency. Both agencies have indicated unlikely probability of excess water for sale.

V. FISCAL IMPACT:

ATTACHMENTS:

File Name	Description
 2021_07_Res_4037_Proclaiming_a_Water_Conservation_Emergency.pdf	Emergency Proclamation Resolution

RESOLUTION NO. 4037

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COALINGA PROCLAIMING A WATER CONSERVATION EMERGENCY AND ESTABLISHING WATER SHORTAGE REGULATIONS AND DROUGHT CHARGES

WHEREAS, California is in a second consecutive year of dry conditions, resulting in drought conditions throughout most of the State, worse than the drought of 2015; and

WHEREAS, warm temperatures and dry soils in Spring 2021 depleted the expected runoff from the Sierra-Cascade snowpack greater than previously projected low volumes; and

WHEREAS, on May 10, 2021, the governor issued a proclamation of a State of Emergency regarding extreme drought conditions in California; and

WHEREAS, the City of Coalinga is solely dependent on surface water provided through the Central Valley Project under the City's contract with the United States Bureau of Reclamation (USBR); and

WHEREAS, USBR notified the City on May 26, 2021, that the City must decrease its water usage to Public Health and Safety (PHS) needs only, effective June 1, 2021; and

WHEREAS, City Council, on June 3, 2021, unanimously declared Stage II – High Water Conservation, pursuant to Section 6-4C.07 of the City of Coalinga Municipal Code; and

WHEREAS, the City's water requirements exceed the PHS-calculated volume and therefore the City must demonstrate extraordinary water conservation to receive additional water above the PHS volume, pursuant to USBR's Municipal and Industrial Water Shortage Policy; and

WHEREAS, USBR has informed the City that water conservation is most critical during the summer months; and,

WHEREAS, Coalinga Municipal Code Section 6-4C.11. – "Drought and Water Shortage Regulations, provides for the City Council of Coalinga by resolution to adopt additional water restrictions beyond those in the City's municipal code.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Coalinga as follows:

1. A Water Conservation Emergency is hereby proclaimed for the City of Coalinga through October 31, 2021, requiring additional water restrictions and penalties beyond those provided in Section 6-4C.07 of the City's Municipal Code.
2. During any declared State of Emergency by the State or City related to drought or potable water conditions that mandate water conservation in the City, State or Federal regulations that mandate water conservation in the City, or during local water shortages, the City Council may by resolution adopt additional water restrictions, including mandatory water usage limits, and impose penalties on the customer for violations of those additional

restrictions. The penalties shall be added to the customer's account. A violation of the additional restrictions shall also be deemed a violation of the Municipal Code. Section 6-4C.11 of the City's Municipal Code.

3. The following "City of Coalinga Water Conservation Emergency Restrictions and Drought Charges are approved for the period July 1, 2021, through October 31, 2021.

The foregoing resolution was approved and adopted at a regular meeting of the City Council of the City of Coalinga held on the 1st day of July 2021, by the following vote:

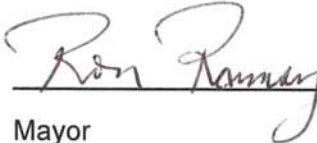
AYES: Adkisson, Ramirez, Horn, Singleton, Ramsey

NOES: None

ABSTAIN: None


ABSENT: None

APPROVED:



Mayor

ATTEST:



City Clerk/Deputy City Clerk

City of Coalinga
Water Conservation Emergency
Restrictions and Drought Charges
Effective July 1, 2021 through October 31, 2021

As of July 1, 2021, the City Council of Coalinga has proclaimed a Water Conservation Emergency for all Coalinga water customers. The following water restrictions are mandatory because of extreme, drought-related water shortages from the United States Bureau of Reclamation. Water conservation is most critical during the summer months, starting immediately through October 31, 2021. Water conservation will be necessary beyond October 31; however, restrictions may be adjusted into the fall and winter months. City Council and Staff appeal to customers for cooperation in this urgent matter.

Water Conservation Emergency Requirements

1. **Stage 2 – Prohibitions and Restrictions for High Water Conservation**
2. **In Addition, for Each Customer Class:**

Single-Family Residential

All single-family homes are required to reduce water use 30 percent compared to the same billing cycle in 2020, and regardless of conservation achieved, all water metered above 30 thousand gallons per month will be billed at the Drought Rate.

Apartments and Other Multi-Family Residential

Multi-Family Customers are required to reduce water use 25 percent compared to the same billing cycle in 2020.

Commercial Customers

Commercial Customers are required to reduce water use 20 percent compared to the same billing cycle in 2020.

Non-Residential Landscape

Non-residential landscape, including but not limited to commercial landscape, parks, school grass areas, and athletic fields are required to reduce water usage 30 percent compared to the same billing cycle last year.

Industrial Customers

Industrial customers are required to reduce water use 20 percent compared to the same billing cycle in 2020.

Institutional Customers

Institution customers are required to reduce water use 20 percent compared to the same billing cycle in 2020.

Drought Charges

1) Single-Family Residential.

Drought charges for non-compliance shall apply for meter usage only above 15 thousand gallons per billing cycle. There shall be no drought charges for metered usage less than 15 thousand gallons per billing cycle. To the extent the specified conservation requirement is not achieved above 15 thousand gallons usage for single-family residential customers, drought charges shall apply.

2) Other Customer Classes

The specified conservation requirements apply to all volumes for all other customer classes.

3) Drought Rate

The Drought Rate shall be \$7.50 per thousand gallons.

4) Exceptions

Drought charges calculated to be less than \$15 per customer account per billing cycle will be waived and not billed to alleviate administrative costs.

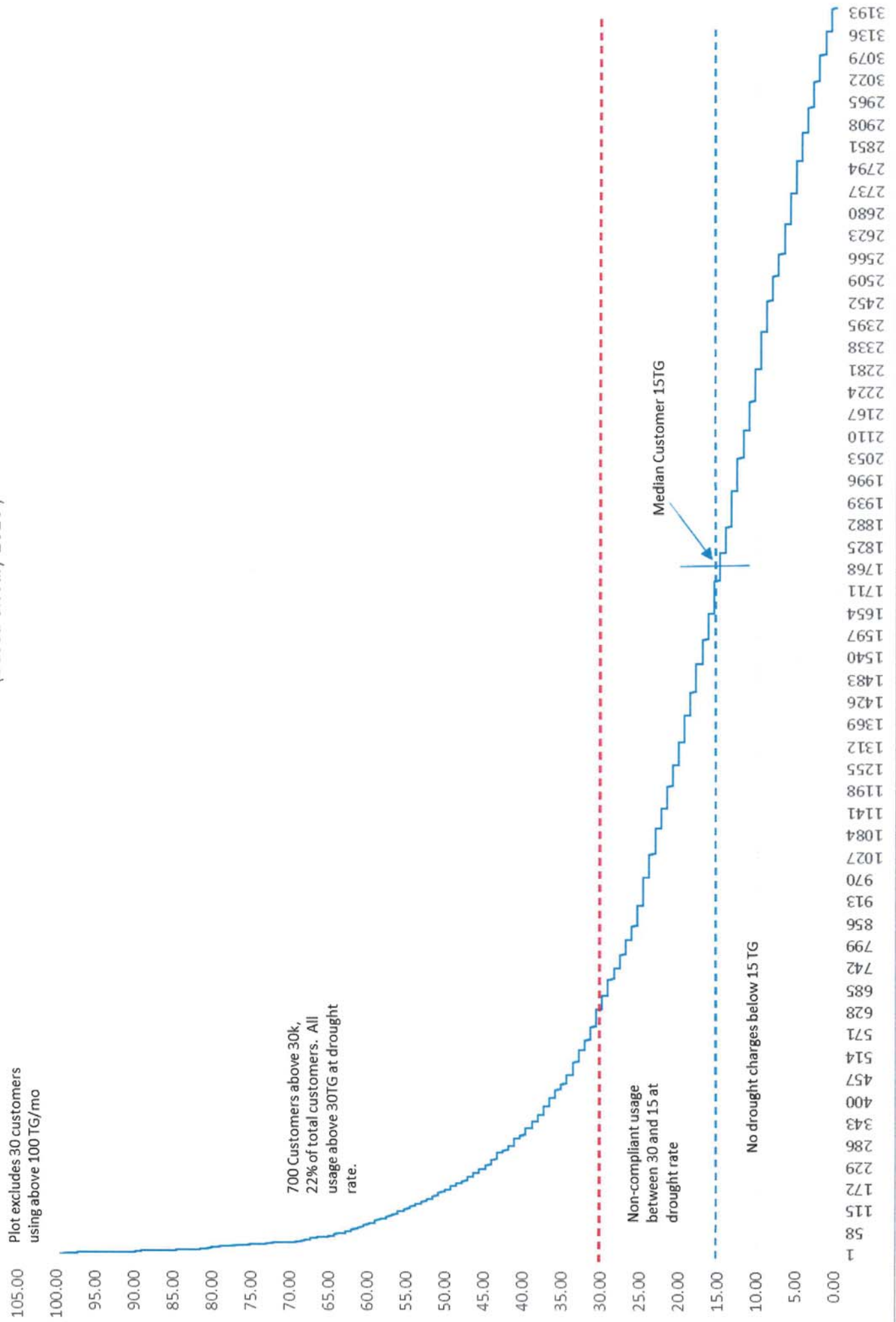
Metering and Billing Cycles Covered

These Emergency Restrictions and Drought Charges shall cover three metering cycles as follows.

<u>Begin Read</u>	<u>End Read</u>	<u>Bill Issued*</u>
Early July	Early August	Late August
Early August	Early September	Late September
Early September	Early October	Late October

* Application of Drought Charges may lag the monthly billing issuance as these amounts must be manually calculated and input into the billing system.

July Single-Family Water Usage Distribution (Based on July 2020)



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

Subject: Discussion, Direction and Potential Action on the League of California Cities 2021 Annual Conference Resolutions
Meeting Date: August 19, 2021
From: Marissa Trejo, City Manager
Prepared by: Marissa Trejo, City Manager

I. RECOMMENDATION:

There is no staff recommendation.

II. BACKGROUND:

The League's 2021 Annual Conference is scheduled for September 22-24 in Sacramento. An important part of the Annual Conference is the Annual Business Meeting (during General Assembly), scheduled for 12:30 p.m. on Friday, September 24, 2021. At this meeting, the League members considers and takes action on resolutions that establish League Policy.

In order to vote at the Annual Business Meeting, the City Council must designate a voting delegate and up to two alternate voting delegates. The City Council has designated Mayor Ramsey as this year's voting delegate and Mayor Pro-Tem Singleton and Councilman Adkisson as the alternate voting delegates, who may vote in the event that Mayor Ramsey is unable to serve in his capacity.

III. DISCUSSION:

This year, two resolutions have been introduced for consideration at the Annual Conference and referred to the League policy committee.

In previous years, the League's resolutions have been brought before the Council to ensure the Council's consensus of the resolutions to be voted on.

IV. ALTERNATIVES:

V. FISCAL IMPACT:

ATTACHMENTS:

File Name	Description
2021_Resolutions_Packet.pdf	2021 Resolution Packet



Annual Conference Resolutions Packet

2021 Annual Conference Resolutions



September 22 - 24, 2021

INFORMATION AND PROCEDURES

RESOLUTIONS CONTAINED IN THIS PACKET: The League of California Cities (Cal Cities) bylaws provide that resolutions shall be referred by the president to an appropriate policy committee for review and recommendation. Resolutions with committee recommendations shall then be considered by the General Resolutions Committee at the Annual Conference.

This year, two resolutions have been introduced for consideration at the Annual Conference and referred to Cal Cities policy committees.

POLICY COMMITTEES: Three policy committees will meet virtually one week prior to the Annual Conference to consider and take action on the resolutions. The sponsors of the resolutions have been notified of the time and location of the meetings.

GENERAL RESOLUTIONS COMMITTEE: This committee will meet at 1:00 p.m. on Thursday, September 23, to consider the reports of the policy committees regarding the resolutions. This committee includes one representative from each of Cal Cities regional divisions, functional departments, and standing policy committees, as well as other individuals appointed by the Cal Cities president. Please check in at the registration desk for room location.

CLOSING LUNCHEON AND GENERAL ASSEMBLY: This meeting will be held at 12:30 p.m. on Friday, September 24, at the SAFE Credit Union Convention Center.

PETITIONED RESOLUTIONS: For those issues that develop after the normal 60-day deadline, a petition resolution may be introduced at the Annual Conference with a petition signed by designated voting delegates of 10 percent of all member cities (48 valid signatures required) and presented to the Voting Delegates Desk at least 24 hours prior to the time set for convening the Closing Luncheon & General Assembly. This year, that deadline is 12:30 p.m., Thursday, September 23. Resolutions can be viewed on Cal Cities Web site: www.cacities.org/resolutions.

Any questions concerning the resolutions procedures may be directed to Meg Desmond mdesmond@calcities.org.

GUIDELINES FOR ANNUAL CONFERENCE RESOLUTIONS

Policy development is a vital and ongoing process within Cal Cities. The principal means for deciding policy on the important issues facing cities is through Cal Cities seven standing policy committees and the board of directors. The process allows for timely consideration of issues in a changing environment and assures city officials the opportunity to both initiate and influence policy decisions.

Annual conference resolutions constitute an additional way to develop Cal Cities policy. Resolutions should adhere to the following criteria.

Guidelines for Annual Conference Resolutions

1. Only issues that have a direct bearing on municipal affairs should be considered or adopted at the Annual Conference.
2. The issue is not of a purely local or regional concern.
3. The recommended policy should not simply restate existing Cal Cities policy.
4. The resolution should be directed at achieving one of the following objectives:
 - (a) Focus public or media attention on an issue of major importance to cities.
 - (b) Establish a new direction for Cal Cities policy by establishing general principals around which more detailed policies may be developed by policy committees and the board of directors.
 - (c) Consider important issues not adequately addressed by the policy committees and board of directors.

KEY TO ACTIONS TAKEN ON RESOLUTIONS

Resolutions have been grouped by policy committees to which they have been assigned.

Number	Key Word Index	Reviewing Body Action
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		1	2	3
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1 - Policy Committee Recommendation to General Resolutions Committee
 2 - General Resolutions Committee
 3 - General Assembly

HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT POLICY COMMITTEE

		1	2	3
2	Securing Railroad Property Maintenance			

REVENUE & TAXATION POLICY COMMITTEE

		1	2	3
1	Online Sales Tax Equity			

TRANSPORTATION, COMMUNICATION & PUBLIC WORKS POLICY COMMITTEE

		1	2	3
2	Securing Railroad Property Maintenance			

KEY TO ACTIONS TAKEN ON RESOLUTIONS (*Continued*)

Resolutions have been grouped by policy committees to which they have been assigned.

KEY TO REVIEWING BODIES

1. Policy Committee
2. General Resolutions Committee
3. General Assembly

KEY TO ACTIONS TAKEN

- | | |
|-----|---|
| A | Approve |
| D | Disapprove |
| N | No Action |
| R | Refer to appropriate policy committee for study |
| a | Amend+ |
| Aa | Approve as amended+ |
| Aaa | Approve with additional amendment(s)+ |
| Ra | Refer as amended to appropriate policy committee for study+ |
| Raa | Additional amendments and refer+ |
| Da | Amend (for clarity or brevity) and Disapprove+ |
| Na | Amend (for clarity or brevity) and take No Action+ |
| W | Withdrawn by Sponsor |

ACTION FOOTNOTES

* Subject matter covered in another resolution

** Existing League policy

*** Local authority presently exists

Procedural Note:

The League of California Cities resolution process at the Annual Conference is guided by the Cal Cities Bylaws.

1. RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES (“CAL CITIES”) CALLING ON THE STATE LEGISLATURE TO PASS LEGISLATION THAT PROVIDES FOR A FAIR AND EQUITABLE DISTRIBUTION OF THE BRADLEY BURNS 1% LOCAL SALES TAX FROM IN-STATE ONLINE PURCHASES, BASED ON DATA WHERE PRODUCTS ARE SHIPPED TO, AND THAT RIGHTFULLY TAKES INTO CONSIDERATION THE IMPACTS THAT FULFILLMENT CENTERS HAVE ON HOST CITIES BUT ALSO PROVIDES A FAIR SHARE TO CALIFORNIA CITIES THAT DO NOT AND/OR CANNOT HAVE A FULFILLMENT CENTER WITHIN THEIR JURISDICTION

Source: City of Rancho Cucamonga

Concurrence of five or more cities/city officials:

Cities: Town of Apple Valley; City of El Cerrito; City of La Canada Flintridge; City of La Verne; City of Lakewood; City of Moorpark; City of Placentia; City of Sacramento

Referred to: Revenue and Taxation Policy Committee

WHEREAS, the 2018 U.S. Supreme Court decision in *Wayfair v. South Dakota* clarified that states could charge and collect tax on purchases even if the seller does not have a physical presence in the state; and

WHEREAS, California cities and counties collect 1% in Bradley Burns sales and use tax from the purchase of tangible personal property and rely on this revenue to provide critical public services such as police and fire protection; and

WHEREAS, in terms of “siting” the place of sale and determining which jurisdiction receives the 1% Bradley Burns local taxes for online sales, the California Department of Tax and Fee Administration (CDTFA) determines “out-of-state” online retailers as those with no presence in California that ship property from outside the state and are therefore subject to use tax, not sales tax, which is collected in a countywide pool of the jurisdiction where the property is shipped from; and

WHEREAS, for online retailers that have a presence in California and have a stock of goods in the state from which it fulfills orders, CDTFA considers the place of sale (“situs”) as the location from which the goods were shipped such as a fulfillment center; and

WHEREAS, in early 2021, one of the state’s largest online retailers shifted its ownership structure so that it is now considered both an in-state and out-of-state retailer, resulting in the sales tax this retailer generates from in-state sales now being entirely allocated to the specific city where the warehouse fulfillment center is located as opposed to going into a countywide pool that is shared with all jurisdictions in that County, as was done previously; and

WHEREAS, this all-or-nothing change for the allocation of in-state sales tax has created winners and losers amongst cities as the online sales tax revenue from the retailer that was once spread amongst all cities in countywide pools is now concentrated in select cities that host a fulfillment center; and

WHEREAS, this has created a tremendous inequity amongst cities, in particular for cities that are built out, do not have space for siting a 1 million square foot fulfillment center, are not located along a major travel corridor, or otherwise not ideally suited to host a fulfillment center; and

WHEREAS, this inequity affects cities statewide, but in particular those with specific circumstances such as no/low property tax cities that are extremely reliant on sales tax revenue as well as cities struggling to meet their RHNA obligations that are being compelled by the State to rezone precious commercial parcels to residential; and

WHEREAS, the inequity produced by allocating in-state online sales tax revenue exclusively to cities with fulfillment centers is exasperated even more by, in addition to already reducing the amount of revenue going into the countywide pools, the cities with fulfillment centers are also receiving a larger share of the dwindling countywide pool as it is allocated based on cities' proportional share of sales tax collected; and

WHEREAS, while it is important to acknowledge that those cities that have fulfillment centers experience impacts from these activities and deserve equitable supplementary compensation, it should also be recognized that the neighboring cities whose residents are ordering product from that center now receive no revenue from the center's sales activity despite also experiencing the impacts created by the center, such as increased traffic and air pollution; and

WHEREAS, the COVID-19 pandemic greatly accelerated the public's shift towards online purchases, a trend that is unlikely to be reversed to pre-pandemic levels; and

NOW, THEREFORE, BE IT RESOLVED that Cal Cities calls on the State Legislature to pass legislation that provides for a fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases, based on data where products are shipped to, and that rightfully takes into consideration the impacts that fulfillment centers have on host cities but also provides a fair share to California cities that do not and/or cannot have a fulfillment center within their jurisdiction.

Background Information to Resolution

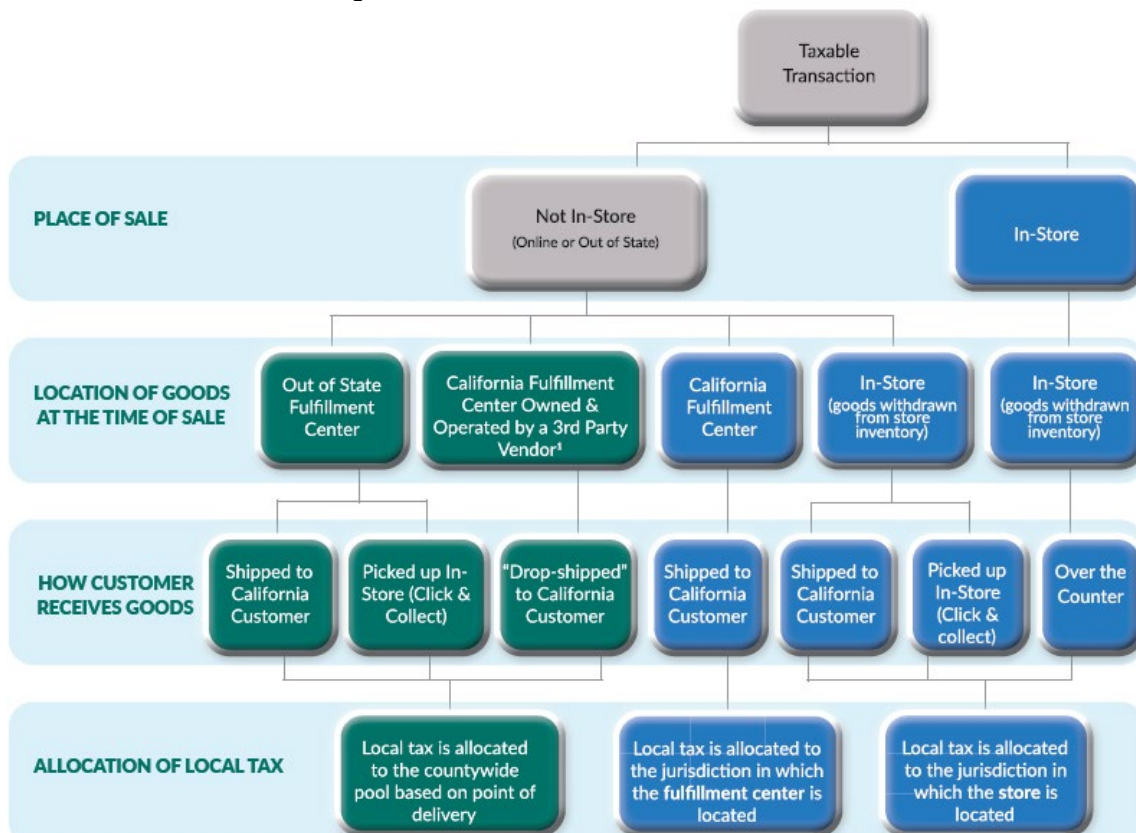
Source: City of Rancho Cucamonga

Background:

Sales tax is a major revenue source for most California cities. Commonly known as the local 1% Bradley-Burns tax, since the 1950's, cities have traditionally received 1 cent on every dollar of a sale made at the store, restaurant, car dealer, or other location within a jurisdiction's boundaries.

Over the years, however, this simple tax structure has evolved into a much more complex set of laws and allocation rules. Many of these rules relate to whether or not a given transaction is subject to sales tax, or to use tax – both have the same 1% value, but each applies in separate circumstances. The California Department of Tax and Fee Administration (CDTFA) is responsible for administering this system and issuing rules regarding how it is applied in our state.

The following chart created by HdL Companies, the leading provider of California sales tax consulting, illustrates the complex structure of how sales and use tax allocation is done in California, depending on where the transaction starts, where the goods are located, and how the customer receives the goods:



¹ In this scenario the retailer does not own a stock of goods in California and sales orders are negotiated/processed out of state. An out of state company is not required to hold a seller's permit for an in-state third party warehouse if they do not own a stock of goods at the time of sale.

With the exponential growth of online sales and the corresponding lack of growth, and even decline, of shopping at brick and mortar locations, cities are seeing much of their sales tax

growth coming from the countywide sales tax pools, since much of the sales tax is now funneled to the pools.

Recently, one of the world's largest online retailers changed the legal ownership of its fulfillment centers. Instead of having its fulfillment centers owned and operated by a third-party vendor, they are now directly owned by the company. This subtle change has major impacts to how the 1% local tax is allocated. Following the chart above, previously much of the sales tax would have followed the green boxes on the chart and been allocated to the countywide pool based on point of delivery. Now, much of the tax is following the blue path through the chart and is allocated to the jurisdiction in which the fulfillment center is located. (It should be noted that some of the tax is still flowing to the pools, in those situations where the fulfillment center is shipping goods for another seller that is out of state.)

This change has created a situation where most cities in California – more than 90%, in fact – are experiencing a sales tax revenue loss that began in the fourth quarter of calendar year 2021. Many cities may not be aware of this impact, as the fluctuations in sales tax following the pandemic shutdowns have masked the issue. But this change will have long-term impacts on revenues for all California cities as all these revenues benefiting all cities have shifted to just a handful of cities and counties that are home to this retailer's fulfillment centers.

This has brought to light again the need to address the issues in how sales and use taxes are distributed in the 21st century. Many, if not most cities will never have the opportunity have a warehouse fulfillment center due to lack of space or not being situated along a major travel corridor. These policies especially favor retailers who may leverage current policy in order to negotiate favorable sales tax sharing agreements, providing more money back to the retailer at the expense of funding critical public services.

With that stated, it is important to note the many impacts to the jurisdictions home to the fulfillment centers. These centers do support the ecommerce most of us as individuals have come to rely on, including heavy wear and tear on streets – one truck is equal to about 8,000 cars when it comes to impact on pavement – and increased air pollution due to the truck traffic and idling diesel engines dropping off large loads. However, it is equally important that State policies acknowledge that entities without fulfillment centers also experience impacts from ecommerce and increased deliveries. Cities whose residents are ordering products that are delivered to their doorstep also experience impacts from traffic, air quality and compromised safety, as well as the negative impact on brick-and-mortar businesses struggling to compete with the sharp increase in online shopping. These cities are rightfully entitled to compensation in an equitable share of sales and use tax. We do not believe that online sales tax distribution between fulfillment center cities and other cities should be an all or nothing endeavor, and not necessarily a fifty-fifty split, either. But we need to find an equitable split that balances the impacts to each jurisdiction involved in the distribution of products purchased online.

Over the years, Cal Cities has had numerous discussions about the issues surrounding sales tax in the modern era, and how state law and policy should be revisited to address these issues. It is a heavy lift, as all of our cities are impacted a bit differently, making consensus difficult. We believe that by once again starting the conversation and moving toward the development of laws and policies that can result in seeing all cities benefit from the growth taxes generated through online sales, our state will be stronger.

It is for these reasons, that we should all aspire to develop an equitable sales tax distribution for online sales.

League of California Cities Staff Analysis on Resolution No. 1

Staff: Nicholas Romo, Legislative Affairs, Lobbyist

Committee: Revenue and Taxation

Summary:

This Resolution calls on the League of California Cities (Cal Cities) to request the Legislature to pass legislation that provides for a fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases, based on data where products are shipped to, and that rightfully takes into consideration the impacts that fulfillment centers have on host cities but also provides a fair share to California cities that do not and/or cannot have a fulfillment center within their jurisdiction.

Background:

The City of Rancho Cucamonga is sponsoring this resolution to “*address the issues in how sales and use taxes are distributed in the 21st century.*”

The City notes that “*sales tax is a major revenue source for most California cities. Commonly known as the local 1% Bradley-Burns tax, since the 1950’s, cities have traditionally received 1 cent on every dollar of a sale made at the store, restaurant, car dealer, or other location within a jurisdiction’s boundaries. Over the years, however, this simple tax structure has evolved into a much more complex set of laws and allocation rules. Many of these rules relate to whether or not a given transaction is subject to sales tax, or to use tax – both have the same 1% value, but each applies in separate circumstances.*

Recently, one of the world’s largest online retailers changed the legal ownership of its fulfillment centers. Instead of having its fulfillment centers owned and operated by a third-party vendor, they are now directly owned by the company. This subtle change has major impacts to how the 1% local tax is allocated.

This change has created a situation where most cities in California – more than 90%, in fact – are experiencing a sales tax revenue loss that began in the fourth quarter of calendar year 2021. Many cities may not be aware of this impact, as the fluctuations in sales tax following the pandemic shutdowns have masked the issue. But this change will have long-term impacts on revenues for all California cities as all these revenues benefiting all cities have shifted to just a handful of cities and counties that are home to this retailer’s fulfillment centers.”

The City’s resolution calls for action on an unspecified solution that “*rightfully takes into consideration the impacts that fulfillment centers have on host cities but also provides a fair share to California cities that do not and/or cannot have a fulfillment center within their jurisdiction,*” which aims to acknowledge the actions taken by cities to alleviate poverty, catalyze economic development, and improve financial stability within their communities through existing tax sharing and zoning powers.

Ultimately, sponsoring cities believe *“that by once again starting the conversation and moving toward the development of laws and policies that can result in seeing all cities benefit from the growth taxes generated through online sales, our state will be stronger.”*

Sales and Use Tax in California

The Bradley-Burns Uniform Sales Tax Act allows all local agencies to apply its own sales and use tax on the same base of tangible personal property (taxable goods). This tax rate currently is fixed at 1.25% of the sales price of taxable goods sold at retail locations in a local jurisdiction, or purchased outside the jurisdiction for use within the jurisdiction. Cities and counties use this 1% of the tax to support general operations, while the remaining 0.25% is used for county transportation purposes.

In California, all cities and counties impose Bradley-Burns sales taxes. California imposes the sales tax on every retailer engaged in business in this state that sells taxable goods. The law requires businesses to collect the appropriate tax from the purchaser and remit the amount to the California Department of Tax and Fee Administration (CDTFA). Sales tax applies whenever a retail sale is made, which is basically any sale other than one for resale in the regular course of business. Unless the person pays the sales tax to the retailer, they are liable for the use tax, which is imposed on any person consuming taxable goods in the state. The use tax rate is the same rate as the sales tax rate.

Generally, CDTFA distributes Bradley-Burns tax revenue based on where a sale took place, known as a *situs-based system*. A retailer’s physical place of business—such as a retail store or restaurant—is generally the place of sale. “Sourcing” is the term used by tax practitioners to describe the rules used to determine the place of sale, and therefore, which tax rates are applied to a given purchase and which jurisdictions are entitled to the local and district taxes generated from a particular transaction.

California is primarily an origin-based sourcing state – meaning tax revenues go to the jurisdiction in which a transaction physically occurs if that can be determined. However, California also uses a form of destination sourcing for the local use tax and for district taxes (also known as “transactions and use taxes” or “add-on sale and use taxes”). That is, for cities with local add-on taxes, they receive their add-on rate amount from remote and online transactions.

Generally, allocations are based on the following rules:

- The sale is sourced to the place of business of the seller - whether the product is received by the purchaser at the seller’s business location or not.
- If the retailer maintains inventory in California and has no other in state location, the source is the jurisdiction where the warehouse is situated. *This resolution is concerned with the growing amount of online retail activity being sourced to cities with warehouse/fulfillment center locations.*
- If the business’ sales office is located in California but the merchandise is shipped from out of state, the tax from transactions under \$500,000 is allocated

via the county pools. The tax from transactions over \$500,000 is allocated to the jurisdiction where the merchandise is delivered.

- When a sale cannot be identified with a permanent place of business in the state, the sale is sourced to the allocation pool of the county where the merchandise was delivered and then distributed among all jurisdictions in that county in proportion to ratio of sales. *For many large online retailers, this has been the traditional path.*

Online Sales and Countywide Pools

While the growth of e-commerce has been occurring for more than two decades, led by some of the largest and most popular retailers in the world, the dramatic increase in online shopping during the COVID-19 pandemic has provided significant revenue to California cities as well as a clearer picture on which governments enjoy even greater benefits.

In the backdrop of booming internet sales has been the steady decline of brick-and-mortar retail and shopping malls. For cities with heavy reliance on in-person retail shopping, the value of the current allocation system has been diminished as their residents prefer to shop online or are incentivized to do so by retailers (during the COVID-19 pandemic, consumers have had no other option but to shop online for certain goods). All the while, the demands and costs of city services continue to grow for cities across the state.

As noted above, the allocation of sales tax revenue to local governments depends on the location of the transaction (or where the location is ultimately determined). For in-person retail, the sales tax goes to the city in which the product and store are located - a customer purchasing at a register. For online sales, the Bradley Burns sales tax generally goes to a location other than the one where the customer lives – either to the city or county where an in-state warehouse or fulfillment center is located, the location of in-state sales office (ex. headquarters) or shared as use tax proceeds amongst all local governments within a county based on their proportionate share of taxable sales.

Under current CDTFA regulations, a substantial portion of local use tax collections are allocated through a countywide pool to the local jurisdictions in the county where the property is put to its first functional use. The state and county pools constitute over 15% of local sales and use tax revenues. Under the pool system, the tax is reported by the taxpayer to the countywide pool of use and then distributed to each jurisdiction in that county on a pro-rata share of taxable sales. If the county of use cannot be identified, the revenues are distributed to the state pool for pro-rata distribution on a statewide basis.

Concentration of Online Sales Tax Revenue and Modernization

Sales tax modernization has been a policy goal of federal, state, and local government leaders for decades to meet the rapidly changing landscape of commercial activity and ensure that all communities can sustainably provide critical services.

For as long as remote and internet shopping has existed, policy makers have been concerned about their potential to disrupt sales and use tax allocation procedures that underpin the funding of local government services. The system was designed in the early twentieth century to ensure that customers were paying sales taxes to support local government services within the community where the transactions occurred whether they resided there or not. This structure provides benefit to and recoupment for the public resources necessary to ensure the health and safety of the community broadly.

City leaders have for as long been concerned about the loosening of the nexus between what their residents purchase and the revenues they receive. Growing online shopping, under existing sourcing rules, has led to a growing concentration of sales tax revenue being distributed to a smaller number of cities and counties. As more medium and large online retailers take title to fulfillment centers or determine specific sales locations in California as a result of tax sharing agreements in specific cities, online sales tax revenue will be ever more concentrated in a few cities at the control of these companies. Furthermore, local governments are already experiencing the declining power of the sales tax to support services as more money is being spent on non-taxable goods and services.

For more on sales and use tax sourcing please see Attachment A.

State Auditor Recommendations

In 2017, the California State Auditor issued a report titled, "[The Bradley-Burns Tax and Local Transportation Funds](#)", noting that:

"Retailers generally allocate Bradley Burns tax revenue based on the place of sale, which they identify according to their business structure. However, retailers that make sales over the Internet may allocate sales to various locations, including their warehouses, distribution center, or sales offices. This approach tends to concentrate Bradley Burns tax revenue into the warehouses' or sales offices' respective jurisdictions. Consequently, counties with a relatively large amount of industrial space may receive disproportionately larger amounts of Bradley Burns tax, and therefore Local Transportation Fund, revenue.

The State could make its distribution of Bradley Burns tax revenue derived from online sales more equitable if it based allocations of the tax on the destinations to which goods are shipped rather than on place of sale."

The Auditor's report makes the following recommendation:

"To ensure that Bradley-Burns tax revenue is more evenly distributed, the Legislature should amend the Bradley-Burns tax law to allocate revenues from Internet sales based on the destination of sold goods rather than their place of sale."

In acknowledgement of the growing attention from outside groups on this issue, Cal Cities has been engaged in its own study and convening of city officials to ensure pursued solutions account for the circumstances of all cities and local control is best protected. These efforts are explored in subsequent sections.

Cal Cities Revenue and Taxation Committee and City Manager Working Group

In 2015 and 2016, Cal Cities' Revenue and Taxation Policy Committee held extensive discussions on potential modernization of tax policy affecting cities, with a special emphasis on the sales tax. The issues had been identified by Cal Cities leadership as a strategic priority given concerns in the membership about the eroding sales tax base and the desire for Cal Cities to take a leadership role in addressing the associated issues. The policy committee ultimately adopted a series of policies that were approved by the Cal Cities board of directors. Among its changes were a recommended change to existing sales tax sourcing (determining where a sale occurs) rules, so that the point of sale (situs) is where the customer receives the product. The policy also clarifies that specific proposals in this area should be carefully reviewed so that the impacts of any changes are fully understood. See "Existing Cal Cities Policy" section below.

Cal Cities City Manager Sales Tax Working Group Recommendations

In the Fall of 2017, the Cal Cities City Managers Department convened a working group (Group) of city managers representing a diverse array of cities to review and consider options for addressing issues affecting the local sales tax.

The working group of city managers helped Cal Cities identify internal common ground on rapidly evolving e-commerce trends and their effects on the allocation of local sales and use tax revenue. After meeting extensively throughout 2018, the Group made several recommendations that were endorsed unanimously by Cal Cities' Revenue and Taxation Committee at its January, 2019 meeting and by the board of directors at its subsequent meeting.

The Group recommended the following actions in response to the evolving issues associated with e-commerce and sales and use tax:

Further Limiting Rebate Agreements: The consensus of the Group was that:

- Sales tax rebate agreements involving online retailers should be prohibited *going forward*. They are inappropriate because they have the effect of encouraging revenue to be shifted away from numerous communities and concentrated to the benefit of one.
- Any type of agreement that seeks to lure a retailer from one community to another within a market area should also be prohibited *going forward*. Existing law already prohibits such agreements for auto dealers and big box stores.

Shift Use Tax from Online Sales, including from the South Dakota v. Wayfair Decision Out of County Pools: The Group's recommendation is based first on the principle of "situs" and that revenue should be allocated to the jurisdiction where the use occurs. Each city and county in California imposed a Bradley Burns sales and use tax rate

under state law in the 1950s. The use tax on a transaction is the rate imposed where the purchaser resides (the destination). These use tax dollars, including new revenue from the South Dakota v. Wayfair decision, should be allocated to the destination jurisdiction whose Bradley Burns tax applies and not throughout the entire county.

- Shift of these revenues, from purchases from out of state retailers including transactions captured by the South Dakota v. Wayfair decision, out of county pools to full destination allocation on and after January 1, 2020.
- Allow more direct reporting of use taxes related to construction projects to jurisdiction where the construction activity is located by reducing existing regulatory threshold from \$5 million to \$100,000.

Request/Require CDTFA Analysis on Impacts of Sales Tax Destination Shifts: After discussion of numerous phase-in options for destination sourcing and allocation for sales taxes, the Group ultimately decided that a more complete analysis was needed to sufficiently determine impacts. Since the two companies most cities rely on for sales tax analysis, HdL and MuniServices, were constrained to modeling with transaction and use tax (district tax) data, concerns centered on the problem of making decisions without adequate information. Since the CDTFA administers the allocation of local sales and use taxes, it is in the best position to produce an analysis that examines:

- The impacts on individual agencies of a change in sourcing rules. This would likely be accomplished by developing a model to examine 100% destination sourcing with a report to the Legislature in early 2020.
- The model should also attempt to distinguish between business-to-consumer transactions versus business-to-business transactions.
- The model should analyze the current number and financial effects of city and county sales tax rebate agreements with online retailers and how destination sourcing might affect revenues under these agreements.

Conditions for considering a Constitutional Amendment that moves toward destination allocation: Absent better data on the impacts on individual agencies associated with a shift to destination allocation of sales taxes from CDTFA, the Group declined to prescribe if/how a transition to destination would be accomplished; the sentiment was that the issue was better revisited once better data was available. In anticipation that the data would reveal significant negative impacts on some agencies, the Group desired that any such shift should be accompanied by legislation broadening of the base of sales taxes, including as supported by existing Cal Cities policy including:

- Broadening the tax base on goods, which includes reviewing existing exemptions on certain goods and expanding to digital forms of goods that are otherwise taxed; and
- Expanding the sales tax base to services, such as those commonly taxed in other states.

This Resolution builds upon previous work that accounts for the impacts that distribution networks have on host cities and further calls on the organization to advocate for changes to sales tax distribution rules.

The Resolution places further demands on data collected by CDTFA to establish a “fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases.” Such data is proposed to be collected by [SB 792 \(Glazer, 2021\)](#). More discussion on this topic can be found in the “Staff Comments” section.

Staff Comments:

Proposed Resolution Affixes Equity Based, Data Driven Approach to Existing Cal Cities Policy on Sales Tax Sourcing

The actions resulting from this resolution, if approved, would align with existing policy and efforts to-date to modernize sales tax rules. While not formalized in existing Cal Cities policy or recommendations, city managers and tax practitioners generally have favored proposals that establish a sharing of online sales tax revenues rather than a full destination shift. City leaders and practitioners across the state have acknowledged during Cal Cities Revenue and Taxation and City Manager’s working group meetings that the hosting of fulfillment centers and ancillary infrastructure pose major burdens on local communities including detrimental health and safety impacts. This acknowledgement has moved mainstream proposals such as this one away from full revenue shifts towards an equity-based, data driven approach that favors revenue sharing. This Resolution would concretely affix this approach as Cal Cities policy.

More Data is Needed to Achieve Equity Based Approach

A major challenge is the lack of adequate data to model the results of shifting in-state online sale tax revenues. Local government tax consultants and state departments have limited data to model the effects of changes to sales tax distribution because their information is derived only from cities that have a local transactions and use tax (TUT). Tax experts are able to model proposed tax shifts using TUTs since they are allocated on a destination basis (where a purchaser receives the product; usually a home or business). However, more than half of all cities, including some larger cities, do not have a local TUT therefore modeling is constrained and incomplete.

Efforts to collect relevant sales tax information on the destination of products purchased online are ongoing. The most recent effort is encapsulated in [SB 792 \(Glazer, 2021\)](#), which would require retailers with online sales exceeding \$50 million a year to report to CDTFA the gross receipts from online sales that resulted in a product being shipped or delivered in each city. The availability of this data would allow for a much more complete understanding of online consumer behavior and the impacts of future proposed changes to distribution. SB 792 (Glazer) is supported by Cal Cities following approval by the Revenue and Taxation Committee and board of directors.

Impact of Goods Movement Must Be Considered

As noted above, city leaders and practitioners across the state acknowledge that the hosting of fulfillment centers and goods movement infrastructure pose major burdens on local communities including detrimental health, safety, and infrastructure impacts. Not least of which is the issue of air pollution from diesel exhaust. According to California Environmental Protection Agency (Cal EPA):

“Children and those with existing respiratory disease, particularly asthma, appear to be especially susceptible to the harmful effects of exposure to airborne PM from diesel exhaust, resulting in increased asthma symptoms and attacks along with decreases in lung function (McCreanor et al., 2007; Wargo, 2002). People that live or work near heavily-traveled roadways, ports, railyards, bus yards, or trucking distribution centers may experience a high level of exposure (US EPA, 2002; Krivoshto et al., 2008). People that spend a significant amount of time near heavily-traveled roadways may also experience a high level of exposure. Studies of both men and women demonstrate cardiovascular effects of diesel PM exposure, including coronary vasoconstriction and premature death from cardiovascular disease (Krivoshto et al., 2008). A recent study of diesel exhaust inhalation by healthy non-smoking adults found an increase in blood pressure and other potential triggers of heart attack and stroke (Krishnan et al., 2013) Exposure to diesel PM, especially following periods of severe air pollution, can lead to increased hospital visits and admissions due to worsening asthma and emphysema-related symptoms (Krivoshto et al., 2008). Diesel exposure may also lead to reduced lung function in children living in close proximity to roadways (Brunekreef et al., 1997).”

The founded health impacts of the ubiquitous presence of medium and heavy-duty diesel trucks used to transport goods to and from fulfillment centers and warehouses require host cities to meet increased needs of their residents including the building and maintenance of buffer zones, parks, and open space. While pollution impacts may decline with the introduction of zero-emission vehicles, wide scale adoption by large distribution fleets is still in its infancy. Furthermore, the impacts of heavy road use necessitate increased spending on local streets and roads upgrades and maintenance. In addition, many cities have utilized the siting of warehouses, fulfillment centers, and other heavy industrial uses for goods movements as key components of local revenue generation and economic development strategies. These communities have also foregone other land uses in favor of siting sales offices and fulfillment networks.

All said, however, it is important to acknowledge that disadvantaged communities (DACs) whether measured along poverty, health, environmental or education indices exist in cities across the state. For one example, see: [California Office of Environmental Health Hazard Assessment \(OEHHA\) CalEnviroScreen](#). City officials may consider how cities without fulfillment and warehouse center revenues are to fund efforts to combat social and economic issues, particularly in areas with low property tax and tourism-based revenues.

The Resolution aims to acknowledge these impacts broadly (this analysis does not provide an exhaustive review of related impacts) and requests Cal Cities to account for them in a revised distribution formula of the Bradley Burns 1% local sales tax from in-state online purchases. The Resolution does not prescribe the proportions.

Clarifying Amendments

Upon review of the Resolution, Cal Cities staff recommends technical amendments to provide greater clarity. *To review the proposed changes, please see Attachment B.*

Fiscal Impact:

Significant but unknown. The Resolution on its own does not shift sales tax revenues. In anticipation and mitigation of impacts, the Resolution requests Cal Cities to utilize online sales tax data to identify a fair and equitable distribution formula that accounts for the broad impacts fulfillment centers involved in online retail have on the cities that host them. The Resolution does not prescribe the revenue distribution split nor does it prescribe the impacts, positive and negative, of distribution networks.

Existing Cal Cities Policy:

- Tax proceeds collected from internet sales should be allocated to the location where the product is received by the purchaser.
- Support as Cal Cities policy that point of sale (situs) is where the customer receives the product. Specific proposals in this area should be carefully reviewed so that the impacts of any changes are fully understood.
- Revenue from new regional or state taxes or from increased sales tax rates should be distributed in a way that reduces competition for situs-based revenue. (Revenue from the existing sales tax rate and base, including future growth from increased sales or the opening of new retail centers, should continue to be returned to the point of sale.)
- The existing situs-based sales tax under the Bradley Burns 1% baseline should be preserved and protected.
- Restrictions should be implemented and enforced to prohibit the enactment of agreements designed to circumvent the principle of situs-based sales and redirect or divert sales tax revenues from other communities, when the physical location of the affected businesses does not change. Sales tax rebate agreements involving online retailers are inappropriate because they have the effect of encouraging revenue to be shifted away from numerous communities and concentrated to the benefit of one. Any type of agreement that seeks to lure a retailer from one community to another within a market area should also be prohibited going forward.
- Support Cal Cities working with the state California Department of Tax and Fee Administration (CDTFA) to update the county pool allocation process to ensure that more revenues are allocated to the jurisdiction where the purchase or first use of a product occurs (usually where the product is delivered). Use Tax collections from online sales, including from the South Dakota v Wayfair Decision, should be shifted out of county pools and allocated to the destination jurisdiction whose Bradley Burns tax applies and not throughout the entire county.

Support:

The following letters of concurrence were received:

Town of Apple Valley

City of El Cerrito

City of La Canada Flintridge

City of La Verne

City of Lakewood

City of Moorpark
City of Placentia
City of Sacramento

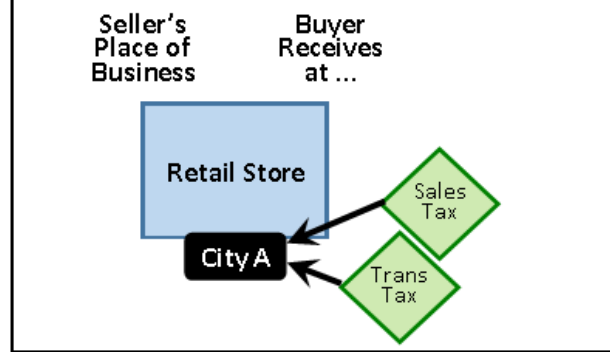
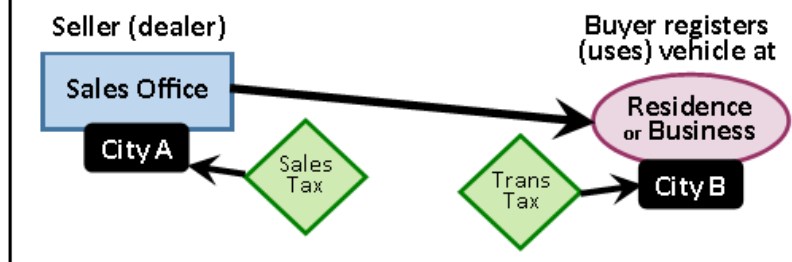
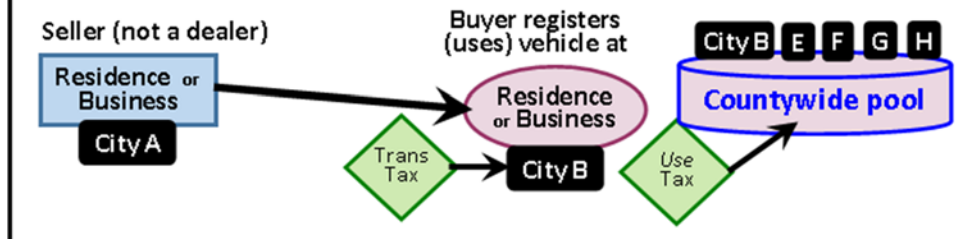
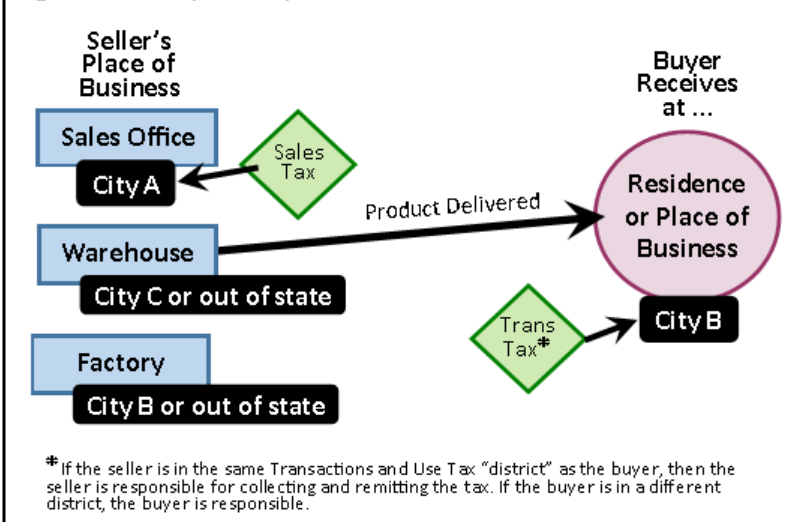
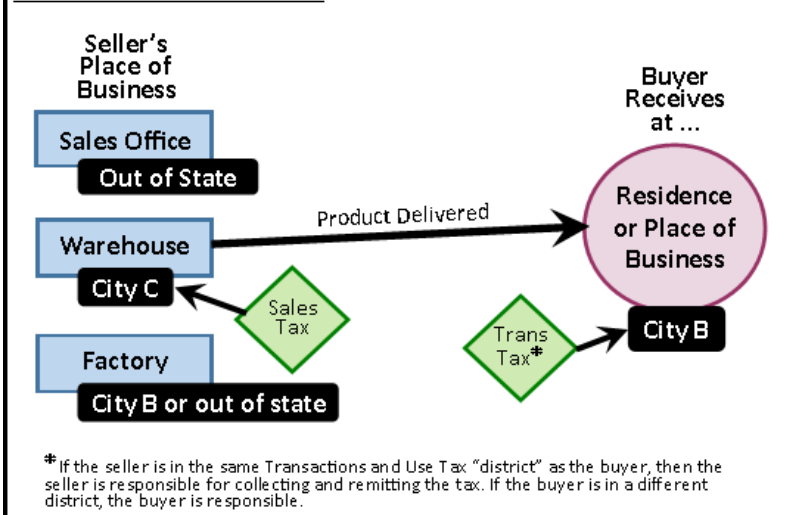
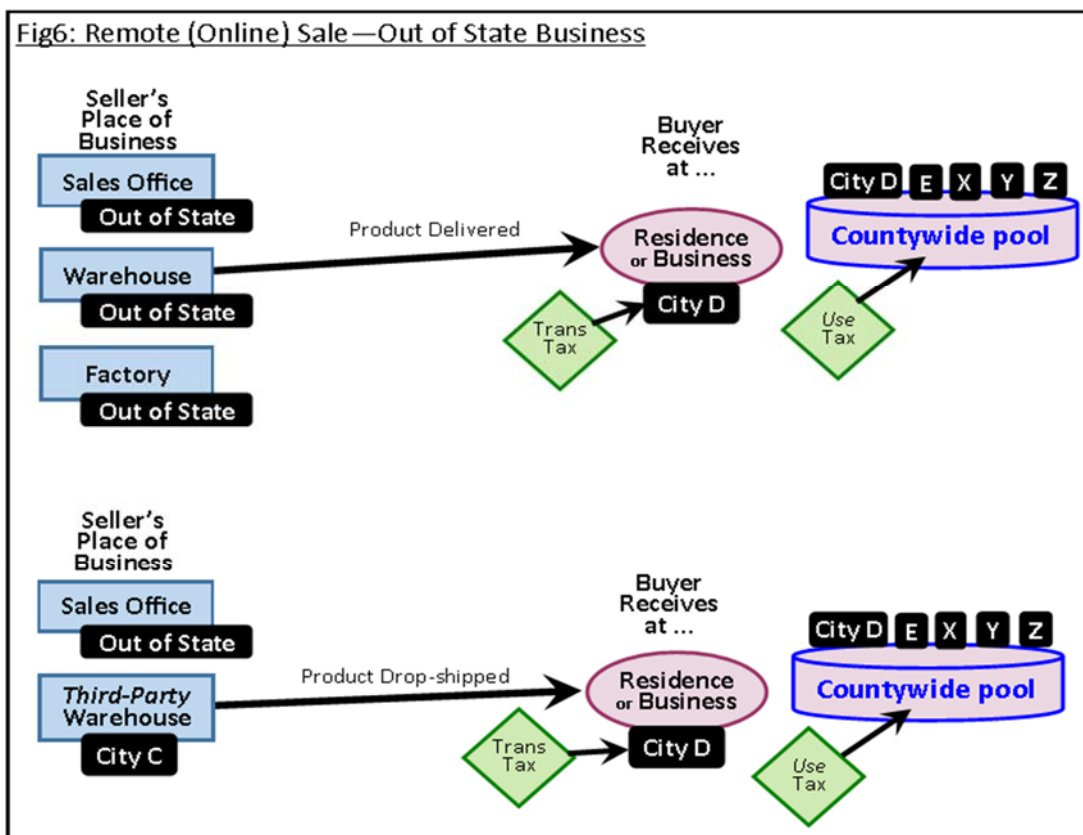
Fig1: Typical "Over the Counter" TransactionFig2: Dealership Automobile SaleFig3: Private Party Automobile Sale

Fig4: Remote (Online) Sale — In-State Business Office**Fig5: Remote (Online) Sale — In-State Warehouse, Out-of-State Sales Office**



GUIDELINES FOR ALLOCATION OF		LOCAL TAX - ONLINE AND IN-STORE	
Place of Sale	Location of Goods at the Time of Sale	How Customer Receives Goods	Allocation of Tax
Online – Order is placed or downloaded outside California	California Fulfillment Center	Shipped to California Customer	Local tax is allocated to the jurisdiction in which the fulfillment center is located
Online – Order is placed or downloaded in California	California Fulfillment Center	Shipped to California Customer	Per CDTFA Regulation 1802, local tax is allocated to the jurisdiction where the order is placed
Online	Out of State Fulfillment Center	Shipped to California Customer	Local tax is allocated to the countywide pool based on point of delivery
Online	Out of State Fulfillment Center	Picked Up In-Store (Click & Collect)	Local tax is allocated to the countywide pool based on point of delivery
Online	California Fulfillment Center Owned and Operated by Third Party Vendor	Drop-Shipped to California Customer	Local tax is allocated to the countywide pool based on point of delivery
Online	In-Store (Goods withdrawn from store inventory)	Shipped to California Customer	Local Tax is allocated to the jurisdiction where the store is located
Online	In-Store (Goods withdrawn from store inventory)	Picked Up In-Store (Click & Collect)	Local Tax is allocated to the jurisdiction where the store is located
In-Store	In-Store (Goods withdrawn from store inventory)	Over the Counter	Local Tax is allocated to the jurisdiction where the store is located

Courtesy of HdL Companies

CaliforniaCityFinance.com

Tax Incentive Programs, Sales Tax Sharing Agreements

In recent years, especially since Proposition 13 in 1978, local discretionary (general purpose revenues) have become more scarce. At the same time, options and procedures for increasing revenues have become more limited. One outcome of this in many areas has been a greater competition for sales and use tax revenues. This has brought a rise in arrangements to encourage certain land use development with rebates and incentives which exploit California's odd origin sales tax sourcing rules.

The typical arrangement is a sales tax sharing agreement in which a city provides tax rebates to a company that agrees to expand their operations in the jurisdiction of the city. Under such an arrangement, the company generally agrees to make a specified amount of capital investment and create a specific number of jobs over a period of years in exchange for specified tax breaks, often property tax abatement or some sort of tax credit. In some cases, this has simply taken the form of a sales office, while customers and warehouses and the related economic activity are disbursed elsewhere in the state. In some cases the development takes the form of warehouses, in which the sales inventory, owned by the company, is housed.⁶

Current sales tax incentive agreements in California rebate amounts ranging from 50% to 85% of sales tax revenues back to the corporations.

Today, experts familiar with the industry believe that between 20% to 30% of local Bradley-Burns sales taxes paid by California consumers is diverted from local general funds back to corporations; over \$1 billion per year.

The Source of Origin Based Sourcing Problems

Where other than over-the-counter sales are concerned origin sourcing often causes a concentration of large amounts of tax revenue in one location, despite the fact that the economic activity and service impacts are also occurring in other locations.

The large amounts of revenue concentrated in a few locations by California's "warehouse rule" origin sourcing causes a concentration of revenue far in excess of the service costs associated with the development.

In order to lure jobs and tax revenues to their communities, some cities have entered into rebate agreements with corporations. This has grown to such a problem, that 20% to 30% of total local taxes paid statewide are being rebated back to corporations rather than funding public services.

Moving to Destination Sourcing: The Concept⁷

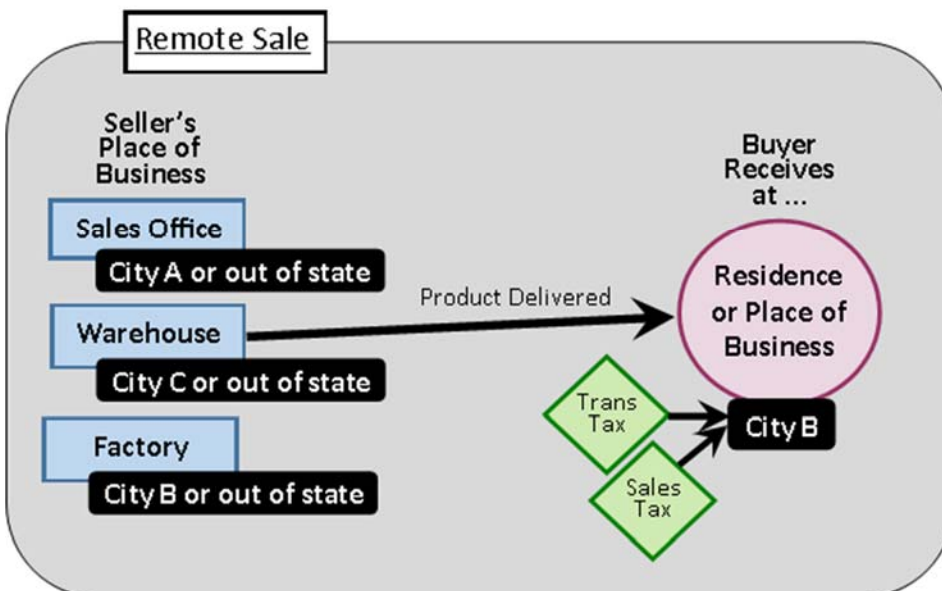
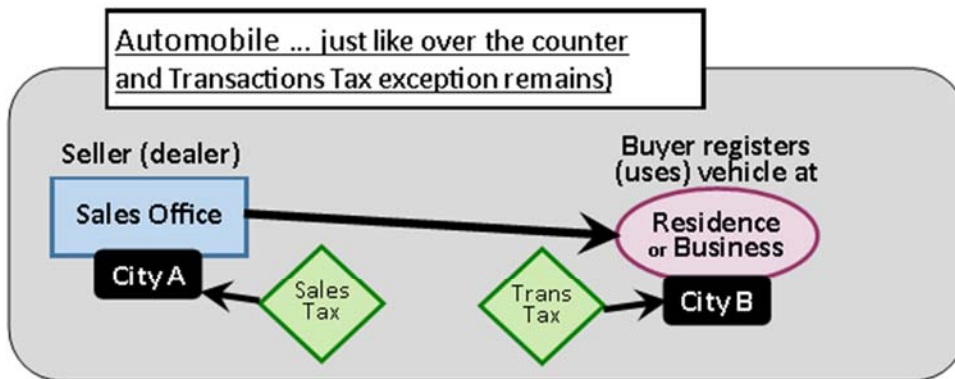
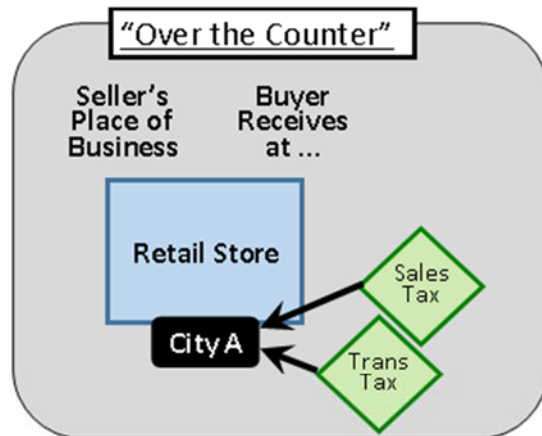
A change from origin sourcing rules to destination sourcing rules for the local tax component of California's sales tax would improve overall revenue collections and distribute these revenues more equitably among all of the areas involved in these transactions.

A change from origin based sourcing to destination based sourcing would have no effect on state tax collections. However, it would alter the allocations of local sales and use tax revenues among local agencies. Most retail transactions including dining, motor fuel purchases, and in-store purchases would not be affected. But in cases where the property is received by the purchaser in a different jurisdiction than where the sales agreement was negotiated, there would be a different allocation than under the current rules.

⁶ See Jennifer Carr, "Origin Sourcing and Tax Incentive Programs: An Unholy Alliance" Sales Tax Notes; May 27, 2013.

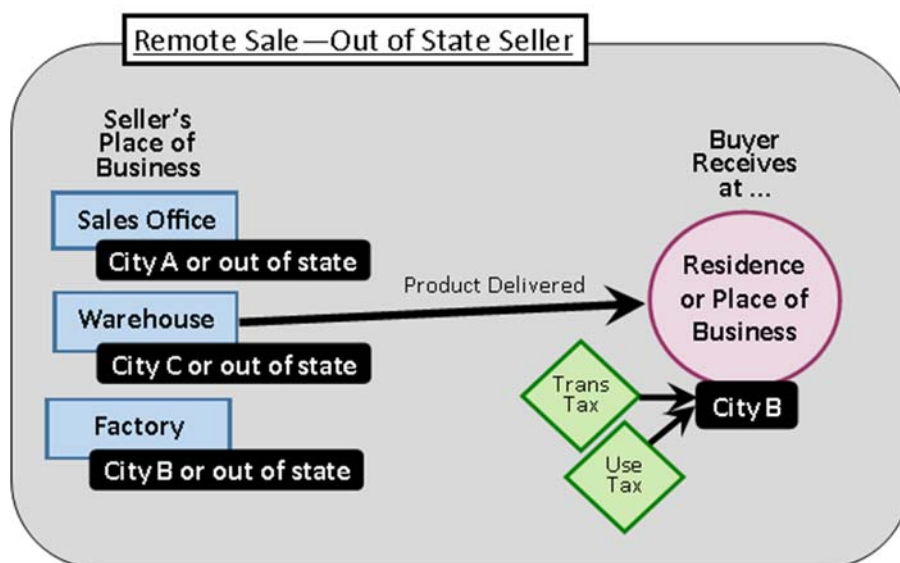
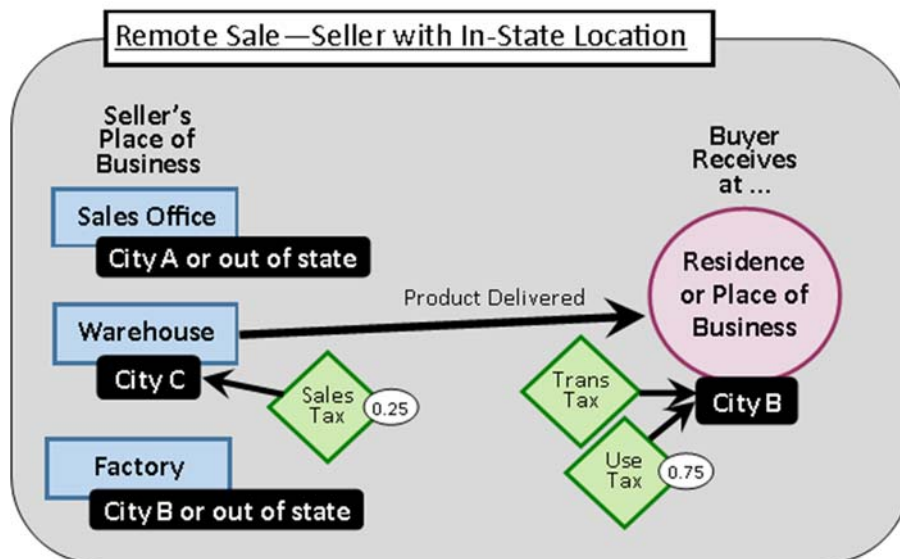
⁷ The same issues that are of concern regarding the local sales tax do not apply to California's Transactions and Use Taxes ("Add-on sales taxes") as these transactions, when not over the counter, are generally allocated to the location of use or, as in the case of vehicles, product registration. There is no need to alter the sourcing rules for transactions and use taxes.

Destination Sourcing Scenario 1: Full-On



Destination Sourcing Scenario 2: Split Source

- Same as now for “over the counter” and automobile.
- Leave 0.25% on current seller if instate (origin)
- Could be phased in.



mjgc

RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES ("CAL CITIES")
CALLING ON THE STATE LEGISLATURE TO PASS LEGISLATION THAT PROVIDES
FOR A FAIR AND EQUITABLE DISTRIBUTION OF THE BRADLEY BURNS 1% LOCAL
SALES TAX FROM IN-STATE ONLINE PURCHASES, BASED ON DATA WHERE
PRODUCTS ARE SHIPPED TO, AND THAT RIGHTFULLY TAKES INTO
CONSIDERATION THE IMPACTS THAT FULFILLMENT CENTERS HAVE ON HOST
CITIES BUT ALSO PROVIDES A FAIR SHARE TO CALIFORNIA CITIES THAT DO NOT
AND/OR CANNOT HAVE A FULFILLMENT CENTER WITHIN THEIR JURISDICTION

WHEREAS, the 2018 U.S. Supreme Court decision in *Wayfair v. South Dakota* clarified that states could charge and collect tax on purchases even if the seller does not have a physical presence in the state; and

WHEREAS, California cities and counties collect 1% in Bradley Burns sales and use tax from the purchase of tangible personal property and rely on this revenue to provide critical public services such as police and fire protection; and

WHEREAS, in terms of "siting" the place of sale and determining which jurisdiction receives the 1% Bradley Burns local taxes for online sales, the California Department of Tax and Fee Administration (CDTFA) determines "out-of-state" online retailers as those with no presence in California that ship property from outside the state and are therefore subject to use tax, not sales tax, which is collected in a countywide pool of the jurisdiction where the property is shipped from; and

WHEREAS, for online retailers that have a presence in California and have a stock of goods in the state from which it fulfills orders, CDTFA considers the place of sale ("situs") as the location from which the goods were shipped such as a fulfillment center; and

WHEREAS, in early 2021, one of the state's largest online retailers shifted its ownership structure so that it is now considered both an in-state and out-of-state retailer, resulting in the sales tax this retailer generates from in-state sales now being ~~entirely~~ allocated to ~~the specific city~~ cities where ~~the~~ warehouse fulfillment centers ~~is-are~~ located as opposed to going into ~~a~~ countywide pools that ~~is are~~ shared with all jurisdictions in ~~those counties~~ that County, as was done previously; and

WHEREAS, this all-or-nothing ~~change for the~~ allocation of in-state sales tax has created winners and losers amongst cities as the online sales tax revenue ~~from the retailer~~ that was once spread amongst all cities in countywide pools is now concentrated in select cities that host ~~a~~ fulfillment centers; and

WHEREAS, this has created a tremendous inequity amongst cities, in particular for cities that are built out, do not have space for siting ~~a 1 million square foot~~ fulfillment centers, are not located along a major travel corridor, or otherwise not ideally suited to host a fulfillment center; and

WHEREAS, this inequity affects cities statewide, but in particular those with specific circumstances such as no/low property tax cities that are extremely reliant on sales tax revenue as well as cities struggling to meet their Regional Housing Needs Allocation (RHNA) obligations that are being compelled by the State to rezone precious commercial parcels to residential; and

WHEREAS, the inequity produced by allocating in-state online sales tax revenue exclusively to cities with fulfillment centers is exasperated even more by, in addition to already reducing the amount of revenue going into the countywide pools, the cities with fulfillment centers are also receiving a larger share of the dwindling countywide pool as it is allocated based on cities' proportional share of sales tax collected; and

WHEREAS, while it is important to acknowledge that those cities that have fulfillment centers experience impacts from these activities and deserve equitable supplementary compensation, it should also be recognized that the neighboring cities whose residents are ordering products from those that centers s now receive no Bradley Burns revenue ~~from the center's sales activity~~ despite also experiencing the impacts created by the m center, such as increased traffic and air pollution; and

WHEREAS, the COVID-19 pandemic greatly accelerated the public's shift towards online purchases, a trend that is unlikely to be reversed to pre-pandemic levels; and

NOW, THEREFORE, BE IT RESOLVED that Cal Cities calls on the State Legislature to pass legislation that provides for a fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases, based on data where products are shipped to, and that rightfully takes into consideration the impacts that fulfillment centers have on host cities but also provides a fair share to California cities that do not and/or cannot have a fulfillment center within their jurisdiction.

2. A RESOLUTION CALLING UPON THE GOVERNOR AND THE LEGISLATURE TO PROVIDE NECCESARY FUNDING FOR CUPC TO FUFILL ITS OBLIGATION TO INSPECT RAILROAD LINES TO ENSURE THAT OPERATORS ARE REMOVING ILLEGAL DUMPING, GRAFFITI AND HOMELESS ENCAMPMENTS THAT DEGRADE THE QAULITY OF LIFE AND RESULTS IN INCREASED PUBLIC SAFETLY CONCERNS FOR COMMUNITIES AND NEIGHBORHOODS THAT ABUTT THE RAILROAD RIGHT-OF-WAY.

Source: City of South Gate

Concurrence of five or more cities/city officials:

Cities: City of Bell Gardens; City of Bell; City of Commerce; City of Cudahy; City of El Segundo; City of Glendora; City of Huntington Park; City of La Mirada; City of Long Beach; City of Lynwood; City of Montebello; City of Paramount; City of Pico Rivera

Referred to: Housing, Community and Economic Development; and Transportation, Communications and Public Works

WHEREAS, ensuring the quality of life for communities falls upon every local government including that blight and other health impacting activities are addressed in a timely manner by private property owners within its jurisdictional boundaries for their citizens, businesses and institutions; and

WHEREAS, Railroad Operators own nearly 6,000 miles of rail right-of-way throughout the State of California which is regulated by the Federal Railroad Administration and/or the California Public Utilities Commission for operational safety and maintenance; and

WHEREAS, the California Public Utilities Commission (CPUC) is the enforcing agency for railroad safety in the State of California and has 41 inspectors assigned throughout the entire State to inspect and enforce regulatory compliance over thousands of miles of rail line; and

WHEREAS, areas with rail line right-of-way within cities and unincorporated areas are generally located in economically disadvantaged zones and/or disadvantaged communities of color where the impact of blight further lowers property values and increases the likelihood of unsound sanitary conditions and environmental impacts upon them; and

WHEREAS, many communities are seeing an increase in illegal dumping, graffiti upon infrastructure and homeless encampments due to the lax and inadequate oversight by regulatory agencies; and

WHEREAS, local governments have no oversight or regulatory authority to require operators to better maintain and clean their properties as it would with any other private property owner within its jurisdictional boundaries. Thus such local communities often resort to spending their local tax dollars on cleanup activities or are forced to accept the delayed and untimely response by operators to cleaning up specific sites, and;

WHEREAS, that railroad operators should be able to provide local communities with a fixed schedule in which their property will be inspected and cleaned up on a reasonable and regular schedule or provide for a mechanism where they partner with and reimburse local governments for an agreed upon work program where the local government is enabled to remove items like illegal dumping, graffiti and encampments; and

WHEREAS, the State has made it a priority to deal with homeless individuals and the impacts illegal encampments have upon those communities and has a budgetary surplus that can help fund the CPUC in better dealing with this situation in both a humane manner as well a betterment to rail safety.

RESOLVED, at the League of California Cities, General Assembly, assembled at the League Annual Conference on September 24, 2021, in Sacramento, that the League calls for the Governor and the Legislature to work with the League and other stakeholders to provide adequate regulatory authority and necessary funding to assist cities with these railroad right-of-way areas so as to adequately deal with illegal dumping, graffiti and homeless encampments that proliferate along the rail lines and result in public safety issues. The League will work with its member cities to educate federal and state officials to the quality of life and health impacts this challenge has upon local communities, especially those of color and/or environmental and economic hardships.

Background Information to Resolution

Source: City of South Gate

Background:

The State of California has over 6,000 miles of rail lines, with significant amount running through communities that are either economically disadvantaged and/or disadvantaged communities of color. While the Federal Railroad Administration (FRA) has primary oversight of rail operations, they delegate that obligation to the State of California for lines within our State. The administration of that oversight falls under the California Public Utilities Commission (CPUC). The CPUC has only 41 inspectors covering those 6,000 miles of railroad lines in the State of California. Their primary task is ensuring equipment, bridges and rail lines are operationally safe.

The right-of-way areas along the rail lines are becoming increasingly used for illegal dumping, graffiti and homeless encampments. Rail operators have admitted that they have insufficient funds set aside to clean up or sufficiently police these right-of-way areas, despite reporting a net income of over \$13 billion in 2020. CPUC budget does not provide the resources to oversee whether rail operators are properly managing the right-of-way itself.

The City of South Gate has three rail lines traversing through its city limits covering about 4 miles. These lines are open and inviting to individuals to conduct illegal dumping, graffiti buildings and structures along with inviting dozens of homeless encampments. As private property, Cities like ourselves cannot just go upon them to remove bulky items, trash, clean graffiti or remove encampments. We must call and arrange for either our staff to access the site or have the rail operator schedule a cleanup. This can take weeks to accomplish, in the meantime residents or businesses that are within a few hundred feet of the line must endure the blight and smell. Trash is often blown from the right-of-way into residential homes or into the streets. Encampments can be seen from the front doors of homes and businesses.

South Gate is a proud city of hard working-class residents, yet with a median household income of just \$50,246 or 65% of AMI for Los Angeles County, it does not have the financial resources to direct towards property maintenance of any commercial private property. The quality of life of communities like ours should not be degraded by the inactions or lack of funding by others. Cities such as South Gate receive no direct revenue from the rail operators, yet we deal with environmental impacts on a daily basis, whether by emissions, illegal dumping, graffiti or homeless encampments.

The State of California has record revenues to provide CPUC with funding nor only for safety oversight but ensuring right-of-way maintenance by operators is being managed properly. Rail Operators should be required to set aside sufficient annual funds to provide a regular cleanup of their right-of-way through the cities of California.



LETTERS OF CONCURRENCE

Resolution No. 2

League of California Cities Staff Analysis on Resolution No. 2

Staff: Damon Conklin, Legislative Affairs, Lobbyist
Jason Rhine, Assistant Director, Legislative Affairs
Caroline Cirrincione, Policy Analyst

Committees: Transportation, Communications, and Public Works
Housing, Community, and Economic Development

Summary:

The City of South Gate submits this resolution, which states the League of California Cities should urge the Governor and the Legislature to provide adequate regulatory authority and necessary funding to assist cities with railroad right-of-way areas to address illegal dumping, graffiti, and homeless encampments that proliferate along the rail lines and result in public safety issues.

Background:

California Public Utilities Commission (CPUC) Railroad Oversight

The CPUC's statewide railroad safety responsibilities are carried out through its Rail Safety Division (RSD). The Railroad Operations and Safety Branch (ROSB), a unit of RSD, enforces state and federal railroad safety laws and regulations governing freight and passenger rail in California.

The ROSB protects California communities and railroad employees from unsafe practices on freight and passenger railroads by enforcing rail safety laws, rules, and regulations. The ROSB also performs inspections to identify and mitigate risks and potential safety hazards before they create dangerous conditions. ROSB rail safety inspectors investigate rail accidents and safety-related complaints and recommend safety improvements to the CPUC, railroads, and the federal government as appropriate.

Within the ROSB, the CPUC employs 41 inspectors who are federally certified in the five Federal Railroad Administration (FRA) railroad disciplines, including hazardous materials, motive power and equipment, operations, signal and train control, and track. These inspectors perform regular inspections, focused inspections, accident investigations, security inspections, and complaint investigations. In addition, the inspectors address safety risks that, while not violations of regulatory requirements, pose potential risks to public or railroad employee safety.

CPUC's Ability to Address Homelessness on Railroads

Homeless individuals and encampments have occupied many locations in California near railroad tracks. This poses an increased safety risk to these homeless individuals of being struck by trains. Also, homeless encampments often create unsafe work environments for railroad and agency personnel.

While CPUC cannot compel homeless individuals to vacate railroad rights-of-way or create shelter for homeless individuals, it has the regulatory authority to enforce measures that can reduce some safety issues created by homeless encampments. The disposal of waste materials or other disturbances of walkways by homeless individuals can create tripping hazards in the vicinity of railroad rights-of-way. This would cause violations of [Commission GO 118-A](#), which sets standards for walkway surfaces alongside railroad tracks. Similarly, tents, wooden structures, and miscellaneous debris in homeless encampments can create violations of

[Commission GO 26-D](#), which sets clearance standards between railroad tracks, and structures and obstructions adjacent to tracks.

Homelessness in California

According to the [2020 Annual Homeless Assessment Report \(AHAR\)](#) to Congress, there has been an increase in unsheltered individuals since 2019. More than half ([51 percent or 113,660 people](#)) of all unsheltered homeless people in the United States are found in California, about four times as high as their share of the overall United States population.

Many metro areas in California lack an adequate supply of affordable housing. This housing shortage has contributed to an increase in homelessness that has spread to railroad rights-of-way. Homeless encampments along railroad right-of-way increase the incidents of illegal dumping and unauthorized access and trespassing activities. Other impacts include train service reliability with debris strikes, near-misses, and trespasser injuries/fatalities. As of April 2021, there have been 136 deaths and 117 injuries reported by the [Federal Railroad Administration](#) over the past year. These casualties are directly associated with individuals who trespassed on the railroad.

Cities across the state are expending resources reacting to service disruptions located on the railroad's private property. It can be argued that an increase in investments and services to manage and maintain the railroad's right-of-way will reduce incidents, thus enhancing public safety, environmental quality, and impacts on the local community.

State Budget Allocations – Homelessness

The approved State Budget includes a homelessness package of \$12 billion. This consists of a commitment of \$1 billion per year for direct and flexible funding to cities and counties to address homelessness. While some details related to funding allocations and reporting requirements remain unclear, Governor Newsom signed AB 140 in July, which details key budget allocations, such as:

- \$2 billion in aid to counties, large cities, and Continuums of Care through the Homeless Housing, Assistance and Prevention grant program (HHAP);
- \$50 million for Encampment Resolution Grants, which will help local governments resolve critical encampments and transitioning individuals into permanent housing; and
- \$2.7 million in onetime funding for Caltrans Encampment Coordinators to mitigate safety risks at encampments on state property and to coordinate with local partners to connect these individuals to services and housing.

The Legislature additionally provided \$2.2 billion specifically for Homekey with \$1 billion available immediately. This funding will help local governments transition individuals from Project Roomkey sites into permanent housing to minimize the number of occupants who exit into unsheltered homelessness.

With regards to this resolution, the State Budget also included \$1.1 billion to clean trash and graffiti from highways, roads, and other public spaces by partnering with local governments to pick up trash and beautify downtowns, freeways, and neighborhoods across California. The program is expected to generate up to 11,000 jobs over three years.

Cities Railroad Authority

A city must receive authorization from the railroad operator before addressing the impacts made by homeless encampments because of the location on the private property. Additionally, the city

must coordinate with the railroad company to get a flagman to oversee the safety of the work crews, social workers, and police while on the railroad tracks.

A city may elect to declare the encampment as a public nuisance area, which would allow the city to clean up the areas at the railroad company's expense for failing to maintain the tracks and right-of-way. Some cities are looking to increase pressure on railroad operators for not addressing the various homeless encampments, which are presenting public safety and health concerns.

Courts have looked to [compel railroad companies](#) to increase their efforts to address homeless encampments on their railroads or [grant a local authority's application](#) for an Inspection and Abatement Warrant, which would allow city staff to legally enter private property and abate a public nuisance or dangerous conditions.

In limited circumstances, some cities have negotiated Memoranda of Understandings (MOU) with railroad companies to provide graffiti abatement, trash, and debris removal located in the right-of-way, and clean-ups of homeless encampments. These MOUs also include local law enforcement agencies to enforce illegally parked vehicles and trespassing in the railroad's right-of-way. MOUs also detailed shared responsibility and costs of providing security and trash clean-up. In cases where trespassing or encampments are observed, the local public works agency and law enforcement agency are notified and take the appropriate measures to remove the trespassers or provide clean-up with the railroad covering expenses outlined in the MOU.

Absent an MOU detailing shared maintenance, enforcement, and expenses, cities do not have the authority to unilaterally abate graffiti or clean-up trash on a railroad's right-of-way.

Fiscal Impact:

If the League of California Cities were to secure funding from the state for railroad clean-up activities, cities could potentially save money in addressing these issues themselves or through an MOU, as detailed above. This funding could also save railroad operators money in addressing concerns raised by municipalities about illegal dumping, graffiti, and homeless encampments along railroads.

Conversely, if the League of California Cities is unable to secure this funding through the Legislature or the Governor, cities may need to consider alternative methods, as detailed above, which may include significant costs.

Existing League Policy:

Public Safety:

Graffiti

The League supports increased authority and resources devoted to cities for abatement of graffiti and other acts of public vandalism.

Transportation, Communications, and Public Works

Transportation

The League supports efforts to improve the California Public Utilities Commission's ability to respond to and investigate significant transportation accidents in a public and timely manner to improve rail shipment, railroad, aviation, marine, highway, and pipeline safety

Housing, Community, and Economic Development

Housing for Homeless

Homelessness is a statewide problem that disproportionately impacts specific communities. The state should make funding and other resources, including enriched services, and outreach and case managers, available to help assure that local governments have the capacity to address the needs of the homeless in their communities, including resources for regional collaborations.

Homeless housing is an issue that eludes a statewide, one-size-fits-all solution, and collaboration between local jurisdictions should be encouraged.

Staff Comments:

Clarifying Amendments

Upon review of the Resolution, Cal Cities staff recommends technical amendments to provide greater clarity. To review the proposed changes, please see Attachment A.

The committee may also wish to consider clarifying language around regulatory authority and funding to assist cities with these efforts. The resolution asks that new investments from the state be sent to the CPUC to increase their role in managing and maintaining railroad rights-of-ways and potentially to cities to expand their new responsibility.

The committee may wish to specify MOUs as an existing mechanism for cities to collaborate and agree with railroad operators and the CPUC on shared responsibilities and costs.

Support:

The following letters of concurrence were received:

City of Bell Gardens

City of Bell

City of Commerce

City of Cudahy

City of El Segundo

City of Glendora

City of La Mirada

City of Paramount

City of Pico Rivera

City of Huntington Park

City of Long Beach

City of Lynwood

City of Montebello

2. A RESOLUTION CALLING UPON THE GOVERNOR AND THE LEGISLATURE TO PROVIDE ~~NECESARY~~ NECESSARY FUNDING FOR ~~CUPC~~ THE CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) TO FUFILL ITS OBLIGATION TO INSPECT RAILROAD LINES TO ENSURE THAT OPERATORS ARE REMOVING ILLEGAL DUMPING, GRAFFITI AND HOMELESS ENCAMPMENTS THAT DEGRADE THE ~~QAULTY~~ QUALITY OF LIFE AND RESULTS IN INCREASED PUBLIC ~~SAFETLY~~ SAFETY CONCERNS FOR COMMUNITIES AND NEIGHBORHOODS THAT ABUT THE RAILROAD RIGHT-OF-WAY.

Source: City of South Gate

Concurrence of five or more cities/city officials

Cities: City of Bell Gardens; City of Bell; City of Commerce; City of Cudahy; City of El Segundo; City of Glendora; City of Huntington Park; City of La Mirada; City of Long Beach; City of Lynwood; City of Montebello; City of Paramount; City of Pico Rivera

Referred to: Housing, Community and Economic Development; and Transportation, Communications and Public Works

WHEREAS, ensuring the quality of life for communities falls upon every local government including that blight and other health impacting activities are addressed in a timely manner by private property owners within its jurisdictional boundaries for their citizens, businesses and institutions; and

WHEREAS, Railroad Operators own nearly 6,000 miles of rail right-of-way throughout the State of California which is regulated by the Federal Railroad Administration and/or the ~~California Public Utilities Commission~~ CPUC for operational safety and maintenance; and

WHEREAS, the ~~California Public Utilities Commission (CPUC)~~ is the enforcing agency for railroad safety in the State of California and has 41 inspectors assigned throughout the entire State to inspect and enforce regulatory compliance over thousands of miles of rail line; and

WHEREAS, areas with rail line right-of-way within cities and unincorporated areas are generally located in economically disadvantaged zones and/or disadvantaged communities of color where the impact of blight further lowers property values and increases the likelihood of unsound sanitary conditions and environmental impacts upon them; and

WHEREAS, many communities are seeing an increase in illegal dumping, graffiti upon infrastructure and homeless encampments due to the lax and inadequate oversight by regulatory agencies; and

WHEREAS, local governments have no oversight or regulatory authority to require operators to better maintain and clean their properties as it would with any other private property owner within its jurisdictional boundaries. Thus such local communities often resort to spending their local tax dollars on cleanup activities or are forced to accept the delayed and untimely response by operators to cleaning up specific sites, and;

WHEREAS, that railroad operators should be able to provide local communities with a fixed schedule in which their property will be inspected and cleaned up on a reasonable and regular schedule or provide for a mechanism where they partner with and reimburse local governments for an agreed upon work program where the local government is enabled to remove items like illegal dumping, graffiti and encampments; and

WHEREAS, the State has made it a priority to deal with homeless individuals and the impacts illegal encampments have upon those communities and has a budgetary surplus that can help fund the CPUC in better dealing with this situation in both a humane manner as well as a betterment to rail safety.

RESOLVED, at the League of California Cities, General Assembly, assembled at the ~~League~~ Cal Cities Annual Conference on September 24, 2021, in Sacramento, that ~~the~~ Cal Cities League calls for the Governor and the Legislature to work with ~~the~~ Cal Cities League and other stakeholders to provide adequate regulatory authority and necessary funding to assist cities with these railroad right-of-way areas so as to adequately deal with illegal dumping, graffiti and homeless encampments that proliferate along the rail lines and result in public safety issues. ~~The~~ Cal Cities League will work with its member cities to educate federal and state officials to the quality of life and health impacts this challenge has upon local communities, especially those of color and/or environmental and economic hardships.

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

Subject: Discussion, Direction and Potential Action Related to Commercial Cannabis
Outdoor/Indoor/Nursery Cultivation Tax Rates and Structure

Meeting Date: August 5, 2021

From: Marissa Trejo, City Manager

Prepared by: Sean Brewer, Assistant City Manager

I. RECOMMENDATION:

Councilman Adkisson had requested that City staff investigate cultivation tax rates for both indoor and outdoor facilities. He also requested that staff investigate the possibility of a tiered rate structure. Staff has provided information in this report to allow the Council to provide direction to staff to see if they would like to proceed with an amendment to the City's Cultivation tax structure.

II. BACKGROUND:

Staff utilized the services of Global Risk Advisors (GRA) to provide data related to cannabis taxes throughout the state of California. The reporting information that was provided included tax rates (dollar amount or percentage) and basis (square foot, min fee, gross receipts, ect.).

The City's current tax rates for cultivation is \$7 per square foot of canopy and \$2 per square foot for nursery. The city does not currently have an outdoor specific rate so outdoor cultivation is charged the commercial cannabis cultivation rate.

III. DISCUSSION:

After reviewing the data from GRA, staff made some determinations to assist the City Council in determining if they would like to proceed with a change in the tax structure for commercial cultivation (outdoor/indoor/nursery).

Outdoor Cultivation: Tax rates and basis are all over the table as it relates to outdoor cultivation rates in California. There were 38 jurisdictions identified in the data that had rate structures in place for outdoor cultivation. It was about a 50/50 split among City/County jurisdictions. As it relates to square foot basis tax rates, they range from \$0.41 (City of Adelanto) to \$13.20 (City of Long Beach) per square foot. In contrast, gross receipts rates range from 2% (City of Santa Barbara) to 10% (City of San Bruno). Staff did not see any data that had tiered rates for taxes other than Mendocino County that has a minimum fee or the greater of 2.5% gross receipts however, this rate structure does not represent a true tiered rate structure.

For outdoor nurseries, the rates are lower as the majority of square foot rates were at \$1.00 per square foot and 1% to 10% gross receipts with the majority around 4% gross receipts.

Indoor Cultivation: Again, tax rates and basis are all over the table as it relates to indoor cultivation as well. Basis for indoor cultivation range from gross receipts to square foot taxes. The data showed about 47

jurisdictions charging gross receipts ranging from 1% to 10% with even distribution between that spectrum. The data showed about 130 jurisdictions charging per square foot tax rates ranging from \$1.00 (Grass Valley, Lassen, California City) to \$17.50 (City of Bellflower). When looking at the data there is an even distribution of values for tax rates between \$1.00 and \$10.00 with the most landing near the \$7.00 per square foot rate.

Tiered rate approach: It was requested that staff consider a tiered rate structure for both indoor and outdoor cultivation. Staff is not recommending a tiered rate for nurseries since they are typically ancillary to the main cultivation operation. Here is an example as to how the Council could approach this once a basis (rate type) is established:

Outdoor Cultivation

Tier 1: \$\$ per square foot for the first acre of canopy
Tier 2: \$\$ per square foot for the second acre of canopy
Tier 3: \$\$ per square foot of canopy for the 3rd acre and above

Indoor Cultivation

Tier 1: \$\$ per square foot for the first 20,000 square feet of canopy
Tier 2: \$\$ per square foot of canopy beyond 20,000 square feet

OR

Tier 1: \$\$ per square foot for the first 20,000 square feet of canopy
Tier 2: \$\$ per square foot of canopy from 20,001 to 40,000 square feet
Tier 3: \$\$ per square foot of canopy beyond 40,001 square feet

IV. ALTERNATIVES:

None - at this time as staff is seeking direction from the City Council.

V. FISCAL IMPACT:

The fiscal impact to an adjustment in the City's cultivation tax rate structure is undetermined until a rate is decided. A reduction in current tax rates would effect the anticipated revenue generated from cultivation operators based on the present tax rate. Once the council directs staff to review a particular rate and/or basis staff will provide a fiscal analysis and impact based on the change.

ATTACHMENTS:

File Name	Description
No Attachments Available	

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

Subject: Discussion and Direction regarding Camping Ordinance
Meeting Date: Thursday, August 19, 2021
From: Marissa Trejo, City Manager
Prepared by: Marissa Trejo, City Manager

I. RECOMMENDATION:

There is no staff recommendation. This item was requested as a Future Agenda Item by Councilman Adkisson.

II. BACKGROUND:

The current camping language reads as follows:

Sec. 10-1.12. - Overnight camping.

(a) No person shall camp, lodge, sleep or tarry overnight in any park or recreation area.

(b) No person shall set up tents, shacks, or any other temporary shelter for the purpose of camping in any park or recreational area.

(c) No person shall leave in a park or recreation area any moveable structure or special vehicle to be used or that could be used for camping, such as a house trailer, camp trailer, motor home, or the like

Sec. 4-4.722.1. - Use of vehicles and other recreational vehicles for human habitation prohibited.

(a) Definitions. For purposes of this section, unless otherwise apparent from the context, the following words and phrases used in this section are defined as set forth in this subsection:
"Automotive semitrailer" shall mean a vehicle designed for carrying persons or property, used in conjunction with a motor vehicle, and so constructed that some part of its weight and that of its load rests upon, or is carried by, another vehicle.

"Automotive trailer" shall mean a vehicle designed for carrying persons or property on its own structure and for being drawn by a motor vehicle and so constructed that no part of its weight rests upon any other vehicle.

"Recreational vehicle" shall mean a motor home, truck camper, or camping trailer, with or without motor power, built on a single chassis, designed for human habitation for recreational, emergency, or other occupancy, either self-propelled, truck-mounted, or towable on the highways.

"Trailer coach" shall mean a vehicle other than a motor vehicle, designed for human habitation or human occupancy for industrial, professional, or commercial purposes, for carrying property on its own structure, and for being drawn by a motor vehicle.

"Vessel" shall mean all manner of watercraft, other than a seaplane, whether impelled by wind, oars, or mechanical devices, and which is designed primarily for recreational use. A recreational vessel, when mounted on a boat trailer, and its towing vehicle, when parked, shall be considered to be one unit, exclusive of its towing vehicle.

(b) At no time shall such an automotive trailer, automotive semitrailer, trailer coach, recreational vehicle, or vessel be occupied when parked or stored within the City, including on private property.

(c) Exceptions:

(1) It shall be lawful for non-paying guests at a residence in a residential district to occupy the unit, parked in conformity with all parking regulations on private property, for purposes of sleeping, loading and unloading of merchandise or passengers, only for a period not to exceed fourteen (14) calendar days.

(2) It shall be lawful for non-paying guests at a residence in a residential district to occupy the unit, parked in conformity with all parking regulations on a City street, for purposes of sleeping, loading and unloading of merchandise or passengers, only for a period not to exceed seventy-two (72) hours unless authorized by the Chief of Police in writing for not more than twenty-four (24) additional hours.

(d) The total number of days during which any such unit may be occupied shall not exceed fourteen (14) days in any one (1) calendar year.

(e) For purposes of this section evidence of human habitation shall include activities such as sleeping, setting up housekeeping or cooking, eating, recreating, and/or any other activity where it reasonably appears, in light of all the circumstances, that the vehicle is being used as a living accommodation.

([Ord. No. 829](#) , § 1, eff. 5-4-2019)

III. DISCUSSION:

Discussion will take place during meeting.

IV. ALTERNATIVES:

N/A

V. FISCAL IMPACT:

None at this time.

ATTACHMENTS:

File Name

Description

No Attachments Available

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

Subject: Discussion, Direction and Potential Action regarding American Rescue Plan Act of 2021 (ARPA) Funding Priorities and Allocations
Meeting Date: Thursday, August 19, 2021
From: Marissa Trejo, City Manager
Prepared by: Marissa Trejo, City Manager

I. RECOMMENDATION:

The City Manager recommends Council approve Premium Pay for essential employees as proposed and schedule public workshop to discuss additional funding priorities.

II. BACKGROUND:

The City of Coalinga will be receiving \$4,109,582 in ARPA funds. The coverage period is March 3, 2021, through December 31, 2024. All funds must be spent by December 31, 2026.

The following is a list of the only allowable uses of the funds:

- Support public health expenditures, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors;
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

III. DISCUSSION:

ARPA caps the premium pay allowance at \$25,000 per essential employee.

The recommended premium pay is \$1,000 per month per essential employee for each full month worked from June 1, 2020, through May 31, 2021. In order to be eligible, the employee must still be employed with the City as of the date the checks are made payable. This caps premium pay at \$12,000 per employee.

The total fiscal impact associated with the premium pay is \$926,000 to include all City staff. Elected and appointed officials are not included.

Of the \$926,000 total, \$122,561 has to be justified during the City's reporting obligation due to income

thresholds. This is the approach many other City's have taken and, worst case scenario, the \$122,561 may have to be repaid as a one time cost to the General Fund if not approved. However, in discussing this situation with other City Managers in the valley, it is expected for all justifications to be accepted.

If the premium pay is approved by Council as recommended, this would leave \$3,183,582 to be allocated as outlined in the bullet points above under the Background portion of the staff report. Staff's recommended is to hold a public workshop for input from the community on how to allocate those funds.

Staff does have a list of recommended projects that will be presented during the workshop.

IV. ALTERNATIVES:

Do not approve.

V. FISCAL IMPACT:

\$926,000 in premium pay from the \$4,109,582 ARPA funds.

ATTACHMENTS:

File Name

Description

No Attachments Available